



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

January 10, 2008

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Auditor of State David A. Vaudt today released an audit report on Kirkwood Community College in Cedar Rapids, Iowa.

The College's primary government operating revenues totaled \$72,064,335 for the year ended June 30, 2007, including \$29,417,369 from tuition and fees, \$22,282,011 from the federal government and \$10,311,950 from auxiliary enterprises.

Operating expenses for the year totaled \$110,524,895, including \$61,310,248 for salaries and benefits, \$23,267,341 for services and \$6,103,359 for materials and supplies.

The College reported an operating loss of \$38,460,560. In general, a public college, such as Kirkwood Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Non-operating revenues totaled \$46,685,953, including \$27,490,516 from the state, \$13,660,902 from property tax, \$3,598,096 of gifts and expense reimbursements from Kirkwood Community College Foundation and Kirkwood Facilities Foundation and \$1,902,310 from interest income on investments. Non-operating expenses totaled \$2,825,327, including interest on indebtedness of \$2,244,315 and \$581,012 for contributions and rent to Kirkwood Community College Foundation and Kirkwood Facilities Foundation. The College ended the year with an increase in net assets of \$5,400,066.

A copy of the audit report is available for review in the Board Secretary's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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KIRKWOOD COMMUNITY COLLEGE

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

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Kirkwood Community College

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Directors (Before September 2006 Election)		
Lois Bartelme	President	2007
Mervin Cronbaugh	Vice President	2008
Gregg Bosch	Member	2006
Elaine Harrington	Member	2006
Stacey Iben	Member	2006
Paul Glenn	Member	2007
James Mollenhauer	Member	2007
Karen Gorham	Member	2008
John Hall	Member	2008

Board of Directors (After September 2006 Election)

Lois Bartelme	President	2007
Mervin Cronbaugh	Vice President	2008
Paul Glenn	Member	2007
James Mollenhauer	Member	2007
Karen Gorham	Member	2008
John Hall	Member	2008
Elaine Harrington	Member	2009
Stacey Iben	Member	2009
Kevin King	Member	2009

Community College

Mick Starcevich	President
Bob Freeman	Director of Human Resources
Jim Choate	Board Treasurer, V. P. and Chief Financial/Operating Officer
Sheryl Cook	Board Secretary
Rick Anderson	Executive Director of Business Services

Kirkwood Community College



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Independent Auditor's Report

To the Board of Directors of
Kirkwood Community College:

We have audited the accompanying financial statements of Kirkwood Community College, Cedar Rapids, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2007, which collectively comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of Kirkwood Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units, Kirkwood Facilities Foundation and Kirkwood Community College Foundation, discussed in note 1, which represent 100% of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based on the reports of the other auditors.

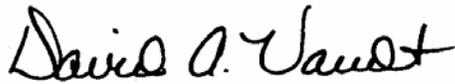
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Kirkwood Community College and its aggregate discretely presented component units at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

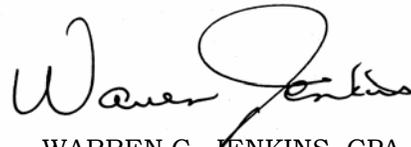
In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2007 on our consideration of Kirkwood Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 7 through 12 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Kirkwood Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) 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. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 29, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Kirkwood Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

The financial statements of Kirkwood Community College's two foundations are discretely presented in these financial statements. Since the assets of the foundations are the exclusive property of the foundations and do not belong to the College, a discussion of these assets is not included in this Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS

- College revenue increased in fiscal year (FY) 2007, primarily due to both an increase in tuition and fees as well as higher state general aid. Following a 4.2% tuition rate increase over FY 2006, tuition and fees revenue now represents 53% of our unrestricted fund education and support operating revenue. While state general aid increased by 9.5% over FY 2006, it still represents only 35% of the College's unrestricted fund education and support operating revenue. Increased activity with area businesses in the Iowa Industrial New Jobs Training contracts during FY 2007 also pushed revenue higher.
- College expenses were higher in FY 2007 due to increases in salaries and benefits, as well as College plant improvements and maintenance. Salaries and benefits were higher due to moderate salary increases while infrastructure improvements include costs related to new building construction and bringing some new buildings online. The College also continues to experience increased maintenance costs with the expansion and natural aging of our older facilities.

USING THIS ANNUAL REPORT

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

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

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

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

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

REPORTING THE COLLEGE AS A WHOLE

Statement of Net Assets

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

Net Assets

	June 30,	
	2007	2006
Current and other assets	\$ 86,109,484	75,855,308
Capital assets, net of accumulated depreciation	83,487,932	75,946,998
Total assets	<u>169,597,416</u>	<u>151,802,306</u>
Current liabilities	34,949,695	33,527,457
Noncurrent liabilities	54,358,451	43,385,645
Total liabilities	<u>89,308,146</u>	<u>76,913,102</u>
Net assets:		
Invested in capital assets, net of related debt	70,981,161	63,816,998
Restricted	1,641,753	1,603,733
Unrestricted	7,666,356	9,468,473
Total net assets	<u>\$ 80,289,270</u>	<u>74,889,204</u>

The largest portion of the College's net assets (88%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (2%) includes resources subject to external restrictions. The remaining net assets (10%) are the unrestricted net assets used to meet the College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Assets

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

In general, a public college, such as Kirkwood Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as nonoperating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Nonoperating revenues are revenues received for

which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets

	Year ended June 30,	
	2007	2006
Operating revenues:		
Tuition and fees	\$ 29,417,369	28,319,606
Federal appropriations	22,282,011	22,090,755
Iowa Industrial New Jobs Training Program	6,730,448	3,862,336
Auxiliary enterprises	10,311,950	10,548,213
Miscellaneous	3,322,557	2,988,573
Total operating revenues	72,064,335	67,809,483
 Total operating expenses	 110,524,895	 101,496,279
Operating loss	(38,460,560)	(33,686,796)
 Non-operating revenues (expenses):		
State appropriations	27,490,516	25,915,880
Property tax	13,660,902	9,568,795
Interest income on investments	1,902,310	1,272,131
Interest income on student loans	31,209	31,069
Net gifts from Kirkwood Community College		
Foundation and Kirkwood Facilities Foundation	3,017,084	1,113,474
Gain on disposal of capital assets	2,920	776,907
Interest expense	(2,244,315)	(1,882,436)
Net non-operating revenues	43,860,626	36,795,820
 Increase in net assets	 5,400,066	 3,109,024
Net assets beginning of year	74,889,204	71,780,180
 Net assets end of year	 \$ 80,289,270	 74,889,204

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in the net assets at the end of the fiscal year.

Total Revenue by Source

In fiscal year 2007, operating revenues increased as a result of the following factors:

- Tuition and fees increased primarily due to a tuition rate increase from \$95/credit hour in FY 2006 to \$99/credit hour in FY 2007.
- Kirkwood received \$2,020,963 more in state general aid in FY 2007 over what was appropriated in FY 2006.
- New and expanding businesses in Kirkwood's service area created increased activity in the Iowa Industrial New Jobs Training program over FY 2006.

Operating Expenses

	Year ended June 30,	
	2007	2006
Education and support:		
Liberal arts and sciences	\$ 19,126,295	17,622,544
Vocational technical	20,491,262	19,309,812
Adult education	11,467,941	11,078,307
Cooperative services	5,509,313	3,121,111
Administration	5,935,252	5,538,178
Student services	4,347,209	4,337,390
Learning resources	2,819,212	3,222,339
Physical plant	10,407,056	8,210,364
General institution	10,886,826	10,439,559
Auxiliary enterprises	10,135,404	9,975,781
Scholarships and grants	4,974,298	4,713,233
Loan cancellations and bad debts	140,290	62,554
Administrative and collection costs	88,640	129,199
Depreciation	4,195,897	3,735,908
	\$ 110,524,895	101,496,279

Total Expenses

In FY 2007, expenses increased as a result of the following factors:

- Salary increases for faculty and staff, coupled with the related increase in fringe benefits and the College's health insurance program.
- Costs associated with new building construction and facility renovation related to Kirkwood's new bond issue projects.

