



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Warren G. Jenkins, CPA
Chief Deputy Auditor of State

NEWS RELEASE

FOR RELEASE _____ December 2, 2002 _____

**Contact: Andy Nielsen
515/281-5515**

Auditor of State Richard Johnson today released an audit report on Kirkwood Community College in Cedar Rapids, Iowa.

Johnson reported that the Community College's Unrestricted Fund revenues totaled \$60,000,866 for the year ended June 30, 2002, a 2.2% percent increase from 2001. The revenues included \$2,743,514 in local tax, \$19,268,150 from the state, \$1,810,954 from the federal government and \$26,598,550 in tuition and fees.

Unrestricted Fund expenditures for the year totaled \$58,672,067, a 4.5% percent increase from the prior year, and included \$39,030,406 for salaries and benefits, \$5,784,917 for services and \$5,286,592 for plant asset acquisitions.

Johnson recommended that the Community College comply with the Code of Iowa when amending its budget.

A copy of the audit report is available for review in the office of the Auditor of State and the Board Secretary's office.

#

**KIRKWOOD COMMUNITY COLLEGE
CEDAR RAPIDS, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2002

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5
General Purpose Financial Statements:	<u>Exhibit</u>	
Balance Sheet	A	8-11
Statement of Revenues, Expenditures, and Changes in Fund Balances	B	12-15
Notes to Financial Statements		16-26
Supplemental Information:	<u>Schedule</u>	
Unrestricted Fund:		
Balance Sheet – Summary of Subgroups	1	28
Statement of Revenues, Expenditures, and Changes in Fund Balance – Summary of Subgroups	2	29
Statement of Revenues, Expenditures, and Changes in Fund Balance – Education and Support	3	30-31
Statement of Revenues, Expenditures, and Changes in Fund Balance – Auxiliary Enterprises	4	32-33
Restricted Fund:		
Statement of Revenues, Expenditures, and Changes in Fund Balance	5	34-35
Loan Funds:		
Statement of Revenues, Expenditures, and Changes in Fund Balances	6	36-37
Agency Funds:		
Statement of Changes in Deposits Held in Custody for Others	7	38-39
Comparison of Taxes and Intergovernmental Revenues	8	41
Schedule of Expenditures of Federal Awards	9	42-47
Schedule of Costs Compared to Budget:		
Iowa Industrial New Jobs Training Program	10	48-55
Schedule of Credit and Contact Hours	11	56
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting		57-58
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance		59-60
Schedule of Findings and Questioned Costs		61-64
Staff		65

Kirkwood Community College

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Directors (Before September 2001 Election)		
Wayne T. Newton	President	2003
Gregg Bosch	Vice President	2003
Lois Bartelme	Member	2001
Robert A. Davidson	Member	2001
Robert French	Member	2001
Mervin Cronbaugh	Member	2002
Karen Gorham	Member	2002
John Hall	Member	2002
Jerry Pearson	Member	2003

Board of Directors (After September 2001 Election)

Wayne T. Newton	President	2003
Gregg Bosch	Vice President	2003
Mervin Cronbaugh	Member	2002
Karen Gorham	Member	2002
John Hall	Member	2002
Jerry Pearson	Member	2003
Lois Bartelme	Member	2004
Robert A. Davidson	Member	2004
Robert French	Member	2004

Community College

Norman R. Nielsen	President
Darryl Borcharding	Board Secretary and Director of Human Resources
Lois Nanke	Board Treasurer and Vice President, Administration
Rick Anderson	Director of Business Services

Kirkwood Community College



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Warren G. Jenkins, CPA
Chief Deputy Auditor of State

Independent Auditor's Report

To the Board of Directors of
Kirkwood Community College:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Kirkwood Community College, Cedar Rapids, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Kirkwood Community College's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Kirkwood Community College at June 30, 2002, and the revenues, expenditures and changes in fund balance for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 14 to the general purpose financial statements, Kirkwood Community College intends to implement Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement Number 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 30, 2003. The effects of these statements are expected to significantly impact the presentation of the College's financial statements and related notes in the year of implementation. The revised requirements will include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the entity's financial activities in the Management's Discussion and Analysis introduction to the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our reports dated September 26, 2002 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 grants. Those reports are considered an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U. S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 26, 2002

Financial Statements

Kirkwood Community College

Balance Sheet

June 30, 2002

	<u>Current Funds</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
Assets		
Cash and pooled investments:		
Cash and pooled investments	\$ 3,977,000	(230,754)
ISJIT investment (note 3)	2,821,640	27,526,255
Receivables:		
Accounts	1,543,456	328,537
Succeeding year property tax	2,542,500	3,281,400
Notes (less allowance of \$262,865)	-	-
Iowa Industrial New Jobs Training Program	-	5,864,467
Due from other funds	954,912	3,390,685
Due from other governments	1,243,222	2,082,710
Inventories (note 4)	1,483,221	-
Prepaid expenses	67,752	292,272
Plant assets (note 5):		
Land	-	-
Buildings	-	-
Other structures and improvements	-	-
Furniture and equipment	-	-
Library books and materials	-	-
Total assets	\$14,633,703	42,535,572

Loan Funds	Plant Funds			Agency Funds
	Unex- pended	Retirement of Indebtedness	Investment in Plant	
-	(60,735)	-	-	(38,099)
-	153,735	-	-	-
37,173	34,000	-	-	43,290
-	2,542,500	-	-	-
2,408,913	-	-	-	-
-	-	-	-	-
-	-	-	-	-
12,202	-	-	-	1,573,289
-	-	-	-	-
-	-	-	-	-
-	-	-	3,864,327	-
-	-	-	78,421,641	150,964
-	-	-	9,400,386	55,672
-	-	-	16,645,577	625,900
-	-	-	1,103,713	7,970
2,458,288	2,669,500	-	109,435,644	2,418,986

Kirkwood Community College

Balance Sheet

June 30, 2002

	Current Funds	
	Unrestricted	Restricted
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ 941,572	364,412
Salaries and benefits payable	1,280,319	-
Bond interest payable	-	170,416
Due to other funds	3,390,685	-
Deferred revenue:		
Succeeding year property tax	2,542,500	3,281,400
Other	1,847,002	181,674
Early retirement payable (note 13)	-	1,073,463
Compensated absences	1,232,939	129,837
Deposits held in custody for others	-	-
Certificates payable (note 8)	-	36,505,000
Notes payable (note 8)	-	-
Total liabilities	11,235,017	41,706,202
Fund equity:		
Net investment in plant assets	-	-
Fund balances:		
Restricted for specific purposes	-	829,370
Unrestricted	1,190,516	-
Auxiliary enterprises	2,208,170	-
Total fund equity	3,398,686	829,370
Total liabilities and fund equity	\$14,633,703	42,535,572

See notes to financial statements.

Loan Funds	Plant Funds			Agency Funds
	Unex-pended	Retirement of Indebtedness	Investment in Plant	
173	329,080	-	-	54,703
-	-	-	-	-
-	-	-	-	-
954,912	-	-	-	-
-	2,542,500	-	-	-
-	-	-	-	46,895
-	-	-	-	-
-	-	-	-	65,502
-	-	-	-	2,251,886
-	-	-	-	-
-	-	-	13,765,000	-
955,085	2,871,580	-	13,765,000	2,418,986
-	-	-	95,670,644	-
1,503,203	(202,080)	-	-	-
-	-	-	-	-
-	-	-	-	-
1,503,203	(202,080)	-	95,670,644	-
2,458,288	2,669,500	-	109,435,644	2,418,986

Kirkwood Community College

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2002

	Current Funds	
	Unrestricted	Restricted
Revenues and other additions:		
General:		
State appropriations	\$ 19,268,150	3,198,182
Partnership loan program	-	-
Tuition and fees	26,560,936	2,739
Property tax	2,743,514	2,735,071
Federal appropriations	1,787,376	12,902,322
Sales and services	615,855	1,331,099
Interest on investments	-	542,812
Interest on student loans	-	-
Iowa Industrial New Jobs Training Program	-	7,410,910
Increase in plant investment due to plant expenditures (including \$6,227,211 in current fund expenditures)	-	-
Increase in plant investment due to retirement of debt	-	-
Miscellaneous	1,021,487	1,445,529
	<u>51,997,318</u>	<u>29,568,664</u>
Auxiliary Enterprises:		
Tuition and fees	37,614	-
Federal appropriations	23,578	-
Sales and services	7,267,270	-
Interest on investments	597,596	-
Miscellaneous	77,490	-
	<u>8,003,548</u>	<u>-</u>
Total revenues and other additions	<u>60,000,866</u>	<u>29,568,664</u>

