

**Iowa Western Community College**

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

**June 30, 2015**

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Iowa Western Community College  
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
<b>Board of Trustees</b>		
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
<b>Community College</b>		
Dr. Dan Kinney	President	
Edwin Holtz	Board Treasurer	
Erin Stopak	Board Secretary	

## 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, 2015, 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, 2015, 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.

### Emphasis of Matter

As discussed in Note 17 to the financial statements, Iowa Western Community College adopted new accounting guidance related to Government Auditing Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. Our opinion was not modified with respect to this matter.

## **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 schedules of College's proportionate share of the net pension liability, College contributions, and funding progress for the retiree health plan on pages 46 through 49 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, 2014 (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 11, 2015, 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 11, 2015

# Iowa Western Community College Council Bluffs, Iowa

## Management's Discussion and Analysis For the Year Ended June 30, 2015 (Unaudited)

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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, 2015. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

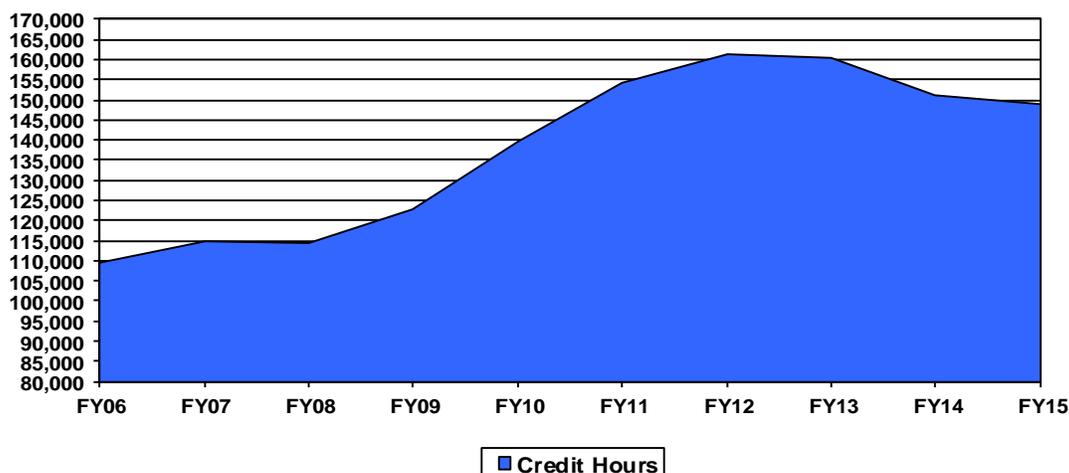
The Management's Discussion and Analysis is displayed in a comparative form enabling the reader to make year-to-year comparisons about the College's operating results and financial position.

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, 2015, 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 increased by 4.1%, or \$1,159,253 and totaled \$29,583,196 for the fiscal year ending June 30, 2015. Tuition and fees revenue, net of scholarships and financial aid, decreased -0.5% or (\$75,107) and totaled \$14,637,659. Actual credit hour production lagged in FY15 and ended the year at 148,736 or down -1.5% (see graph below).

10 Year Credit Hour Production Growth Trend



- State appropriations were significantly higher in FY15, as the legislature provided a 7.8% increase in general appropriations to Iowa community colleges. Use of Federal Pell dollars decreased \$140,547 or -1.2%.
- Operating expenditures increased in FY15 by \$2,433,342 versus FY14 and totaled \$59,980,437. Expenditures within the Unrestricted General Fund for general operations decreased by (\$526,671) in FY15.
- Net non-operating revenue increased by \$3,065,023 in fiscal year 2015 versus fiscal year 2014. IWCC taxable valuations for its 13 county service district rose in FY15 by 4.2% and totaled \$8,943,376,120 compared to FY14 value of \$8,580,703,537 district wide. Property tax support was up significantly due primarily to additional bonding.

## ***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 17 through 21) 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 45.

## ***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, 97.5%, 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, 7.8%, includes resources that are subject to external restrictions. The remaining net position, -5.3%, is the unrestricted net position which is negative as a result of the implementation of GASB 68 in FY15. This is discussed in great detail in Note 8 which begins on page 37.

**Condensed Statement of Net Position**  
**For Year Ended June 30,**

	<u>2015</u>	<u>2014</u> (As restated)
Current Assets	\$ 58,827,121	\$ 61,325,676
Noncurrent assets	<u>135,047,663</u>	<u>125,477,093</u>
Total assets	<u>193,874,784</u>	<u>186,802,769</u>
Deferred outflows	<u>1,834,933</u>	<u>876,489</u>
Current liabilities	35,437,639	35,171,061
Noncurrent liabilities	<u>88,464,359</u>	<u>89,700,595</u>
Total liabilities	<u>123,901,998</u>	<u>124,871,656</u>
Deferred Inflows of Resources	<u>13,633,600</u>	<u>10,492,142</u>
Net position:		
Net investment in capital assets	56,716,254	50,287,807
Restricted	4,539,014	3,771,088
Unrestricted	<u>(3,081,149)</u>	<u>(1,743,435)</u>
Total net position	<u>\$58,174,119</u>	<u>\$52,315,460</u>

**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.

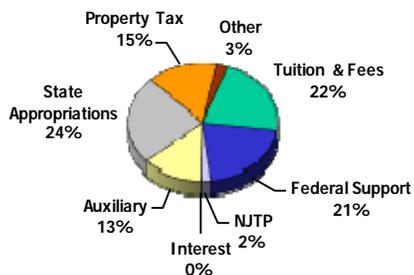
In general, a public college such as Iowa Western Community College will report an operating loss, as the financial reporting model classifies state appropriations and property taxes as non-operating revenues. Operating revenues are received for providing goods and services to the various students, customers 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,**

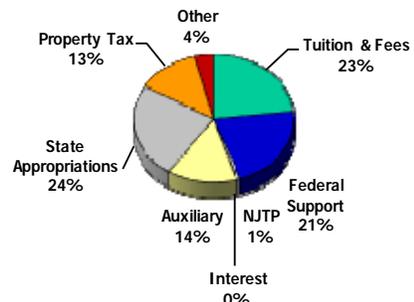
	<u>2015</u>	<u>2014</u>
Operating revenue:		
Tuition and fees	\$14,637,659	\$14,712,766
Federal appropriations	2,968,686	1,960,657
Iowa industrial New Jobs Training Program	1,346,350	517,291
Auxiliary	8,927,054	8,879,620
Other	<u>1,703,447</u>	<u>2,353,609</u>
Total operating revenue	29,583,196	28,423,943
Total Operating expenses	<u>59,980,437</u>	<u>57,547,095</u>
Operating loss	<u>(30,397,241)</u>	<u>(29,123,152)</u>
Non-operating revenue (expenses):		
State appropriations	16,493,574	15,293,270
Pell Grant	11,560,361	11,700,908
Property tax	10,439,387	8,151,884
Interest and investment income	96,509	102,357
Interest on indebtedness	<u>(2,333,931)</u>	<u>(2,057,542)</u>
Net non-operating revenue	<u>36,255,900</u>	<u>33,190,877</u>
Change in net position	5,858,659	4,067,725
Net position beginning of year, as restated	<u>52,315,460</u>	<u>48,247,735</u>
Net position end of year	<u>\$58,174,119</u>	<u>\$52,315,460</u>

The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position at the end of the fiscal year of \$5,858,659.

**Revenue Types FY2015**



**Revenue Types FY2014**



**Total Revenue by Source  
For Year Ending June 30,**

	<u>2015</u>	<u>2014</u>
Tuition and Fees, net	\$14,637,659	\$14,712,766
Federal	14,529,746	13,661,565
NJTP	1,346,350	517,291
Interest	96,509	102,357
Auxiliary	8,927,054	8,879,620
State	16,493,574	15,293,270
Property Tax	10,439,387	8,151,884
Other	<u>1,703,447</u>	<u>2,353,609</u>
Total	<u>\$68,173,027</u>	<u>\$63,672,362</u>

In fiscal year 2015, total revenue increased by \$4,500,665 or 7.1%. Following is an analysis of individual revenue sources:

- Total credit hour production fell for a third consecutive year by over (2,200) credit hours as an improving regional economy and a lower total of graduating seniors from area secondary schools have impacted enrollments. Credit hours totaled 148,736 in FY15 compared to 150,945 in FY14. Tuition and fee revenue decreased by about (\$75,000) or -0.5% compared to the previous year. IWCC's second consecutive decline in annual credit hour production mirrors a statewide trend for community colleges. For the 2015 fall term (FY2015), statewide credit hour numbers are down (-4.6%) (Iowa Department of Education: Community College 2015 Fall Enrollment Report).
- Total federal appropriations received by the college were higher in FY15 by 6.3%. Pell Grant dollars awarded decreased by \$140,547 from \$11,700,908 million in FY14 to \$11,560,361 million in FY15.
- State appropriations increased by 7.8% 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 increased by more than \$296,000 in FY15 compared to FY14. 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 (\$140,000) as the textbook industry continues to evolve. Gain in Housing and Food Service revenues of \$820,922 and \$69,196 respectively offset the lower sales of textbooks and merchandise.

Local support in the form of property tax revenue totaled \$10,439,387 in FY15. This represents an increase of \$2,287,503 over fiscal year 2014. FY15 saw IWCC increase for bond and interest funds (debt service). Taxable valuations grew by more than \$362 million within the college's service district, an increase of more than 4.2%.