Statement of Cash Flows

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

Cash Flows

	Year ended June 30,	
	2007	2006
Cash provided (used) by:		
Operating activities	\$ (33,876,160)	(27,458,903)
Non-capital financing activities	42,639,910	29,390,338
Capital and related financing activities	(855,487)	5,706,907
Investing activities	1,981,335	1,272,400
Net increase in cash	9,889,598	8,910,742
Cash beginning of the year	49,716,190	40,805,448
Cash end of the year	\$ 59,605,788	49,716,190

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

CAPITAL ASSETS

At June 30, 2007, the College had \$83.5 million invested in capital assets, net of accumulated depreciation of \$51.4 million. Depreciation charges totaled \$4.2 million for FY 2007. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30,	
	2007	2006
Land	\$ 4,206,928	3,231,762
Buildings	66,729,854	60,799,758
Other structures and improvements	9,895,030	9,837,524
Equipment and vehicles	2,656,120	2,077,954
Total	<u>\$ 83,487,932</u>	<u>75,946,998</u>

Kirkwood’s plant expenditures in FY 2007 include architect and engineering fees related to new construction and renovation as Kirkwood proceeds with improving facilities following the passing of our 2005 bond issue. The College is also experiencing increased building operation costs as new construction becomes available for use. More detailed information about the College’s capital assets is presented in Note 4 to the financial statements.

DEBT

At June 30, 2007, the College had \$55,605,000 in debt outstanding, an increase of \$10,680,000 from June 30, 2006. The table below summarizes these amounts by type.

Outstanding Debt

	June 30,	
	2007	2006
Certificates payable	\$ 23,190,000	22,795,000
Notes payable	10,015,000	12,130,000
Bonds payable	22,400,000	10,000,000
Total	<u>\$ 55,605,000</u>	<u>44,925,000</u>

More detailed information about the College’s outstanding debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

For FY 2007, Kirkwood increased the tuition rate by 4.2% over FY 2006 to adequately fund moderate salary and fringe benefit increases as well as maintenance and technology projects. These increases place a greater financial burden on the students and their families. As the State of Iowa's economic status improves, Kirkwood feels strongly the Iowa Legislature should make community colleges a high priority for funding to help hold tuition rate increases reasonable. Some of the financial challenges for the College are:

- While Kirkwood received an increase of \$2 million in appropriated state general aid for FY 2007, that revenue stream has not kept pace with enrollment growth over the last 7 years.
- Facilities at the College require constant maintenance and upkeep while some educational programs require more space to accommodate increased enrollments.
- Technology demands continue to expand and current technology quickly becomes outdated, presenting an ongoing challenge to maintain up to date technology.

The College has worked to structure its budget favorably during the year and will maintain a close watch over resources to maintain the College's ability to react to unanticipated issues.

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 Kirkwood Community College, 6301 Kirkwood Blvd SW, Cedar Rapids, IA 52404.

Basic Financial Statements

Exhibit A

Kirkwood Community College

Statement of Net Assets

June 30, 2007

	Primary Government	Component Units
Assets		
Current assets:		
Cash and pooled investments	\$ 44,243,729	1,269,337
Receivables:		
Accounts, net of allowance for uncollectible accounts of \$380,265	4,161,582	8,117
Succeeding year property tax	12,330,000	-
Pledges	-	306,049
Notes	461,290	-
Due from Kirkwood Community College	-	29,705
Due from Kirkwood Community College Foundation	332,742	-
Due from Kirkwood Facilities Foundation	75,051	-
Due from other governments	5,953,852	-
Inventories	1,788,394	-
Prepaid expenses	182,031	7,356
Total current assets	69,528,671	1,620,564
Noncurrent assets:		
Restricted pooled investments	15,362,059	-
Receivables:		
Pledges, net of allowance for doubtful pledges of \$20,000 and present value discount of \$130,000	-	589,508
Notes, net of allowance for uncollectible accounts of \$64,630	1,218,754	-
Long-term investment pool	-	16,108,016
Capital assets, net of accumulated depreciation	83,487,932	2,029,110
Total noncurrent assets	100,068,745	18,726,634
Total assets	169,597,416	20,347,198

Kirkwood Community College

Statement of Net Assets

June 30, 2007

	Primary Government	Component Units
Liabilities		
Current liabilities:		
Accounts payable	1,430,061	258,290
Salaries and benefits payable	2,257,677	-
Due to Kirkwood Community College	-	407,793
Due to Kirkwood Community College Foundation	29,705	-
Annuities payable	-	43,200
Interest payable	86,409	-
Deferred revenue:		
Succeeding year property tax	12,330,000	-
Other	6,594,625	-
Early retirement payable	503,246	-
Compensated absences	2,024,032	-
Certificates payable	4,225,000	-
Notes payable	2,200,000	-
Bonds payable	2,000,000	-
Deposits held in custody for others	1,268,940	-
Total current liabilities	34,949,695	709,283
Noncurrent liabilities:		
Annuities payable	-	221,600
Compensated absences	7,109	-
Deferred revenue - Iowa Industrial New Jobs Training Program	6,000,238	-
Certificates payable	18,965,000	-
Notes payable	7,815,000	-
Bonds payable	20,400,000	-
Refundable advances on student loans	1,171,104	-
Total noncurrent liabilities	54,358,451	221,600
Total liabilities	89,308,146	930,883
Net assets		
Invested in capital assets, net of related debt	70,981,161	2,029,110
Restricted:		
Nonexpendable:		
Scholarships	-	8,370,560
Area of greatest need	-	1,000,000
Other endowment	-	628,196
Expendable:		
Scholarships	12,557	3,828,650
Area of greatest need	-	154,877
Other endowment	-	542,874
Cash reserve	621,989	-
Loans	587,215	-
Instructional department uses	-	1,168,514
Capital projects	-	423,004
Other	419,992	784,423
Unrestricted	7,666,356	486,107
Total net assets	\$ 80,289,270	19,416,315

See notes to financial statements.

Exhibit B

Kirkwood Community College
Statement of Revenues, Expenses and
Changes in Net Assets

Year ended June 30, 2007

	Primary Government	Component Units
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$8,695,962	\$ 29,417,369	-
Federal appropriations	22,282,011	-
Sales and services	1,185,101	-
Iowa Industrial New Jobs Training Program	6,730,448	-
Auxiliary enterprises	10,311,950	-
Contributions and pledges	-	2,663,986
Rental income and facility management	-	596,054
Royalties and commission	-	122,686
Miscellaneous	2,137,456	138,504
Total operating revenues	72,064,335	3,521,230
Operating expenses:		
Education and support:		
Liberal arts and sciences	19,126,295	-
Vocational technical	20,491,262	-
Adult education	11,467,941	-
Cooperative services	5,509,313	-
Administration	5,935,252	-
Student services	4,347,209	-
Learning resources	2,819,212	-
Physical plant	10,407,056	-
General institution	10,886,826	-
Auxiliary enterprises	10,135,404	-
Scholarships and grants	4,974,298	-
Loan cancellations and bad debts	140,290	-
Administrative and collection costs	88,640	-
Facility operations	-	254,761
Programs	-	438,009
Management and general	-	294,925
Fund raising	-	87,426
Depreciation	4,195,897	538
Total operating expenses	110,524,895	1,075,659
Operating income (loss)	(38,460,560)	2,445,571

Kirkwood Community College
Statement of Revenues, Expenses and
Changes in Net Assets

Year ended June 30, 2007

	Primary Government	Component Units
Non-operating revenues (expenses):		
State appropriations	27,490,516	-
Property tax	13,660,902	-
Interest income on investments	1,902,310	2,129,318
Actuarial adjustment of annuities payable	-	41,797
Interest income on student loans	31,209	-
Gifts and expense reimbursements from Kirkwood Community College Foundation and Kirkwood Facilities Foundation	3,598,096	-
Contributions and rent from Kirkwood Community College	-	581,012
Gifts and expense reimbursements to Kirkwood Community College	-	(3,598,096)
Contributions and rent to Kirkwood Community College Foundation and Kirkwood Facilities Foundation	(581,012)	-
Gain on disposal of plant assets	2,920	-
Contributions to other non-profit entities	-	(48,920)
Interest expense	(2,244,315)	(50,834)
Net non-operating revenues (expenses)	43,860,626	(945,723)
Income before additions to permanent endowments	5,400,066	1,499,848
Additions to permanent endowments	-	1,239,483
Change in net assets	5,400,066	2,739,331
Net assets beginning of year	74,889,204	16,676,984
Net assets end of year	\$ 80,289,270	19,416,315

See notes to financial statements.

