



**Financial and Compliance Report
June 30, 2015**

**KIRKWOOD COMMUNITY COLLEGE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2015**

OFFICIALS	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	12
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	14
STATEMENT OF CASH FLOWS	16
STATEMENT OF NET POSITION/NET ASSETS – DISCRETELY PRESENTED COMPONENT UNITS	18
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION/NET ASSETS – DISCRETELY PRESENTED COMPONENT UNITS	19
NOTES TO BASIC FINANCIAL STATEMENTS	20
REQUIRED SUPPLEMENTARY INFORMATION	43
SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES, BUDGET AND ACTUAL	45
NOTE TO BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES	46
SCHEDULE OF NET POSITION – ALL FUNDS	47
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION – ALL FUNDS	51
UNRESTRICTED CURRENT FUNDS, EDUCATION AND SUPPORT	53
UNRESTRICTED CURRENT FUNDS, AUXILIARY ENTERPRISES	55
RESTRICTED CURRENT FUNDS	57
SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS, AGENCY FUNDS	59
NOTE TO OTHER SUPPLEMENTARY INFORMATION	61

**KIRKWOOD COMMUNITY COLLEGE
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

SCHEDULE OF CREDIT AND CONTACT HOUR ENROLLMENT	62
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES	63
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION	65
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	67
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	69
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	70
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE	72
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	75

**KIRKWOOD COMMUNITY COLLEGE
OFFICIALS
JUNE 30, 2015**

Name	Title	Term Expires
Board of Trustees		
Dr. Lois Bartelme	President	2017
James Mollenhauer	Vice President	2017
Tracy Pearson	Member	2015
John Swanson	Member	2017
Dr. Keith Stamp	Member	2017
Joel Thys	Member	2017
Karen Gorham	Member	2015
John Hall	Member	2015
Marcia Rogers	Member	2015
Community College		
Dr. Mick Starcevich	President	
Jim Choate	Board Treasurer, V.P. and Chief Financial/Operating Officer	
Sheryl Cook	Board Secretary	
Kris Riley	Executive Director of Finance	

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Kirkwood Community College
Cedar Rapids, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Kirkwood Community College, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Kirkwood Community College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Kirkwood Community College Foundation.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kirkwood Community College as of June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During fiscal year ended June 30, 2015, the College adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and the related GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. As a result of the implementation of these standards, the College reported a restatement for the change in accounting principle (see Note 16.) Our auditors' opinion was not modified with respect to the restatement.

As discussed in Note 1 to the financial statements, management has elected to change its policy for recognition of the administrative fees it receives on the New Jobs Training Program (NJTP) in excess of actual expenditures. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 11, statement of net position/net assets – discretely presented component units on page 18, statement of revenues, expenses, and changes in net position/net assets discretely presented component units and postretirement medical benefit plan schedule of funding progress on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kirkwood Community College's basic financial statements. The accompanying statements and schedules listed on the table of contents as supplementary information, and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Board of Trustees
Kirkwood Community College

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Credit and Contact Hour Enrollment, Schedule of Tax and Intergovernmental Revenues and Schedule of Current Fund Revenues by Source and Expenditures by Function have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 on our consideration of Kirkwood Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kirkwood Community College's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 19, 2015

**KIRKWOOD COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Management Discussion and Analysis

Kirkwood Community College (the College) provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

Kirkwood Community College is a public comprehensive community college district established by Iowa Code 260C.1 in 1966 that encompasses all or part of 7 counties serving a population base of nearly a half million people. The College is governed by a nine-member Board of Trustees whose members are elected to staggered four year terms within each trustee's district. The College serves approximately 15,000 FTE credit students and approximately 75,000 non-credit participants. In addition to the main campus in Cedar Rapids, the College operates a campus in Iowa City, regional sites in the counties of Jones, Linn, Washington and Johnson, and additional sites in Cedar, Benton and Iowa counties.

USING THIS ANNUAL REPORT

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

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

The Basic Financial Statements consist of a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances. The financial statements of Kirkwood Community College's two foundations are discretely presented in these financial statements. Since the assets are the exclusive property of the foundations and do not belong to the College, a discussion of these assets is not included in this Analysis.

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

Required supplementary information further explains and supports the financial statements with funding progress of the College's post-employment medical benefit programs.

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

Other Information provides detailed information on credit and contact hours enrollment, tax and intergovernmental revenue and current fund revenue by source and expenditures by function.

**KIRKWOOD COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

2015 FINANCIAL HIGHLIGHTS AND ECONOMIC INDICATORS

Kirkwood Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Financial highlights of 2015 and some of the realities which may potentially become challenges for the College to meet are:

- ◆ State funding levels of State General Aid continue to be a significant uncertainty as to future levels. State General Aid for FY16 was frozen at FY15 levels.
- ◆ Local unemployment in the service area of the college continues to be extremely strong at less than 4%. With the high level of employment, the college had an approximate 6% reduction in credit hours for FY15 bringing total credit hour levels to those pre-flood of 2008. The college planned for this reduction and offset the impact through operating efficiencies.
- ◆ High local employment and shortages in certain skill disciplines are putting pressure on select wage levels. The college is actively working on recruitment and retention strategies to address specific needs.
- ◆ There have not been any significant new or dislocated companies within our service area and property tax valuations continue to increase at acceptable levels.
- ◆ The third and fourth regional centers were completed in Washington and Johnson counties with Washington opening in August of 2014 and Johnson opening in August of 2015. At this time no more regional centers are in development.

The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Position

The detailed Statement of Net Position as of June 30, 2015 can be found at pages 12 and 13 of this report. The Statement of Net Position presents financial information on all of the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources and net position. Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net position. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets which can be used to satisfy those liabilities.

**KIRKWOOD COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

	June 30,	
	2015	2014
Current and other assets	\$ 119,896,669	\$ 121,662,850
Capital assets, net of accumulated depreciation	210,367,069	214,368,062
Deferred outflows of resources	2,119,589	-
Total assets and deferred outflows of resources	332,383,327	336,030,912
Current liabilities	42,385,975	56,888,981
Noncurrent liabilities	149,436,479	135,686,239
Deferred inflows of resources	26,706,444	21,896,019
Total liabilities an deferred inflows of resources	218,528,898	214,471,239
Net position:		
Net investment in capital assets	123,358,545	126,519,786
Restricted	10,908,128	13,040,896
Unrestricted	(20,412,244)	(18,001,009)
Total net position	\$ 113,854,429	\$ 121,559,673

Statement of Revenues, Expenses and Changes in Net Position

The detailed Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2015 can be found at pages 14 and 15 of this report. Changes in total net position presented in the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned by the College, both operating and non-operating, the expenses incurred by the College, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

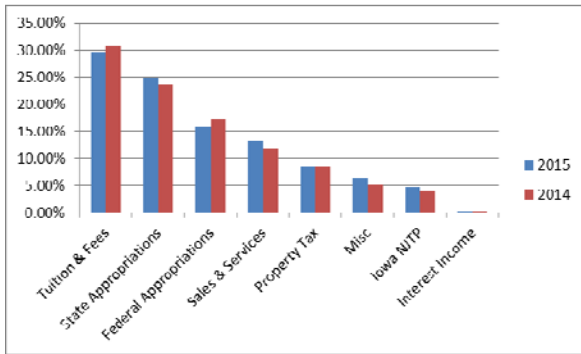
In general, a public college, such as Kirkwood Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and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

**KIRKWOOD COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

	2015	2014
Operating revenues:		
Tuition and fees, net	\$ 23,965,365	\$ 23,840,061
Federal appropriations	25,925,125	27,543,181
Sales and services	1,409,186	1,879,181
Iowa Industrial New Jobs Training Program	7,912,423	6,189,122
Auxiliary enterprises	21,224,389	17,856,382
Miscellaneous	4,953,897	4,276,396
Total operating revenues	85,390,385	81,584,323
Total operating expenses	143,014,618	136,926,368
Operating loss	(57,624,233)	(55,342,045)
Nonoperating revenues(expenses):		
State appropriations	41,012,999	37,953,646
Property tax	22,941,271	22,045,940
Interest income on investments	695,177	146,451
Interest income (loss) on student loans	(11,286)	15,790
Net contributions and expense reimbursements from Kirkwood Community College Foundation and Kirkwood Facilities Foundation	1,338,717	1,316,167
Gain on disposal of capital assets	360,324	1,419,554
Interest expense	(3,962,746)	(3,073,524)
Miscellaneous	827,788	-
Net nonoperating revenues	63,202,244	59,824,024
Transfers to agency fund	(185,890)	(195,795)
Increase in net position	5,392,121	4,286,184
Net position:		
Beginning	121,559,673	117,273,489
Cumulative effect of change in accounting principle	(13,097,365)	-
Beginning, as restated	108,462,308	117,273,489
Ending	\$ 113,854,429	\$ 121,559,673

**KIRKWOOD COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year, with an increase in net position at the end of the fiscal year. The graph and schedule below represent the total revenues and expenses from the unrestricted, restricted and auxiliary funds. The graph represents the percent of each revenue and expense component compared to total revenues and expenses.