**Operating Expenses**  
**For Year Ending June 30,**

	<u>2015</u>	<u>2014</u>
Education and support:		
Liberal arts and sciences	\$8,826,543	\$8,948,048
Applied science and technology	9,155,866	8,507,401
Continuing education	3,349,954	3,038,438
Cooperative services	1,506,565	595,332
Administration	3,338,456	3,326,504
Student services	4,000,980	3,979,349
Learning resources	328,310	254,557
Physical plant	6,809,518	5,758,495
General institution	7,093,592	7,051,524
Auxiliary enterprises	9,964,837	9,667,912
Scholarships and grants	401,422	1,376,893
Depreciation and amortization	<u>5,204,394</u>	<u>5,042,642</u>
Total operating expenses	<u>\$59,980,437</u>	<u>\$57,547,095</u>

In fiscal year 2015, operating expenses increased \$2,433,342 or 4.2% as a net result of the following changes:

- Salary and benefit costs remain the largest category of expense totaling \$34,252,824 in FY15. In total, salary and benefit costs were up \$1,891,966 compared to FY14. 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 \$645,000 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 FY15 construction projects at all four center locations got underway. In addition, contractors have almost completed the 82,000 square foot engineering technology center at the main campus in Council Bluffs, Iowa. Slated for completion in the summer 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,**

	<u>2015</u>	<u>2014</u>
Cash flows from:		
Operating activities	\$(26,917,042)	\$(24,054,168)
Non-capital financing activities	36,833,034	33,319,621
Capital and related financing activities	(15,727,131)	(8,855,747)
Investing activities	<u>96,509</u>	<u>102,357</u>
Net increase in cash	(5,714,630)	512,063
Cash, beginning of year	<u>31,305,452</u>	<u>30,793,389</u>
Cash, end of year	<u>\$25,590,822</u>	<u>\$31,305,452</u>

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

## Component Unit Financial Statements

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

### **Condensed Statement of Net position**

**As of June 30,**

	<b><u>2015</u></b>	<b><u>2014</u></b>
Total assets	\$ <u>24,439,632</u>	\$ <u>23,974,773</u>
Total liabilities	\$ 543,933	\$ 594,205
Total net position	<u>23,895,699</u>	<u>23,380,568</u>
	<u>\$24,439,632</u>	<u>\$23,974,773</u>

### **Condensed Statement Revenues, Expenses and**

**Changes in Net Position**

**For the Year Ended June 30,**

	<b><u>2015</u></b>	<b><u>2014</u></b>
Total revenues	\$3,209,040	\$4,841,208
Total expenses	<u>2,693,909</u>	<u>2,644,210</u>
Increase/(decrease) in net position	\$ <u>515,131</u>	\$ <u>2,196,998</u>

Financial highlights of the Foundation include the following:

- Net position increased \$515,131 from June 30, 2014 to June 30, 2015. The Foundation's investment portfolio performed well in FY15 as the national economy and the United States stock markets continue to improve. Investment assets at June 30, 2015 totaled \$11,063,638 and generated \$278,698 in investment income and had realized losses of (\$91,975). 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, 2015, the College has \$133,629,489 invested in capital assets, net of accumulated depreciation of \$46,868,723. Net depreciation charges totaled \$4,989,488 for the 2015 fiscal year. Details for the capital assets are shown below.

### **Capital Assets, Net of Accumulated Depreciation For the Year Ended June 30,**

	<u><b>2015</b></u>	<u><b>2014</b></u>
Land	\$ 560,164	\$ 560,164
Buildings	87,183,051	89,698,583
Construction in progress	20,181,217	11,125,027
Other structures and improvements	21,850,550	18,563,510
Equipment and vehicles	2,436,281	2,831,787
Capital leases	360,319	274,316
Software	<u>1,057,907</u>	<u>771,476</u>
Total	<u><b>\$133,629,489</b></u>	<u><b>\$123,824,863</b></u>

## ***DEBT***

At June 30, 2015, the College had \$88,779,819 million in debt outstanding. The table below summarizes these amounts by type.

	<u>2015</u>	<u>2014</u>
Early retirement payable	\$ 499,727	\$ 686,010
Certificates payable	4,745,000	5,600,000
Capital loan notes payable	1,065,000	2,105,000
Revenue bonds	43,585,000	43,695,000
Bonds payable	38,955,000	36,415,000
Capital leases payable	<u>345,237</u>	<u>278,809</u>
Total	<u>\$89,194,964</u>	<u>\$88,779,819</u>

Total outstanding debt increased \$415,145 in fiscal year 2015. During FY15 the college issued new debt of \$10,127,413 that consisted of \$154,155 in capital leases and \$9,930,000 in general obligation bonds.

## ***ECONOMIC FACTORS***

Iowa Western Community College's long-term economic outlook remains strong despite a third 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 FY15 will enable IWCC to respond to regional employers' workforce demands.

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

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

## ***Contacting the College's Financial Management***

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

**BASIC FINANCIAL STATEMENTS**

Iowa Western Community College  
**STATEMENT OF NET POSITION**  
 June 30, 2015

<b>ASSETS</b>	<u>College</u>	<u>Foundation</u>
<b>CURRENT ASSETS</b>		
Cash and short-term pooled investments	\$ 25,590,822	\$ 1,153,753
Investments	-	11,063,638
Receivables		
Accounts receivable, net of allowance for uncollectible accounts of \$509,924	18,358,220	-
Contributions and other receivables	-	425,862
Property tax		
Delinquent	127,846	-
Succeeding year	11,364,933	-
Beneficial interest in irrevocable trust	-	13,047
Iowa Industrial New Jobs Training Program receivable	297,152	-
Due from Iowa Western Community College Foundation (component unit)	159,097	-
Due from Iowa Western Community College	-	288,921
Due from other governments	1,543,179	-
Inventories	675,916	-
Prepaid expenses	709,956	159,097
Other assets	-	229,422
Net investment in capital leases	-	345,237
Total current assets	<u>58,827,121</u>	<u>13,678,977</u>
<b>NONCURRENT ASSETS</b>		
Iowa Industrial New Jobs Training Program receivable	1,418,174	-
Land held for investment	-	10,748,430
Artwork, net of accumulated depreciation	-	12,225
Capital assets, net of accumulated depreciation and amortization	<u>133,629,489</u>	-
Total noncurrent assets	<u>135,047,663</u>	<u>10,760,655</u>
 Total assets	 <u>193,874,784</u>	 <u>24,439,632</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	<u>1,834,933</u>	<u>-</u>

**Iowa Western Community College**  
**STATEMENT OF NET POSITION (continued)**  
**June 30, 2015**

<b>LIABILITIES AND NET POSITION</b>	<u>College</u>	<u>Foundation</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,114,781	\$ 35,320
Due to Iowa Western Community College Foundation (component unit)	288,921	-
Due to Iowa Western Community College	-	159,097
Salaries and benefits payable	5,011,568	-
Accrued interest payable	306,639	-
Unearned revenue	16,188,848	-
Retirement incentives payable	166,349	-
Compensated absences	655,979	-
Deposits held in custody for others	2,965,638	349,516
Certificates payable	835,000	-
Bonds payable	4,775,000	-
Notes payable	1,065,000	-
Capital leases payable	63,916	-
Total current liabilities	<u>35,437,639</u>	<u>543,933</u>
<b>NONCURRENT LIABILITIES</b>		
Retirement incentives payable	333,378	-
Certificates payable	3,910,000	-
Bonds payable	77,765,000	-
Capital leases payable	281,321	-
Net pension liability	5,948,711	-
Net other postemployment benefits obligation	225,949	-
Total noncurrent liabilities	<u>88,464,359</u>	<u>-</u>
Total liabilities	<u>123,901,998</u>	<u>543,933</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Succeeding year property tax	11,364,933	-
Pension related deferred inflows	2,268,667	-
Total deferred inflows of resources	<u>13,633,600</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	<u>56,716,254</u>	<u>-</u>
Restricted		
Nonexpendable	-	2,903,547
Expendable		
Scholarships and fellowships	79,009	9,960,690
Loans	2,695	-
Debt service	3,025,103	-
Cash reserve	361,092	-
Other	1,071,115	8,025,234
Total restricted	<u>4,539,014</u>	<u>20,889,471</u>
Unrestricted	<u>(3,081,149)</u>	<u>3,006,228</u>
Total net position	<u>\$ 58,174,119</u>	<u>\$23,895,699</u>

**Iowa Western Community College**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Year ended June 30, 2015**

	<u>College</u>	<u>Foundation</u>
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship allowances of \$8,052,976	\$14,637,659	\$ —
Federal appropriations	2,968,686	—
Iowa Industrial New Jobs Training Program	1,346,350	—
Auxiliary enterprises revenue, net of scholarship allowances of \$5,636,236	8,927,054	—
Contributions	—	2,923,906
Miscellaneous	<u>1,703,447</u>	<u>98,411</u>
Total operating revenues	<u>29,583,196</u>	<u>3,022,317</u>
<b>OPERATING EXPENSES</b>		
Education and support		
Liberal arts and sciences	8,826,543	—
Applied science and technology	9,155,866	—
Continuing education	3,349,954	—
Cooperative services	1,506,565	—
Administration	3,338,456	280,511
Student services	4,000,980	—
Learning resources	328,310	—
Physical plant	6,809,518	—
General institution	7,093,592	—
Auxiliary enterprises	9,964,837	—
Scholarships and grants	401,422	2,413,398
Depreciation	<u>5,204,394</u>	<u>—</u>
Total operating expenses	<u>59,980,437</u>	<u>2,693,909</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(30,397,241)</u>	<u>328,408</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	16,493,574	—
Pell grant	11,560,361	—
Property tax	10,439,387	—
Interest and investment income	96,509	186,723
Interest on indebtedness	<u>(2,333,931)</u>	<u>—</u>
Total nonoperating revenues (expenses), net	<u>36,255,900</u>	<u>186,723</u>
<b>INCREASE IN NET POSITION</b>	5,858,659	515,131
<b>NET POSITION</b> , beginning of year (as restated)	<u>52,315,460</u>	<u>23,380,568</u>
<b>NET POSITION</b> , end of year	<u>\$58,174,119</u>	<u>\$23,895,699</u>

**Iowa Western Community College**  
**STATEMENT OF CASH FLOWS**  
 Year ended June 30, 2015

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$12,839,215
Federal appropriations	2,992,866
Iowa Industrial New Jobs Training Program (NJTP)	2,633,048
Payment to employees for salaries and benefits	(34,252,824)
Payment to suppliers for goods and services	(20,622,671)
Payments to NJTP recipients	(778,918)
Scholarships	(401,422)
Auxiliary enterprise receipts	8,927,054
Other receipts	<u>1,746,610</u>
Net cash used in operating activities	<u>(26,917,042)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State appropriations	16,424,186
Pell grant	11,158,028
Property tax	10,410,301
Federal direct lending receipts	20,121,166
Federal direct lending disbursements	(20,240,460)
Miscellaneous Agency Fund receipts	881,968
Miscellaneous Agency Fund disbursements	(980,429)
Principal paid on certificates payable	(855,000)
Interest paid on certificates payable	(120,377)
Change in deposits held in custody for others	<u>33,651</u>
Net cash provided by noncapital financing activities	<u>36,833,034</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from issuance of long-term debt	9,930,000
Proceeds from disposal of capital assets	47,234
Acquisition of capital assets	(14,764,114)
Principal paid on capital leases	(87,727)
Principal paid on long-term debt	(8,540,000)
Interest paid on long-term debt	<u>(2,312,524)</u>
Net cash used in capital and related financing activities	<u>(15,727,131)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and investment income	<u>96,509</u>
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**NET (DECREASE) IN CASH**