Loan Funds	Plant Funds		
	Unex-pended	Retirement of Indebtedness	Investment in Plant
-	723,153	-	-
1,742,943	-	-	-
-	-	-	-
-	2,743,513	-	-
-	-	-	-
45	46,752	-	-
-	89,461	-	-
37,887	-	-	-
-	-	-	-
-	-	-	15,169,724
-	-	-	1,235,000
136,686	2,667,746	-	-
1,917,561	6,270,625	-	16,404,724
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,917,561	6,270,625	-	16,404,724

Kirkwood Community College

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2002

	Current Funds	
	Unrestricted	Restricted
Expenditures and other deductions:		
Education and support:		
Liberal arts and sciences	11,889,655	188,738
Vocational technical	12,427,804	2,821,723
Adult education	6,687,799	1,263,153
Cooperative services	317,671	7,472,644
Administration	2,589,100	4,658,223
Student services	2,616,954	448,405
Learning resources	2,140,194	188,400
Physical plant	7,881,881	9,750
General institution	4,348,882	4,202,321
Total education and support	50,899,940	21,253,357
Auxiliary enterprises	7,772,127	-
Scholarships and grants	-	9,155,009
Loan cancellations and bad debts	-	-
Administrative and collection costs	-	-
Plant asset acquisitions	-	-
Retirement of indebtedness	-	-
Disposal of plant assets	-	-
Interest on indebtedness	-	2,269,568
Total expenditures and other deductions	58,672,067	32,677,934
Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions	1,328,799	(3,109,270)
Transfers:		
Mandatory transfers	-	-
Non-mandatory transfers	(4,567,343)	3,336,478
Total transfers	(4,567,343)	3,336,478
Net	(3,238,544)	227,208
Fund balances beginning of year	6,637,230	602,162
Fund balances end of year	\$ 3,398,686	829,370

See notes to financial statements.

Loan Funds	Plant Funds		
	Unex- pende	Retirement of Indebtedness	Investment in Plant
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,627,966	-	-	-
-	-	-	-
-	1,332,700	-	-
-	-	-	-
1,627,966	1,332,700	-	-
-	-	-	-
-	-	-	-
108,834	-	-	-
127,356	-	-	-
-	8,942,513	-	-
-	-	1,235,000	-
-	-	-	28,647
-	-	659,602	-
1,864,156	10,275,213	1,894,602	28,647
53,405	(4,004,588)	(1,894,602)	16,376,077
-	(1,894,602)	1,894,602	-
-	1,230,865	-	-
-	(663,737)	1,894,602	-
53,405	(4,668,325)	-	16,376,077
1,449,798	4,466,245	-	79,294,567
1,503,203	(202,080)	-	95,670,644

Kirkwood Community College

Notes to Financial Statements

June 30, 2002

(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 may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. 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. Kirkwood Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area X.

A. Reporting Entity

For financial reporting purposes, Kirkwood Community College has included all funds, organizations, 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 Community College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Community 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 Community College. Kirkwood Community College has no component units which meet the Governmental Accounting Standards Board criteria.

Kirkwood Community College participates in the Kirkwood Facilities Foundation and the Kirkwood Community College Foundation, both of which are related organizations for which the Community College is not financially accountable and their relationship with the Community College is such that exclusion does not cause the Community College's financial statements to be misleading.

B. Fund Accounting

The accounts of the Community College are organized 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. For reporting purposes, funds that have similar characteristics

have been combined into fund groups. The various fund groups and their designated purposes are as follows:

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

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

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

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

Loan Funds - The Loan Funds are used to account for loans to students, and are financed primarily by the Federal government.

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

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

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

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

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

C. Basis of Accounting

The financial statements of the Community College have been prepared on the accrual basis of accounting, except for depreciation. The statement of revenues, expenditures, and changes in fund balance 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.

Under the accrual basis of accounting, revenues are reported when earned and expenditures are recorded when materials and services are received. Disbursements for the purchase of fixed assets providing future benefits are recorded as expenditures at time of purchase.

D. Assets, Liabilities and Fund Equity

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

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.

Due From and Due to Other Funds - During the course of its operations, the Community College had numerous transactions between funds. To the extent that certain transactions between funds had been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

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

Receivable for Iowa Industrial New Jobs Training Program (NJTP) - This receivable represents the total amount to be remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2002 on NJTP projects plus interest incurred on NJTP certificates, less reimbursements received to date.

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.

Bond Interest Payable – Interest on long-term bonded indebtedness is recorded as a liability when the interest is due.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or 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. Deferred revenue consists of unspent grant proceeds and the succeeding year property tax receivable.

Compensated Absences – Community College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at June 30, 2002.

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 that early retirement begins. The other half will be paid in the next fiscal year.

E. Plant Assets

Plant assets are valued at historical cost. Donated plant assets are stated at fair market value at date of donation.

In accordance with standards set forth by the Governmental Accounting Standards Board (GASB), depreciation expense is not recorded on plant assets. The cost of repair and maintenance is charged to expenditures when paid, while the cost of renewals or substantial betterments is capitalized. No interest costs were capitalized since there were no qualifying assets.

F. Restricted Fund Balances

The portion of the fund balances shown as restricted represents the amounts segregated for specific purposes as allowed by the Code of Iowa, bond covenants, donors or outside agencies.

(2) Budgets and Budgetary Accounting

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

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

The following is a comparison of expenditures to budget:

Funds/Levy	Budget	Actual	Variance
Unrestricted	\$ 51,546,593	52,130,805	(584,212)
Less utilities transferred to plant	(1,230,865)	(1,230,865)	-
Unrestricted, as adjusted	<u>50,315,728</u>	<u>50,899,940</u>	<u>(584,212)</u>
Restricted	19,902,492	15,099,590	4,802,902
Unemployment	-	48,537	(48,537)
Insurance	168,015	707,042	(539,027)
Equipment replacement	653,772	1,812,040	(1,158,268)
Early retirement	441,902	3,783,016	(3,341,114)
Tort liability	<u>1,252,678</u>	<u>117,695</u>	<u>1,134,983</u>
Total restricted	<u>22,418,859</u>	<u>21,567,920</u>	<u>850,939</u>
Plant	11,000,000	10,938,950	61,050
Plus utilities transferred from			
Unrestricted	<u>1,230,865</u>	<u>1,230,865</u>	-
Plant, as adjusted	<u>12,230,865</u>	<u>12,169,815</u>	<u>61,050</u>
Total	<u>\$ 84,965,452</u>	<u>84,637,675</u>	<u>327,777</u>

The variance in the Unrestricted Fund is due to expenditures for furniture for newly constructed buildings. The Restricted Fund variance is due to fewer NJTP projects being administered than were anticipated. The overage in the early retirement levy is due to a new retirement incentive program that was offered for this fiscal year.

(3) Cash and Pooled Investments

The Community College's deposits at June 30, 2002 were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the College or the College's agent in the College's name, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of 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 Community College had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$30,501,630 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(4) Inventories

The Community College's inventories at June 30, 2002 are as follows:

Supplies and materials	\$ 81,402
Agricultural enterprises supplies and materials	208,817
Merchandise held for resale	<u>1,193,002</u>
Total	<u>\$ 1,483,221</u>

(5) Plant Assets

A summary of changes in plant assets for the year ended June 30, 2002 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 3,120,004	744,323	-	3,864,327
Buildings	67,479,887	11,092,718	-	78,572,605
Other structures and improvements	8,022,925	1,433,133	-	9,456,058
Furniture and equipment	15,388,188	1,883,289	-	17,271,477
Library books and materials	1,052,320	88,010	28,647	1,111,683
Total	<u>\$ 95,063,324</u>	<u>15,241,473</u>	<u>28,647</u>	<u>110,276,150</u>

Plant assets are further classified as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Plant Funds	\$ 94,294,567	15,169,724	28,647	109,435,644
Agency Funds	768,757	71,749	-	840,506
Total	<u>\$ 95,063,324</u>	<u>15,241,473</u>	<u>28,647</u>	<u>110,276,150</u>

(6) Iowa Public Employees Retirement System (IPERS)

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

Plan members are required to contribute 3.70% of their annual covered salary and the College is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The College's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$759,788, \$831,244, and \$812,722, respectively, equal to the required contributions for each year.

(7) Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF)

The Community College contributes to the TIAA-CREF retirement program which is a defined contribution plan. TIAA administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community 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 3.7% and the Community College is required to contribute 5.75%. The Community College's and employee required and actual contributions to TIAA-CREF for the year ended June 30, 2002 were \$1,001,152 and \$644,219 respectively.

(8) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2002 is as follows:

	Certificates Payable	Notes Payable	Total
Balance beginning of year	\$ 36,730,000	15,000,000	51,730,000
Additions	5,315,000	-	5,315,000
Reductions	5,540,000	1,235,000	6,775,000
Balance end of year	<u>\$ 36,505,000</u>	<u>13,765,000</u>	<u>50,270,000</u>

Certificates Payable

In accordance with agreements dated between August, 1994 and December 1, 2001, the Community College issued certificates totaling \$57,425,000 with interest rates ranging from 3.9% to 8.0%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and, in the case of default, from standby property taxes.