Kirkwood Community College

Statement of Cash Flows

Year ended June 30, 2007

Cash flows from operating activities:	
Tuition and fees	\$ 29,037,875
Federal appropriations	21,796,204
Iowa Industrial New Jobs Training Program	7,143,243
Payments to employees for salaries and benefits	(61,054,242)
Payments to suppliers for goods and services	(31,913,077)
Payments to NJTP recipients	(6,067,333)
Scholarships	(4,974,298)
Payments to subrecipients	(1,756,155)
Loans issued to students	(337,750)
Loan collections from students	724,520
Auxiliary enterprise receipts	10,296,254
Other receipts	3,228,599
	<u>33,876,160</u>
Net cash used by operating activities	(33,876,160)
Cash flows from non-capital financing activities:	
State appropriations	27,596,065
Property tax	13,660,902
Federal direct lending receipts	25,829,940
Federal direct lending disbursements	(25,918,335)
Contributions and rent to Kirkwood Community College Foundation and Kirkwood Facilities Foundation	(576,316)
Gifts and expense reimbursements from Kirkwood Community College Foundation and Kirkwood Facilities Foundation	2,860,800
Principal paid on debt	(6,200,000)
Certificates issued	6,595,000
Interest paid on debt	(1,238,043)
Agency receipts	11,746,051
Agency disbursements	(11,716,154)
	<u>42,639,910</u>
Net cash provided by non-capital financing activities	42,639,910
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	405,412
Acquisition of capital assets	(10,536,911)
Principal paid on debt	(4,715,000)
Proceeds from issuance of debt	15,000,000
Interest paid on debt	(1,008,988)
	<u>(855,487)</u>
Net cash used by capital and related financing activities	(855,487)
Cash flows from investing activities:	
Interest on investments	<u>1,981,335</u>
Net increase in cash	9,889,598
Cash and cash equivalents beginning of year	<u>49,716,190</u>
Cash and cash equivalents end of year	<u>\$ 59,605,788</u>

Kirkwood Community College

Statement of Cash Flows

Year ended June 30, 2007

Reconciliation of operating loss to net cash

used by operating activities:

Operating loss	\$ (38,460,560)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	4,195,897
Provision for doubtful accounts	140,290
Changes in assets and liabilities:	
(Increase) in accounts receivable	(1,217,711)
Decrease in notes receivable	354,750
(Increase) in due from other governments	(638,922)
Decrease in inventories	85,948
(Increase) in prepaid expenses	(50,455)
Increase in accounts payable	43,043
(Decrease) in salaries payable	(49,269)
Increase in deferred revenue	1,250,962
Increase in NJTP deferred revenue	412,795
Increase in compensated absences	288,251
Increase in early retirement payable	17,025
(Decrease) in refundable advances on student loans	(248,204)
Total adjustments	<u>4,584,400</u>
Net cash used by operating activities	<u>\$ (33,876,160)</u>

Noncash operating activities:

Capital assets acquired through gifts were \$1,206,102. In addition, the trade-in value of equipment deleted was \$500.

See notes to financial statements.

Exhibit D

Kirkwood Community College

Statement of Net Assets
Component Units

June 30, 2007

	Kirkwood Facilities Foundation	Kirkwood Community College Foundation	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 232,544	1,036,793	1,269,337
Receivables:			
Accounts	8,117	-	8,117
Pledges	-	306,049	306,049
Due from Kirkwood Community College	-	29,705	29,705
Prepaid expenses	-	7,356	7,356
Total current assets	240,661	1,379,903	1,620,564
Noncurrent assets:			
Pledges, net of allowance for doubtful pledges of \$20,000 and present value discount of \$130,000	-	589,508	589,508
Long-term investment pool	-	16,108,016	16,108,016
Capital assets, net of accumulated depreciation	2,029,110	-	2,029,110
Total noncurrent assets	2,029,110	16,697,524	18,726,634
Total assets	2,269,771	18,077,427	20,347,198
Liabilities			
Current liabilities:			
Accounts payable	104,985	153,305	258,290
Due to Kirkwood Community College	75,051	332,742	407,793
Annuities payable	-	43,200	43,200
Total current liabilities	180,036	529,247	709,283
Noncurrent liabilities:			
Annuities payable	-	221,600	221,600
Total liabilities	180,036	750,847	930,883
Net assets			
Invested in capital assets, net of related debt	2,029,110	-	2,029,110
Restricted:			
Nonexpendable:			
Scholarships	-	8,370,560	8,370,560
Area of greatest need	-	1,000,000	1,000,000
Other endowment	-	628,196	628,196
Expendable:			
Scholarships	-	3,828,650	3,828,650
Area of greatest need	-	154,877	154,877
Other endowment	-	542,874	542,874
Instructional department uses	-	1,168,514	1,168,514
Capital projects	-	423,004	423,004
General operating needs of the College	-	784,423	784,423
Unrestricted	60,625	425,482	486,107
Total net assets	\$ 2,089,735	17,326,580	19,416,315

See notes to financial statements.

Kirkwood Community College

Statement of Revenue, Expenses and
Changes in Net Assets
Component Units

Year ended June 30, 2007

	Kirkwood Facilities Foundation	Kirkwood Community College Foundation	Total
Operating revenues:			
Contributions and pledges, net of allowance for doubtful pledges of \$21,109	\$ -	2,663,986	2,663,986
Rental income and facility management	596,054	-	596,054
Royalties and commissions	122,686	-	122,686
Miscellaneous	22,178	116,326	138,504
Total operating revenues	740,918	2,780,312	3,521,230
Operating expenses:			
Facility operations	254,761	-	254,761
Programs	-	438,009	438,009
Management and general	195,514	99,411	294,925
Fund raising	-	87,426	87,426
Depreciation	538	-	538
Total operating expenses	450,813	624,846	1,075,659
Operating income	290,105	2,155,466	2,445,571
Non-operating revenues (expenses):			
Interest income on investments	95,574	2,033,744	2,129,318
Actuarial adjustment to annuities payable	-	41,797	41,797
Contributions and rent from Kirkwood Community College	97,354	483,658	581,012
Gifts and expense reimbursements to Kirkwood Community College	(1,395,609)	(2,202,487)	(3,598,096)
Contributions to other non-profit entities	(48,920)	-	(48,920)
Interest expense	(50,834)	-	(50,834)
Net non-operating revenues (expenses)	(1,302,435)	356,712	(945,723)
Income before additions to permanent endowments	(1,012,330)	2,512,178	1,499,848
Additions to permanent endowments	-	1,239,483	1,239,483
Change in net assets	(1,012,330)	3,751,661	2,739,331
Net assets beginning of year	3,102,065	13,574,919	16,676,984
Net assets end of year	\$ 2,089,735	17,326,580	19,416,315

See notes to financial statements.

Kirkwood Community College

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

Kirkwood Community College is a publicly supported school established and operated by Merged Area X under the provisions of Chapter 260C of the Code of Iowa. Kirkwood Community 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. Kirkwood Community 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. Kirkwood Community College maintains campuses in Cedar Rapids, Iowa City, Marion, Monticello, Tipton, Vinton, Washington and Williamsburg, Iowa, and has its administrative offices in Cedar Rapids, Iowa. Kirkwood Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area X.

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

A. Reporting Entity

For financial reporting purposes, Kirkwood Community College has included all funds, organizations, agencies, boards, commissions and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board 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 Kirkwood Community College (the primary government) and its component units. The component units discussed below are included in the College's reporting entity because of the significance of their operational or financial relationships with the College. Certain disclosures about the component units are not included because the component units have been audited separately and reports have been issued under separate cover. The audited financial statements are available at the College.

Discrete Component Units

Kirkwood Facilities Foundation is a legally separate not-for-profit foundation. The Facilities Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Kirkwood Community College. The Facilities Foundation is governed by a Board of Directors who are appointed by the College. Although the College does not control the timing or amount of receipts from the Facilities Foundation, the majority of the resources held by the Facilities Foundation are used for the benefit of Kirkwood Community College and its students.

Kirkwood Community College Foundation is a legally separate, tax-exempt foundation. The Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Kirkwood Community College. The Foundation is organized and operates exclusively for charitable, scientific and education purposes to provide broader educational service opportunities to the College's students, staff, faculty and residents of the geographic area it services. The Foundation is governed by a Board of Directors who are appointed by the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources held by the Foundation are used for the benefit of Kirkwood Community College and its students.

B. 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 four net asset categories:

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

Restricted Net Assets:

Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the College or its component units.

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

Unrestricted Net Assets: Net assets not subject to externally imposed stipulations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the College.

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

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, Kirkwood Community College is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property 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.

D. Assets, Liabilities and Net Assets

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 amount of cash and, at the day of purchase, have a maturity date no longer than three months.

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

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.