(5,714,630)

**CASH**, beginning of year

31,205,452

**CASH**, end of year

\$25,590,822

**Iowa Western Community College**  
**STATEMENT OF CASH FLOWS (continued)**  
**Year ended June 30, 2015**

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

Operating loss	\$(30,397,241)
Adjustments to reconcile operating loss to net cash flows used in operating activities	
Depreciation	5,204,394
Changes in assets and liabilities	
Accounts receivable	(1,601,199)
Due from (to) Iowa Western Community College Foundation (component unit)	91,523
Iowa Industrial New Jobs Training Program	1,286,698
Due from other governments	(24,180)
Inventories	(46,517)
Prepaid expenses	(102,328)
Deferred outflows of resources	(958,444)
Accounts payable	15,696
Salaries and benefits payable	(723,005)
Deferred inflows of resources	2,268,667
Net pension liability	(1,733,861)
Deferred revenue	<u>(197,245)</u>
Net cash flows used in operating activities	<u>\$(26,917,042)</u>

**NONCASH, CAPITAL AND RELATED FINANCING ACTIVITIES**

The College incurred a capital lease obligation to finance the purchase of capital assets in the amount of \$154,155.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Other Supplementary Information**

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

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

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

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

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

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

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

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

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

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

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

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

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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, 2015 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:

<b><u>Assets</u></b>	<b><u>Amount</u></b>
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:

<b><u>Assets</u></b>	<b><u>Years</u></b>
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.

**Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Salaries and Benefits Payable**

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

**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. Unearned revenue consists of unspent grant proceeds, unearned student tuition, and unearned administrative and training revenue for NJTP projects.

**Compensated Absences**

College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2015.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. 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 and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

**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.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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, 2015 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, 2015, the College's cash and short-term pooled investments are as follows:

Deposits	
Cash	\$20,268,929
Non-negotiable certificates of deposit	2,032,277
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>3,289,616</u>
 Total cash and short-term pooled investments	 <u>\$25,590,822</u>

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

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

*Credit risk.* The College's June 30, 2015 investments in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 3 INVENTORIES**

The College's inventories at June 30, 2015 are as follows:

Type	Amount
Graphic arts	\$ 16,686
Bookstore	593,485
Auto parts	36,970
Food service	<u>28,775</u>
 Total	 <u>\$ 675,916</u>

**NOTE 4 CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2015 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	<u>11,125,027</u>	<u>13,627,920</u>	<u>(4,571,730)</u>	<u>—</u>	<u>20,181,217</u>
Total capital assets not being depreciated	<u>11,685,191</u>	<u>13,627,920</u>	<u>(4,571,730)</u>	<u>—</u>	<u>20,741,381</u>
Capital assets being depreciated					
Buildings	117,941,852	—	—	—	117,941,852
Improvements other than buildings	24,643,584	60,985	4,571,730	—	29,276,299
Furniture and equipment	9,522,268	843,853	—	(141,156)	10,224,965
Software	1,253,174	369,341	—	—	1,622,515
Assets under capital leases	<u>658,029</u>	<u>154,155</u>	<u>—</u>	<u>(120,984)</u>	<u>691,200</u>
Total capital assets being depreciated	<u>154,018,907</u>	<u>1,428,334</u>	<u>4,571,730</u>	<u>(262,140)</u>	<u>159,756,831</u>
Less accumulated depreciation for					
Buildings	28,243,269	2,515,532	—	—	30,758,801
Improvements other than buildings	6,080,074	1,345,675	—	—	7,425,749
Furniture and equipment	6,690,481	1,216,284	—	(118,081)	7,788,684
Software	481,698	82,910	—	—	564,608
Assets under capital leases	<u>383,713</u>	<u>43,993</u>	<u>—</u>	<u>(96,825)</u>	<u>330,881</u>
Total accumulated depreciation	<u>41,879,235</u>	<u>5,204,394</u>	<u>—</u>	<u>(214,906)</u>	<u>46,868,723</u>
 Capital assets, net	 <u>\$123,824,863</u>	 <u>\$ 9,851,860</u>	 <u>\$ —</u>	 <u>\$ (47,234)</u>	 <u>\$133,629,489</u>

Assets held in agency at a cost of \$5,010 with accumulated depreciation of \$2,004 were held at June 30, 2015. Depreciation expense of \$1,002 was taken on these assets held in agency for the year ended June 30, 2015.

Construction in progress at June 30, 2015 includes costs for design, engineering and construction related to the engineering building, Atlantic remodel, Clarinda roof project, Reiver tower remodel, and energy savings initiative projects. The College has entered into contracts for these projects of approximately \$17,259,000 of which approximately \$15,474,000 has been completed. Accounts payable at June 30, 2015 includes approximately \$703,000 of the amount completed. Total unpaid contracts at June 30, 2015 were approximately \$1,785,000.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 5 CHANGES IN NONCURRENT LIABILITIES**

A summary of changes in noncurrent liabilities for the year ended June 30, 2015 is as follows:

	<u>Retirement Incentives Payable (Note 13)</u>	<u>Certificates Payable</u>	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Capital Leases Payable (Note 7)</u>	<u>Net Pension Liability (Note 8)</u>	<u>Net OPEB Liability (Note 10)</u>	<u>Total</u>
Beginning balance of year	\$686,010	\$5,600,000	\$80,110,000	\$2,105,000	\$278,809	\$7,682,572	\$182,691	\$96,645,082
Additions	-	-	9,930,000	-	154,155	-	43,258	10,127,413
Reductions	(186,283)	(855,000)	(7,500,000)	(1,040,000)	(87,727)	(1,733,861)	-	(11,402,871)
Balance end of year	<u>\$499,727</u>	<u>\$4,745,000</u>	<u>\$82,540,000</u>	<u>\$1,065,000</u>	<u>\$345,237</u>	<u>\$5,948,711</u>	<u>\$225,949</u>	<u>\$95,369,624</u>
Due within one year	<u>\$166,349</u>	<u>\$ 835,000</u>	<u>\$ 4,775,000</u>	<u>\$1,065,000</u>	<u>\$ 63,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,905,265</u>

**Certificates Payable**

In accordance with agreements dated between July 1, 2005 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:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	615,000	43,098	658,098
2021-2024	<u>985,000</u>	<u>42,908</u>	<u>1,027,908</u>
Total	<u>\$4,745,000</u>	<u>\$ 435,709</u>	<u>\$5,180,709</u>

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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, 2015 notes payable indebtedness are as follows:

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of January 1, 2012 (2012A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	2.00%	\$1,065,000	\$ 21,300	\$1,086,300

**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, 2015 bonded indebtedness are as follows:

<u>Year ending June 30</u>	<u>Bond Issue of July 1, 2008</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	4.05%	515,000	230,509	745,509
2021-2025	4.10% to 4.25%	2,895,000	818,910	3,713,910
2026-2028	4.30% to 4.40%	2,045,000	181,045	2,226,045
Total		\$7,325,000	\$2,342,730	\$9,667,730

<u>Year ending June 30</u>	<u>Bond Issue of May 1, 2010</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	2.75%	\$ 630,000	\$ 109,543	\$ 739,543
2017	3.05%	650,000	92,218	742,218
2018	3.25%	670,000	72,393	742,393
2019	3.45%	695,000	50,618	745,618
2020	3.70%	720,000	26,640	746,640
Total		\$3,365,000	\$ 351,412	\$3,716,412

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**Bonds Payable (continued)**

<u>Year ending June 30</u>	<u>Bond Issue of February 1, 2011</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2.75%	680,000	39,850	719,850
2021	3.00%	<u>705,000</u>	<u>21,150</u>	<u>726,150</u>
Total		<u>\$3,875,000</u>	<u>\$ 371,660</u>	<u>\$4,246,660</u>

<u>Year ending June 30</u>	<u>Bond Issue of March 5, 2012</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1.00%	\$ 510,000	\$ 38,294	\$ 548,294
2017	1.00%	515,000	33,190	548,190
2018	1.13%	530,000	27,972	557,972
2019	1.25%	535,000	21,949	556,949
2020	1.38%	545,000	15,194	560,194
2021	1.50%	<u>555,000</u>	<u>7,631</u>	<u>562,631</u>
Total		<u>\$3,190,000</u>	<u>\$ 144,230</u>	<u>\$3,334,230</u>

<u>Year ending June 30</u>	<u>Bond Issue of June 1, 2013</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1.00%	465,000	146,448	611,448
2021-2025	1.20% to 1.80%	2,420,000	645,270	3,065,270
2026-2030	2.00% to 2.50%	2,660,000	416,102	3,076,102
2031-2033	2.50% to 2.70%	<u>1,755,000</u>	<u>93,270</u>	<u>1,848,270</u>
Total		<u>\$9,105,000</u>	<u>\$1,932,182</u>	<u>\$11,037,182</u>

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**Bonds Payable (continued)**

<u>Year ending June 30</u>	<u>Bond Issue of May 19, 2014</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2.00%	470,000	207,624	677,624
2021-2025	2.00% to 2.20%	2,540,000	891,960	3,431,960
2026-2030	2.35% to 3.15%	2,870,000	587,732	3,457,732
2031-2033	3.25% to 3.50%	<u>1,970,000</u>	<u>136,250</u>	<u>2,106,250</u>
Total		<u>\$9,590,000</u>	<u>\$2,742,362</u>	<u>\$12,332,362</u>

<u>Year ending June 30</u>	<u>Bond Issue of January 1, 2015</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	3.00%	\$ 100,000	\$ 75,150	\$ 175,150
2017	3.00%	100,000	72,150	172,150
2018	3.00%	100,000	69,150	169,150
2019	3.00%	100,000	66,150	166,150
2020	3.00%	105,000	63,150	168,150
2021-2025	3.00%	560,000	267,450	827,450
2026-2030	3.00%	655,000	177,900	832,900
2031-2033	3.25% to 3.50%	<u>785,000</u>	<u>75,188</u>	<u>860,188</u>
Total		<u>\$2,505,000</u>	<u>\$ 866,288</u>	<u>\$3,371,288</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of February 1, 2009 (2009B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	5.40%	220,000	508,257	728,257
2021-2024	5.55% to 6.13%	<u>8,160,000</u>	<u>1,904,485</u>	<u>10,064,485</u>
Total		<u>\$9,130,000</u>	<u>\$4,543,884</u>	<u>\$13,673,884</u>