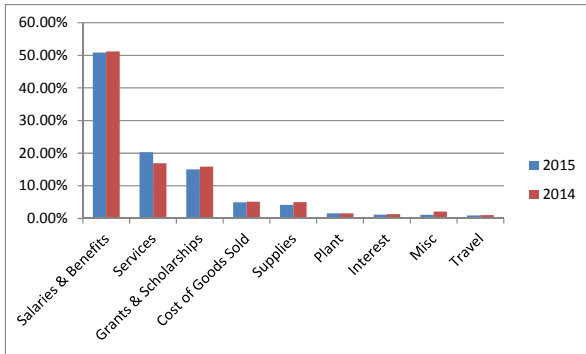


	2015	2014	Chg \$	Chg %
Tuition & Fees	\$ 48,593,786	\$ 48,993,853	\$ (400,067)	(0.82%)
State Appropriations	40,612,999	37,520,312	3,092,687	8.24%
Federal Appropriations	25,925,125	27,543,181	(1,618,056)	(5.87%)
Sales & Services	21,743,134	18,688,994	3,054,140	16.34%
Property Tax	13,969,720	13,527,840	441,880	3.27%
Misc	10,150,651	8,299,606	1,851,045	22.30%
Iowa NJTP	7,912,423	6,189,122	1,723,301	27.84%
Interest Income	24,721	40,035	(15,314)	(38.25%)
	<u>\$ 168,932,559</u>	<u>\$ 160,802,943</u>	<u>\$ 8,129,616</u>	<u>5.06%</u>

In fiscal year 2015, total revenues increased approximately \$8,100,000 (5.1%). The increase was primarily a result of the following:

- ◆ State appropriations increased by \$3.1 million which was partially offset by reduced Tuition and Federal Financial Aid revenues received by students of \$1.6 million.
- ◆ Sales and services revenue increase of \$3.1 million is due to a change in revenue recognition related to the Iowa New Jobs Training Program of approximately \$3.4 million, which is described in Note 1 of the financial statements on page 24. This amount is slightly offset by lower retail operation sales.
- ◆ Miscellaneous revenues increased primarily due to planned higher Operating Equipment Protection Insurance.
- ◆ The Iowa NJTP Bond sale increased over the prior year resulting in \$1.7 million additional training funds.

**KIRKWOOD COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**



	2015	2014	Chg \$	Chg %
Salaries & Benefits	\$ 83,097,179	\$ 81,121,401	\$ 1,975,778	2.44%
Services	33,190,750	26,798,920	6,391,830	23.85%
Grants & Scholarships	24,628,346	25,153,792	(525,446)	(2.09%)
Cost of Goods Sold	8,077,682	8,156,272	(78,590)	(0.96%)
Supplies	6,794,265	7,897,135	(1,102,870)	(13.97%)
Plant	2,491,189	2,448,135	43,054	1.76%
Interest	1,917,686	2,086,959	(169,273)	(8.11%)
Misc	1,850,749	3,243,699	(1,392,950)	(42.94%)
Travel	1,515,422	1,602,234	(86,812)	(5.42%)
	<u>\$ 163,563,268</u>	<u>\$ 158,508,547</u>	<u>\$ 5,054,721</u>	<u>3.19%</u>

In fiscal year 2015, total expenses increased approximately \$5,100,000 (3.2%). The increase was primarily a result of the following:

- ◆ Salaries increase for FY 15 was 4% which was offset by early retirements and staffing optimization netting a 2.4% increase.
- ◆ Services increased by \$6.4 million due to increased Iowa NJTP services and planned increases in Operating Equipment Protection Insurance items.
- ◆ Supplies and Miscellaneous are lower due to various items that were covered under the Operating Equipment Protection Insurance and recorded in Services for the current year.

Statement of Cash Flows

The detailed Statement of Cash Flows for the year ended June 30, 2015 can be found at pages 16 and 17 of this report. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital and related financing and investing activities.

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

Unrestricted cash increased for the year ended June 30, 2015 by \$2,081,178.

**KIRKWOOD COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the College had approximately \$210.4 million invested in capital assets, net of accumulated depreciation/amortization of approximately \$106.4 million.

Depreciation expense/amortization totaled \$10,182,423 for fiscal year 2015. Details of capital assets are shown in Note 4 to the financial statements.

Planned capital expenditures for the fiscal year ending June 30, 2016 and beyond includes the maintenance and major mechanical replacements on older College facilities.

Debt

At June 30, 2015, the College had approximately \$147.0 million of debt outstanding excluding early retirement payable, compensated absences and other post-employment benefits, a decrease of \$7.7 million from June 30, 2014. More detailed information about the College's outstanding debt is presented in Notes 5 to the financial statements.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Kirkwood Community College, 6301 Kirkwood Blvd SW, Cedar Rapids, Iowa 52404.

**KIRKWOOD COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS	<u>Primary Government</u>	<u>Component Units</u>
CURRENT ASSETS		
Cash and Investments	\$ 68,387,840	\$ 950,564
Receivables:		
Accounts, Net of Allowance for Uncollectible Accounts of \$9,714,597	3,956,891	9,790
Property Taxes, Succeeding Year	22,599,593	-
Pledges, Net of Allowance for Doubtful Pledges of \$6,000	-	406,205
Due from Component Units	925,507	-
Due from Other Governments	2,420,427	-
Inventories	2,818,644	-
Prepaid Expense	866,132	14,265
Total Current Assets	<u>101,975,034</u>	<u>1,380,824</u>
NONCURRENT ASSETS		
Receivables, Iowa Industrial New Jobs Training Program	12,015,943	-
Pledges, Net of Allowance for Doubtful Pledges	-	311,523
Investments, Unrestricted	-	29,047,084
Investments, Restricted	2,735,362	-
Cash Value of Life Insurance	-	254,029
Other Long-Term Assets	3,170,330	405,087
Capital Assets, Nondepreciable	6,646,324	1,032,565
Capital Assets, Depreciable, Net	203,720,745	-
Total Noncurrent Assets	<u>228,288,704</u>	<u>31,050,288</u>
Total Assets	330,263,738	32,431,112
DEFERRED OUTFLOWS OF RESOURCES, PENSION RELATED DEFERRED OUTFLOWS		
	<u>2,119,589</u>	-
Total Assets and Deferred Outflows of Resources	<u><u>\$ 332,383,327</u></u>	<u><u>\$ 32,431,112</u></u>

See accompanying Notes to Basic Financial Statements.

KIRKWOOD COMMUNITY COLLEGE
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2015

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Primary Government	Component Units
CURRENT LIABILITIES		
Accounts Payable	\$ 4,870,185	\$ 23,370
Salaries and Benefits Payable	7,311,567	-
Due to Primary Government	-	717,134
Annuities Payable	-	32,700
Interest Payable	766,029	-
Unearned Revenue	4,496,752	77,874
Early Retirement Payable	797,962	-
Compensated Absences	2,133,091	-
Current Portion Certificates Payable	4,940,000	-
Current Portion Notes Payable	11,490,384	-
Current Portion Bonds Payable	4,675,000	-
Current Portion Certificates of Participation	525,000	-
Deposits Held in Custody for Others	380,005	-
Total Current Liabilities	42,385,975	851,078
NONCURRENT LIABILITIES		
Annuities Payable	-	112,700
Other Long-Term Liabilities	1,370,342	-
OPEB Payable	9,631,636	-
Net Pension Liability	10,282,317	-
Certificates Payable	33,220,000	-
Notes Payable	56,541,492	-
Bonds Payable	11,620,000	-
Certificates of Participation	23,940,000	-
Bond Premium	2,918,594	-
Bond Discount	(87,902)	-
Total Noncurrent Liabilities	149,436,479	112,700
Total Liabilities	191,822,454	963,778
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	22,599,595	-
Pension Related Deferred Inflows	4,106,849	-
Total Deferred Inflows of Resources	26,706,444	-
NET POSITION		
Net Investment in Capital Assets	123,358,545	1,032,565
Temporarily Restricted	-	1,094,663
Restricted:		
Expendable:		
Cash Reserve	621,989	-
New Jobs Training Program	893,658	-
Employee Benefits	7,214,001	-
Equipment Replacement	533,042	-
Other	1,645,438	-
Unrestricted:		
Unrestricted (Deficit)	(20,412,244)	2,710,189
Unrestricted, Board Designated	-	1,822,152
Unrestricted, Donor Advised	-	24,807,765
Total Net Position	113,854,429	31,467,334
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 332,383,327	\$ 32,431,112

See accompanying Notes to Basic Financial Statements.

KIRKWOOD COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2015

	Primary Government	Component Units
REVENUES		
Operating Revenues:		
Tuition and Fees, Net of Scholarship Allowances of \$24,628,421	\$ 23,965,365	\$ -
Federal Appropriations	25,925,125	-
Sales and Services	1,409,186	-
Iowa Industrial New Jobs Training Program	7,912,423	-
Auxiliary Enterprises	21,224,389	-
Contributions, including In-Kind Contributions of \$115,877	-	1,492,524
Rental Income and Facility Management	-	318,828
Royalties and Commission	-	92,045
Contributions from Primary Government	-	1,841,466
Miscellaneous	4,953,897	27,321
Total Operating Revenues	85,390,385	3,772,184
EXPENSES		
Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences	24,342,728	-
Vocational Technical	21,900,333	-
Adult Education	11,395,625	-
Cooperative Services	9,396,028	-
Administration	14,126,604	-
Student Services	5,905,618	-
Learning Resources	1,866,407	-
Physical Plant	9,195,713	-
General Institution	19,217,714	-
Auxiliary Enterprises	17,487,728	-
Loan Cancellations and Bad Debts, Net of Recoveries	(2,004,644)	-
Administrative and Collection Costs	2,339	-
Distributions to Kirkwood Community College	-	2,532,899
Facility Operations	-	35,207
Program Services	-	434,397
Management and General	-	954,545
Fundraising	-	106,186
Depreciation	10,182,423	2,790
Total Operating Expenses	143,014,616	4,066,024
OPERATING LOSS	(57,624,231)	(293,840)

See accompanying Notes to Basic Financial Statements.