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

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

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

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

<u>Asset Class</u>	<u>Amount</u>
Land, buildings and improvements	\$25,000
Equipment and vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings and improvements	30
Equipment	5 or 10
Vehicles	5

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period or the assets have not been spent for their intended purpose. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred Revenue for Iowa Industrial New Jobs Training Program (NJTP) – The Iowa Industrial New Jobs Training Program reported net deferred revenue for the year ended June 30, 2007. This continues a trend dating back to the recession of 2001. Since that time, Kirkwood has generally issued less certificates each year at a lower interest rate than prior to the recession while collecting withholding tax on older higher cost projects. The withholding tax is reported as deferred revenue until the debt is paid.

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, 2007.

Early Retirement Payable – Employees electing to take early retirement are paid in two installments. Half of the early retirement benefit is paid at the time early retirement begins. The other half will be paid in the next fiscal year.

Refundable Advances on Student Loans – The Perkins Federal Loan program requires a return on federal capital contribution if the United States Government terminates the program.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the farm lab, bookstore, day care center, Equestrian Center and other auxiliary enterprises.

Summer Session – The College operates summer sessions during May, June and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.

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 and fellowship expenses.

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

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

E. Scholarship Allowances and Student Aid

Federal 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 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.

(2) Cash and Pooled Investments

The College's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The College had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$35,998,561 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust is unrated for purposes of credit risk.

(3) Inventories

The College's inventories at June 30, 2007 are as follows:

Type	Amount
Supplies and materials	\$ 315,060
Agricultural enterprises	195,768
Merchandise held for resale	1,277,566
Total	\$ 1,788,394

(4) Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 3,231,762	975,166	-	4,206,928
Capital assets being depreciated:				
Buildings	95,899,514	9,024,881	-	104,924,395
Improvements other than buildings	14,088,536	532,649	-	14,621,185
Equipment and vehicles	9,913,648	1,210,817	22,067	11,102,398
Total capital assets being depreciated	119,901,698	10,768,347	22,067	130,647,978
Less accumulated depreciation for:				
Buildings	35,099,756	3,094,785	-	38,194,541
Improvements other than buildings	4,251,012	475,143	-	4,726,155
Equipment and vehicles	7,835,694	625,969	15,385	8,446,278
Total accumulated depreciation	47,186,462	4,195,897	15,385	51,366,974
Total capital assets being depreciated, net	72,715,236	6,572,450	6,682	79,281,004
Capital assets, net	\$ 75,946,998	7,547,616	6,682	83,487,932

(5) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Certificates Payable	Notes Payable	Bonds Payable	Total
Balance beginning of year	\$ 22,795,000	12,130,000	10,000,000	44,925,000
Additions	6,595,000	-	15,000,000	21,595,000
Reductions	6,200,000	2,115,000	2,600,000	10,915,000
Balance end of year	\$ 23,190,000	10,015,000	22,400,000	55,605,000
Due within one year	\$ 4,225,000	2,200,000	2,000,000	8,425,000

Certificates Payable

In accordance with agreements dated between December 1, 1999 and November 1, 2006, the College issued certificates totaling \$44,025,000 with interest rates ranging from 3.2% to 7.25% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 4,225,000	1,036,905	5,261,905
2009	3,745,000	839,957	4,584,957
2010	3,920,000	672,212	4,592,212
2011	3,080,000	495,220	3,575,220
2012	2,525,000	363,490	2,888,490
2013-2016	5,695,000	563,929	6,258,929
Total	\$ 23,190,000	3,971,713	27,161,713

Notes Payable

The College has issued notes for the purchase and construction of College properties as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2007 notes payable indebtedness are as follows:

Year Ending June 30,	Note Issuance of December 1998			Total
	Interest Rates	Principal	Interest	
2008	4.00%	\$ 840,000	145,973	985,973
2009	4.10	875,000	112,372	987,372
2010	4.10	910,000	76,497	986,497
2011	4.13	950,000	39,188	989,188
Total		\$ 3,575,000	374,030	3,949,030

Year Ending June 30,	Note Issuance of December 1999			Total
	Interest Rates	Principal	Interest	
2008	4.80%	745,000	157,340	902,340
2009	4.85	780,000	121,580	901,580
2010	5.00	820,000	83,750	903,750
2011	5.00	855,000	42,750	897,750
Total		\$ 3,200,000	405,420	3,605,420

Year Ending June 30,	Note Issuance of August 2003			
	Interest Rates	Principal	Interest	Total
2008	2.20%	\$ 615,000	81,790	696,790
2009	2.50	625,000	67,212	692,212
2010	2.80	645,000	50,370	695,370
2011	3.00	665,000	31,365	696,365
2012	3.10	690,000	10,695	700,695
Total		\$ 3,240,000	241,432	3,481,432
Total all notes		\$ 10,015,000	1,020,882	11,035,882

Bonds Payable

The College has also issued bonds for the construction and expansion of College facilities to accommodate anticipated enrollment growth. Details of the College's June 30, 2007 bonds payable indebtedness are as follows:

Year Ending June 30,	Bond Issuance of December 2005			
	Interest Rates	Principal	Interest	Total
2008	3.70%	\$ -	186,450	186,450
2009	3.70	-	186,450	186,450
2010	3.70	-	186,450	186,450
2011	3.70	-	186,450	186,450
2012	3.70	-	186,450	186,450
2013-2016	3.75	5,000,000	668,100	5,668,100
Total		\$ 5,000,000	1,600,350	6,600,350

Year Ending June 30,	Bond Issuance of January 2006			
	Interest Rates	Principal	Interest	Total
2008	3.70%	\$ 100,000	89,600	189,600
2009	3.70	100,000	85,900	185,900
2010	3.70	100,000	82,200	182,200
2011	3.70	100,000	78,500	178,500
2012	3.70	100,000	74,800	174,800
2013-2015	3.70	1,900,000	168,900	2,068,900
Total		\$ 2,400,000	579,900	2,979,900

Year Ending June 30,	Bond Issuance of November 2006			
	Interest Rates	Principal	Interest	Total
2008	3.60%	\$ 1,900,000	782,057	2,682,057
2009	3.65	2,120,000	483,640	2,603,640
2010	3.70	2,210,000	406,260	2,616,260
2011	3.70	2,305,000	324,490	2,629,490
2012	3.70	2,400,000	239,205	2,639,205
2013-2015	3.70	4,065,000	208,310	4,273,310
Total		<u>\$ 15,000,000</u>	<u>2,443,962</u>	<u>17,443,962</u>
Total all bonds		<u>\$ 22,400,000</u>	<u>4,624,212</u>	<u>27,024,212</u>

(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 2008 and 2020 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2007:

Year Ending June 30,	Amount
2008	\$ 40,925
2009	41,931
2010	37,966
2011	36,633
2012	37,732
2013-2020	297,732
Total	<u>\$ 492,919</u>

Rents for the year ended June 30, 2007 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$51,949.

(7) Iowa Public Employees Retirement System (IPERS)

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

Plan members are required to contribute 3.70% of their annual covered salary and the College is required to contribute 5.75% of annual covered salary. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$828,012, \$800,783 and \$785,251, respectively, equal to the required contributions for each year.

(8) 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 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 3.70% of their annual covered salary and the College is required to contribute 5.75% of annual covered payroll. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2007 were \$1,476,330 and \$949,986, respectively.

(9) Risk Pool

The College is a member in the Insurance Management Program for Area Community Colleges (IMPACC), as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a risk-sharing pool whose six members include Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance for its members. The Program provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials bonds, property and inland marine, errors and omission and College Board legal liability, workers compensation and employers liability, crime insurance and fiduciary bonds and boiler and machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual contributions to the Program fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Program's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year.

The College's contributions to the risk pool are recorded as prepaid expense from its operating funds at the time of payment to the risk pool. The College amortizes the expense over the periods for which the pool is expected to provide coverage.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self insured retention of \$200,000 per claim, except for errors and omissions and employee benefits liability which have a retention of \$100,000. Excess insurance for all lines is \$800,000 per occurrence, except workers compensation which is \$150,000. There is additional excess above that for another \$9,000,000 per member. Property is insured with excess coverage over the self insured retention of up to \$250,000,000. Stop gap loss protection is provided above the member's loss fund.

The Program's intergovernmental contract with its members provides that in the event any claim or series of claims exceeds the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The College does not report a liability for losses in excess of reinsurance unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the College's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

Members agree to continue membership in the Program for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the By-laws, may withdraw from the Program. Upon withdrawal, payments for all

claims and claims expenses for the years of membership continue until all claims for those years are settled.

The College also carries commercial insurance purchased from other insurers for coverage associated with catastrophic and accidental death and dismemberment. The College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) New Jobs Training Programs

Kirkwood Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area X in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property tax, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College has administered 326 projects, with 70 currently receiving project funding. The remaining 256 projects have been completed, of which 24 are in the repayment process and 232 have been fully repaid.