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

**Bonds Payable (continued)**

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of October 1, 2010 (2010A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3.60%	740,000	405,970	1,145,970
2021-2025	3.70% to 4.05%	4,140,000	1,593,660	5,733,660
2026-2030	4.10% to 4.50%	<u>5,060,000</u>	<u>682,200</u>	<u>5,742,200</u>
Total		<u>\$12,670,000</u>	<u>\$4,538,975</u>	<u>\$17,208,975</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of March 15, 2012 (2012A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1.40%	\$ 340,000	\$ 147,426	\$ 487,426
2017	1.40%	345,000	142,660	487,660
2018	1.60%	345,000	137,773	482,773
2019	1.80%	355,000	132,180	487,180
2020	2.00%	360,000	125,723	485,723
2021-2025	2.20% to 2.90%	1,925,000	501,472	2,426,472
2026-2030	3.00% to 3.25%	<u>2,210,000</u>	<u>209,516</u>	<u>2,419,516</u>
Total		<u>\$5,880,000</u>	<u>\$1,396,750</u>	<u>\$7,276,750</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of March 15, 2012 (2012B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1.40%	\$ 485,000	\$ 211,207	\$ 696,207
2017	1.40%	495,000	204,405	699,405
2018	1.60%	500,000	197,386	697,386
2019	1.80%	510,000	189,288	699,288
2020	2.00%	520,000	180,006	700,006
2021-2025	2.20% to 2.90%	2,780,000	716,334	3,496,334
2026-2030	3.00% to 3.13%	<u>3,190,000</u>	<u>295,865</u>	<u>3,485,865</u>
Total		<u>\$8,480,000</u>	<u>\$1,994,491</u>	<u>\$10,474,491</u>

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

**Bonds Payable (continued)**

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of January 15, 2015 (2015A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	3.00%	\$ —	\$ 305,113	\$ 305,113
2017	3.00%	—	229,313	229,313
2018	3.00%	—	229,313	229,313
2019	3.00%	—	229,313	229,313
2020	3.00%	—	229,313	229,313
2021-2025	3.00%	520,000	1,146,565	1,666,565
2026-2030	3.00%	2,820,000	904,165	3,724,165
2031-2032	3.13% to 3.25%	<u>4,085,000</u>	<u>166,976</u>	<u>4,251,976</u>
Total		<u>\$7,425,000</u>	<u>\$3,440,071</u>	<u>\$10,865,071</u>

The College has pledged future dormitory system revenues, net of specified operating expenses, to repay \$43,585,000 in dorm revenue bonds issued in October, 2009, October, 2010, March, 2012 and January, 2015. 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 2032. 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 \$59,499,171. For the current year, principal and interest paid and total customer net revenues were \$6,173,745 and \$5,640,795, respectively.

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

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

During the year ended June 30, 2015, the College was in compliance with the revenue bond provisions.

Total interest cost for the year ended June 30, 2015 is \$2,472,516. Total interest capitalized as part of construction in progress for the year ended June 30, 2015 is \$138,585.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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 2016 and 2052 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, 2015:

<u>Year ending June 30</u>	<u>Amount</u>
2016	\$ 158,444
2017	131,957
2018	57,425
2019	57,734
2020	57,734
Thereafter	<u>571,829</u>
Total	<u>\$ 1,035,123</u>

Rents for the year ended June 30, 2015 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$283,330.

**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:

<u>Class of property</u>	<u>Balance at June 30, 2015</u>
Equipment	\$ 768,463
Less accumulated amortization	<u>(427,706)</u>
Net capital lease assets	<u>\$ 340,757</u>

The following is a schedule by year of future minimum lease payments under capital leases as of June 30, 2015:

<u>Year ending June 30</u>	
2016	\$ 83,418
2017	83,418
2018	83,418
2019	67,572
2020	35,174
Thereafter	<u>51,779</u>
Total	404,779
Less interest	<u>(59,542)</u>
Capital lease obligations	<u>\$ 345,237</u>

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)**

**Plan Description** – IPERS membership is mandatory for employees of the College except for those covered by another retirement system. Employees of the College are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Pension Benefits** – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits** – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions** – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the College contributed 8.93 percent for a total rate of 14.88 percent.

The College's contributions to IPERS for the year ended June 30, 2015 were \$989,882.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (continued)**

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2015, the College reported a liability of \$5,948,711 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the College's collective proportion was 0.146988 percent, which was an increase of 0.01619 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the College recognized pension expense of \$566,244. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 64,651	\$ –
Changes in assumptions	262,530	–
Net difference between projected and actual earnings on pension plan investments	–	2,268,667
Changes in proportion and difference between College contributions and proportionate share of contributions	517,870	–
College contributions subsequent to the measurement date	<u>989,882</u>	<u>–</u>
Totals	<u>\$1,834,933</u>	<u>\$2,268,667</u>

\$989,882 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2016	\$ (369,725)
2017	(369,725)
2018	(369,725)
2019	(369,724)
2020	<u>55,283</u>
Totals	<u>\$(1,423,616)</u>

There are no non-employer contributing entities at IPERS.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (continued)**

**Actuarial Assumptions** – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership groups.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	<u>1%</u>	(0.69)
Total	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the College will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (continued)**

**Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<b>1% Decrease (6.5%)</b>	<b>Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
College's proportionate share of the net pension liability	<u>\$11,239,921</u>	<u>\$5,948,711</u>	<u>\$1,482,380</u>

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**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, 2015 were \$995,492 and \$663,292, 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 363 active and 27 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.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 35,052
Interest on net OPEB obligation	8,217
Adjustment to annual required contribution	<u>(11)</u>
Annual OPEB cost	43,258
Contributions made	<u>—</u>
Increase in net OPEB obligation	43,258
Net OPEB obligation beginning of year	<u>182,691</u>
Net OPEB obligation end of year	<u>\$ 225,949</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the College contributed \$-0- to the medical plan.

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

<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$33,211	0.0%	<u>\$151,516</u>
June 30, 2014	\$31,175	0.0%	<u>\$182,691</u>
June 30, 2015	\$43,258	0.0%	<u>\$225,949</u>

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$227,109, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$227,109. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$16,999,542 and the ratio of the UAAL to covered payroll was 1.3%. As of June 30, 2015, 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.

**Iowa Western Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

As of the July 1, 2014 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 7%. 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 RP2014 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 \$485 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 2015.

Foundation salaries and other operating expenses are paid by the College. In management's estimate, the value of such expenses was approximately \$352,000 in fiscal year 2015.

The College has a receivable from the Foundation in the amount of \$159,097 as of June 30, 2015 related to amounts due to the College for scholarships.

In September, 2015, the College paid \$3,188,175 to purchase property from Western Iowa Dorms, Inc. for additional student housing facilities.

The College has a liability to the Foundation in the amount of \$288,921 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, 2015 was \$30,397 and \$20,235, respectively. The balance of this payable at June 30, 2015 is as follows:

**Year ending June 30**

2016	\$ 50,632
2017	50,632
2018	50,632
2019	50,632
2020	50,632
Thereafter	<u>101,264</u>
Total	354,424
Less interest	<u>(65,503)</u>
Due to Iowa Western Community College Foundation	<u>\$ 288,921</u>

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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 eighteen 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, 2015 for those employees who have elected retirement incentives was \$499,727 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 \$100,000 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 \$1,037,000 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 July 2015, the College issued certificates totaling \$675,000 related to two Iowa Industrial New Jobs Training Program projects. The debt was incurred as allowed by Chapter 260E of the Code of Iowa. In October 2015, the College offered retirement incentives to fifty-six eligible employees. The additional retirement incentives payable amount related to those employees who accept this offer cannot be estimated by the College at this time.

**Iowa Western Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 17 ACCOUNTING CHANGE/RESTATEMENT**

The Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 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, GASB No 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<b><u>Net Position</u></b>
Net position July 30, 2014 as previously reported	\$59,121,543
Net pension liability June 30, 2014	(7,682,572)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>876,489</u>
Net position July 1, 2014, as restated	<u>\$52,315,460</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

Iowa Western Community College  
**SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
Iowa Public Employees' Retirement System  
Last Fiscal Year\*  
(In Thousands)

**Required Supplementary Information**

	<u>June 30, 2015</u>
College's proportion of the net pension liability	0.146988%
College's proportionate share of the net pension liability	\$5,949
College's covered-employee payroll	\$11,085
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	34.99%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is completed, the College will present information for those years for which information is available.

See accompanying independent auditor's report.

**Iowa Western Community College  
SCHEDULE OF CONTRIBUTIONS  
Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)**

**Required Supplementary Information**

	Year ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutory required contribution	\$ 990	\$ 877	\$ 761	\$ 72	\$ 580	\$ 543	\$ 534	\$ 461	\$ 436	\$ 377
Contributions in relation to the statutorily required contribution	(990)	(877)	(761)	(72)	(580)	(543)	(534)	(461)	(436)	(377)
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
 College's covered-employee payroll	 \$11,085	 \$ 9,815	 \$ 8,776	 \$ 8,970	 \$ 8,350	 \$ 8,165	 \$ 8,412	 \$ 7,612	 \$ 7,588	 \$ 6,565
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditor's report.