KIRKWOOD COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2015

	Primary Government	Component Units
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	41,012,999	-
Property Tax	22,941,271	-
Investment Income	695,177	218,980
Actuarial Adjustment of Annuities Payable	-	(23,764)
Interest Income on Student Loans	(11,286)	-
Gifts from Component Units	3,215,039	-
Rent from Primary Government	-	34,856
Gift to Affiliates	-	(12,756)
Contributions to Component Units	(1,876,322)	-
Gain on Sale of Capital Assets	360,324	-
Contributions to Other Non-Profit Entities	-	(71,817)
Interest Expense	(3,962,746)	-
Pension Expense	827,788	-
Release from Temporarily Restricted	-	406,857
Net Nonoperating Revenues	63,202,244	552,356
TRANSFERS TO AGENCY FUND	(185,890)	-
SUPPORT AND REVENUES - TEMPORARILY RESTRICTED		
Contributions, Pledges and Cash, Net	-	108,030
Release from Restriction	-	(406,857)
Total Temporarily Restricted Support and Revenues	-	(298,827)
CHANGE IN NET POSITION	5,392,123	557,343
NET POSITION		
Beginning	108,462,306	31,507,645
Ending	\$ 113,854,429	\$ 32,064,988

See accompanying Notes to Basic Financial Statements.

**KIRKWOOD COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015**

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	\$ 24,275,872
Federal Appropriations	26,136,866
Iowa Industrial New Jobs Training Program	6,577,699
Payments to Employees for Salaries and Benefits	(89,020,020)
Payments to Suppliers for Goods and Services	(56,977,521)
Payments to Subrecipients	(1,432,732)
Loans Issued, Net of Collections of Loans from Students	2,002,305
Auxiliary Enterprise Receipts	21,224,389
Other Receipts/Payments	16,043,690
Net Cash Used in Operating Activities	(51,169,452)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	41,012,999
Property Tax	22,941,271
Federal Direct Lending Receipts	34,180,978
Federal Direct Lending Disbursements	(34,180,978)
Contributions and Rent Paid to Component Units	1,876,322
Gifts from Component Units	3,099,162
Interest Expense on Student Loans	(11,286)
Proceeds from Certificates Payable	13,585,000
Principal Paid on Certificates Payable	(6,690,000)
Interest Paid on Certificates Payable	(942,548)
Transfers to Agency Fund	(185,878)
Agency Receipts	2,410,278
Agency Disbursements	(2,515,459)
Net Cash Provided by Noncapital Financing Activities	74,579,861
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(9,764,116)
Interest Capitalized	(955,214)
Proceeds from Sale of Capital Assets	3,227,280
Debt Issued	3,846,099
Bond Premiums	2,918,594
Principal Paid on Debt	(18,499,188)
Interest Paid on Debt	(3,020,198)
Net Cash Provided by Capital and Related Financing Activities	(22,246,743)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	695,177
Purchases of Investments	(83,131,477)
Proceeds from Sale and Maturities of Investments	83,353,812
Net Cash Used in Investing Activities	917,512
INCREASE IN CASH AND CASH EQUIVALENTS	2,081,178
Cash and Cash Equivalents - Beginning	8,360,149
CASH AND CASH EQUIVALENTS - ENDING	\$ 10,441,327

See accompanying Notes to Basic Financial Statements.

**KIRKWOOD COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

	Primary Government
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	\$ (57,624,231)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	10,182,423
Accretion, Net of Amortization	596,919
In-Kind Donations from Component Units	115,877
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	310,507
Increase in NJTP Receivable	(1,334,724)
Decrease in Due from Other Governments	211,741
Increase in Inventories	(256,663)
Increase in Prepaid Expenses	(378,944)
Decrease in Accounts Payable	(1,840,727)
Increase in Salaries Payable	694,258
Decrease in Unearned Revenue	(2,448,965)
Decrease in Compensated Absences	(3,522)
Increase in Early Retirement Payable	29,152
Increase in OPEB payable	1,458,701
Decrease in refundable advances on student loans	(881,254)
Total adjustments	6,454,779
Net Cash Used in Operating Activities	\$ (51,169,452)

See accompanying Notes to Basic Financial Statements.

KIRKWOOD COMMUNITY COLLEGE
STATEMENT OF NET POSITION/NET ASSETS - DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED JUNE 30, 2015

ASSETS	Kirkwood Facilities Foundation	Kirkwood Community College Foundation	Eliminations	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 282,567	\$ 667,997	\$ -	\$ 950,564
Receivables:				
Accounts	9,790	-	-	9,790
Pledges, Net of Allowance for Doubtful Pledges of \$6,000	-	406,205	-	406,205
Due from Kirkwood Community College Foundation	-	-	-	-
Foundation	640,406	-	(640,406)	-
Prepaid Expenses	14,265	-	-	14,265
Total Current Assets	<u>947,028</u>	<u>1,074,202</u>	<u>(640,406)</u>	<u>1,380,824</u>
NONCURRENT ASSETS				
Pledges, Net of Allowance for Doubtful Pledges	-	311,523	-	311,523
Investments	-	29,047,084	-	29,047,084
Cash Value of Life Insurance	-	254,029	-	254,029
Other	-	405,087	-	405,087
Capital Assets, Nondepreciable	1,032,565	-	-	1,032,565
Capital Assets, Depreciable, Net	-	-	-	-
Total Noncurrent Assets	<u>1,032,565</u>	<u>30,017,723</u>	<u>-</u>	<u>31,050,288</u>
Total Assets	<u>1,979,593</u>	<u>31,091,925</u>	<u>(640,406)</u>	<u>32,431,112</u>
LIABILITIES AND NET POSITION/NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses	6,754	16,616	-	23,370
Due to Kirkwood Community College	370	160,822	-	161,192
Due to Kirkwood Facilities Foundation	-	640,406	(640,406)	-
Due to KCKK-FM Radio	-	555,942	-	555,942
Unearned Revenue	77,874	-	-	77,874
Annuities Payable	-	32,700	-	32,700
Total Current Liabilities	<u>84,998</u>	<u>1,406,486</u>	<u>(640,406)</u>	<u>851,078</u>
Noncurrent Liabilities, Annuities Payable	-	112,700	-	112,700
Total Liabilities	<u>84,998</u>	<u>1,519,186</u>	<u>(640,406)</u>	<u>963,778</u>
NET POSITION/NET ASSETS				
Investment in Capital Assets	1,032,565	-	-	1,032,565
Temporarily Restricted	-	1,094,663	-	1,094,663
Unrestricted:				
Unrestricted	862,030	1,848,159	-	2,710,189
Unrestricted, Board Designated	-	1,822,152	-	1,822,152
Unrestricted, Donor Advised	-	24,807,765	-	24,807,765
Total Net Position/Net Assets	<u>\$ 1,894,595</u>	<u>\$ 29,572,739</u>	<u>\$ -</u>	<u>\$ 31,467,334</u>

See accompanying Notes to Basic Financial Statements.

KIRKWOOD COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION/NET ASSETS -
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED JUNE 30, 2015

	Kirkwood Facilities Foundation	Kirkwood Community College Foundation	Total
OPERATING REVENUES			
Contributions and Pledges	\$ -	\$ 859,007	\$ 859,007
Contributions, In-Kind	-	115,877	115,877
Rental Income and Facility Management	318,828	-	318,828
Royalties and Commissions	92,045	-	92,045
Contributions from Kirkwood Community College	-	1,841,466	1,841,466
Contributions to Donor Advised for Endowment	-	517,640	517,640
Miscellaneous	18,927	8,394	27,321
Total Operating Revenues	<u>429,800</u>	<u>3,342,384</u>	<u>3,772,184</u>
OPERATING EXPENSES			
Distributions to Kirkwood Community College	-	2,532,899	2,532,899
Facility Operations	35,207	-	35,207
Programs	-	434,397	434,397
Management and General	129,327	825,218	954,545
Fund Raising	-	106,186	106,186
Depreciation	2,790	-	2,790
Total Operating Expenses	<u>167,324</u>	<u>3,898,700</u>	<u>4,066,024</u>
OPERATING INCOME (LOSS)	262,476	(556,316)	(293,840)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	5,652	213,328	218,980
Actuarial Adjustments to Annuities Payable	-	(23,764)	(23,764)
Rent from Kirkwood Community College	34,856	-	34,856
Gain on Sale of Capital Assets	-	-	-
Gifts to Affiliates	(12,756)	-	(12,756)
Contributions to Other Nonprofit Entities	(39,750)	(32,067)	(71,817)
Release from Temporarily Restricted	-	406,857	406,857
Net Nonoperating Revenues (Expenses)	<u>(11,998)</u>	<u>564,354</u>	<u>552,356</u>
SUPPORT AND REVENUES - TEMPORARILY RESTRICTED			
Contributions, Pledges and Cash, Net	-	108,030	108,030
Release from Restriction	-	(406,857)	(406,857)
Total Temporarily Restricted Support and Revenues	<u>-</u>	<u>(298,827)</u>	<u>(298,827)</u>
CHANGE IN NET POSITION/NET ASSETS	250,478	(290,789)	557,343
NET POSITION/NET ASSETS			
Beginning	<u>1,644,117</u>	<u>29,863,528</u>	<u>31,507,645</u>
Ending	<u>\$ 1,894,595</u>	<u>\$ 29,572,739</u>	<u>\$ 32,064,988</u>

See accompanying Notes to Basic Financial Statements.

KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 FINANCIAL REPORTING ENTITY, DISCRETE COMPONENT UNITS, AND SIGNIFICANT ACCOUNTING POLICIES

Kirkwood Community College (the College) is a publicly supported school established and operated by Merged Area X under the provisions of Chapter 260C of the Code of Iowa. The College offers programs of adult and continuing education, lifelong learning, community education and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling requirements for a baccalaureate degree but confers no more than an associate degree. The College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Kirkwood Community College maintains campuses in Belle Plaine, Cedar Rapids, Iowa City, Marion, Monticello, Tipton, Vinton, Washington, and Williamsburg, Iowa, and has its administrative offices in Cedar Rapids, Iowa. The College is governed by a board of trustees whose members are elected from each director district within Merged Area X.

Financial Reporting Entity

Accounting principles generally accepted in the United States of America (GAAP) require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In addition, the Government Accounting Standards Board (GASB) standards set forth additional criteria to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College. These criteria include (1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the College, its component units or its constituents; (2) the College being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the organization and (3) the economic resources received or held by an individual organization that the College is entitled to, or has the ability to otherwise access, are significant to the College.

These financial statements present Kirkwood Community College (the primary government) and its discretely presented component units. The discretely presented component units discussed below are included in the College's reporting entity because of the significance of their operational or financial relationships with the College. Certain disclosures about the component units are not included because the component units have been audited separately for the year ended June 30, 2015, and their reports have been issued under separate cover.

KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 FINANCIAL REPORTING ENTITY, DISCRETE COMPONENT UNITS, AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discrete Component Units

Kirkwood Facilities Foundation (the Facilities Foundation) is a legally separate not-for-profit foundation. The Facilities Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Kirkwood Community College. The Facilities Foundation is governed by a board of directors who is elected by the existing Foundation board members from a listing of nominees from the board of trustees of the College. Although the College does not control the timing or amount of receipts from the Facilities Foundation, the majority of the resources held by the Facilities Foundation are used for the benefit of the College and its students. The Facilities Foundation reports under *Government Accounting Standards*. The audited financial statements are available at the College offices.

Kirkwood Community College Foundation (the Foundation) is a legally separate, not-for-profit foundation. The Foundation was established for the purpose of maintaining, developing and extending the College's facilities and services for the benefit of Kirkwood Community College. The Foundation is organized and operates exclusively for charitable, scientific and education purposes to provide broader educational service opportunities to the College's students, staff, faculty and residents of the geographic area it serves. The Foundation is governed by a board of directors whose members are elected by the existing Foundation board members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources held by the Foundation are used for the benefit of the College and its students. The Foundation reports under Financial Accounting Standards.

Financial statements for the Foundation can be obtained by calling the Foundation at 319-398-5442.

Significant Accounting Policies

Financial Statement Presentation

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

Measurement Focus and Basis of Accounting

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

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 FINANCIAL REPORTING ENTITY, DISCRETE COMPONENT UNITS, AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Accounting Standards

The financial statements of the College are prepared in accordance with GAAP as applied to governmental units. The GASB is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include deposits held at banks and certificates of deposit purchased with an original maturity of three months or less. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust which is stated at amortized cost, which approximates fair value. The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The value of the position in the trust is the same as the amortized cost value of the shares. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Accounts Receivable

Accounts receivable primarily includes amounts due from students for tuition and fees, and amounts due from sponsoring agencies for grants and contracts, and other miscellaneous receivables. It is the College's policy to provide for future losses on uncollectible accounts based on evaluation of underlying account, the historical collectability experienced by the College on such balances and such other factors which, in management's judgment, require consideration in estimating doubtful accounts.

Property Taxes

Property tax receivable is recognized on the levy or lien date, which is the date the tax request is certified by the board of trustees to the appropriate county auditors. The succeeding year property tax receivable represents taxes certified by the board of trustees to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the board of trustees is required to certify its budget to the County Auditor by March 15 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 a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized become due and collectible in September and March of the current fiscal year and are based on January 1, 2013 assessed property valuations for the tax accrual period July 1, 2014 through June 30, 2015, and reflects the tax request contained in the budget certified to the appropriate county auditor in April 2014.

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 FINANCIAL REPORTING ENTITY, DISCRETE COMPONENT UNITS, AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Iowa Industrial New Jobs Training Program (INJTP) Receivable

This receivable represents the total amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2015, plus interest incurred on NJTP certificates, less revenues received to date.

Due from Other Governments

This represents state aid, grants, and reimbursements due from other governmental agencies.

Inventories

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

Capital Assets

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest costs of \$955,214 were capitalized for the year ended June 30, 2015.

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

	Amount
Land, Buildings and Improvements	\$ 25,000
Equipment and Vehicles	5,000

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

	Years
Buildings and Improvements	30
Equipment	5 or 10
Vehicles	5

The College does not capitalize or depreciate their library book collection. This collection is unencumbered, held for public education, protected, cared for and preserved and the proceeds from the sale of library books, if any, is not material to the College.

KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 FINANCIAL REPORTING ENTITY, DISCRETE COMPONENT UNITS, AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Deferred Outflows of Resources

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

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.

Unearned Revenue

Unearned revenue represents the amount of cash that has been received, but the related revenue has not been recognized since it has not been earned or the cash has not been spent for its intended purpose restriction. During 2015, the College changed the way they recognized the New Jobs Training Program unearned revenue as it relates to administrative fee earned on the bonds issued. These are now recognized during the issuance instead of over the life of the bond.

Deferred Inflows of Resources - Unavailable Revenue

Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the statement of net position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Pension Plan Items

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

KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 FINANCIAL REPORTING ENTITY, DISCRETE COMPONENT UNITS, AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Compensated Absences

College employees accumulate vacation hours for subsequent use or for payment upon termination, death or retirement. No more than five days of vacation earned in a fiscal year can be banked for future use in a subsequent fiscal year. Unused, banked vacation entitlement may be cumulative to a maximum of 30 days effective July 1, 2014. Employees who had more than 30 vacation days banked as of July 1, 2014, will maintain that balance not to exceed the prior limit of 60 days. Amounts earned but unused are recorded as liabilities. These liabilities have been computed based on rates of pay in effect as of June 30, 2015.

U.S. Government Grants Refundable

U.S. government grants refundable under the Perkins Loan Program are distributable to the federal government upon liquidation of the funds and thus are reflected as a liability on the statement of net position. During the fiscal year ended June 30, 2015, the College fully liquidated in Perkins Loan portfolio. All loans were either assigned to the U.S. Department of Education or purchased by Kirkwood Community College. No further liability on this program exists for the College.

Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding borrowings used for acquisition, construction, or improvement of those assets. The debt related to the sinking fund and reserve accounts totaling \$2,735,362 are not included in this category. Restricted net position represent the amounts segregated for specific purposes as restricted by the Code of Iowa, bond covenants, donors or outside agencies and amounts where there are limitations imposed on their use through enabling legislation. Restricted net position includes both expendable and nonexpendable funds. Expendable funds may be used by the College for their restricted purpose. Nonexpendable funds may not be used. All remaining net position (deficit) is unrestricted. The College first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 FINANCIAL REPORTING ENTITY, DISCRETE COMPONENT UNITS, AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Auxiliary Enterprise Revenues and Expenses

Auxiliary enterprise revenues and expenses primarily represent revenues generated by and expenses associated with the farm lab, bookstore, equestrian center, restaurant, hotel, and other miscellaneous auxiliary enterprises. Revenues are recognized when goods or services are provided; expenses are recognized when incurred.

Summer Session

The College operates summer sessions during May, June, July, and August. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year, based on when classes are held and the percentage of the class completed.

Tuition and Fees

Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses. Tuition revenue is recognized as earned by providing classes.

In-Kind Contributions and Collections

The College periodically receives donations of items to be used by instructional departments of the College through the Kirkwood Community College. These items are considered collection items as they are held for educational rather than financial gain, are protected and preserved, and are generally not sold. These items are recognized as gifts from component units and expensed as instructional expense when received.

Miscellaneous Revenue

The primary components of miscellaneous revenue are insurance reimbursements for equipment maintenance, KCKK-FM Radio income, hotel revenue other than room rental and food sales, and other miscellaneous revenue.