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2003	\$ 6,060,000	2,061,961	8,121,961
2004	6,415,000	1,687,747	8,102,747
2005	5,550,000	1,296,000	6,846,000
2006	5,470,000	986,467	6,456,467
2007 and thereafter	13,010,000	1,535,655	14,545,655
Total	<u>\$ 36,505,000</u>	<u>7,567,830</u>	<u>44,072,830</u>

Notes Payable

The Community College has issued notes for the purchase and construction of Community College properties as allowed by Section 260C.19 of the Code of Iowa. Details of the Community College's June 30, 2002 indebtedness are as follows:

Year Ending June 30,	Note Issuance of December, 1998			
	Interest Rates	Principal	Interest	Total
2003	4.00%	\$ 695,000	296,173	991,173
2004	4.00%	720,000	268,372	988,372
2005	4.00%	750,000	239,572	989,572
2006	4.00%	780,000	209,572	989,572
2007-2011	4.00-4.13%	4,385,000	552,403	4,937,403
Total		\$ 7,330,000	1,566,092	8,896,092

Year Ending June 30,	Note Issuance of December, 1999			
	Interest Rates	Principal	Interest	Total
2003	4.70%	\$ 590,000	310,075	900,075
2004	4.70%	620,000	282,345	902,345
2005	4.70%	645,000	253,205	898,205
2006	4.75%	675,000	222,890	897,890
2007-2011	4.75-5.00%	3,905,000	596,247	4,501,247
Total		\$ 6,435,000	1,664,762	8,099,762
Total all notes		\$ 13,765,000	3,230,854	16,995,854

(9) Operating Leases

The Community College has leased equipment and various facilities within the area to house different divisions of the Community College. These leases have been classified as operating leases and accordingly, all rents are charged as incurred. The leases expire between 2002 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 that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2002:

Year Ending June 30,	Amount
2003	\$ 48,001
2004	40,230
2005	40,905
2006	33,001
2007	31,997
2008-2020	<u>401,358</u>
Total	<u>\$ 595,492</u>

Rents for the year ended June 30, 2002 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$62,667.

(10) Risk Pool

The Community College is a member of 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 seven members include Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance against 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 School Board legal liability, workers compensation and employers liability, crime insurance and fiduciary bonds and boiler and machinery and student professional liability. 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 Community 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 \$100,000 per claim, except for workers compensation which has a self-insured retention of \$250,000. Excess insurance for workers compensation is for statutory limits. Excess for all other lines is \$900,000 per occurrence. There is additional excess above that for another \$5,000,000 per member. Property is insured with excess coverage over the self insured retention of up to \$50,000,000. 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 Community College does not report a liability for losses in excess of reinsurance unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2002, no liability has been recorded in the Community College's financial statements. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance company 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 Community College also carries commercial insurance purchased from other insurers for coverage associated with plant assets livestock and accidental death and dismemberment. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Related Organizations

The Kirkwood Facilities Foundation and the Kirkwood Community College Foundation are non-profit corporations whose goals are to provide support to the Community College and students and whose financial activities are not included in these financial statements. Funding for the two Foundations is obtained primarily through donations and operation of the Kirkwood Recreational Complex. Each of the Foundations provides services for the benefit of Kirkwood Community College. In return, Kirkwood Community College has provided the Foundations with certain staff, facilities, and insurance coverage for its operations without charge. Governing boards of these organizations have members who are also officers of the Community College. However, these members do not comprise a majority in either Foundation's board. Significant financial data for the most recent period available follows:

	Kirkwood Facilities Foundation Year Ended June 30, 2001	Kirkwood Community College Foundation Year Ended June 30, 2002
Total assets	\$ 1,909,297	\$ 8,272,691
Total liabilities	239,469	1,275,491
Total equity	1,669,828	6,997,200
Total revenues	615,358	4,931,161
Total expenses	1,525,561	4,234,052
Due to the Community College	69,289	231,276
Contributions to the Community College	1,182,036	2,615,587
Scholarships	-	1,010,264

Kirkwood Facilities Foundation (Foundation) entered into a Declaration of Beneficial Interest with Kirkwood Community College (Community College) and purchased a building on behalf of the Community College. During fiscal year 1998, the Community College provided \$600,000 to the Foundation for a portion of the purchase price and renovation of the building. Upon full satisfaction of the loan agreement and mortgage, the Foundation will gift the building to the Community College.

(12) 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 Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered 252 projects with 72 of these currently receiving project funding. The remaining 180 projects have been completed, of which 43 are in the repayment process and 137 have been fully repaid.

(13) Contingent Liability - Early Retirement

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. A staff member who accepts early retirement will receive the cash benefits on the last day of their contract.

Kirkwood Community College offered a special 2001 retirement option available to any Kirkwood board-approved employee who, as of June 30, 2002, was age 54 or older with at least 10 years of consecutive service. The retirement date was effective no later than January 2, 2002.

The liability at June 30, 2002 for those employees who have elected early retirement was \$1,073,463, and has been recorded in the General Restricted Fund, the fund from which the benefits will be paid. Early retirement is funded on a pay-as-you-go basis through property tax levies. Kirkwood Community College's early retirement expenses for the year ended June 30, 2002 were \$3,783,016. As a result of the special one-time option, the retirement payout exceeded the property tax levy. A transfer of \$3,390,684 from the General Unrestricted Fund was necessary. The Unrestricted Fund will be paid back from future property tax levies.

As of June 30, 2002 the approximate potential liability, if all eligible employees accepted early retirement was \$5,900,000.

(14) Prospective Accounting Change

Governmental Accounting Standards Board Statements - The Governmental Accounting Standards Board has issued Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement Number 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2003. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual basis of accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the financial activities.

Supplemental Information

Schedule 1

Kirkwood Community College

Unrestricted Fund

Balance Sheet

Summary of Subgroups

Year ended June 30, 2002

	Education and Support	Auxiliary Enterprises	Total
Assets			
Cash and pooled investments:			
Cash and pooled investments	\$ 3,317,047	659,953	3,977,000
ISJIT investment	2,714,744	106,896	2,821,640
Receivables:			
Accounts	1,139,443	404,013	1,543,456
Succeeding year property tax	2,542,500	-	2,542,500
Due from other funds	954,912	-	954,912
Due from other governments	1,235,236	7,986	1,243,222
Inventories	81,402	1,401,819	1,483,221
Prepaid expenses	-	67,752	67,752
Total assets	\$11,985,284	2,648,419	14,633,703
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 523,986	387,693	911,679
Salaries and benefits payable	1,274,109	6,210	1,280,319
Due to other funds	3,390,685	-	3,390,685
Deferred revenue:			
Succeeding year property tax	2,542,500	-	2,542,500
Other	1,876,895	-	1,876,895
Compensated absences	1,186,593	46,346	1,232,939
Total liabilities	10,794,768	440,249	11,235,017
Fund equity:			
Fund balances:			
Unrestricted	1,190,516	-	1,190,516
Auxiliary enterprises	-	2,208,170	2,208,170
Total fund equity	1,190,516	2,208,170	3,398,686
Total liabilities and fund equity	\$11,985,284	2,648,419	14,633,703

See accompanying independent auditor's report.

Kirkwood Community College

Unrestricted Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Summary of Subgroups

Year ended June 30, 2002

	Education and Support	Auxiliary Enterprises	Total
Revenues:			
State appropriations	\$ 19,268,150	-	19,268,150
Tuition and fees	26,560,936	37,614	26,598,550
Property tax	2,743,514	-	2,743,514
Federal appropriations	1,787,376	23,578	1,810,954
Sales and services	615,855	7,267,270	7,883,125
Interest on investments	-	597,596	597,596
Miscellaneous	1,021,487	77,490	1,098,977
Total revenues	51,997,318	8,003,548	60,000,866
Expenditures:			
Salaries and benefits	37,527,663	1,502,743	39,030,406
Services	5,343,642	441,275	5,784,917
Materials and supplies	2,381,615	490,032	2,871,647
Travel	535,428	154,737	690,165
Plant asset acquisitions	4,836,921	449,671	5,286,592
Cost of goods sold	6,350	4,708,264	4,714,614
Miscellaneous	268,321	25,405	293,726
Total expenditures	50,899,940	7,772,127	58,672,067
Excess of revenues over expenditures	1,097,378	231,421	1,328,799
Transfers:			
Non-mandatory transfers	(4,906,789)	339,446	(4,567,343)
Net	(3,809,411)	570,867	(3,238,544)
Fund balances beginning of year	4,999,927	1,637,303	6,637,230
Fund balances end of year	\$ 1,190,516	2,208,170	3,398,686

See accompanying independent auditor's report.