(11) Early Retirement and Contingent Liability

Full-time certified staff who will be at least 55 years of age and who have at least 10 years of service with Kirkwood Community College are eligible for early retirement remuneration. Retirement will begin at the end of the employee's contract.

The liability at June 30, 2007 for those employees who have elected early retirement was \$503,246. Early retirement is funded on a pay-as-you-go basis through property tax levies. The College's early retirement expense for the year ended June 30, 2007 was \$1,679,832.

At June 30, 2007, the potential liability, if all eligible employees accepted early retirement, is approximately \$10,613,732.

Other Supplementary Information

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, revenue and expenditures. The various fund groups and their designated purposes are as follows:

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

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

The Auxiliary Enterprises subgroup accounts for activities intended to provide non-instructional services for sales to students, staff and/or institutional departments which are supplemental to the educational and general objectives of the College.

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

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

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

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

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

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

Agency Funds – The Agency Funds are used to account for assets held by the College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities.

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

Statements presented as 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 Statement of Revenues, Expenditures and Changes in Fund Balances is a statement 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.

Kirkwood Community College
 Budgetary Comparison Schedule of Expenditures -
 Budget and Actual

Year ended June 30, 2007

Funds/Levy	Original/ Final Budget	Actual	Variance between Actual and Final Budget
Unrestricted	\$ 69,432,024	70,725,320	(1,293,296)
Less utilities transferred to Plant	2,001,491	2,001,491	-
Unrestricted, as adjusted	<u>67,430,533</u>	<u>68,723,829</u>	<u>(1,293,296)</u>
Restricted	32,510,740	18,158,916	14,351,824
Unemployment	60,000	69,822	(9,822)
Tort Liability	219,996	216,019	3,977
Insurance	944,010	1,040,631	(96,621)
Early Retirement	823,608	1,679,832	(856,224)
Equipment Replacement	1,395,866	1,115,523	280,343
Total Restricted	<u>35,954,220</u>	<u>22,280,743</u>	<u>13,673,477</u>
Plant	12,250,000	10,722,969	1,527,031
Plus utilities transferred from			
Unrestricted	2,001,491	2,001,491	-
Plant, as adjusted	<u>14,251,491</u>	<u>12,724,460</u>	<u>1,527,031</u>
Total	<u>\$ 117,636,244</u>	<u>103,729,032</u>	<u>13,907,212</u>

The variance in the Restricted Fund is due to the College budgeting an allowance for NJTP projects which may or may not come to fruition.

Note to Budgetary Reporting:

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

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

For the year ended June 30, 2007, the College's total expenditures did not exceed the total amount budgeted.

See accompanying independent auditor's report.

Kirkwood Community College
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances
 All Funds

Year ended June 30, 2007

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Revenues:			
General:			
State appropriations	\$ 24,635,738	2,569,695	-
Tuition and fees	37,754,058	649,377	-
Property tax	3,123,789	4,300,856	-
Federal appropriations	2,215,344	20,066,667	-
Sales and services	1,082,098	1,141,339	-
Interest on investments	252,768	583,357	-
Interest on student loans	-	-	31,209
Iowa Industrial New Jobs Training Program	-	6,730,448	-
Increase in plant investment due to donated assets	-	-	-
Increase in plant investment due to plant expenditures (including \$2,333,164 in current fund expenditures)	-	-	-
Increase in plant investment due to retirement of debt	-	-	-
Gain on disposal of plant assets	-	-	-
Miscellaneous	1,974,008	2,302,499	136,510
	<u>71,037,803</u>	<u>38,344,238</u>	<u>167,719</u>
Auxiliary enterprises:			
Tuition and fees	33,313	-	-
Federal appropriations	22,992	-	-
Sales and services	10,118,251	-	-
Interest on investments	415,359	-	-
Miscellaneous	20,752	-	-
	<u>10,610,667</u>	<u>-</u>	<u>-</u>
Total revenues	<u>81,648,470</u>	<u>38,344,238</u>	<u>167,719</u>

Plant Funds				
Unex- pended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
285,083	-	-	-	27,490,516
-	-	-	(8,986,066)	29,417,369
3,123,786	3,112,471	-	-	13,660,902
-	-	-	-	22,282,011
1,284	-	-	(1,027,780)	1,196,941
1,066,185	-	-	-	1,902,310
-	-	-	-	31,209
-	-	-	-	6,730,448
-	-	1,206,102	-	1,206,102
-	-	10,536,911	(10,536,911)	-
2,600,000	-	2,115,000	(4,715,000)	-
-	-	-	2,920	2,920
113,700	-	500	(10,612)	4,516,605
7,190,038	3,112,471	13,858,513	(25,273,449)	108,437,333
-	-	-	(6,170)	27,143
-	-	-	-	22,992
-	-	-	(292,547)	9,825,704
-	-	-	-	415,359
-	-	-	-	20,752
-	-	-	(298,717)	10,311,950
7,190,038	3,112,471	13,858,513	(25,572,166)	118,749,283

Kirkwood Community College
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances
 All Funds

Year ended June 30, 2007

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Expenditures:			
Education and support:			
Liberal arts and sciences	19,274,988	199,478	-
Vocational technical	18,421,574	2,565,432	-
Adult education	8,237,421	3,846,197	-
Cooperative services	398,753	6,112,183	-
Administration	2,953,538	3,006,304	-
Student services	3,716,150	735,892	-
Learning resources	2,578,545	430,898	-
Physical plant	8,339,637	-	-
General institution	4,803,223	6,345,696	-
Total education and support	68,723,829	23,242,080	-
Auxiliary enterprises	10,176,203	-	-
Scholarships and grants	-	13,670,260	-
Loan cancellations and bad debts	-	-	140,290
Administrative and collection costs	-	-	88,640
Plant asset acquisitions	-	-	-
Retirement of indebtedness	-	-	-
Disposal of plant assets	-	-	-
Interest on indebtedness	-	1,238,043	-
Depreciation	-	-	-
Total expenditures	78,900,032	38,150,383	228,930
Excess (deficiency) of revenues over (under) expenditures	2,748,438	193,855	(61,211)
Transfers:			
Mandatory transfers	-	-	-
Non-mandatory transfers	(3,549,947)	(743,050)	648,426
Total transfers	(3,549,947)	(743,050)	648,426
Net	(801,509)	(549,195)	587,215
Fund balances beginning of year	3,740,034	1,603,733	-
Fund balances end of year	\$ 2,938,525	1,054,538	587,215

See accompanying independent auditor's report.

Plant Funds				
Unex- pended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
-	-	-	(72,204)	19,402,262
-	-	-	(313,778)	20,673,228
-	-	-	(608,121)	11,475,497
-	-	-	(1,001,623)	5,509,313
-	-	-	(21,110)	5,938,732
-	-	-	(83,301)	4,368,741
-	-	-	(185,431)	2,824,012
3,514,441	-	-	(1,447,022)	10,407,056
-	-	-	(177,387)	10,971,532
3,514,441	-	-	(3,909,977)	91,570,373
-	-	-	(40,799)	10,135,404
-	-	-	(8,695,962)	4,974,298
-	-	-	-	140,290
-	-	-	-	88,640
8,203,747	-	-	(8,203,747)	-
-	4,715,000	-	(4,715,000)	-
-	-	22,067	(22,067)	-
-	1,006,272	-	-	2,244,315
-	-	-	4,195,897	4,195,897
11,718,188	5,721,272	22,067	(21,391,655)	113,349,217
(4,528,150)	(2,608,801)	13,836,446	(4,180,511)	5,400,066
(2,608,801)	2,608,801	-	-	-
6,136,342	-	(2,491,771)	-	-
3,527,541	2,608,801	(2,491,771)	-	-
(1,000,609)	-	11,344,675	(4,180,511)	5,400,066
5,728,440	-	111,003,460	(47,186,463)	74,889,204
4,727,831	-	122,348,135	(51,366,974)	80,289,270

Kirkwood Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
Education and Support

Year ended June 30, 2007

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Coopera- tive Services
Revenues:				
State appropriations	\$ 11,265,349	9,192,514	4,078,176	-
Tuition and fees	20,175,388	10,936,002	6,268,040	372,438
Property tax	-	-	-	-
Federal appropriations	22,226	1,110,403	430,393	-
Sales and services	195,162	521,752	88,014	-
Interest on investments	-	-	-	-
Miscellaneous	-	943,653	31,065	10,754
	<u>31,658,125</u>	<u>22,704,324</u>	<u>10,895,688</u>	<u>383,192</u>
Allocation of support services	2,445,525	2,256,587	694,362	-
	<u>34,103,650</u>	<u>24,960,911</u>	<u>11,590,050</u>	<u>383,192</u>
Expenditures:				
Salaries and benefits	18,179,044	16,320,695	5,378,964	334,092
Services	126,936	409,315	1,824,236	20,284
Materials and supplies	353,933	1,220,453	779,011	40,847
Travel	434,402	238,941	139,545	3,530
Plant asset acquisitions	20,673	71,944	115,665	-
Miscellaneous	160,000	160,226	-	-
	<u>19,274,988</u>	<u>18,421,574</u>	<u>8,237,421</u>	<u>398,753</u>
Allocation of support services	10,146,991	9,363,051	2,881,051	-
	<u>29,421,979</u>	<u>27,784,625</u>	<u>11,118,472</u>	<u>398,753</u>
Excess (deficiency) of revenues over (under) expenditures	4,681,671	(2,823,714)	471,578	(15,561)
Transfers:				
Non-mandatory transfers	88,803	316,705	329,279	-
Net	<u>\$ 4,770,474</u>	<u>(2,507,009)</u>	<u>800,857</u>	<u>(15,561)</u>

Fund balances beginning of year

Fund balances end of year

Note: The support services allocations are based on the percentage of contact hours reported.