Operating and Nonoperating Activities

Operating activities, as reported in the statement of revenues, expenses and changes in net position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Federal appropriations revenue consisting primarily of Pell grants and federal grants are reported as operating revenue as these funds replace an equal amount of tuition revenue and/or are directly related to the principal operations of the College. Contributions are reported in the statement of revenues, expenses and changes in net position as operating activities of the Foundation since soliciting contributions is the Foundation's primary purpose. Nonoperating activities include state appropriations, property taxes and interest earnings.

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 FINANCIAL REPORTING ENTITY, DISCRETE COMPONENT UNITS, AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Income Tax Status

The College is exempt from income tax as a local government unit. The Internal Revenue Service (IRS) has recognized the Foundations as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundations are not considered private foundations. Certain Kirkwood Facilities Foundation transactions are subject to unrelated business income tax.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Student Aid

Certain federal financial aid grants to students are reported as federal appropriations in operating revenue in the financial statements as prescribed by the National Association of College and University of Business Officers (NACUBO). Since certain of these grants (including Pell and Federal Supplemental Educational Opportunity Grants) are for the payment of students' tuition and fees, a like amount is reported as scholarship allowance which is reported as an offset to tuition and fees in the financial statements. Federal Work Study grant expenses are reported as operating expenses as students work for compensation. Certain other student aid sources (loans, funds provided to students as awarded by third parties and Federal Direct Lending) are paid directly to the students or credited to the students' account and do not impact revenues or expenses reported in the financial statements.

NOTE 2 CASH AND INVESTMENTS

As of June 30, 2015, the College's cash and investments consist of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash	\$ 10,441,327	\$ -	\$ 10,441,327
Investments	57,946,513	2,735,362	60,681,875
Total	<u>\$ 68,387,840</u>	<u>\$ 2,735,362</u>	<u>\$ 71,123,202</u>

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the College.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Dates</u> <u>(Months)</u>
		<u>Less than 1</u>
Iowa Schools Joint Investment Trust	\$ 57,946,513	\$ 57,946,513
Money Market Mutual Fund	2,735,362	2,735,362
Total	<u>\$ 60,681,875</u>	<u>\$ 60,681,875</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the board of trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts. However, the College's investment policy additionally limits investments in commercial paper to obligations that mature within 270 days and that is rated within the two highest classifications, as established by at least one of the standard rating services, with no more than 5% at the time of purchase placed in the second highest classification. At the time of purchase not more than 10% of the investment portfolio can be in prime bankers' acceptances and commercial paper and no more than 5% of the investment portfolio can be invested in the securities of a single issuer. The U.S. Treasury Notes are not subject to credit risk as they are backed by the full faith and credit of the federal government.

As of June 30, 2015, the College's investments were rated as follows:

<u>Investment Type</u>	<u>Moody Investor Services</u>
Iowa Schools Joint Investment Trust	Aaa
Money Market Mutual Fund	Not Rated

KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The College's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The College's investment policy seeks to provide safety of the principal, maintain the necessary liquidity to match expected liabilities and obtain a reasonable rate of return. The policy allows for investment of up to 100% in interest-bearing savings, money market and checking accounts, certificates of deposit, repurchase agreements, money market mutual funds, bonds, notes, certificates of indebtedness, treasury bills or other securities issued by the United States of America, its agencies and allowable instrumentalities; up to 10% in prime bankers' acceptances; and up to 10% in commercial paper. The policy does not allow the College to invest in reverse repurchase agreements, futures or options. The College did not have any investments in any one issuer that represents 5% or more of total College investments. External investment pools and money market mutual funds are excluded from this consideration.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. It is the College's policy to require that deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. As of June 30, 2015, the carrying amount of the College's deposits, excluding \$24,027 of petty cash, totaled \$10,417,300 with a bank balance of \$9,566,132. The College's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction the College will not be able to recover the value of its investments or collateral securities that are in the possession of another party. External investment pools and money market mutual funds are not subject to custodial credit risk.

NOTE 3 INVENTORIES

The College's inventories as of June 30, 2015 consisted of the following:

Supplies and Materials	\$ 230,597
Agricultural Enterprises	430,130
Hotel Inventory	419,242
Merchandise Held for Resale	1,738,675
Total	<u>\$ 2,818,644</u>

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 is as follows:

	June 30, 2014 Balance	Additions	Deletions and Transfers	June 30, 2015 Balance
Capital Assets not being Depreciated:				
Land	\$ 6,242,592	\$ -	\$ 117,062	\$ 6,125,530
Construction in Progress	38,985,571	7,735,835	46,200,612	520,794
Total Capital Assets not being Depreciated	45,228,163	7,735,835	46,317,674	6,646,324
Capital Assets being Depreciated:				
Buildings	200,145,958	8,802,054	32,917,874	176,030,138
Improvements Other than Buildings	44,584,771	37,007,394	(27,537,041)	109,129,206
Equipment and Vehicles	22,680,458	2,419,445	105,027	24,994,876
Total Capital Assets being Depreciated	267,411,187	48,228,893	5,485,860	310,154,220
Less: Accumulated Depreciation for:				
Buildings	62,941,666	5,203,613	720,933	67,424,346
Improvements Other than Buildings	16,811,953	2,667,220	989,579	18,489,594
Equipment and Vehicles	18,517,670	2,311,590	309,725	20,519,535
Total Accumulated Depreciation	98,271,289	10,182,423	2,020,237	106,433,475
Total Capital Assets being Depreciated, Net	169,139,898	38,046,470	3,465,623	203,720,745
Capital Assets, Net	<u>\$ 214,368,061</u>	<u>\$ 45,782,305</u>	<u>\$ 49,783,297</u>	<u>\$ 210,367,069</u>

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

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

	June 30, 2014	Additions	Reductions	June 30, 2015	Amounts Due Within 1 Year
Early Retirement Payable (Note 12)	\$ 768,810	\$ 797,962	\$ 768,810	\$ 797,962	\$ 797,962
Compensated Absences	2,136,613	2,133,091	2,136,613	2,133,091	2,133,091
OPEB payable (Note 13)	8,172,935	1,458,701	-	9,631,636	-
Certificates Payable	31,265,000	13,585,000	6,690,000	38,160,000	4,940,000
Capital lease Payable	24,998	-	24,998	-	-
Capital Loan Notes	77,759,967	3,846,099	13,574,190	68,031,876	11,490,384
Bonds Payable	20,690,000	-	4,395,000	16,295,000	4,675,000
Certificates of Participation	24,970,000	-	505,000	24,465,000	\$ 525,000
Total	<u>\$ 165,788,323</u>	<u>\$ 21,820,853</u>	<u>\$ 28,094,611</u>	<u>\$ 159,514,565</u>	<u>\$ 24,561,437</u>

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Certificates Payable

In accordance with agreements dated between November 1, 2007 and June 1, 2015, the College issued certificates totaling \$62,845,000 with interest rates ranging from 1.0% to 5.9% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). The NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,940,000	\$ 1,064,147	\$ 6,004,147
2017	6,940,000	893,580	7,833,580
2018	5,250,000	668,419	5,918,419
2019	4,385,000	510,272	4,895,272
2020	4,100,000	402,841	4,502,841
2021-2025	12,545,000	795,315	13,340,315
Total	<u>\$ 38,160,000</u>	<u>\$ 4,334,574</u>	<u>\$ 42,494,574</u>

Capital Lease Payable

The College has leased various copiers for use throughout the campus under one capital lease agreement. The interest rate on this lease is 6.75% compounded monthly. The net book value of the copiers was \$120,112 as of June 30, 2015.

Capital Loan Notes Payable

The College has issued capital loan notes for the purchase and construction of College properties as allowed by Section 260C.19 of the Code of Iowa. Interest rates range from 1.0% to 4.0% per annum. Interest is due semiannually and principal is due annually in varying amounts through 2027. Collateral on the capital loan notes payable is the underlying capital assets that the proceeds were used for.

The College has entered into loan agreements (Iowa Energy Loans) to finance the construction of a wind turbine as allowed by Section 476.46 of the Code of Iowa. Interest rates for the loan agreements are 0.25% and 1.25% per annum. Interest and principal are due monthly in varying amounts through 2023.

During the year ended June 30, 2015, the College drew \$1,500,099 on the Taxable Lease Purchase Certificate Anticipation notes for construction of the new regional center in Washington, Iowa. The notes bear interest at 30-day LIBOR plus 0.65% with a floor of 0.95%. Interest is due monthly with all principal and interest due December 1, 2015.

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Capital Loan Notes Payable (Continued)

Details of the College's June 30, 2015 notes payable indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 11,490,384	\$ 1,839,399	\$ 13,329,783
2017	5,366,576	1,761,462	7,128,038
2018	5,572,272	1,578,917	7,151,189
2019	5,778,036	1,389,002	7,167,038
2020	6,003,871	1,182,643	7,186,514
2021-2025	22,585,459	3,045,697	25,631,156
2026-2030	11,235,278	463,932	11,699,210
Total	<u>\$ 68,031,876</u>	<u>\$ 11,261,052</u>	<u>\$ 79,292,928</u>

General Obligation School Bonds and Bond Anticipation Notes Payable

The College has issued bonds for the construction and expansion of College facilities to accommodate anticipated enrollment growth. Interest rates range from 1.00% to 3.80% per annum. Interest is due semiannually and principal is due annually in varying amounts through 2021.