Kirkwood Community College

Unrestricted Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Education and Support

Year ended June 30, 2002

	Education		
	Liberal Arts and Sciences	Vocational Technical	Adult Education
Revenues:			
State appropriations	\$ 8,480,826	6,642,458	4,101,872
Tuition and fees	12,239,755	7,629,176	6,422,641
Property tax	-	-	-
Federal appropriations	16,673	862,682	337,589
Sales and services	34,750	26,408	58,971
Miscellaneous	14,380	352,715	45,418
	<u>20,786,384</u>	<u>15,513,439</u>	<u>10,966,491</u>
Allocation of support services	1,826,669	1,565,716	956,826
Total revenues	<u>22,613,053</u>	<u>17,079,155</u>	<u>11,923,317</u>
Expenditures:			
Salaries and benefits	11,434,222	11,554,747	4,810,529
Services	122,061	234,854	1,124,139
Materials and supplies	184,774	457,099	520,744
Travel	131,485	148,042	76,274
Plant asset acquisitions	17,113	30,010	152,508
Cost of goods sold	-	3,060	2,131
Miscellaneous	-	(8)	1,474
	<u>11,889,655</u>	<u>12,427,804</u>	<u>6,687,799</u>
Allocation of support services	8,222,345	7,047,724	4,306,942
Total expenditures	<u>20,112,000</u>	<u>19,475,528</u>	<u>10,994,741</u>
Excess (deficiency) of revenues over (under) expenditures	2,501,053	(2,396,373)	928,576
Transfers:			
Non-mandatory transfers	(225)	-	-
Net	<u>\$ 2,500,828</u>	<u>(2,396,373)</u>	<u>928,576</u>
Fund balance beginning of year			
Fund balance end of year			

See accompanying independent auditor's report.

Note: The Support Services allocations are based on the percentage of eligible contact hours reported.

Coopera- tive Services	Support					Education and Support Total
	General Adminis- tration	Student Services	Learning Resources	Physical Plant	General Institution	
3,202	38,682	-	1,110	-	-	19,268,150
265,365	-	3,999	-	-	-	26,560,936
-	2,743,514	-	-	-	-	2,743,514
75,000	218,973	247,211	29,248	-	-	1,787,376
31,031	75	-	181,081	161,418	122,121	615,855
7,195	51,802	-	86,792	458,600	4,585	1,021,487
381,793	3,053,046	251,210	298,231	620,018	126,706	51,997,318
-	(3,053,046)	(251,210)	(298,231)	(620,018)	(126,706)	-
381,793	-	-	-	-	-	51,997,318
217,046	1,521,468	2,347,135	1,469,983	1,959,811	2,212,722	37,527,663
61,551	797,959	71,269	45,150	1,115,381	1,771,278	5,343,642
21,638	69,022	38,277	310,477	555,329	224,255	2,381,615
2,604	78,480	15,589	9,651	757	72,546	535,428
14,832	-	-	303,774	4,250,603	68,081	4,836,921
-	-	-	1,159	-	-	6,350
-	122,171	144,684	-	-	-	268,321
317,671	2,589,100	2,616,954	2,140,194	7,881,881	4,348,882	50,899,940
-	(2,589,100)	(2,616,954)	(2,140,194)	(7,881,881)	(4,348,882)	-
317,671	-	-	-	-	-	50,899,940
64,122	-	-	-	-	-	1,097,378
-	(3,322,177)	(353,746)	-	(1,230,641)	-	(4,906,789)
64,122	(3,322,177)	(353,746)	-	(1,230,641)	-	(3,809,411)
						4,999,927
						<u>\$ 1,190,516</u>

Kirkwood Community College

Unrestricted Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Auxiliary Enterprises

Year ended June 30, 2002

	Farm Lab	Bookstore
Revenues:		
Tuition and fees	\$ -	-
Federal appropriations	-	-
Sales and services	529,317	5,630,244
Interest on investments	-	-
Miscellaneous	3,400	-
Total revenues	532,717	5,630,244
Expenditures:		
Salaries and benefits	144,134	407,042
Services	144,541	31,059
Materials and supplies	216,349	22,081
Travel	2,077	1,968
Plant asset acquisitions	-	96,669
Cost of goods sold	84,811	4,213,020
Miscellaneous	1,481	-
Total expenditures	593,393	4,771,839
Excess (deficiency) of revenues over (under) expenditures	(60,676)	858,405
Transfers:		
Non-mandatory transfers	-	(14,300)
Net	(60,676)	844,105
Fund balance beginning of year	94,256	1,266,471
Fund balance end of year	\$ 33,580	2,110,576

See accompanying independent auditor's report.

Day Care Center	Other Vocational	Miscellaneous	Total
-	-	37,614	37,614
23,578	-	-	23,578
421,220	591,883	94,606	7,267,270
-	-	597,596	597,596
-	100	73,990	77,490
444,798	591,983	803,806	8,003,548
438,473	239,640	273,454	1,502,743
33,682	6,295	225,698	441,275
4,340	95,727	151,535	490,032
1,128	160	149,404	154,737
2,760	-	350,242	449,671
-	253,197	157,236	4,708,264
-	3,916	20,008	25,405
480,383	598,935	1,327,577	7,772,127
(35,585)	(6,952)	(523,771)	231,421
-	-	353,746	339,446
(35,585)	(6,952)	(170,025)	570,867
(1,652)	95,938	182,290	1,637,303
(37,237)	88,986	12,265	2,208,170

Kirkwood Community College

Restricted Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2002

	Scholarships and Grants	Iowa Industrial New Jobs Training Program	Workforce Investment Act	Heritage Agency on Aging
Revenues and other additions:				
State appropriations	\$ 628,921	-	66,753	915,174
Tuition and fees	-	-	-	-
Property tax	-	-	-	-
Federal appropriations	7,435,469	-	1,881,817	2,036,751
Sales and services	21,975	-	-	1,273,844
Interest on investments	-	539,955	-	2,857
Iowa Industrial New Jobs Training Program	-	7,410,910	-	-
Miscellaneous	1,076,241	-	-	98,883
Total revenues and other additions	<u>9,162,606</u>	<u>7,950,865</u>	<u>1,948,570</u>	<u>4,327,509</u>
Expenditures and other deductions:				
Salaries and benefits	-	-	1,395,634	669,848
Services	-	5,681,297	332,011	3,397,982
Materials and supplies	-	-	70,374	76,762
Travel	-	-	35,231	43,558
Plant asset acquisitions	-	-	-	14,170
Interest on indebtedness	-	2,269,568	-	-
Miscellaneous	-	-	121,755	-
Federal Pell grant program	7,239,049	-	-	-
Federal supplemental educational opportunity grant (FSEOG)	263,231	-	-	-
Iowa College Student Aid Commission	624,602	-	-	-
Private scholarships	1,028,127	-	-	-
Total expenditures and other deductions	<u>9,155,009</u>	<u>7,950,865</u>	<u>1,955,005</u>	<u>4,202,320</u>
Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions	7,597	-	(6,435)	125,189
Transfers:				
Non-mandatory transfers	-	-	-	(68,507)
Net	7,597	-	(6,435)	56,682
Fund balance beginning of year	<u>41,381</u>	-	<u>(46,680)</u>	<u>191,346</u>
Fund balance end of year	<u>\$ 48,978</u>	-	<u>(53,115)</u>	<u>248,028</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
-	1,096,044	474,214	-	-	-	-	17,076	3,198,182
555	-	-	-	-	-	-	2,184	2,739
-	-	1,219,371	826,443	689,257	-	-	-	2,735,071
1,529,527	2,848	-	-	-	-	-	15,910	12,902,322
-	-	-	-	-	-	-	35,280	1,331,099
-	-	-	-	-	-	-	-	542,812
-	-	-	-	-	-	-	-	7,410,910
75	2,063	-	-	-	-	-	268,267	1,445,529
1,530,157	1,100,955	1,693,585	826,443	689,257	-	-	338,717	29,568,664
762,368	762,843	-	-	3,783,016	48,537	-	202,109	7,624,355
468,238	265,842	600	824,737	-	-	-	62,576	11,033,283
70,834	35,776	948,230	-	-	-	-	23,908	1,225,884
172,078	8,010	-	-	-	-	-	12,644	271,521
28,966	-	863,210	-	-	-	-	34,273	940,619
-	-	-	-	-	-	-	-	2,269,568
27,720	8,220	-	-	-	-	-	-	157,695
-	-	-	-	-	-	-	-	7,239,049
-	-	-	-	-	-	-	-	263,231
-	-	-	-	-	-	-	-	624,602
-	-	-	-	-	-	-	-	1,028,127
1,530,204	1,080,691	1,812,040	824,737	3,783,016	48,537	-	335,510	32,677,934
(47)	20,264	(118,455)	1,706	(3,093,759)	(48,537)	-	3,207	(3,109,270)
-	-	-	-	3,390,684	-	-	14,301	3,336,478
(47)	20,264	(118,455)	1,706	296,925	(48,537)	-	17,508	227,208
(2,639)	(68,185)	93,961	(3,382)	(296,925)	56,367	621,989	14,929	602,162
(2,686)	(47,921)	(24,494)	(1,676)	-	7,830	621,989	32,437	829,370

Kirkwood Community College

Loan Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2002

	Federal Perkins Loans	Kirkwood Loans
Revenues and other additions:		
Partnership Loan program	-	-
Sales and services	-	-
Interest on student loans	28,056	9,560
Miscellaneous	80,534	56,152
Total revenues and other additions	108,590	65,712
Expenditures and other deductions:		
Loan cancellations and bad debts	21,439	87,395
Administrative and collection costs	80,915	46,441
Foundation loans	-	-
Total expenditures and other deductions	102,354	133,836
Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions	6,236	(68,124)
Fund balances beginning of year	1,811,937	(378,928)
Fund balances end of year	\$ 1,818,173	(447,052)

See accompanying independent auditor's report.