See accompanying independent auditor's report.

General Adminis- tration	Support				Education and Support Total
	Student Services	Learning Resources	Physical Plant	General Institution	
27,762	68,785	824	2,328	-	24,635,738
-	2,190	-	-	-	37,754,058
3,123,789	-	-	-	-	3,123,789
404,631	228,654	19,037	-	-	2,215,344
11,012	42,958	41,844	168,881	12,475	1,082,098
252,768	-	-	-	-	252,768
56,399	42,713	152,515	733,670	3,239	1,974,008
3,876,361	385,300	214,220	904,879	15,714	71,037,803
(3,876,361)	(385,300)	(214,220)	(904,879)	(15,714)	-
-	-	-	-	-	71,037,803
1,774,064	3,179,496	1,768,407	2,763,466	2,358,696	52,056,924
976,424	145,508	117,864	3,325,498	1,879,081	8,825,146
59,953	169,656	499,748	753,350	211,158	4,088,109
101,073	41,628	13,919	8,635	132,995	1,114,668
-	-	178,607	1,488,688	221,293	2,096,870
42,024	179,862	-	-	-	542,112
2,953,538	3,716,150	2,578,545	8,339,637	4,803,223	68,723,829
(2,953,538)	(3,716,150)	(2,578,545)	(8,339,637)	(4,803,223)	-
-	-	-	-	-	68,723,829
-	-	-	-	-	2,313,974
(593,893)	(329,085)	-	(2,001,491)	-	(2,189,682)
(593,893)	(329,085)	-	(2,001,491)	-	124,292
					3,198,365
					<u>\$ 3,322,657</u>

Kirkwood Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
Auxiliary Enterprises

Year ended June 30, 2007

	Farm Lab	Bookstore	Day Care Center	Other Vocational
Revenues:				
Tuition and fees	\$ -	-	-	-
Federal appropriations	-	-	22,992	-
Sales and services	408,518	7,487,974	477,818	853,462
Interest on investments	-	46,390	-	-
Miscellaneous	1,609	-	-	400
Total revenues	410,127	7,534,364	500,810	853,862
Expenditures:				
Salaries and benefits	33,003	721,994	556,783	328,774
Services	82,664	122,285	44,842	17,237
Materials and supplies	218,241	28,045	10,853	195,118
Travel	1,721	15,179	2,613	301
Plant asset acquisitions	-	-	-	-
Cost of goods sold	106,132	5,639,571	-	362,716
Miscellaneous	-	531	-	-
Total expenditures	441,761	6,527,605	615,091	904,146
Excess (deficiency) of revenues over (under) expenditures	(31,634)	1,006,759	(114,281)	(50,284)
Transfers:				
Non-mandatory transfers	-	(1,828,126)	50,000	-
Net	(31,634)	(821,367)	(64,281)	(50,284)
Fund balances beginning of year	97,960	(47,744)	2,166	8,346
Fund balances end of year	\$ 66,326	(869,111)	(62,115)	(41,938)

See accompanying independent auditor's report.

Equestrian Center	Miscellaneous	Total
-	33,313	33,313
-	-	22,992
362,363	528,116	10,118,251
-	368,969	415,359
-	18,743	20,752
362,363	949,141	10,610,667
242,633	400,029	2,283,216
10,959	425,753	703,740
7,688	145,070	605,015
2,252	164,250	186,316
40,799	-	40,799
95,067	144,505	6,347,991
2,085	6,510	9,126
401,483	1,286,117	10,176,203
(39,120)	(336,976)	434,464
-	417,861	(1,360,265)
(39,120)	80,885	(925,801)
52,145	428,796	541,669
13,025	509,681	(384,132)

Kirkwood Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
Restricted Fund

Year ended June 30, 2007

	Scholarships and Grants	Iowa Industrial New Jobs Training Program	Workforce Investment Act	Heritage Agency on Aging
Revenues:				
State appropriations	\$ 725,336	-	-	950,964
Tuition and fees	-	-	-	-
Property tax	-	-	-	-
Federal appropriations	11,261,364	-	2,198,908	2,319,267
Sales and services	1,806	-	-	1,006,350
Interest on investments	-	574,928	-	59
Iowa Industrial New Jobs Training Program	-	6,730,448	-	-
Miscellaneous	1,669,995	-	-	37,692
Total revenues	<u>13,658,501</u>	<u>7,305,376</u>	<u>2,198,908</u>	<u>4,314,332</u>
Expenditures:				
Salaries and benefits	-	-	1,382,968	932,444
Services	-	6,067,333	527,805	3,223,606
Materials and supplies	-	-	82,120	48,070
Travel	-	-	37,938	50,766
Plant asset acquisitions	-	-	-	-
Interest on indebtedness	-	1,238,043	-	-
Miscellaneous	-	-	168,549	-
Federal Pell grant program	10,909,101	-	-	-
Federal supplemental educational opportunity grant	318,363	-	-	-
Iowa College Student Aid Commission	727,814	-	-	-
Other federal grants	33,900	-	-	-
Private scholarships	1,681,082	-	-	-
Total expenditures	<u>13,670,260</u>	<u>7,305,376</u>	<u>2,199,380</u>	<u>4,254,886</u>
Excess (deficiency) of revenues over (under) expenditures	(11,759)	-	(472)	59,446
Transfers:				
Non-mandatory transfers	-	-	-	(68,506)
Net	(11,759)	-	(472)	(9,060)
Fund balances beginning of year	24,316	-	(79,345)	(36,506)
Fund balances end of year	<u>\$ 12,557</u>	<u>-</u>	<u>(79,817)</u>	<u>(45,566)</u>

See accompanying independent auditor's report.

Other Federal	State	Equipment Replacement	Tort Liability and Insurance	Early Retirement	Unemploy- ment Compen- sation	Cash Reserve	Miscel- laneous	Total
-	883,270	-	-	-	-	-	10,125	2,569,695
-	-	-	-	-	-	-	649,377	649,377
-	-	1,388,348	1,236,713	1,608,445	67,350	-	-	4,300,856
4,136,174	150,954	-	-	-	-	-	-	20,066,667
-	-	-	-	-	-	-	133,183	1,141,339
-	-	-	-	-	-	-	8,370	583,357
-	-	-	-	-	-	-	-	6,730,448
-	24,931	12,500	-	-	-	-	557,381	2,302,499
4,136,174	1,059,155	1,400,848	1,236,713	1,608,445	67,350	-	1,358,436	38,344,238
1,654,966	481,249	-	-	1,679,832	69,822	-	768,827	6,970,108
1,726,860	492,204	-	1,256,650	-	-	-	443,997	13,738,455
183,159	40,095	931,244	-	-	-	-	125,547	1,410,235
558,298	7,321	-	-	-	-	-	61,521	715,844
-	-	184,279	-	-	-	-	11,216	195,495
-	-	-	-	-	-	-	-	1,238,043
20,927	22,467	-	-	-	-	-	-	211,943
-	-	-	-	-	-	-	-	10,909,101
-	-	-	-	-	-	-	-	318,363
-	-	-	-	-	-	-	-	727,814
-	-	-	-	-	-	-	-	33,900
-	-	-	-	-	-	-	-	1,681,082
4,144,210	1,043,336	1,115,523	1,256,650	1,679,832	69,822	-	1,411,108	38,150,383
(8,036)	15,819	285,325	(19,937)	(71,387)	(2,472)	-	(52,672)	193,855
-	(785,868)	-	19,937	71,387	-	-	20,000	(743,050)
(8,036)	(770,049)	285,325	-	-	(2,472)	-	(32,672)	(549,195)
(111,451)	776,030	120,940	-	-	13,569	621,989	274,191	1,603,733
(119,487)	5,981	406,265	-	-	11,097	621,989	241,519	1,054,538