The College has issued bond anticipation notes to remodel, erect and equip buildings at the main campus and other enrollment locations, and acquire a site or sites for use of the College. Interest rates per annum are equal to 75.00% of the LIBOR Rate plus 0.67%. The College must pay the amount of principal and interest on the notes such that the amount advanced and outstanding at no time exceeds the maximum advance amount of (i) \$46,500,000 from December 22, 2011 to June 1, 2012, (ii) \$36,500,000 from June 1, 2012 to June 1, 2013, (iii) \$26,500,000 from June 1, 2013 to August 1, 2014. During the year ended June 30, 2014, the College drew the remaining \$14,260,000 available on these notes and refunded the total \$26,500,000 outstanding with Capital Loan Notes as discussed on the previous page. As of June 30, 2015, there are no available funds remaining to be drawn on these bond anticipation notes.

Details of the College's June 30, 2015 bonds payable indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,675,000	\$ 331,863	\$ 5,006,863
2017	2,270,000	238,363	2,508,363
2018	2,295,000	192,963	2,487,963
2019	2,325,000	147,063	2,472,063
2020	2,345,000	100,563	2,445,563
2021	2,385,000	53,663	2,438,663
Total	<u>\$ 16,295,000</u>	<u>\$ 1,064,478</u>	<u>\$ 17,359,478</u>

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Certificates of Participation

The College has issued certificates of participation for the construction and expansion of College facilities to accommodate anticipated enrollment growth and expand the lodging management, restaurant management and culinary arts programs. Interest rates range from 2% to 5% per annum. Interest is due semiannually and principal is due annually in varying amounts through 2030. Collateral on the certificates of participation is the underlying capital assets that the proceeds were used for.

Details of the College's June 30, 2015 certificates of participation are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 525,000	\$ 1,152,644	\$ 1,677,644
2017	540,000	1,135,569	1,675,569
2018	560,000	1,117,525	1,677,525
2019	580,000	1,096,006	1,676,006
2020	600,000	1,072,656	1,672,656
2021-2025	3,390,000	4,956,506	8,346,506
2026-2030	18,270,000	3,019,275	21,289,275
Total	<u>\$ 24,465,000</u>	<u>\$ 13,550,181</u>	<u>\$ 38,015,181</u>

Some of these certificates of participation include requirements to maintain a reserve fund. These reserve funds are included in restricted investments on the statement of net position.

Long-Term Debt

A summary of maturities of all long-term debt obligations, including the certificates, notes and bonds payable above are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 21,630,384	\$ 4,388,052	\$ 26,018,436
2017	15,116,576	4,028,973	19,145,549
2018	13,677,272	3,557,824	17,235,096
2019	13,068,036	3,142,343	16,210,379
2020	38,115,459	4,967,331	43,082,790
2021-2025	14,625,278	5,420,438	20,045,716
2026-2030	18,270,000	3,019,275	21,289,275
Total	<u>\$ 134,503,005</u>	<u>\$ 28,524,236</u>	<u>\$ 163,027,241</u>

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 OPERATING LEASES

The College has leased equipment and various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2015 and 2023 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial non-cancelable lease terms in excess of one year as of June 30, 2015:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 290,811
2017	240,088
2018	162,150
2019	148,434
2020	102,041
2021-2024	350,820
Total	<u>\$ 1,294,344</u>

Rents for the year ended June 30, 2015, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$549,357.

NOTE 7 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

Plan Description

IPERS membership is mandatory for employees of the College except for those covered by another retirement system. Employees of the College are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a 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.

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

Plan Contributions

Plan members are required to contribute 5.95% of their annual covered salary and the College is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2015, 2014, and 2013 were \$1,554,068, \$1,517,390 and \$1,447,309, respectively, equal to the required contributions for each year.

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (CONTINUED)

Net Pension, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the College reported a liability of \$10,282,317 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions proportion was 0.254067%, which was an increase of 0.004011% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the College recognized pension expense of \$4,857,172. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 111,749	\$ -
Changes in assumptions	453,772	-
Net difference between projected and actual earnings on pension plan investments	-	3,921,380
Changes in proportion and difference between College contributions and proportionate share of contributions	-	185,469
College contributions subsequent to the measurement date	<u>1,554,068</u>	<u>-</u>
Total	<u>\$ 2,119,589</u>	<u>\$ 4,106,849</u>

An amount of \$1,554,068 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ (891,546)
2017	(891,546)
2018	(891,546)
2019	(891,546)
2020	24,856
Total	<u>\$ (3,541,328)</u>

There are no non-employer contributing entities at IPERS.

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (CONTINUED)

Actual Assumptions

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

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

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the College will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (CONTINUED)

Sensitivity of the College's Proportionate Share of the Net Position Liability to Changes to the Discount Rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	1% Decrease -6.50%	Discount Rate -7.50%	1% Increase -8.50%
College's Proportionate Share of the Net Pension Liability	\$ 19,428,148	\$ 10,282,317	\$ 2,562,287

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS's website at www.ipers.org.

NOTE 8 TEACHERS INSURANCE AND ANNUITY ASSOCIATION - COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)

The College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.95% and the College is required to contribute 8.93%. The College and employees required and actual contributions to TIAA-CREF for the year ended June 30, 2015 were \$3,124,372 and \$2,081,747, respectively.

NOTE 9 RISK MANAGEMENT

The College carries commercial insurance for coverage associated with general liability, automobile liability, automobile physical damage, property and inland marine, Educators legal liability, workers' compensation and employers liability, crime insurance, and catastrophic and accidental death and dismemberment. The College also carries coverage for operating equipment protection insurance up to \$5.3 million of costs. The College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 METRO INTERAGENCY INSURANCE PROGRAM

The College is a member of the Metro Interagency Insurance Program (MIIP). The program provides services necessary and appropriate for the establishment, operation and maintenance of an insurance program for employee health and medical claims for member institutions. Premiums billed to the participants are determined on an actuarial basis based on the institution's claim experience. The College's contribution to the program for the year ended June 30, 2015 was \$6,756,667.

In the event that a member withdraws from MIIP, the withdrawn member continues to be responsible for its share of cost arising from events occurring while it was a participating member. If the withdrawn member at any time has a negative balance, the withdrawn member is immediately liable and obligated to MIIP for that amount.

MIIP uses reinsurance to reduce its exposure to large losses. The MIIP has stop/loss coverage of \$200,000 per individual and an aggregate stop/loss of 125% of actuarial projections for the rating period.

In the event any claim or series of claims exceed the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The College does not report a liability for losses in excess of reinsurance unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2015, no liability has been recorded by the College. Settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

MIIP issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Metro Interagency Insurance Program, 1120 33rd Avenue SW, Cedar Rapids, Iowa 52404.

NOTE 11 NEW JOBS TRAINING PROGRAMS

Kirkwood Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area X in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property tax, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered 519 projects, with 129 currently receiving project funding. The remaining 390 projects have been completed, of which 65 are in the repayment process and 325 have been fully repaid.

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 EARLY RETIREMENT AND CONTINGENT LIABILITY

Full-time certified staff who are at least 55 years of age with 10 or more years of consecutive 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 cash benefits on the date of termination and January 15 of the following calendar year.

An employee approved for participation in the program would have received an early retirement incentive cash severance amount of 5% per each year of service, not to exceed 100% of base salary. The severance will be paid 50% on retirement and 50% the following January 15.

The liability as of June 30, 2015 for the 19 employees who have elected early retirement during fiscal year 2015 was \$797,962. Early retirement is funded on a pay-as-you-go basis through property tax levies. The College's early retirement cost for the year ended June 30, 2015 was \$1,069,972.

As of June 30, 2015, the potential liability, if all eligible employees accepted early retirement, is approximately \$11,000,000.

NOTE 13 POSTEMPLOYMENT MEDICAL BENEFIT PLAN

Plan Description

The College sponsors a single-employer other postemployment benefit plan that provides medical benefits to all active (757) and retired employees (118) and their eligible dependents (26). All full-time or regular part-time administration, faculty, professional service or support staff employees are eligible to participate in the plan. The employee must have terminated service with the College through voluntary early retirement after the age of 55 and have worked for the College for the most recent 10 consecutive years of service.

Medical Benefit

The medical benefit is a self-funded medical plan administered by Wellmark Blue Cross Blue Shield. Retirees under age 65 pay the same premium for the medical benefit as active employees which results in an implicit subsidy.

Funding Policy

The College establishes and amends contribution requirements. The College pays the single retiree premium until age 65; eligible spouses and dependents are required to contribute 100% of the premium.

The current funding policy of the College is to fund benefits on a pay-as-you-go basis. This arrangement does not qualify as other postemployment benefits (OPEB) plan assets under GASB Statement No. 45 for current GASB reporting.

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13 POSTEMPLOYMENT MEDICAL BENEFIT PLAN (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The College's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2015, the amount actuarially contributed to the plan, and changes in the College's annual OPEB obligation:

Annual Required Contribution	\$ 1,668,913
Interest on Net OPEB Obligation	408,647
Adjustment to Annual Required Contribution	<u>(506,346)</u>
Annual OPEB Cost (Expense)	1,571,214
Contributions and Payments Made	<u>(112,512)</u>
Increase in Net OPEB Obligation	1,458,702
Net OPEB Obligation, Beginning of Year	<u>8,172,934</u>
Net OPEB Obligation, End of Year	<u><u>\$ 9,631,636</u></u>

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 1,571,234	7.16%	\$ 9,631,636
June 30, 2014	1,551,878	74.34	8,172,935
June 30, 2013	2,293,190	24.89	7,774,667

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 0.0% funded. The College's actuarial accrued liability for benefits was \$14,138,766 and the actuarial value of assets is none, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,138,766. Covered payroll was \$41,017,598, resulting in UAAL as a percentage of covered payroll of 34.5%.