Kirkwood Foundation Loans	Total
1,742,943	1,742,943
45	45
271	37,887
-	136,686
<u>1,743,259</u>	<u>1,917,561</u>
-	108,834
-	127,356
<u>1,627,966</u>	<u>1,627,966</u>
<u>1,627,966</u>	<u>1,864,156</u>
115,293	53,405
<u>16,789</u>	<u>1,449,798</u>
<u><u>132,082</u></u>	<u><u>1,503,203</u></u>

Kirkwood Community College

Agency Funds

Statement of Changes in Deposits Held in Custody for Others

Year ended June 30, 2002

	<u>Student Activities</u>	<u>Other Federal Programs</u>	<u>Other Agency Programs</u>
Balance beginning of year	\$ 150,352	74,824	304,369
Additions:			
State appropriations	-	1,645	97,881
Tuition and fees	-	2,882	383,708
Federal appropriations	-	1,311,263	-
Sales and services	772	-	325,262
Interest on investments	-	-	8,200
Increase in plant assets due to plant expenditures	-	20,903	4,572
Flexible spending contributions	-	-	169,856
Miscellaneous	261,802	5,406	21,852
Total additions	<u>262,574</u>	<u>1,342,099</u>	<u>1,011,331</u>
Deductions:			
Salaries and benefits	7,118	650,571	331,105
Services	24,173	389,312	216,505
Materials and supplies	75,383	93,661	105,016
Travel	47,252	172,868	15,280
Plant asset acquisitions	-	20,903	4,572
Cost of goods sold	-	-	24,723
Miscellaneous	97,779	-	68,474
Flexible spending claims	-	-	193,231
Total deductions	<u>251,705</u>	<u>1,327,315</u>	<u>958,906</u>
Balance end of year	<u>\$ 161,221</u>	<u>89,608</u>	<u>356,794</u>

See accompanying independent auditor's report.

ACCES	Federal Direct Loan Program	Community Colleges for International Development, Inc.	Total
780,448	-	48,363	2,151,383
-	-	-	638,132
-	-	-	386,590
-	15,792,192	-	17,103,455
1,738,059	-	253,417	2,317,510
-	-	-	8,200
46,274	-	-	71,749
-	-	-	169,856
625	-	98,376	388,061
<u>1,784,958</u>	<u>15,792,192</u>	<u>351,793</u>	<u>21,083,553</u>
682,736	-	118,969	1,790,499
979,155	15,792,192	134,564	18,157,851
21,496	-	11,259	306,815
8,705	-	27,824	271,929
46,274	-	-	71,749
-	-	-	24,723
-	-	-	166,253
-	-	-	193,231
<u>1,738,366</u>	<u>15,792,192</u>	<u>292,616</u>	<u>20,983,050</u>
<u>827,040</u>	<u>-</u>	<u>107,540</u>	<u>2,251,886</u>

Kirkwood Community College

Kirkwood Community College
Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Local (property tax)	\$ 8,222,098	7,297,130	7,776,589	7,493,745
State	23,189,485	24,073,488	22,737,326	21,226,001
Federal	14,713,276	11,662,597	9,376,791	8,004,742
Total	<u>\$ 46,124,859</u>	<u>43,033,215</u>	<u>39,890,706</u>	<u>36,724,488</u>

See accompanying independent auditor's report.

Kirkwood Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2002

Grantor/Program	CFDA Number
Direct:	
U. S. Department of Commerce:	
Public Telecommunications Facilities Planning and Construction	11.550
U.S. Department of Labor:	
Workforce Investment Act (WIA) - Dislocated Workers	17.260
Employment and Training Administration Pilots, Demonstrations, and Research Projects	17.261
Occupational Safety and Health - Susan Harwood Training Grants	17.502
U. S. Department of State:	
Professional Exchanges - Annual Open Grant	19.415
National Endowment for the Humanities:	
Promotion of the Humanities	45.162
National Science Foundation:	
Education and Human Resources	47.076
U.S. Environmental Protection Agency:	
Wastewater Operator Training Grant Program (Technical Assistance)	66.467
Environmental Education Grants	66.951
U.S. Department of Education:	
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007
Federal Direct Loan	84.268
Federal Work-Study Program (FWS)	84.033
Federal Pell Grant Program (PELL)	84.063
Special Education - Grants to States	84.027
TRIO - Student Support Services	84.042
Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325
U.S. Department of Health and Human Services:	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283
Total direct	
Indirect:	
U.S. Department of Agriculture:	
Indirect through Iowa Department of Education:	
Child and Adult Care Food Program	10.558
Indirect through Iowa Department of Workforce Development:	
State Administrative Matching Grants for Food Stamp Program	10.561
Indirect through Linn County:	
State Administrative Matching Grants for Food Stamp Program	10.561

Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees	Amounts Provided to Subrecipients
	\$ 15,910	-	-
	64,897	-	-
	50,794	-	-
	96,326	-	-
	30,278	-	-
	12,209	-	-
	626,568	-	-
	33,318	-	-
	5,000	-	-
	245,368	-	-
	-	15,792,192	-
	369,186	-	-
	7,255,756	-	-
	7,870,310	15,792,192	-
	5,492	-	-
	232,488	-	-
	146,817	-	-
	278,900	-	-
	9,469,307	15,792,192	-
	23,578	-	-
	5,563	-	-
	164,276	-	-
	169,839	-	-

Kirkwood Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2002

Grantor/Program	CFDA Number
Indirect (continued):	
U.S. Department of Agriculture:	
Indirect through Iowa Department of Elder Affairs:	
Nutrition Program for the Elderly (Commodities)	10.570
U.S. Department of Commerce:	
Indirect through Des Moines Area Community College:	
Manufacturing Extension Partnership	11.611
U.S. Department of Housing and Urban Development:	
Indirect through Linn County:	
Community Development Block Grants/Entitlement Grants	14.218
Community Development Block Grants/State's Program	14.228
U.S. Department of Labor:	
Indirect through Iowa Department of Elder Affairs:	
Senior Community Service Employment Program	17.235
Indirect through Iowa Department of Workforce Development:	
Employment Service	17.207
Unemployment Insurance	17.225
Welfare-to-Work Grants to States and Localities	17.253
Disabled Veterans' Outreach Program (DVOP)	17.801
Local Veterans' Employment Representative Program	17.804
Workforce Investment Act (WIA):	
General Administration	17.258 - 17.260
Adult Program	17.258
Youth Activities	17.259
Dislocated Workers	17.260
Bridge to Employment	17.000
Indirect through Iowa Department of Education:	
Mine Health and Safety Grants	17.600
Federal Mediation Conciliation Service:	
Indirect through Iowa Department of Workforce Development:	
Labor Management Cooperation	34.002
U.S. Small Business Administration:	
Indirect through Iowa State University:	
Small Business Development Center	59.037

Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees	Amounts Provided to Subrecipients
	343,147	-	343,147
	46,767	-	-
	5,402	-	-
	65,071	-	-
	220,884	-	219,380
	64,936	-	-
	44,908	-	-
1-W-10-FR-0	303,016	-	-
1-W-10-FR-0	2,084	-	-
1-W-10-FR-0	5,166	-	-
1-W-10-FR-0	77,437	-	-
1-W-10-FR-0	258,759	-	-
1-W-10-FR-0	238,960	-	-
1-W-10-FR-0	325,815	-	-
	900,971	-	-
1-W-56-SN-0-01	24,049	-	-
	5,000	-	-
	14,820	-	-
	75,000	-	-

Kirkwood Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2002

Grantor/Program	CFDA Number
Indirect (continued):	
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
Tech-Prep Education	84.243
Technology Innovation Challenge Grants	84.303
Indirect through Hazardous Materials Training Research Institute:	
Learning Anywhere Anytime Partnerships	84.339
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
Indirect through Iowa Department of Elder Affairs:	
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048
Indirect through University of Iowa:	
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048
Indirect through Iowa Department of Elder Affairs:	
Nation Family Caregiver Support Program	93.052
Medical Assistance Program	93.778
Indirect through Hawkeye Valley Area Agency on Aging:	
Health Care Financing Research, Demonstrations and Evaluations	93.779
Indirect through Hazardous Materials Training and Research Institute:	
NIEHS Hazardous Waste Worker Health and Safety Training	93.142
Indirect through Iowa Department of Workforce Development:	
Temporary Assistance for Needy Families(TANF)	93.558
Total indirect	
Totals	

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 general purpose financial statements.