**Iowa Western Community College**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY**  
**Year ended June 30, 2015**

**CHANGES OF BENEFIT TERMS**

Legislation passed in 2010 modified benefit terms for current regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

**CHANGES OF ASSUMPTIONS**

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

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

**Required Supplementary Information**

<u>Fiscal year end June 30</u>	<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b - a)/c)</u>
2009	July 1, 2008	\$ <u>—</u>	\$ <u>236</u>	\$ <u>236</u>	<u>0.0%</u>	\$ <u>13,813</u>	<u>1.7%</u>
2010	July 1, 2008	\$ <u>—</u>	\$ <u>236</u>	\$ <u>236</u>	<u>0.0%</u>	\$ <u>13,813</u>	<u>1.7%</u>
2011	July 1, 2010	\$ <u>—</u>	\$ <u>191</u>	\$ <u>191</u>	<u>0.0%</u>	\$ <u>14,667</u>	<u>1.3%</u>
2012	July 1, 2010	\$ <u>—</u>	\$ <u>191</u>	\$ <u>191</u>	<u>0.0%</u>	\$ <u>14,667</u>	<u>1.3%</u>
2013	July 1, 2012	\$ <u>—</u>	\$ <u>201</u>	\$ <u>201</u>	<u>0.0%</u>	\$ <u>15,774</u>	<u>1.3%</u>
2014	July 1, 2012	\$ <u>—</u>	\$ <u>201</u>	\$ <u>201</u>	<u>0.0%</u>	\$ <u>15,774</u>	<u>1.3%</u>
2015	July 1, 2014	\$ <u>—</u>	\$ <u>227</u>	\$ <u>227</u>	<u>0.0%</u>	\$ <u>16,999</u>	<u>1.3%</u>

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

See accompanying independent auditor's report.

**OTHER SUPPLEMENTARY INFORMATION**

**Iowa Western Community College**  
**BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL**  
**Year ended June 30, 2015**

<u>Funds/Levy</u>	<u>Original and final budget</u>	<u>Actual</u>	<u>Variance between actual and budget</u>
General (unrestricted and non-levy restricted)	\$46,214,086	\$46,839,157	\$ (625,071)
Restricted			
Unemployment	50,505	47,780	2,725
Tort liability	176,767	127,830	48,937
Insurance	1,666,657	1,690,609	(23,952)
Early retirement	151,514	-	151,514
Equipment replacement	<u>815,652</u>	<u>-</u>	<u>815,652</u>
Total restricted	<u>2,861,095</u>	<u>1,866,219</u>	<u>994,876</u>
Total unrestricted/restricted	49,075,181	48,705,376	369,805
Plant	18,309,195	7,414,721	10,894,474
Bonds and interest	<u>4,085,908</u>	<u>2,390,861</u>	<u>1,695,047</u>
Total operating expenditures	<u>\$71,470,284</u>	<u>\$58,510,958</u>	<u>\$12,959,326</u>

See accompanying independent auditor's report.

**Iowa Western Community College**  
**NOTE TO BUDGETARY REPORTING**  
**Year ended June 30, 2015**

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, 2015, the College's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report.

**Iowa Western Community College  
BALANCE SHEET – ALL FUNDS  
June 30, 2015**

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
<b>ASSETS</b>									
Cash and short-term pooled investments	\$11,503,484	\$ 7,270,042	\$ 2,695	\$ 3,780,623	\$ 5,161,689	\$ (2,703,775)	\$ 576,064	\$ –	\$ 25,590,822
Receivables									
Accounts (less allowance of \$509,924)	17,391,796	960,311	–	998	–	–	5,115	–	18,358,220
Property tax									
Delinquent	20,773	35,126	–	–	71,947	–	–	–	127,846
Succeeding year	1,859,674	2,902,195	–	773,374	5,829,690	–	–	–	11,364,933
Due from Iowa Western Community College Foundation (component unit)	159,097	–	–	–	–	–	–	–	159,097
Due from other funds	(720,714)	1,898,149	–	303,091	46,703	–	79,248	(1,606,477)	–
Due from other governments	1,321,511	123,921	–	–	–	–	97,747	–	1,543,179
Inventories	675,916	–	–	–	–	–	–	–	675,916
Prepaid expenditures	581,715	122,058	–	–	–	–	6,183	–	709,956
Iowa Industrial New Jobs Training Program	–	1,715,326	–	–	–	–	–	–	1,715,326
Capital assets									
Land	–	–	–	–	–	560,164	–	–	560,164
Buildings	–	–	–	–	–	117,941,852	–	–	117,941,852
Improvements other than buildings	–	–	–	–	–	29,276,299	–	–	29,276,299
Equipment and vehicles	–	–	–	–	–	10,219,955	5,010	–	10,224,965
Capital lease assets	–	–	–	–	–	691,200	–	–	691,200
Software	–	–	–	–	–	1,622,515	–	–	1,622,515
Construction in progress	–	–	–	20,181,217	–	–	–	–	20,181,217
Accumulated depreciation	–	–	–	–	–	(46,866,719)	(2,004)	–	(46,868,723)
Total assets	<u>32,793,252</u>	<u>15,027,128</u>	<u>2,695</u>	<u>25,039,303</u>	<u>11,110,029</u>	<u>110,741,491</u>	<u>767,363</u>	<u>(1,606,477)</u>	<u>193,874,784</u>
Deferred outflows of resources									
Pension related deferred outflows	–	–	–	–	–	–	–	1,834,933	1,834,933
<b>Total assets and deferred outflows of resources</b>	<u>\$32,793,252</u>	<u>\$15,027,128</u>	<u>\$ 2,695</u>	<u>\$25,039,303</u>	<u>\$11,110,029</u>	<u>\$110,741,491</u>	<u>\$ 767,363</u>	<u>\$ 228,456</u>	<u>\$195,709,717</u>

See accompanying independent auditor's report.

Schedule 2 (continued)

Iowa Western Community College  
BALANCE SHEET – ALL FUNDS (continued)  
June 30, 2015

LIABILITIES AND FUND BALANCES	Current Funds		Loan Fund	Plant Funds			Agency Funds	Adjustments	Total
	Unrestricted	Restricted		Unexpended	Retirement of Indebtedness	Investment in Plant			
<b>LIABILITIES</b>									
Accounts payable	\$ 695,260	\$ 684,915	\$ -	\$ 1,610,568	\$ -	\$ -	\$ 124,038	\$ -	\$ 3,114,781
Salaries and benefits payable	2,546,718	2,453,812	-	-	-	-	11,038	-	5,011,568
Accrued interest payable	-	68,818	-	39,800	198,021	-	-	-	306,639
Due to Iowa Western Community College Foundation (component unit)	288,921	-	-	-	-	-	-	-	288,921
Due to other funds	142,085	313,961	-	1,026,225	-	-	124,206	(1,606,477)	-
Unearned revenues									
Iowa Industrial New Jobs Training Program and other	14,011,066	2,119,547	-	-	-	-	58,235	-	16,188,848
Retirement incentives payable	-	499,727	-	-	-	-	-	-	499,727
Compensated absences	553,164	86,001	-	-	-	-	16,814	-	655,979
Deposits held in custody for others	607,095	-	-	1,925,511	-	-	433,032	-	2,965,638
Certificates payable	-	4,745,000	-	-	-	-	-	-	4,745,000
Bonds payable	-	-	-	29,925,000	-	52,615,000	-	-	82,540,000
Notes payable	-	-	-	-	-	1,065,000	-	-	1,065,000
Capital leases payable	-	-	-	-	-	345,237	-	-	345,237
Net pension liability	-	-	-	-	-	-	-	5,948,711	5,948,711
Net other postemployment benefits obligation	222,921	3,028	-	-	-	-	-	-	225,949
Total liabilities	<u>19,067,230</u>	<u>10,974,809</u>	<u>-</u>	<u>34,527,104</u>	<u>198,021</u>	<u>54,025,237</u>	<u>767,363</u>	<u>4,342,234</u>	<u>123,901,998</u>
Deferred inflows of resources									
Succeeding year property tax	1,859,674	2,902,195	-	773,374	5,829,690	-	-	-	11,364,933
Pension related deferred outflows	-	-	-	-	-	-	-	2,268,667	2,268,667
Total deferred inflows of resources	<u>1,859,674</u>	<u>2,902,195</u>	<u>-</u>	<u>773,374</u>	<u>5,829,690</u>	<u>-</u>	<u>-</u>	<u>2,268,667</u>	<u>13,633,600</u>
<b>FUND BALANCES</b>									
Net investment in capital assets	-	-	-	-	-	56,716,254	-	-	56,716,254
Restricted									
Expendable									
Scholarships and fellowships	-	79,009	-	-	-	-	-	-	79,009
Loans	-	-	2,695	-	-	-	-	-	2,695
Debt service	-	-	-	(2,057,215)	5,082,318	-	-	-	3,025,103
Cash reserve	361,092	-	-	-	-	-	-	-	361,092
Other	-	1,071,115	-	-	-	-	-	-	1,071,115
Unrestricted	4,377,547	-	-	(8,203,960)	-	-	-	(6,382,445)	(10,208,858)
Auxiliary enterprises	7,127,709	-	-	-	-	-	-	-	7,127,709
Total fund balances	<u>11,866,348</u>	<u>1,150,124</u>	<u>2,695</u>	<u>(10,261,175)</u>	<u>5,082,318</u>	<u>56,716,254</u>	<u>-</u>	<u>(6,382,445)</u>	<u>58,174,119</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$32,793,252</u>	<u>\$15,027,128</u>	<u>\$ 2,695</u>	<u>\$25,039,303</u>	<u>\$11,110,029</u>	<u>\$110,741,491</u>	<u>\$ 767,363</u>	<u>\$ 228,456</u>	<u>\$195,709,717</u>

See accompanying independent auditor's report.

**Iowa Western Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
Year ended June 30, 2015

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
<b>REVENUES</b>								
General								
State appropriations	\$12,118,736	\$ 4,101,209	\$ -	\$ 273,629	\$ -	\$ -	\$ -	\$16,493,574
Tuition and fees	22,678,432	1,013	-	11,190	-	-	(8,052,976)	14,637,659
Property tax	1,829,780	2,703,282	-	-	5,906,325	-	-	10,439,387
Federal appropriations	561,416	13,786,330	-	-	-	-	181,301	14,529,047
Sales and services	287,679	258,786	-	-	-	-	(55,165)	491,300
Interest and investment income	24,558	33,644	1	22,971	15,335	-	-	96,509
Iowa Industrial New Jobs Training Program	-	1,346,350	-	-	-	-	-	1,346,350
Gifts and grants	2,175	597,923	-	-	-	-	-	600,098
Miscellaneous	303,683	690,505	-	15,930	-	4,591,292	(4,989,361)	612,049
Increase in plant investment due to plant expenditures	-	-	-	-	-	1,251,115	(1,251,115)	-
Total general revenues	<u>37,806,459</u>	<u>23,519,042</u>	<u>1</u>	<u>323,720</u>	<u>5,921,660</u>	<u>5,842,407</u>	<u>(14,167,316)</u>	<u>59,245,973</u>
Auxiliary enterprises								
State appropriations	69,874	-	-	-	-	-	-	69,874
Tuition and fees	296,525	-	-	-	-	-	-	296,525
Sales and services	13,834,730	-	-	-	-	-	(5,636,236)	8,198,494
Federal appropriations	28,054	-	-	-	-	-	-	28,054
Interest on investments	27,620	-	-	-	-	-	-	27,620
Miscellaneous	306,487	-	-	-	-	-	-	306,487
Total auxiliary revenues	<u>14,563,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,636,236)</u>	<u>8,927,054</u>
Total revenues	<u>52,369,749</u>	<u>23,519,042</u>	<u>1</u>	<u>323,720</u>	<u>5,021,660</u>	<u>5,842,407</u>	<u>(19,803,552)</u>	<u>(68,173,027)</u>

See accompanying independent auditor's report.