Kirkwood Community College

Schedule of Changes in Deposits Held in Custody for Others
Agency Funds

Year ended June 30, 2007

	Student Activities	Other Federal Programs	Other Agency Programs	Retraining Program
Balances beginning of year	\$ 134,508	(1,977)	616,934	249,574
Additions:				
State appropriations	-	-	-	417,560
Tuition and fees	2,375	-	-	-
Federal appropriations	-	-	-	-
Sales and services	-	-	748,091	-
Interest on investments	-	-	13,879	-
Flexible spending contributions	-	-	303,812	-
Partnership loan program	-	-	9,143,084	-
Miscellaneous	311,230	30,097	37,695	-
Total additions	313,605	30,097	10,246,561	417,560
Deductions:				
Salaries and benefits	125	-	47,221	-
Services	69,449	-	9,023,544	475,556
Materials and supplies	51,163	-	5,917	-
Travel	73,035	-	-	-
Cost of goods sold	630	-	35,457	-
Miscellaneous	113,349	27	597,949	-
Distribution to Colleges	-	-	-	-
Flexible spending claims	-	-	300,834	-
Total deductions	307,751	27	10,010,922	475,556
Balances end of year	\$ 140,362	28,093	852,573	191,578

See accompanying independent auditor's report.

ACCES	Direct Loan Program	Community Colleges for International Development, Inc.	Total
9,894	-	71,547	1,080,480
-	-	-	417,560
-	-	-	2,375
-	25,918,335	52,655	25,970,990
69,300	-	192,596	1,009,987
-	-	-	13,879
-	-	-	303,812
-	-	-	9,143,084
4,800	-	573,151	956,973
74,100	25,918,335	818,402	37,818,660
-	-	221,286	268,632
4,894	25,918,335	115,333	35,607,111
-	-	8,972	66,052
-	-	488,024	561,059
-	-	-	36,087
-	-	-	711,325
79,100	-	-	79,100
-	-	-	300,834
83,994	25,918,335	833,615	37,630,200
-	-	56,334	1,268,940

Kirkwood Community College

Kirkwood Community College
 Schedule of Credit and Contact Hours
 Year ended June 30, 2007

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	196,303	-	196,303	3,239,076	-	3,239,076
Vocational Education	154,764	-	154,764	2,988,830	-	2,988,830
Adult Education/Continuing Education	-	-	-	919,676	236,179	1,155,855
Related Services and Activities	-	-	-	-	140,400	140,400
Total	351,067	-	351,067	7,147,582	376,579	7,524,161

See accompanying independent auditor's report

Kirkwood Community College
Schedule of Tax and Intergovernmental Revenues
For the Last Eight Years

	Years ended June 30,				
	2007	2006	2005	2004	2003
Local (property tax)	\$ 13,660,902	9,568,795	9,680,332	9,684,349	9,333,736
State	27,490,516	25,915,880	22,463,115	22,800,650	22,279,884
Federal	22,305,003	22,116,516	23,118,975	21,248,789	18,923,851
Total	\$ 63,456,421	57,601,191	55,262,422	53,733,788	50,537,471

See accompanying independent auditor's report.

2002	2001	2000
8,222,098	7,297,130	7,776,589
23,189,485	24,073,488	22,737,326
14,713,276	11,662,597	9,376,791
46,124,859	43,033,215	39,890,706

Kirkwood Community College

Schedule of Current Fund Revenues by Source
and Expenditures by Function

For the Last Eight Years

	Years ended June 30,				
	2007	2006	2005	2004	2003
Revenues:					
State appropriations	\$ 27,205,433	25,638,680	22,463,115	22,183,697	21,995,627
Tuition and fees	38,403,435	36,752,189	35,721,127	32,848,006	29,911,209
Property tax	7,424,645	6,583,697	6,748,392	6,796,528	6,494,286
Federal appropriations	22,282,011	22,090,755	23,091,673	21,220,452	18,897,889
Sales and services	2,223,437	1,873,393	1,637,166	1,695,418	1,411,115
Interest on investments	836,125	919,371	225,142	232,394	300,033
Iowa Industrial New Jobs Training Program	6,730,448	3,862,336	3,769,596	6,113,743	7,503,336
Auxiliary enterprises	10,610,667	10,881,211	10,795,368	9,861,698	8,953,745
Miscellaneous	4,276,507	3,761,062	4,433,201	3,454,293	3,316,778
Total	\$ 119,992,708	112,362,694	108,884,780	104,406,229	98,784,018
Expenditures:					
Liberal arts and sciences	\$ 19,474,466	17,946,972	16,473,191	15,116,294	13,098,399
Vocational technical	20,987,006	19,832,467	17,749,248	18,785,712	16,593,964
Adult education	12,083,618	11,505,437	11,021,620	8,659,955	7,793,787
Cooperative services	6,510,936	3,675,755	3,036,589	6,262,188	8,011,395
Administration	5,959,842	5,568,530	5,799,867	4,562,206	4,506,549
Student services	4,452,042	4,426,463	3,951,657	3,682,512	3,893,243
Learning resources	3,009,443	3,311,387	2,784,817	2,368,509	2,704,787
Physical plant	8,339,637	7,091,729	7,410,386	7,005,425	7,540,545
General institution	11,148,919	10,507,101	10,476,619	8,875,303	8,864,895
Auxiliary enterprises	10,176,203	9,983,281	10,086,115	12,779,711	8,222,550
Scholarships and grants	13,670,260	13,068,240	14,141,826	13,448,214	11,893,670
Interest on indebtedness	1,238,043	1,321,131	1,472,513	1,791,281	2,000,563
Total	\$ 117,050,415	108,238,493	104,404,448	103,337,310	95,124,347

See accompanying independent auditor's report.

2002	2001	2000
22,466,332	24,073,488	22,709,588
26,563,675	22,542,285	20,935,265
5,478,585	4,634,255	5,215,561
14,689,698	11,640,044	9,355,197
1,946,954	1,727,559	1,642,997
542,812	531,493	1,008,071
7,410,910	7,887,905	9,088,161
8,003,548	9,094,790	6,359,475
2,467,016	2,304,935	2,286,463
89,569,530	84,436,754	78,600,778
12,078,393	11,558,091	10,589,520
15,249,527	13,475,822	13,864,501
7,950,952	8,003,366	7,597,940
7,790,315	7,659,102	10,546,809
7,247,323	3,695,904	3,820,518
3,065,359	2,984,127	2,946,426
2,328,594	2,408,505	2,196,659
7,891,631	5,159,266	5,080,163
8,551,203	8,071,915	7,579,227
7,772,127	9,201,280	6,191,561
9,155,009	7,471,812	6,354,654
2,269,568	2,416,969	-
91,350,001	82,106,159	76,767,978

Kirkwood Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number
Direct:		
U.S. Department of Labor:		
Occupational Safety and Health - Susan Harwood Training Grants	17.502	
Office of the Assistant Secretary for Veterans Employment and Training:		
Local Veterans' Employment Representative Program	17.804	
U.S. Department of State:		
Community College Summit Initiative Program	19.000	
National Science Foundation:		
Education and Human Resources	47.076	
U.S. Small Business Administration:		
Mass Fatalities Response Training for Funeral Service Directors	59.000	
Environmental Protection Agency:		
Wastewater Operator Training Grant Program (Technical Assistance)	66.467	
Protection of Children and Older Adults (Elderly) from Environmental Health Risks	66.609	
U.S. Department of Education:		
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Work-Study Program	84.033	
Federal Perkins Loan - Federal Capital Contribution	84.038	
Federal Pell Grant Program	84.063	
Federal Direct Student Loans	84.268	
Academic Competitiveness Grant (ACG)	84.375	
TRIO - Student Support Services	84.042	
Child Care Access Means Parents in School	84.335	
U.S. Department of Health and Human Services:		
Agency for Health Care Policy and Research:		
Research on Healthcare Costs, Quality and Outcomes	93.226	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	
U.S. Department of Homeland Security:		
State & Local Homeland Security Training Program	97.005	
Competitive Training Grants	97.068	
Total direct		