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13 POSTEMPLOYMENT MEDICAL BENEFIT PLAN (CONTINUED)

Funded Status and Funding Progress (Continued)

Actuarial estimates of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% investment return rate, an inflation rate of 3%, salary increases of 4% and an annual health care cost trend rate for medical and dental/vision of 5%. The UAAL is being amortized as a level dollar amount on an open basis. The amortization of UAAL is done over a period of 30 years.

NOTE 14 RELATED PARTY TRANSACTIONS

The Kirkwood Community College Foundation and the Kirkwood Facilities Foundation provide services for the benefit of the College. In return, the College has provided the Foundations with certain staff, facilities and insurance coverage for its operations without charge. The College received contributions from the Foundations for facilities additions and equipment, scholarships and various amounts for programs conducted by the College, reimbursement for custodial services, and pledged funds for capital improvement projects, totaling \$2,532,899 for the year ended June 30, 2015. The College has recorded a receivable from the Foundations of \$161,192 as of June 30, 2015.

The Foundations received contributions to fund scholarships and facilities of \$1,841,466 from Kirkwood Community College during the year ended June 30, 2015.

The College has \$187,345 of receivables due from employees for computer purchases that are being paid through payroll deductions.

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 15 COMMITMENTS AND SUBSEQUENT EVENTS

As of June 30, 2015, the College had construction commitments of approximately \$471,992 to complete the renovation of third floor Iowa Hall.

On September 30, 2015, the College entered into an agreement with US Bank to provide the financing to cover the purchase of the Washington Regional and Johnson County Regional facilities. Certificates of Participation totaling \$42,000,000 were issued with a maturity of six years. KCC will be making interest only payments for the next six years and then will refinance the amount due with 20-¼ property tax levies in 2021.

NOTE 16 ACCOUNTING CHANGE

GASB No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including addition note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Net Position
Net Position June 30, 2014, as Previously Reported	\$ 121,559,673
Net Pension Liability at June 30, 2014	(14,612,375)
Deferred outflows of resources	
Related to Contributions after June 30, 2013	
Measurement Date	1,515,008
Net Position July 1, 2014, as Previously Reported	\$ 108,462,306

**KIRKWOOD COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015**

Postemployment Medical Benefit Plan Schedule of Funding Progress

Actual Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Underfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2009	\$ -	\$ 18,023,144	\$ (18,023,144)	0.0%	\$ 38,172,408	47.2%
July 1, 2011	-	19,241,586	(19,241,586)	0.0%	39,917,162	48.2%
July 1, 2013	-	14,138,766	(14,138,766)	0.0%	41,017,598	34.5%

The information presented in the required supplementary information schedule was determined as part of the actuarial valuation as of July 1, 2013. Additional information follows:

- a. The cost method used to determine the ARC is the projected unit credit actuarial cost method.
- b. There are no plan assets.
- c. Economic assumptions are as follows: investment return rate of 5%, inflation rate of 3%, salary increases of 4% ,and healthcare cost trend rate of 5%.
- d. The amortization method is level dollar on an open basis.

The information presented in the required supplementary information schedule as of the July 1, 2009 and July 1, 2011 actuarial valuation date included economic assumptions of the following: investment return rate of 5%, inflation rate of 4%, salary increases of 4%, and health care cost trend rates of 7% initially to 5% ultimately.

**KIRKWOOD COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Schedule of the College's Proportionate Share of the Net Pension Liability – Last Fiscal Year*

	2015
College's proportion of the net pension liability (asset)	0.25%
College's proportionate share of the net pension liability (asset)	10,282,317
College's covered-employee payroll	63,455,736
College's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.20%
Plan fiduciary net position as a percentage of the total pension liability	12.39%

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

Schedule of College's Contributions

	2015
Contractually Required Contribution	\$ 1,515,008
Contributions in Relation to the Contractually Required Contribution	(1,515,008)
Contribution Deficiency (Excess)	\$ -
College's Covered-Employee Payroll	\$ 63,455,736
Contributions as a Percentage of Covered Employee Payroll	2.39%

See accompanying Independent Auditors' Report.

Note: GASB Statement No. 68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

**KIRKWOOD COMMUNITY COLLEGE
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES, BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015**

<u>Funds/Levy</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Between Actual and Final Budget</u>
Unrestricted	\$ 87,370,000	\$ 82,376,907	\$ 4,993,093
Restricted	20,875,000	21,479,693	(604,693)
Unemployment	200,000	75,813	124,187
Tort Liability	130,000	124,543	5,457
Insurance	1,800,000	11,721,047	(9,921,047)
Early Retirement	1,500,000	1,801,577	(301,577)
Equipment Replacement	5,300,000	1,949,853	3,350,147
Total Restricted	<u>29,805,000</u>	<u>37,152,526</u>	<u>(7,347,526)</u>
Plant	<u>56,700,000</u>	<u>26,820,101</u>	<u>29,879,899</u>
	<u>\$ 173,875,000</u>	<u>\$ 146,349,534</u>	<u>\$ 27,525,466</u>

See Note to Budgetary Comparison Schedule of Expenditures.

**KIRKWOOD COMMUNITY COLLEGE
NOTE TO BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES
JUNE 30, 2015**

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

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

For the year ended June 30, 2015, the College's total expenditures did not exceed the budgeted amount.

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF NET POSITION – ALL FUNDS
JUNE 30, 2015**

ASSETS	Current Funds	
	Unrestricted	Restricted
CURRENT ASSETS		
Cash and Investments	\$ 36,954,704	\$ 31,433,136
Receivables:		
Accounts, Net	3,956,891	-
Property Tax, Succeeding Year	10,326,782	8,051,232
Due from Other Funds	91,503,752	757,293
Due from Kirkwood Community College Foundation	369,565	555,942
Due from Kirkwood Facilities Foundation	-	-
Due from Other Governments	2,420,427	-
Inventories	2,818,644	-
Prepaid Expenses	864,426	-
Total Current Assets	149,215,191	40,797,603
NONCURRENT ASSETS		
Receivables, Iowa Industrial New Jobs Training Program	-	12,015,943
Investments, Restricted	2,735,362	-
Other Long-Term Assets	3,170,330	-
Capital Assets, Net of Accumulated Depreciation	-	-
Total Noncurrent Assets	5,905,692	12,015,943
Total Assets	\$ 155,120,883	\$ 52,813,546
DEFERRED INFLOWS OF RESOURCES, PENSION RELATED DEFERRED OUTFLOWS		
	\$ -	\$ 2,119,589

See Note to Other Supplementary Information.

<u>Loan Funds</u>	<u>Plant Funds</u>	<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 68,387,840
-	-	-	-	3,956,891
-	4,221,579	-	-	22,599,593
-	-	757,572	(93,018,617)	-
-	-	-	-	925,507
-	-	-	-	-
-	-	-	-	2,420,427
-	-	-	-	2,818,644
-	-	1,706	-	866,132
<u>-</u>	<u>4,221,579</u>	<u>759,278</u>	<u>(93,018,617)</u>	<u>101,975,034</u>
-	-	-	-	12,015,943
-	-	-	-	2,735,362
-	-	-	-	3,170,330
-	316,800,544	-	(106,433,475)	210,367,069
<u>-</u>	<u>316,800,544</u>	<u>-</u>	<u>(106,433,475)</u>	<u>228,288,704</u>
<u>\$ -</u>	<u>\$ 321,022,123</u>	<u>\$ 759,278</u>	<u>\$ (199,452,092)</u>	<u>\$ 330,263,738</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,119,589</u>

KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF NET POSITION – ALL FUNDS (CONTINUED)
JUNE 30, 2015

LIABILITIES AND NET ASSETS	Current Funds	
	Unrestricted	Restricted
CURRENT LIABILITIES		
Accounts Payable	4,837,479	3,214
Salaries and Benefits Payable	7,273,867	30,639
Due to Other Funds	-	-
Interest Payable	677,312	88,717
Unearned Revenue	3,779,663	602,764
Early Retirement Payable	797,962	-
Compensated Absences	2,055,058	69,980
Current Portion of:	-	-
Certificates Payable	-	4,940,000
Notes Payable	11,490,384	-
Capital Lease Payable	-	-
Bonds Payable	4,675,000	-
Certificates of Participation	525,000	-
Deposits Held in Custody for Others	-	-
U.S. Government Grants Refundable	-	-
Total Current Liabilities	36,111,725	5,735,314
NONCURRENT LIABILITIES		
Other Long-Term Liabilities	1,150,000	-
OPEB Payable	-	9,631,636
Net Pension Liability	-	10,282,317
Certificates Payable	-	33,220,000
Notes Payable	56,541,492	-
Bonds Payable	11,620,000	-
Certificates of Participation	23,940,000	-
Bond Premium	-	149,786
Bond Discount	-	(742)
Total Noncurrent Liabilities	93,251,492	53,282,997
Total Liabilities	129,363,217	59,018,311
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	10,326,782	8,051,232
Pension related deferred inflows	-	4,106,849
Total Deferred Inflows of Resources	10,326,782	12,158,081
NET POSITION		
Net Investment in Capital Assets	(84,326,876)	-
Restricted:		
Expendable:		
Cash Reserve	-	621,989
Loans	-	-
New Jobs Training Program	-	893,658
Employee Benefits	-	7,214,001
Equipment Replacement	-	533,042
Other	-	1,645,438
Unrestricted	99,757,760	(27,151,385)
Total Net Position	15,430,884	(16,243,257)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 155,120,883	\$ 54,933,135

See Note to Other Supplementary Information.