**Iowa Western Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)**  
**Year ended June 30, 2015**

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
<b>EXPENDITURES</b>								
Education and support								
Liberal arts and sciences	\$ 8,833,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,639)	\$ 8,826,543
Applied science and technology	7,193,947	2,483,502	-	-	-	-	(521,583)	9,155,866
Continuing education	2,093,101	1,404,897	-	-	-	-	(148,044)	3,349,954
Cooperative services	31,687	1,474,878	-	-	-	-	-	1,506,565
Administration	3,857,927	8,986	1	-	-	-	(528,458)	3,338,456
Student services	4,000,980	-	-	-	-	-	-	4,000,980
Learning resources	328,310	-	-	-	-	-	-	328,310
Physical plant	3,763,077	1,453,573	-	1,682,436	5,680	-	(95,248)	6,809,518
General institution	<u>4,776,657</u>	<u>2,968,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(651,336)</u>	<u>7,093,592</u>
Total education and support	34,878,868	9,794,107	1	1,682,436	5,680	-	(1,951,308)	44,409,784
Auxiliary enterprises	10,892,246	-	-	-	-	-	(927,409)	9,964,837
Scholarships and grants	-	13,223,157	-	-	-	-	(12,821,735)	401,422
Retirement of indebtedness	-	-	-	-	5,775,000	-	-	5,775,000
Increase in plant investment due to retirement of debt	-	-	-	-	-	(5,775,000)	-	(5,775,000)
Interest on indebtedness	-	130,050	-	(216,542)	2,390,861	29,562	-	2,333,931
Depreciation	-	-	-	-	-	5,159,398	44,996	5,204,394
Miscellaneous	-	-	-	<u>4,571,734</u>	<u>-</u>	<u>-</u>	<u>(4,571,734)</u>	<u>-</u>
Total expenditures	<u>45,771,114</u>	<u>23,147,314</u>	<u>1</u>	<u>6,037,628</u>	<u>8,171,541</u>	<u>(586,040)</u>	<u>(20,227,190)</u>	<u>62,314,368</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>6,598,635</u>	<u>371,728</u>	<u>-</u>	<u>(5,713,908)</u>	<u>(2,249,881)</u>	<u>6,428,447</u>	<u>423,638</u>	<u>5,858,659</u>
<b>TRANSFERS</b>								
Mandatory transfers	(57,512)	57,512	-	-	-	-	-	-
Nonmandatory transfers	<u>(4,357,271)</u>	<u>(501,428)</u>	<u>-</u>	<u>(288,511)</u>	<u>5,147,210</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers	<u>(4,414,783)</u>	<u>(443,916)</u>	<u>-</u>	<u>(288,511)</u>	<u>5,147,210</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>INCREASE (DECREASE) IN FUND BALANCES</b>	2,183,852	(72,188)	-	(6,002,419)	2,897,329	6,428,447	423,638	5,858,659
<b>FUND BALANCES, beginning of year</b>	<u>9,682,496</u>	<u>1,222,312</u>	<u>2,695</u>	<u>(4,258,756)</u>	<u>2,184,989</u>	<u>50,287,807</u>	<u>(6,806,083)</u>	<u>52,315,460</u>
<b>FUND BALANCES, end of year</b>	<u>\$11,866,348</u>	<u>\$ 1,150,124</u>	<u>\$ 2,695</u>	<u>\$(10,261,175)</u>	<u>\$5,082,318</u>	<u>\$56,716,254</u>	<u>\$(6,382,445)</u>	<u>\$58,174,119</u>

See accompanying independent auditor's report.

**Iowa Western Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND**  
**EDUCATION AND SUPPORT**  
**Year ended June 30, 2015**

	Education				Support					Total
	Liberal Arts and Sciences	Applied Science and Technology	Continuing Education	Cooperative Services	Administration	Student Services	Learning Resources	Physical Plant	General Institution	
<b>REVENUES</b>										
State appropriations	\$ -	\$ -	\$ -	\$ -	\$12,118,736	\$ -	\$ -	\$ -	\$ -	\$12,118,736
Tuition and fees	11,543,818	7,984,717	1,598,573	1,152,521	73,621	325,182	-	-	-	22,678,432
Property tax	-	-	-	-	1,829,780	-	-	-	-	1,829,780
Federal appropriations	-	256,116	156,406	-	35,503	113,391	-	-	-	561,416
Sales and services	3,364	9,556	26,689	-	85,891	-	1,609	96,485	64,085	287,679
Interest and investment income	-	-	-	-	24,558	-	-	-	-	24,558
Gifts and grants	-	-	2,175	-	-	-	-	-	-	2,175
Miscellaneous	24,639	1,400	35	-	164,986	2,795	8,190	81,789	19,849	303,683
Total revenues	<u>11,571,821</u>	<u>8,251,789</u>	<u>1,783,878</u>	<u>1,152,521</u>	<u>14,333,075</u>	<u>441,368</u>	<u>9,799</u>	<u>178,274</u>	<u>83,934</u>	<u>37,806,459</u>
<b>EXPENDITURES</b>										
Salaries and benefits	8,376,810	6,529,759	1,545,275	27,028	1,553,517	3,552,210	262,476	1,432,935	3,015,561	26,295,571
Services	190,744	272,606	315,364	3,045	531,696	248,355	4,153	1,875,067	1,260,032	4,701,062
Materials and supplies	191,906	268,577	166,308	730	210,367	111,756	61,094	443,330	169,742	1,623,810
Travel	67,083	29,358	29,729	884	65,170	88,659	587	365	57,065	338,900
Loan cancellations and collection costs	-	-	-	-	288,255	-	-	14,389	-	302,644
Plant asset acquisitions	6,639	61,604	-	-	37,132	-	-	117,328	122,186	344,889
Cost of goods sold	-	-	-	-	1,154,550	-	-	-	69,264	1,223,814
Miscellaneous	-	32,043	36,425	-	17,240	-	-	(120,337)	82,807	48,178
Total expenditures	<u>8,833,182</u>	<u>7,193,947</u>	<u>2,093,101</u>	<u>31,687</u>	<u>3,857,927</u>	<u>4,000,980</u>	<u>328,310</u>	<u>3,763,077</u>	<u>4,776,657</u>	<u>34,878,868</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,738,639</u>	<u>1,057,842</u>	<u>(309,223)</u>	<u>1,120,834</u>	<u>10,475,148</u>	<u>(3,559,612)</u>	<u>(318,511)</u>	<u>(3,584,803)</u>	<u>(4,692,723)</u>	<u>2,927,591</u>
<b>TRANSFERS</b>										
Mandatory transfers	-	-	-	-	-	(57,512)	-	-	-	(57,512)
Nonmandatory transfers	-	(438,445)	31,025	-	(675,087)	4,000	-	(1,354,327)	-	(2,432,834)
Total transfers	-	(438,445)	31,025	-	(675,087)	(53,512)	-	(1,354,327)	-	(2,490,346)
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<u>\$ 2,738,639</u>	<u>\$ 619,397</u>	<u>\$ (278,198)</u>	<u>\$ 1,120,834</u>	<u>\$ 9,800,061</u>	<u>\$ (3,613,124)</u>	<u>\$ (318,511)</u>	<u>\$ (4,939,130)</u>	<u>\$ (4,692,723)</u>	437,245
<b>FUND BALANCES, beginning of year</b>										<u>4,301,394</u>
<b>FUND BALANCES, end of year</b>										<u>\$ 4,738,639</u>

See accompanying independent auditor's report.

**Iowa Western Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND**  
**AUXILIARY ENTERPRISES**  
**Year ended June 30, 2015**

	<u>Bookstore</u>	<u>Vending</u>	<u>Food Services</u>	<u>Student Housing</u>	<u>Graphic Arts</u>	<u>Auto Parts</u>	<u>Athletics</u>	<u>IWCC Comm Net</u>	<u>Miscellaneous</u>	<u>Total</u>
<b>REVENUES</b>										
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,601	\$ 8,273	\$ 69,874
Tuition and fees	-	-	-	-	-	-	172,500	-	124,025	296,525
Sales and services	3,876,167	68,239	3,052,804	5,640,795	188,735	232,598	-	-	775,392	13,834,730
Federal appropriations	-	-	-	25,868	-	2,368	-	-	-	28,054
Interest and investment income	-	-	-	-	-	-	-	-	27,620	27,620
Miscellaneous										
Other	977	21,310	900	96,872	77,875	80	58,647	-	49,826	306,487
Total revenues	<u>3,877,144</u>	<u>89,549</u>	<u>3,053,704</u>	<u>5,763,353</u>	<u>266,610</u>	<u>235,046</u>	<u>231,147</u>	<u>61,601</u>	<u>985,136</u>	<u>14,563,290</u>
<b>EXPENDITURES</b>										
Salaries and benefits	445,668	-	1,148,903	823,052	71,191	69,661	40,109	40,848	655,600	3,295,032
Services	114,108	-	120,038	1,119,645	104,869	11,694	27,002	20,334	124,928	1,642,618
Materials and supplies	127,182	-	115,079	137,879	1,246	9	218,031	-	59,756	659,182
Travel	10,254	-	8,765	4,184	-	355	669,663	419	10,004	703,644
Loan cancellations and collection costs	-	-	-	68,214	258	-	-	-	-	68,472
Plant asset acquisitions	-	-	6,702	60,985	-	-	-	-	-	67,687
Cost of goods sold	2,860,219	-	1,151,070	-	52,980	-	-	-	-	4,064,269
Miscellaneous	9,528	65,000	11,200	-	-	269,553	398	-	35,663	391,342
Total expenditures	<u>3,566,959</u>	<u>65,000</u>	<u>2,561,757</u>	<u>2,213,959</u>	<u>230,544</u>	<u>351,272</u>	<u>955,203</u>	<u>61,601</u>	<u>885,951</u>	<u>10,892,246</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>310,185</u>	<u>24,549</u>	<u>491,947</u>	<u>3,549,394</u>	<u>36,066</u>	<u>(116,226)</u>	<u>(724,056)</u>	<u>-</u>	<u>99,185</u>	<u>3,671,044</u>
<b>TRANSFERS</b>										
Nonmandatory transfers	-	-	-	(3,089,996)	-	116,159	727,114	-	322,286	(1,924,437)
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,089,996)</u>	<u>-</u>	<u>116,159</u>	<u>727,114</u>	<u>-</u>	<u>322,286</u>	<u>(1,924,437)</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<u>\$ 310,185</u>	<u>\$ 24,549</u>	<u>\$ 491,947</u>	<u>\$ 459,398</u>	<u>\$ 36,066</u>	<u>\$ (67)</u>	<u>\$ 3,058</u>	<u>\$ -</u>	<u>\$ 421,471</u>	<u>1,746,607</u>
<b>FUND BALANCES, beginning of year</b>										<u>5,381,102</u>
<b>FUND BALANCES, end of year</b>										<u>\$ 7,127,709</u>

See accompanying independent auditor's report.