See accompanying independent auditor's report.

Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees	Amounts Provided to Subrecipients
	332,589	-	-
	31,872	-	-
	701,718	-	-
	89,899	-	-
	2,991	-	-
	224,625	-	-
	9,859	-	9,859
	402,611	-	248,153
	662,687	-	662,687
	1,065,298	-	910,840
	873	-	-
	35,722	-	-
	36,595	-	-
	157,328	-	85,330
	54,968	-	54,448
	8,103	-	-
	780,428	-	-
	773,432	-	-
	6,584,343	-	1,623,004
	\$ 16,053,650	15,792,192	1,623,004

Kirkwood Community College
Schedule of Costs Compared to Budget
Iowa Industrial New Jobs Training Program
Year ended June 30, 2002

Project Name	Project Costs			Subtotal
	Training and Wages	Admin-istration	Legal and Issue Costs	
Access Direct Telemarketing, Inc.	\$ -	-	770	770
AEGON USA	-	-	-	-
AEGON USA	-	-	-	-
Aegon USA, Inc.	75,652	-	152	75,804
American Profol, Inc.	-	-	-	-
American Profol, Inc.	-	-	6	6
APAC Teleservices, Inc.	-	-	2,311	2,311
APAC Teleservices, Inc.	-	-	2,924	2,924
APAC Teleservices, Inc.	63,160	-	8	63,168
Applied Systems, Inc.	51,122	-	21	51,143
BFC Gas Co . LC	-	-	5	5
Cargill Incorporated	-	-	-	-
Cargill Incorporated	-	-	11	11
Cedar Graphics, Inc.	-	-	8	8
Cedar Graphics, Inc.	-	-	3	3
Cedar River Paper Company	-	-	80	80
Cedar River Paper Company	-	-	127	127
Cedar River Paper Company	-	-	52	52
Cedarapids, Inc.	-	-	-	-
Centro, Inc	186,307	48,174	3,966	238,447
Centro, Inc.	-	-	15	15
Centro, Inc.	-	-	5	5
Civco Medical Instruments Co., Inc.	-	-	2	2
Civco Medical Instruments Co., Inc.	-	-	12	12
Communications Design corp	-	-	-	-
Cooper Tire & Rubber Company	-	23,310	1,919	25,229
Dieomatic, Inc. (Williamsburg)	-	-	11	11
Dieomatic, Inc. (Belle Plaine)	-	-	7	7
Dieomatic, Inc. (Belle Plaine)	266,500	54,390	4,478	325,368
Dieomatic, Inc. (Vicotor Mfg Div)	88,361	-	31	88,392
Dieomatic, Inc. (Williamsburg)	-	-	28	28
Dieomatic, Inc. (Williamsburg)	11,478	-	15	11,493
Dieomatic, Inc. (Williamsburg)	97,347	-	17	97,364
Edward Mendell Corp.	7,245	-	-	7,245
Engineered Building Design, L.C.	-	-	2	2
Engineered Building Design, L.C.	-	-	4	4
Fastek International, Ltd.	10,364	-	15	10,379
Freedom Group, Inc.	-	-	25	25
Freedom Group, Inc.	-	-	26	26
Frontier Cooperative Herbs	-	-	7	7

Retirement Costs		Current	Less Non-	Prior Period	Total	
Debt	Interest	Year	Budgeted	Budgeted	Budgeted	Budget
		Costs	Costs	Costs	Costs	
-	-	770	-	263,298	264,068	265,000
10,000	2,705	12,705	12,705	-	-	45,000
10,000	2,271	12,271	12,271	-	-	50,000
415,000	106,013	596,817	521,013	2,834,964	2,910,768	2,930,000
10,000	3,105	13,105	13,105	90,000	90,000	90,000
10,000	4,329	14,335	14,329	88,103	88,109	100,000
		2,311	-	92,688	94,999	95,000
-	-	2,924	-	86,102	89,026	90,000
40,000	1,870	105,038	41,870	35,303	98,471	170,000
45,000	16,288	112,431	61,288	252,517	303,660	435,000
10,000	6,093	16,098	16,093	105,354	105,359	115,000
10,000	2,318	12,318	12,318	55,466	55,466	60,000
10,000	10,832	20,843	20,832	30,371	30,382	185,000
15,000	4,555	19,563	19,555	121,797	121,805	125,000
5,000	2,862	7,865	7,862	8,208	8,211	50,000
240,000	66,860	306,940	306,860	1,451,232	1,451,312	1,485,000
250,000	95,468	345,595	345,468	2,018,380	2,018,507	2,120,000
90,000	32,811	122,863	122,811	833,091	833,143	855,000
130,000	58,037	188,037	188,037	939,414	939,414	1,400,000
-	7,746	246,193	7,746	-	238,447	310,000
25,000	11,013	36,028	36,013	235,862	235,877	260,000
10,000	3,105	13,110	13,105	82,822	82,827	85,000
5,000	1,339	6,341	6,339	34,249	34,251	35,000
20,000	8,935	28,947	28,935	192,787	192,799	210,000
5,000	2,276	7,276	7,276	48,542	48,542	55,000
-	3,742	28,971	3,742	-	25,229	150,000
20,000	8,711	28,722	28,711	208,908	208,919	220,000
10,000	2,494	12,501	12,494	87,076	87,083	90,000
-	8,708	334,076	8,708	-	325,368	350,000
65,000	31,438	184,830	96,438	384,673	473,065	540,000
60,000	27,993	88,021	87,993	261,076	261,104	480,000
30,000	11,792	53,285	41,792	246,213	257,706	280,000
30,000	19,611	146,975	49,611	223,461	320,825	375,000
-	-	7,245	-	605,138	612,383	625,000
5,000	2,393	7,395	7,393	14,379	14,381	40,000
10,000	2,606	12,610	12,606	66,765	66,769	70,000
25,000	11,009	46,388	36,009	232,965	243,344	265,000
65,000	15,778	80,803	80,778	429,524	429,549	440,000
45,000	20,175	65,201	65,175	424,695	424,721	465,000
20,000	4,610	24,617	24,610	97,501	97,508	120,000

Kirkwood Community College
Schedule of Costs Compared to Budget
Iowa Industrial New Jobs Training Program
Year ended June 30, 2002

Project Name	Project Costs			Subtotal
	Training and Wages	Admin-istration	Legal and Issue Costs	
Frontier Cooperative Herbs	-	-	9	9
Future Foam, Inc.	-	-	3	3
Genencor International, Inc.	-	-	-	-
General Electric Capital Corporation	-	-	38	38
General Mills Operations, Inc.	-	-	7	7
Government Employees Insurance Company	-	-	14	14
Government Employees Insurance Company	197,126	-	74	197,200
GreatAmerica Leasing Corporation	-	-	5	5
GreatAmerica Leasing Corporation	-	25,641	2,111	27,752
GreatAmerica Leasing Corporation	-	47,397	3,902	51,299
GreatAmerica Leasing Corporation	-	-	8	8
GreatAmerica Leasing Corporation	-	-	5	5
H. J. Heinz Company LP	33,980	13,986	1,151	49,117
Hawkeye Food Service Distribution, Inc.	59,447	-	9	59,456
Heartland, Inc.	-	-	-	-
Heinz Management Company	-	-	-	-
Heinz Management Company	-	-	-	-
Hupp Electric Motors, Inc.	-	-	-	-
IES Railcar Service Center	-	-	-	-
Image Media Group, Inc	-	23,310	1,912	25,222
Inlet Inc.	-	-	130	130
Integrated DNA Technologies, Inc	446,588	162,393	17,189	626,170
Iowa Glass Depot, Inc.	-	-	2	2
Iowa Glass Depot, Inc.	-	-	8	8
Iowa Mold and Engineering Inc.	-	-	5	5
Iowa Mold and Engineering, Inc.	-	-	3	3
Iowa Mold and Engineering, Inc.	-	-	1	1
J & A Printing, Inc	67,350	13,986	1,152	82,488
Jacobsen Warehouse	-	-	-	-
Jacobson Warehouse	-	-	-	-
Kalona Plastics, Inc.	216	-	20	236
Klein Tools, Incorporated	-	-	3	3
Langer Mfg.	9,082	-	-	9,082
Life Investors Insurance Company of America	310,537	-	46	310,583
Life Investors Insurance Company of America	51,214	-	108	51,322
Life Investors Insurance Company of America	581,702	238,539	19,639	839,880
Linkusa Corporation	-	-	6,498	6,498
Livewares, Inc	-	-	72	72