Program Expenditures	New Loans and New Loan Guarantees	Amounts Provided to Subrecipients
62,911	-	-
3,255	-	-
44,416	-	-
901,814	-	-
64,916	-	-
31,339	-	-
6,812	-	-
318,363	-	-
451,814	-	-
-	337,750	-
10,934,151	-	-
-	25,918,335	-
33,900	-	-
11,738,228	26,256,085	-
199,621	-	-
11,181	-	-
339,918	-	-
138,693	-	-
60,656	-	-
932,284	-	-
14,536,044	26,256,085	-

Kirkwood Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number
Indirect:		
U.S. Department of Agriculture:		
Indirect through Iowa Department of Education:		
Child and Adult Care Food Program	10.558	
U.S. Department of Housing and Urban Development:		
Indirect through Linn County:		
Community Development Block Grants/Entitlement Grants	14.218	
Indirect through Johnson County:		
Community Development Block Grants/Entitlement Grants	14.218	
U.S. Department of Labor:		
Indirect through Iowa Department of Elder Affairs:		
Senior Community Service Employment Program	17.235	
Indirect through Iowa Workforce Development:		
Employment Service/Wagner Peysner Funded Activities	17.207	1-W-10-FR-0
Unemployment Insurance	17.225	1-W-10-FR-0
Trade Adjustment Assistance	17.245	1-W-10-FR-0
WIA Pilots, Demonstrations, and Research Projects	17.261	1-W-10-FR-0
Work Incentive Grants	17.266	1-W-10-FR-0
Incentive Grants - WIA Section 503	17.267	
Disabled Veterans' Outreach Program (DVOP)	17.801	1-W-10-FR-0
Local Veterans' Employment Representative Program	17.804	1-W-10-FR-0
Workforce Investment Act (WIA):		
Adult Program	17.258	1-W-10-FR-0
Youth Activities	17.259	1-W-10-FR-0
Dislocated Workers	17.260	1-W-10-FR-0
Indirect through Iowa Department of Education:		
Incentive Grants - WIA Section 503	17.267	
U.S. Small Business Administration:		
Indirect through Iowa State University:		
Small Business Development Center	59.037	
U.S. Department of Education:		
Indirect through Iowa Department of Education:		
Adult Education - State Grant Program	84.002	
Title I Program for Neglected and Delinquent Children	84.013	
Vocational Education - Basic Grants to States	84.048	57-9910
Safe and Drug-Free Schools and Communities-National Program	84.184	
Tech-Prep Education	84.243	57-9910

Program Expenditures	New Loans and New Loan Guarantees	Amounts Provided to Subrecipients
22,992	-	-
155,777	-	-
33,868	-	-
283,829	-	283,829
84,946	-	-
65,059	-	-
3,031	-	-
508	-	-
5,507	-	-
9,788	-	-
6,273	-	-
4,361	-	-
200,985	-	-
598,885	-	-
576,651	-	-
1,376,521	-	-
39,002	-	-
11,224	-	-
419,994	-	-
29,000	-	-
893,278	-	-
83,391	-	-
89,866	-	-

Kirkwood Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number
Indirect (continued):		
U.S. Department of Health and Human Services:		
Indirect through Iowa Department of Elder Affairs:		
Special Programs for the Aging-Title III Part D - Disease Prevention and Health Promotion Services	93.043	
Special Programs for the Aging Cluster:		
Title III Part B - Grants for Supportive Services and Senior Centers	93.044	
Title III Part C - Nutrition Services	93.045	
Nutrition Services Incentive Program	93.053	
National Family Caregiver Support	93.052	
Medical Assistance Program	93.778	
Indirect through Hawkeye Valley Area Agency on Aging:		
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	
Indirect through University of Iowa:		
Alzheimer's Disease Demonstration Grants to States	93.051	
Indirect through National Institute of Environmental Health Sciences:		
Applied Toxicological Research and Testing	93.114	
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	
Indirect through Linn County Health Department:		
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	
Indirect through Iowa Workforce Development:		
Temporary Assistance for Needy Families	93.558	1-W-10-FR-0
Total indirect		
Total		

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

See accompanying independent auditor's report.

Program Expenditures	New Loans and New Loan Guarantees	Amounts Provided to Subrecipients
7,730	-	5,673
352,787	-	128,217
744,682	-	744,682
289,428	-	289,428
1,386,897	-	1,162,327
160,765	-	93,754
270,786	-	210,571
53,498	-	-
144,509	-	-
337,917	-	-
966,673	-	-
2,057	-	-
842,955	-	-
7,792,002	-	1,756,154
\$ 22,328,046	26,256,085	1,756,154

Kirkwood Community College



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
Kirkwood Community College:

We have audited the accompanying financial statements of Kirkwood Community College, Cedar Rapids, Iowa, and the aggregate discretely presented component units as of and for the year ended June 30, 2007, which collectively comprise the College's basic financial statements listed in the table of contents, and have issued our report thereon dated November 29, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kirkwood Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Kirkwood Community College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Kirkwood Community College's internal control.

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

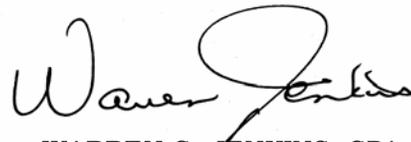
Kirkwood Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusion on the College's response, we did not audit the College's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Kirkwood Community College and other parties to whom Kirkwood Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 29, 2007



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
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State Capitol Building
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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Directors of
Kirkwood Community College:

Compliance

We have audited the compliance of Kirkwood Community College, Cedar Rapids, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Kirkwood Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Kirkwood Community College's management. Our responsibility is to express an opinion on Kirkwood Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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 non-compliance 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 Kirkwood Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Kirkwood Community College's compliance with those requirements.

In our opinion, Kirkwood Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

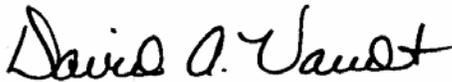
The management of Kirkwood Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Kirkwood Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Kirkwood Community College's internal control over compliance.

A control deficiency in the College's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the College's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the College's internal control.

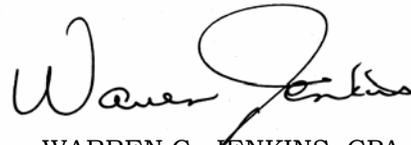
Our consideration of the internal control over compliance was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Kirkwood Community College and other parties to whom Kirkwood Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
Auditor of State

November 29, 2007



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

Kirkwood Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Workforce Investment Act (WIA) – Cluster:
 - CFDA Number – 17.258 Adult Program
 - CFDA Number – 17.259 Youth Activities
 - CFDA Number – 17.260 Dislocated Workers
 - CFDA Number – 47.076 Education and Human Resources
 - Student Financial Aid – Cluster:
 - CFDA Number – 84.007 Federal Supplemental Educational Opportunity Grants
 - CFDA Number – 84.033 Federal Work-Study Program
 - CFDA Number – 84.038 Federal Perkins Loan – Federal Capital Contribution
 - CFDA Number – 84.063 Federal Pell Grant Program
 - CFDA Number – 84.268 Federal Direct Student Loans
 - CFDA Number – 84.375 Academic Competitiveness Grant (ACG)
 - CFDA Number – 84.048 Vocational Education – Grants to States
- (h) The dollar threshold used to distinguish between Type A and Type B was \$661,000.
- (i) Kirkwood Community College did qualify as a low-risk auditee.

Kirkwood Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

No material weaknesses in internal control over financial reporting were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

No material weaknesses in internal control over compliance were noted.

Kirkwood Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-07 Certified Budget – Total expenditures for the year ended June 30, 2007 did not exceed the total amount budgeted.
- IV-B-07 Questionable Disbursements – No expenditures we believe did not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-07 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-07 Business Transactions – No business transactions between the College and College officials or employees were noted.
- IV-E-07 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 insure the coverage is adequate for current operations.
- IV-F-07 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-07 Publication – The College published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-07 Deposits and Investments – No instances of non-compliance 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-07 Credit and Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the College except for the contact hours for four programs within Adult/Continuing Education. The Driver Improvement program was understated by 0.5 hours, the Clippers, Noise and Hearing Protection program was understated by 0.3 hours, the AARP 55 Alive program was understated by 2.0 hours and the Boating Safety for Kids program was understated by 2.2 hours.

Recommendation – The College should develop procedures to ensure the report submitted to the Iowa Department of Education reconciles to the supporting detailed records.

Response – Kirkwood continues to refine the procedures for reporting more accurately from our MIS system and concurs with the Auditor’s recommendation.

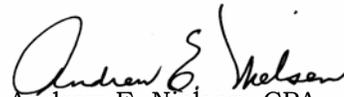
Conclusion – Response accepted.

Kirkwood Community College

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
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