Iowa Western Community College  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND  
 Year ended June 30, 2015

	Scholarship and Grants	Student Support Services	Clarinda Corrections Program	Corrections Title I	Iowa Small Business New Jobs Training Program	Iowa Industrial New Jobs Training Program	Tort (Other) Liability Tax Levy	Casualty Insurance Tax Levy	Tort Liability Tax Levy	Unemployment Comp Tax Levy
<b>REVENUES</b>										
State appropriations	\$ 847,127	\$ -	\$ 440,908	\$ 16,496	\$ 258,578	\$ -	\$ -	\$ -	\$ -	\$ -
Tuition and fees	-	-	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-	1,664,156	177,259	50,642
Federal appropriations	12,149,964	296,274	-	-	-	-	-	-	-	-
Sales and services	-	-	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-	-	1,346,350	-	-	-	-
Gifts and grants	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	1,402	-	-
Total revenues	<u>12,997,091</u>	<u>296,274</u>	<u>440,908</u>	<u>16,496</u>	<u>258,578</u>	<u>1,346,350</u>	<u>-</u>	<u>1,665,558</u>	<u>177,259</u>	<u>50,642</u>
<b>EXPENDITURES</b>										
Salaries and benefits	-	220,140	397,563	16,496	-	-	-	-	-	47,780
Services	11,941	25,277	13,172	-	258,151	778,918	13,588	1,438,618	127,830	-
Materials and supplies	-	14,225	19,983	-	427	-	1,365	-	-	-
Travel	-	3,692	5,125	-	-	-	-	-	-	-
Plant asset acquisitions	-	-	-	-	-	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-	130,050	-	-	-	-
Miscellaneous	-	33,474	5,065	-	-	437,382	-	-	-	-
Pell grant program	11,560,361	-	-	-	-	-	-	-	-	-
Supplemental educational opportunity grant	181,301	-	-	-	-	-	-	-	-	-
Private scholarships	<u>1,261,374</u>	-	-	-	-	-	-	-	-	-
Total expenditures	<u>13,014,977</u>	<u>296,808</u>	<u>440,908</u>	<u>16,496</u>	<u>258,578</u>	<u>1,346,350</u>	<u>14,953</u>	<u>1,438,618</u>	<u>127,830</u>	<u>47,780</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(17,886)</u>	<u>(534)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,953)</u>	<u>226,940</u>	<u>49,429</u>	<u>2,862</u>
<b>TRANSFERS</b>										
Mandatory transfers	57,512	-	-	-	-	-	-	-	-	-
Nonmandatory transfers	<u>9,019</u>	-	-	-	-	-	-	-	-	-
Total transfers	<u>66,531</u>	-	-	-	-	-	-	-	-	-
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<u>\$ 48,645</u>	<u>\$ (534)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,953)</u>	<u>\$ 226,940</u>	<u>\$ 49,429</u>	<u>\$ 2,862</u>

See accompanying independent auditor's report.

**Iowa Western Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND (continued)**  
Year ended June 30, 2015

	<u>Worker's Comp Tax Levy</u>	<u>Equipment Replacement Tax Levy</u>	<u>Early Retirement Tax Levy</u>	<u>Economic Development</u>	<u>Title III</u>	<u>KIWR</u>	<u>Miscellaneous</u>	<u>Total</u>
<b>REVENUES</b>								
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,538,100	\$ 4,101,209
Tuition and fees	-	-	-	-	-	-	1,013	1,013
Property tax	-	815,678	(4,453)	-	-	-	-	2,703,282
Federal appropriations	-	-	-	-	-	-	1,340,092	13,786,330
Sales and services	-	-	-	107,193	-	147,793	3,800	258,786
Interest and investment income	-	-	-	-	-	22	33,622	33,644
Iowa Industrial New Jobs Training Program	-	-	-	-	-	-	-	1,346,350
Gifts and grants	-	-	-	2,000	-	243,055	352,868	597,923
Miscellaneous	-	-	-	-	294,676	335,653	58,774	690,505
Total revenues	<u>-</u>	<u>815,678</u>	<u>(4,453)</u>	<u>109,193</u>	<u>294,676</u>	<u>726,523</u>	<u>4,328,269</u>	<u>23,519,042</u>
<b>EXPENDITURES</b>								
Salaries and benefits	251,991	-	-	268,983	206,279	528,969	1,577,379	3,515,580
Services	-	-	-	13,785	11,084	212,781	727,290	3,632,435
Materials and supplies	-	-	-	6,487	14,811	31,844	1,389,298	1,478,440
Travel	-	-	-	9,161	11,247	9,181	65,658	104,064
Plant asset acquisitions	-	-	-	-	51,255	-	727,500	778,755
Interest on indebtedness	-	-	-	-	-	-	-	130,050
Miscellaneous	-	-	-	-	-	-	29,033	504,954
Pell grant program	-	-	-	-	-	-	-	11,560,361
Supplemental educational opportunity grant	-	-	-	-	-	-	-	181,301
Private scholarships	-	-	-	-	-	-	-	1,261,374
Total expenditures	<u>251,991</u>	<u>-</u>	<u>-</u>	<u>298,416</u>	<u>294,676</u>	<u>782,775</u>	<u>4,516,158</u>	<u>23,147,314</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(251,991)</u>	<u>815,678</u>	<u>(4,453)</u>	<u>(189,223)</u>	<u>-</u>	<u>(56,252)</u>	<u>(187,889)</u>	<u>371,728</u>
<b>TRANSFERS</b>								
Mandatory transfers	-	-	-	-	-	-	-	57,512
Nonmandatory transfers	-	-	-	184,000	-	-	(694,447)	(501,428)
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,000</u>	<u>-</u>	<u>-</u>	<u>(694,447)</u>	<u>(443,916)</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<u>\$ (251,991)</u>	<u>\$ 815,678</u>	<u>\$ (4,453)</u>	<u>\$ (5,223)</u>	<u>\$ -</u>	<u>\$ (56,252)</u>	<u>\$ (882,336)</u>	<u>(72,188)</u>
<b>FUND BALANCES, beginning of year</b>								<u>1,222,312</u>
<b>FUND BALANCES, end of year</b>								<u>\$ 1,150,124</u>

See accompanying independent auditor's report.

**Iowa Western Community College**  
**SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS - AGENCY FUNDS**  
Year ended June 30, 2015

	<u>Student Clubs and Organizations</u>	<u>JTPA Service Delivery Area</u>	<u>Federal Student Loan Account</u>	<u>Miscellaneous</u>	<u>Total</u>
<b>BALANCE</b> , beginning of year	\$ <u>371,343</u>	\$ <u>15,230</u>	\$ <u>(1,534)</u>	\$ <u>54,639</u>	\$ <u>439,678</u>
<b>ADDITIONS</b>					
Tuition and fees	-	-	-	1,170	1,170
Federal appropriations	-	455,186	-	-	455,186
Sales and services	23,113	-	-	1,080	24,193
Loan advances from lenders	-	-	20,121,166	(745)	20,120,421
Interest and investment income	-	-	190	-	190
Miscellaneous					
Student fee allocation	149,846	-	-	-	149,846
Other	<u>314,362</u>	<u>42,008</u>	<u>-</u>	<u>17,776</u>	<u>374,146</u>
Total additions	<u>487,321</u>	<u>497,194</u>	<u>20,121,356</u>	<u>19,281</u>	<u>21,125,152</u>
<b>DEDUCTIONS</b>					
Salaries and benefits	148,326	208,659	-	-	356,985
Services	146,646	169,787	-	13,191	329,624
Materials and supplies	30,492	23,476	-	18,127	72,095
Travel	12,124	27,405	-	-	39,529
Costs of goods sold	9,836	-	-	-	9,836
Loan payments to student accounts	-	-	20,240,460	-	20,240,460
Loans returned to lenders	1,264	-	-	-	1,264
Awards to clients	-	47,420	-	-	47,420
Other	<u>4,117</u>	<u>21,449</u>	<u>-</u>	<u>9,019</u>	<u>34,585</u>
Total deductions	<u>352,805</u>	<u>498,196</u>	<u>20,240,460</u>	<u>40,337</u>	<u>21,131,798</u>
<b>BALANCE</b> , end of year	\$ <u>505,859</u>	\$ <u>14,228</u>	\$ <u>(120,638)</u>	\$ <u>33,583</u>	\$ <u>433,032</u>

See accompanying independent auditor's report.

**Iowa Western Community College**  
**SCHEDULE OF CREDIT AND CONTACT HOURS**  
Year ended June 30, 2015

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	94,902	-	94,902	1,902,765	-	1,902,765
Vocational Education - Preparatory	53,834	-	53,834	1,394,622	-	1,394,622
Adult/Continuing Education	-	-	-	<u>383,028</u>	<u>55,460</u>	<u>438,488</u>
Totals	<u>148,736</u>	<u>-</u>	<u>148,736</u>	<u>3,680,415</u>	<u>55,460</u>	<u>3,735,875</u>

See accompanying independent auditor's report.