Retirement Costs		Current	Less Non-	Prior Period	Total	
Debt	Interest	Year	Budgeted	Budgeted	Budgeted	Budget
		Costs	Costs	Costs	Costs	
15,000	3,204	18,213	18,204	116,101	116,110	120,000
5,000	1,709	6,712	6,709	48,836	48,839	50,000
15,000	3,828	18,828	18,828	140,000	140,000	140,000
75,000	38,935	113,973	113,935	109,991	110,029	670,000
15,000	8,328	23,335	23,328	142,322	142,329	155,000
30,000	11,181	41,195	41,181	272,536	272,550	285,000
125,000	54,416	376,616	179,416	861,468	1,058,668	1,280,000
10,000	4,278	14,283	14,278	88,754	88,759	110,000
-	3,963	31,715	3,963	-	27,752	165,000
-	7,573	58,872	7,573	-	51,299	305,000
15,000	6,151	21,159	21,151	96,432	96,440	140,000
10,000	2,710	12,715	12,710	66,048	66,053	75,000
-	2,190	51,307	2,190	-	49,117	90,000
20,000	8,908	88,364	28,908	82,799	142,255	155,000
25,000	5,763	30,763	30,763	82,814	82,814	180,000
-	612	612	612	-	-	10,000
-	560	560	560	-	-	10,000
35,000	15,080	50,080	50,080	197,762	197,762	355,000
5,000	1,153	6,153	6,153	31,828	31,828	40,000
-	3,760	28,982	3,760	-	25,222	150,000
10,000	4,360	14,490	14,360	104,498	104,628	110,000
-	25,963	652,133	25,963	-	626,170	1,045,000
5,000	1,219	6,221	6,219	44,102	44,104	45,000
15,000	6,675	21,683	21,675	127,863	127,871	145,000
10,000	3,965	13,970	13,965	95,588	95,593	100,000
5,000	1,405	6,408	6,405	43,537	43,540	45,000
5,000	1,001	6,002	6,001	18,361	18,362	20,000
-	2,219	84,707	2,219	-	82,488	90,000
10,000	1,180	11,180	11,180	10,119	10,119	40,000
5,000	1,153	6,153	6,153	24,582	24,582	35,000
5,000	19,870	25,106	24,870	174,084	174,320	345,000
5,000	3,784	8,787	8,784	59,538	59,541	75,000
-	-	9,082	-	64,820	73,902	75,000
65,000	31,846	407,429	96,846	447,432	758,015	775,000
250,000	109,237	410,559	359,237	1,014,795	1,066,117	1,875,000
-	38,138	878,018	38,138	-	839,880	1,535,000
25,000	5,383	36,881	30,383	193,502	200,000	200,000
5,000	2,505	7,577	7,505	30,991	31,063	60,000

Kirkwood Community College
Schedule of Costs Compared to Budget
Iowa Industrial New Jobs Training Program
Year ended June 30, 2002

Project Name	Project Costs			Subtotal
	Training and Wages	Admin-istration	Legal and Issue Costs	
Manufacturing Specialties, Inc.	-	-	4	4
Manufacturing Specialties, Inc.	-	-	2	2
Manufacturing Specialties, Inc.	-	-	7	7
McLeod USA Network Services, Inc.	-	-	2,962	2,962
McLeod USA Network Services, Inc.	-	-	1,070	1,070
McLeod USA Network Services, Inc.	-	-	42	42
McLeod USA Network Services, Inc.	-	-	467	467
McLeod USA Network Services, Inc.	-	-	454	454
McLeod USA Publishing Co.	-	-	276	276
McLeod USA Publishing Co.	-	-	764	764
McLeod USA Publishing Company	-	-	812	812
McLeod USA Telecommunications Services, Inc.	-	-	311	311
McLeod USA Telecommunications Services, Inc.	-	-	2,010	2,010
McLeod USA Telecommunications Services, Inc.	-	-	113	113
McLeod USA Telecommunications Services, Inc.	-	-	12	12
McLeod USA Telemanagement, Inc.	-	-	514	514
McLeod USA Telemanagement, Inc.	-	-	2,747	2,747
McLeod USA, Inc.	-	-	90	90
McLeod USA, Inc.	-	-	394	394
McLeod USA, Inc.	-	-	743	743
Modine Manufacturing Company	5,120	-	7	5,127
Moore Business Forms	-	-	-	-
National Computer Systems, Inc.	-	-	126	126
National Computer Systems, Inc.	95,868	-	15	95,883
National Computer Systems, Inc.	821,985	-	131	822,116
Neon Light Co., Inc.	-	-	-	-
Neural Applications	51,994	-	1,000	52,994
Noel Levitz Centers, Inc.	-	-	5	5
Nordstrom, Inc.	24,414	-	62	24,476
Nordstrom.Com, LLC	62,602	-	12	62,614
North Liberty Plastics, Inc.	-	-	7	7
Oakdale Systems, Inc.	-	-	-	-
Oral B Laboratories	256,041	-	-	256,041
Parsons Technology, Inc.	-	-	-	-
Parsons Technology, Inc.	-	-	-	-
Parsons Technology, Inc.	-	-	-	-

Retirement Costs		Current	Less Non-	Prior Period	Total	
Debt	Interest	Year	Budgeted	Budgeted	Budgeted	Budget
		Costs	Costs	Costs	Costs	
10,000	3,818	13,822	13,818	42,829	42,833	90,000
5,000	1,153	6,155	6,153	33,000	33,002	35,000
10,000	4,267	14,274	14,267	71,436	71,443	120,000
225,000	134,406	362,368	359,406	1,704,111	1,707,073	2,505,000
80,000	48,343	129,413	128,343	487,662	488,732	905,000
5,000	1,153	6,195	6,153	34,147	34,189	35,000
40,000	13,386	53,853	53,386	380,006	380,473	390,000
50,000	22,110	72,564	72,110	62,383	62,837	380,000
25,000	7,978	33,254	32,978	162,867	163,143	230,000
65,000	24,871	90,635	89,871	372,592	373,356	645,000
80,000	39,650	120,462	119,650	111,633	112,445	680,000
25,000	8,880	34,191	33,880	253,337	253,648	260,000
150,000	91,451	243,461	241,451	1,543,927	1,545,937	1,700,000
10,000	5,497	15,610	15,497	15,596	15,709	95,000
-	795	807	795	9,758	9,770	10,000
55,000	13,078	68,592	68,078	419,539	420,053	430,000
250,000	82,800	335,547	332,800	2,237,040	2,239,787	2,295,000
10,000	2,305	12,395	12,305	73,176	73,266	75,000
45,000	19,148	64,542	64,148	54,175	54,569	330,000
60,000	21,700	82,443	81,700	604,112	604,855	620,000
10,000	4,125	19,252	14,125	98,968	104,095	120,000
55,000	13,078	68,078	68,078	395,240	395,240	405,000
185,000	39,450	224,576	224,450	1,586,819	1,586,945	1,640,000
25,000	11,007	131,890	36,007	44,529	140,412	265,000
400,000	135,988	1,358,104	535,988	375,118	1,197,234	2,285,000
10,000	2,428	12,428	12,428	70,000	70,000	70,000
25,000	6,163	84,157	31,163	143,255	196,249	200,000
15,000	3,063	18,068	18,063	92,739	92,744	95,000
135,000	50,584	210,060	185,584	1,214,539	1,239,015	1,295,000
40,000	12,033	114,647	52,033	110,711	173,325	205,000
10,000	4,267	14,274	14,267	116,925	116,932	120,000
10,000	4,369	14,369	14,369	63,965	63,965	80,000
-	-	256,041	-	691,115	947,156	2,340,000
20,000	5,010	25,010	25,010	146,489	146,489	155,000
65,000	17,274	82,274	82,274	415,890	415,890	560,000
80,000	26,824	106,824	106,824	162,072	162,072	750,000

Kirkwood Community College
Schedule of Costs Compared to Budget
Iowa Industrial New Jobs Training Program
Year ended June 30, 2002