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

	Year ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Local (property tax)	\$10,439,387	\$ 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
State										
General	16,493,574	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
Auxiliary	69,874	72,017	81,367	78,382	83,978	88,893	107,920	108,526	51,048	99,204
Federal										
General	14,529,047	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
Auxiliary	<u>28,054</u>	<u>11,089</u>	<u>—</u>	<u>4,515</u>	<u>8,517</u>	<u>5,506</u>	<u>4,063</u>	<u>980</u>	<u>2,725</u>	<u>3,768</u>
Total	<u>\$41,559,936</u>	<u>\$37,189,825</u>	<u>\$35,183,346</u>	<u>\$33,825,324</u>	<u>\$32,156,850</u>	<u>\$28,326,440</u>	<u>\$27,433,816</u>	<u>\$22,499,932</u>	<u>\$22,133,331</u>	<u>\$20,271,778</u>

See accompanying independent auditor's report.

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

	Year ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>REVENUES</b>										
State appropriations	\$16,219,945	\$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
Tuition and fees	22,679,445	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
Property tax	4,533,062	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
Federal appropriations	14,347,746	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
Sales and services	546,465	671,126	812,850	1,268,239	906,301	1,055,522	845,427	1,405,149	1,024,971	1,002,169
Interest on investments	58,202	63,335	62,920	34,671	73,477	100,473	119,553	252,717	401,850	530,746
Iowa Industrial New Jobs Training Program	1,346,350	517,291	1,842,377	920,048	1,152,676	1,816,585	739,521	944,979	1,624,773	1,066,603
Gifts and grants	600,098	828,498	442,579	223,775	507,808	206,501	430,608	402,836	509,931	296,587
Miscellaneous	994,188	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
Auxiliary enterprises	<u>14,563,290</u>	<u>13,847,503</u>	<u>13,602,532</u>	<u>13,243,693</u>	<u>11,746,771</u>	<u>10,973,339</u>	<u>10,138,713</u>	<u>8,469,858</u>	<u>7,114,629</u>	<u>7,116,888</u>
Totals	<u>\$75,888,791</u>	<u>\$71,501,537</u>	<u>\$72,025,766</u>	<u>\$72,304,288</u>	<u>\$64,355,005</u>	<u>\$58,412,405</u>	<u>\$54,894,776</u>	<u>\$47,731,415</u>	<u>\$46,445,957</u>	<u>\$42,502,870</u>
<b>EXPENDITURES</b>										
Liberal arts and sciences	\$ 8,833,182	\$ 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
Applied science and technology	9,677,449	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
Continuing education	3,497,998	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
Cooperative services	1,506,565	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
Administration	3,866,913	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
Student services	4,000,980	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
Learning resources	328,310	254,557	257,553	326,863	256,159	257,828	264,977	264,751	290,053	282,039
Physical plant	5,216,650	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
General institution	7,744,928	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
Auxiliary enterprises	10,892,246	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
Scholarships and grants	13,223,157	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
Interest on indebtedness	130,050	268,748	318,128	301,906	331,226	359,099	414,665	424,080	434,599	404,955
Miscellaneous	—	—	—	131,583	—	—	—	—	—	—
Totals	<u>\$68,918,428</u>	<u>\$64,332,771</u>	<u>\$66,842,383</u>	<u>\$66,872,742</u>	<u>\$57,248,372</u>	<u>\$52,911,963</u>	<u>\$49,841,034</u>	<u>\$44,032,800</u>	<u>\$43,686,234</u>	<u>\$40,166,774</u>

\*Excludes mandatory and nonmandatory transfers

See accompanying independent auditor's report.

**Iowa Western Community College**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2015**

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<b>Student Financial Aid - Cluster</b>		
<b>Direct</b>		
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	\$ 181,301
Federal Direct Student Loans (Direct Loans)	84.032	19,823,947
Federal Work-Study Program (FWS)	84.033	138,647
Federal Pell Grant Program	84.063	<u>11,560,361</u>
Total Student Financial Aid Cluster		<u>31,704,256</u>
<b>Federal Trio Cluster</b>		
TRIO - Student Support Services Program	84.042	<u>296,274</u>
<b>Indirect</b>		
<i>Passed Through Iowa Department of Education</i>		
Adult Education - State Grant Program	84.002	156,406
Title III	84.031	294,676
Career and Technical Education - Basic Grants to States	84.048	266,116
<i>Passed Through Iowa Department of Corrections</i>		
Title I Program for Neglected and Delinquent Children	84.013	16,496
<i>Passed Through Iowa College Student Aid Commission</i>		
Leveraging Assistance Educational Partnership (Iowa Grant Program)	84.069	<u>23,451</u>
Total indirect		<u>757,145</u>
Total U.S. Department of Education		<u>32,757,675</u>
<b>U.S. DEPARTMENT OF LABOR</b>		
<b>Indirect</b>		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act</i>		
WIA Adult Program	17.258	131,496
WIA Youth Activities	17.259	116,018
WIA Dislocated Workers	17.260	<u>245,963</u>
Total Workforce Investment Act Cluster		493,477
Trade Adjustment Assistance (Robotics, Welding, and Manufacturing)	17.245	339,713
<i>Passed Through Department of Health and Human Services</i>		
<i>Payment Management System</i>		
Trade Adjustment Assistance (Information Technology)	17.282	819,174
<i>Passed Through Iowa Department of Education</i>		
Incentive Grants	17.267	<u>138,746</u>
Total U.S. Department of Labor		<u>1,791,110</u>
<b>DEPARTMENT OF VETERAN AFFAIRS</b>		
<b>Direct</b>		
Post 9/11 GI Bill	64.028	331,767
Veteran Information and Assistance	64.115	<u>285,370</u>
Total Department of Veteran Affairs		<u>617,137</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>		
<b>Direct</b>		
Environmental Workforce Development and Job Training Cooperative Agreements	66.815	<u>40,192</u>
<b>SMALL BUSINESS ADMINISTRATION</b>		
<b>Indirect</b>		
<i>Passed Through Iowa State University</i>		
Small Business Development Center	59.037	<u>106,082</u>
<b>AMERICORPS RECOVERY</b>		
<b>Direct</b>		
Iowa campus Compact – VISTA	94.006	15,000
<b>Indirect</b>		
<i>Passed Through Iowa Department of Education</i>		
Iowa Campus Compact	94.006	<u>23,243</u>
Total Americorps Recovery		<u>38,243</u>
Total Expenditures of Federal Awards		<u>\$35,350,439</u>

See accompanying independent auditor's report.

**Iowa Western Community College**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2015**

**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, 2015.

**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, 2015, and the related notes to financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 11, 2015.

**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*. However, we noted an immaterial instance of noncompliance or other matters which is described in the accompanying schedule of findings as item IV-J-15.

### **Iowa Western Community College's Response to Finding**

Iowa Western Community College's response to the finding identified in our audit is described in the accompanying schedule of findings. The College' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance 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 11, 2015

**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, 2015. 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, 2015.

## **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. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings, that we consider to be a significant deficiency (III-A-15).

The College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings. The College's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 11, 2015

**Iowa Western Community College**  
**SCHEDULE OF FINDINGS**  
**Year ended June 30, 2015**

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

**Financial Statements**

- (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.

**Federal Awards**

- (d) No material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements. There was one deficiency in internal control over compliance that was considered to be a significant deficiency.
- (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, 84.032, 84.033, 84.063 – Student Financial Aid Cluster
  - CFDA Number 17.245 – Trade Adjustment Assistance (Robotics, Welding, and Manufacturing)
  - CFDA Number 17.282 – Trade Adjustment Assistance (Information Technology)
  - CFDA Number 64.028 – Post 9/11 GI Bill
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Iowa Western Community College qualified as a low-risk auditee.

Iowa Western Community College  
SCHEDULE OF FINDINGS (continued)  
Year ended June 30, 2015

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

**INTERNAL CONTROL DEFICIENCIES**

No matters were noted.

**INSTANCES OF NONCOMPLIANCE**

No matters were noted.

Iowa Western Community College  
SCHEDULE OF FINDINGS (continued)  
Year ended June 30, 2015

Part III—Findings and Questioned Costs for Federal Awards

**INSTANCES OF NONCOMPLIANCE**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES**

**AMERICORP RECOVERY**

III-15-A CFDA #94.006 Iowa Campus Compact  
(2015-001)

**Significant Deficiency**

**Condition**

Americorp Recovery funds received both directly and indirectly through the Iowa Campus Compact program were excluded from the schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2014.

**Criteria**

All expenditures of federal awards should be reported in the SEFA in the year in which they are made.

**Cause**

While procedures exist regarding the preparation of the SEFA, specific procedures with respect to validating completeness of the information with other departments within the College are currently not in place.

**Effect**

Because of the failure to validate completeness of the SEFA with other departments within the College, Iowa Campus Compact awards amounting to \$28,068 were excluded from the June 30, 2014 SEFA.

**Recommendation**

Procedures should be implemented to validate completeness of the SEFA with departments outside of the accounting and finance functions.

**Response**

The College agrees with the finding and is currently working to implement the recommended procedures.

**Iowa Western Community College  
SCHEDULE OF FINDINGS (continued)  
Year ended June 30, 2015**

**Part IV—Other Findings Related to Required Statutory Reporting**

**IV-A-15 CERTIFIED BUDGET**

The College did not exceed its budget for the year ended June 30, 2015.

**IV-B-15 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-C-15 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-D-15 BUSINESS TRANSACTIONS**

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

**IV-E-15 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-F-15 BOARD MINUTES**

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

**IV-G-15 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-H-15 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-I-15 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.

**Iowa Western Community College  
SCHEDULE OF FINDINGS (continued)  
Year ended June 30, 2015**

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

**IV-J-15 NOTICE OF PUBLIC HEARING**

The Code of Iowa requires published notice of hearing for public improvement projects with an estimated total cost exceeding the competitive bid threshold established by Chapter 314.1B. We noted one project for tower renovations in which the College did not comply with this requirement.

**Recommendation**

Projects should be monitored to ensure proper publication, bidding, etc. is performed as required.

**Response**

The College inadvertently overlooked the contract related to this project, as original assumptions were that it had been included as part of a project that had already been publicized.

**Conclusion**

Response accepted.