Project Name	Project Costs			Subtotal
	Training and Wages	Admin-istration	Legal and Issue Costs	
Personal Safety Corporation	-	-	-	-
Pickwick Company	-	-	-	-
Pickwick Company	-	-	-	-
PMX Industries, Inc.	-	-	23	23
PMX Industries, Inc.	-	-	34	34
Power-Lift, Inc.	-	-	-	-
Pride of Iowa Ltd	-	-	-	-
Protek Medical Products, Inc.	13,100	-	3	13,103
Quaker Oats Company	338,900	69,153	5,693	413,746
Quality Chef Foods, Inc.	17,577	-	7	17,584
Quality Chef Foods, Inc.	48,160	-	24	48,184
Reinhart Food Service, Inc.	-	-	42	42
Rexam Release, Inc.	-	-	-	-
Sadler Machine Co., Inc.	-	-	14	14
Samson Enterprises, Inc.	-	-	-	-
Sand Communications, Inc	23,502	10,101	832	34,435
Sauer-Danfoss (US) Company	201,195	95,571	7,868	304,634
Sauer-Sundstrand Co.	7,737	-	10	7,747
Source Data Systems	-	-	-	-
Souvenir Inc.	-	-	-	-
Stamats Communications, Inc.	19,528	-	9	19,537
Starter Galt Inc.	-	-	-	-
Sunrise Energy Cooperative	-	-	7	7
The Neon Light Co., Inc d/b/a Sign Pro	-	-	4	4
Thermco Industries, Inc..	-	-	-	-
Total Communications Services	-	-	-	-
Toyota Motor Credit Corp.	-	-	4	4
Toyota Motor Credit Corp.	-	-	19	19
Toyota Motor Credit Corp.	136,744	-	33	136,777
Toyota Motor Credit Corp.	14,337	-	27	14,364
United States Cellular Corporation	-	-	12	12
Urosurge, Inc.	-	-	-	-
Wagner Enterprises	-	-	751	751
Washington Manufacturing Company, Inc.	-	-	2	2
	<u>\$ 4,753,582</u>	<u>825,951</u>	<u>101,764</u>	<u>5,681,297</u>

See accompanying independent auditor's report.

Retirement Costs		Current	Less Non-	Prior Period	Total	
Debt	Interest	Year	Budgeted	Budgeted	Budgeted	Budget
		Costs	Costs	Costs	Costs	
5,000	1,153	6,153	6,153	10,825	10,825	20,000
10,000	2,180	12,180	12,180	73,830	73,830	80,000
5,000	2,312	7,312	7,312	21,292	21,292	40,000
35,000	8,122	43,145	43,122	290,252	290,275	300,000
65,000	34,420	99,454	99,420	96,858	96,892	590,000
5,000	3,038	8,038	8,038	27,981	27,981	75,000
10,000	2,948	12,948	12,948	48,279	48,279	75,000
5,000	2,560	20,663	7,560	26,534	39,637	60,000
-	11,018	424,764	11,018	-	413,746	445,000
10,000	1,817	29,401	11,817	69,499	87,083	90,000
35,000	18,674	101,858	53,674	141,689	189,873	415,000
90,000	42,213	132,255	132,213	393,888	393,930	725,000
20,000	6,579	26,579	26,579	195,000	195,000	195,000
20,000	5,478	25,492	25,478	123,728	123,742	195,000
5,000	3,134	8,134	8,134	31,683	31,683	60,000
-	1,628	36,063	1,628	-	34,435	65,000
-	15,258	319,892	15,258	-	304,634	615,000
20,000	8,396	36,143	28,396	191,888	199,635	215,000
15,000	3,858	18,858	18,858	56,700	56,700	130,000
65,000	22,283	87,283	87,283	594,238	594,238	610,000
20,000	8,950	48,487	28,950	121,167	140,704	155,000
20,000	7,073	27,073	27,073	109,692	109,692	190,000
10,000	8,672	18,679	18,672	84,079	84,086	150,000
10,000	3,813	13,817	13,813	78,611	78,615	90,000
15,000	3,858	18,858	18,858	85,308	85,308	100,000
5,000	1,519	6,519	6,519	13,384	13,384	55,000
5,000	1,210	6,214	6,210	48,375	48,379	50,000
40,000	15,694	55,713	55,694	386,598	386,617	405,000
50,000	23,631	210,408	73,631	381,197	517,974	565,000
55,000	31,930	101,294	86,930	101,496	115,860	600,000
25,000	14,313	39,325	39,313	44,825	44,837	265,000
5,000	1,340	6,340	6,340	42,917	42,917	50,000
-	-	751	-	69,249	70,000	70,000
5,000	1,948	6,950	6,948	5,923	5,925	35,000
5,540,000	2,269,568	13,490,865	7,809,568	36,343,112	42,024,409	57,425,000

Schedule 11

Kirkwood Community College
Schedule of Credit and Contact Hours
Year ended June 30, 2002

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts & Sciences	169,245	-	169,245	3,196,714	-	3,196,714
Vocational Preparatory	113,352	-	113,352	2,503,651	-	2,503,651
Adult Education	-	-	-	1,474,839	262,580	1,737,419
Cooperative programs/services	-	-	-	-	49,549	49,549
Related Services and Activities	-	-	-	-	37,320	37,320
Total	<u>282,597</u>	-	<u>282,597</u>	<u>7,175,204</u>	<u>349,449</u>	<u>7,524,653</u>

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Warren G. Jenkins, CPA
Chief Deputy Auditor of State

**Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting**

To the Board of Directors of
Kirkwood Community College:

We have audited the accompanying general purpose financial statements of Kirkwood Community College, Cedar Rapids, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 26, 2002. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Kirkwood Community College's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the Community College's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the Community 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. The prior year statutory comment has been repeated as item IV-B-02.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kirkwood Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials and employees of Kirkwood Community College, citizens of the State of Iowa and other parties to whom Kirkwood Community College may report. 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.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 26, 2002



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Warren G. Jenkins, CPA
Chief Deputy Auditor of State

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over Compliance**

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 the 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, 2002. Kirkwood Community College's major federal programs are identified in the Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants 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, Chapter 11 of the Code of Iowa, 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 provisions 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 that 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, 2002.

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 grants 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. The prior year reportable condition has been resolved.

This report, a public record by law, is intended solely for the information and use of the officials and employees of Kirkwood Community College, citizens of the State of Iowa 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.

RICHARD D. JOHNSON, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 26, 2002

Kirkwood Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

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 disclosed.
- (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 disclosed.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any 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:
 - CFDA Number 47.076 – Education and Human Resources
 - Student Financial Aid – Cluster:
 - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grants (FSEOG)
 - CFDA Number 84.033 – Federal Work-Study Program (FWS)
 - CFDA Number 84.063 – Federal Pell Grant Program
 - CFDA Number 84.268 – Federal Direct Loan
 - Special Programs for the Aging Cluster
 - CFDA Number 93.044 – Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers
 - CFDA Number 93.045 – Special Programs for the Aging – Title III, Part C – Nutrition Services
 - CFDA Number 93.142 – NIEHS Hazardous Waste Worker Health and Safety Training
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$479,000.
- (i) Kirkwood Community College did not qualify as a low-risk auditee.

Kirkwood Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over compliance were identified.

Kirkwood Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-02 Official Depositories - Official depositories have been adopted by the Board. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2002.

IV-B-02 Certified Budget - Expenditures during the year ended June 30, 2002, exceeded the amount budgeted in the Plant Fund prior to a budget amendment being filed on June 18, 2002. In addition, in accordance with Chapter 24.9 of the Code of Iowa, the budget amendment could have been void if properly appealed since it was filed after May 31 of the fiscal year.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures exceeded the amount budgeted.

Response - Kirkwood Community College concurs with the Auditor's recommendation.

Conclusion - Response accepted.

IV-C-02 Questionable Expenditures - No expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-02 Travel Expense - No expenditures of Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.

IV-E-02 Business Transactions - No business transactions between the Community College and Community College officials or employees were noted.

IV-F-02 Bond Coverage - Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-G-02 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-H-02 Publication - The Community College published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.

IV-I-02 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Community College's investment policy were noted.

Kirkwood Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

IV-J-02 Credit and Contact Hours - The Iowa Department of Education has established guidelines and restrictions regarding the calculating and reporting of credit and contact hours. Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College. However, two instances were identified where contact hours were overstated by a total of 16.9 hours and two instances were identified where contact hours were understated by 2.5 hours.

Recommendation - The Community College should review calculations of contact hours to ensure they are accurate and that they abide by the guidelines and restrictions established by the Iowa Department of Education.

Response - Kirkwood Community College concurs with the Auditor's recommendation.

Conclusion - Response accepted.

Kirkwood Community College

Staff

This audit was performed by:

Tamera S. Kusian, CPA, Director
Travis J. Davis, CPA, Senior Auditor
Timothy D. Houlette, CPA, Senior Auditor
Beth A. Wichtendahl, CPA, Staff Auditor
Tammy A. Wolterman, Staff Auditor
Jason R. Matter, Staff Auditor
Scott D. Bantz, Assistant Auditor
Nicole B. Tenges, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State