<u>Loan Funds</u>	<u>Plant Funds</u>	<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
\$ -	\$ -	29,492	\$ -	\$ 4,870,185
-	-	7,061	-	7,311,567
-	93,018,617	-	(93,018,617)	-
-	-	-	-	766,029
-	-	114,325	-	4,496,752
-	-	-	-	797,962
-	-	8,053	-	2,133,091
-	-	-	-	-
-	-	-	-	4,940,000
-	-	-	-	11,490,384
-	-	-	-	-
-	-	-	-	4,675,000
-	-	-	-	525,000
-	-	380,005	-	380,005
-	-	-	-	-
-	<u>93,018,617</u>	<u>538,936</u>	<u>(93,018,617)</u>	<u>42,385,975</u>
-	-	220,342	-	1,370,342
-	-	-	-	9,631,636
-	-	-	-	10,282,317
-	-	-	-	33,220,000
-	-	-	-	56,541,492
-	-	-	-	11,620,000
-	-	-	-	23,940,000
-	2,768,808	-	-	2,918,594
-	(87,160)	-	-	(87,902)
-	<u>2,681,648</u>	<u>220,342</u>	<u>-</u>	<u>149,436,479</u>
-	95,700,265	759,278	(93,018,617)	191,822,454
-	4,221,581	-	-	22,599,595
-	-	-	-	4,106,849
-	<u>4,221,581</u>	<u>-</u>	<u>-</u>	<u>26,706,444</u>
-	314,118,896	-	(106,433,475)	123,358,545
-	-	-	-	621,989
-	-	-	-	-
-	-	-	-	893,658
-	-	-	-	7,214,001
-	-	-	-	533,042
-	-	-	-	1,645,438
-	(93,018,619)	-	-	(20,412,244)
-	<u>221,100,277</u>	<u>-</u>	<u>(106,433,475)</u>	<u>113,854,429</u>
<u>\$ -</u>	<u>\$ 321,022,123</u>	<u>\$ 759,278</u>	<u>\$ (199,452,092)</u>	<u>\$ 332,383,327</u>

KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION –
ALL FUNDS
YEAR ENDED JUNE 30, 2015

	Current Funds	
	Unrestricted	Restricted
REVENUES		
General:		
State Appropriations	\$ 31,709,597	\$ 8,903,402
Tuition and Fees	48,591,071	2,715
Property Tax	4,331,778	9,637,942
Federal Appropriations	4,266	25,920,859
Sales and Services	1,002,158	407,028
Interest on Investments	1,339	23,175
Interest on Student Loans	-	-
Iowa Industrial New Jobs Training Program	-	7,912,423
Increase in Plant Investment Due to Plant Expenditures, Including \$9,907,950 in Current Fund Expenditures	-	-
Increase in Plant Investment Due to Retirement of Debt	-	-
Miscellaneous	857,656	8,402,761
	<u>86,497,865</u>	<u>61,210,305</u>
Auxiliary Enterprises:		
Sales and Services	20,333,948	-
Interest on Investments	207	-
Miscellaneous	890,234	-
	<u>21,224,389</u>	<u>-</u>
EXPENDITURES		
Education and Support:		
Liberal Arts and Sciences	25,117,541	448,450
Vocational Technical	19,440,510	3,422,806
Adult Education	8,759,990	3,088,005
Cooperative Services	1,969,838	7,519,758
Administration	3,684,779	10,399,217
Student Services	5,488,505	665,369
Learning Resources	1,131,240	785,531
Physical Plant	7,280,638	703,773
General Institution	9,503,866	10,119,617
Total Education and Support	<u>82,376,907</u>	<u>37,152,526</u>
Auxiliary Enterprises	17,487,728	-
Scholarships and Grants	-	24,628,421
Loan Cancellations and Bad Debts, Net of Recoveries	-	-
Administrative and Collection Costs	-	-
Plant Asset Acquisitions	-	-
Retirement of Indebtedness	-	-
Disposal of Plant Assets	-	-
Interest on Indebtedness	975,138	942,548
Pension Expense	-	-
Contributions and Rent to Component Units	-	-
(Gain) Loss on Sale of Capital Assets	-	-
Depreciation	-	-
Total Expenditures	<u>100,839,773</u>	<u>62,723,495</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,882,481	(1,513,190)
TRANSFERS		
Mandatory Transfers	-	-
Nonmandatory Transfers	568,799	275,410
	<u>568,799</u>	<u>275,410</u>
CHANGE IN NET POSITION	7,451,280	(1,237,780)
NET POSITION:		
Beginning, as Restated	<u>7,979,604</u>	<u>6,895,734</u>
Ending	<u>\$ 15,430,884</u>	<u>\$ 5,657,954</u>

See Note to Other Supplementary Information.

Loan Funds	Plant Funds			Adjustments	Subtotal	Restricted Other Postemployment Benefits	IPERS Pension	Total
	Unexpended	Retirement of Indebtedness	Investment in Plant					
\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ 41,012,999	\$ -	\$ -	\$ 41,012,999
-	-	-	-	(24,628,421)	23,965,365	-	-	23,965,365
-	4,331,778	4,639,773	-	-	22,941,271	-	-	22,941,271
-	-	-	-	-	25,925,125	-	-	25,925,125
-	670,663	-	-	-	1,409,186	-	-	1,409,186
(11,286)	-	-	-	-	695,177	-	-	695,177
-	-	-	-	-	(11,286)	-	-	(11,286)
-	-	-	-	-	7,912,423	-	-	7,912,423
-	-	-	10,905,569	(10,905,569)	-	-	-	-
-	-	-	18,474,190	(18,474,190)	-	-	-	-
(1,604,911)	513,430	-	-	-	8,168,936	-	-	8,168,936
(1,616,197)	5,915,871	4,639,773	29,379,759	(54,008,180)	132,019,196	-	-	132,019,196
-	-	-	-	-	20,333,948	-	-	20,333,948
-	-	-	-	-	207	-	-	207
-	-	-	-	-	890,234	-	-	890,234
-	-	-	-	-	21,224,389	-	-	21,224,389
-	-	-	-	(1,602,959)	23,963,032	379,696	-	24,342,728
-	-	-	-	(1,240,660)	21,622,656	277,677	-	21,900,333
-	-	-	-	(559,048)	11,288,947	106,678	-	11,395,625
-	-	-	-	(125,712)	9,363,884	32,144	-	9,396,028
-	-	-	-	(235,156)	13,848,840	277,764	-	14,126,604
-	-	-	-	(350,267)	5,803,607	102,011	-	5,905,618
-	-	-	-	(72,194)	1,844,577	21,830	-	1,866,407
-	1,615,791	-	-	(464,638)	9,135,564	60,149	-	9,195,713
-	-	-	-	(606,521)	19,016,962	200,752	-	19,217,714
-	1,615,791	-	-	(5,257,155)	115,888,069	1,458,701	-	117,346,770
-	-	-	-	-	17,487,728	-	-	17,487,728
(2,004,644)	-	-	-	(24,628,421)	-	-	-	-
2,341	-	-	-	-	(2,004,644)	-	-	(2,004,644)
-	4,685,060	-	-	(4,685,060)	2,341	-	-	2,341
-	-	18,474,190	-	(18,474,190)	-	-	-	-
-	-	-	4,859,913	(4,859,913)	-	-	-	-
-	-	2,045,060	-	-	3,962,746	-	-	3,962,746
-	-	-	-	-	-	-	(827,788)	(827,788)
-	-	-	-	1,876,322	1,876,322	-	-	1,876,322
-	-	-	(360,324)	-	(360,324)	-	-	(360,324)
-	-	-	-	10,182,423	10,182,423	-	-	10,182,423
(2,002,303)	6,300,851	20,519,250	4,499,589	(45,845,994)	147,034,661	1,458,701	(827,788)	147,665,574
386,106	(384,980)	(15,879,477)	24,880,170	(8,162,186)	6,208,924	(1,458,701)	827,788	5,578,011
-	(15,879,477)	15,879,477	-	-	-	-	-	-
(1,030,099)	-	-	-	-	(185,890)	-	-	(185,890)
(1,030,099)	(15,879,477)	15,879,477	-	-	(185,890)	-	-	(185,890)
(643,993)	(16,264,457)	-	24,880,170	(8,162,186)	6,023,034	(1,458,701)	827,788	5,392,121
643,993	(172,695,604)	-	385,180,168	(98,271,289)	129,732,606	(8,172,933)	(13,097,365)	108,462,308
\$ -	\$ (188,960,061)	\$ -	\$ 410,060,338	\$ (106,433,475)	\$ 135,755,640	\$ (9,631,634)	\$ (12,269,577)	\$ 113,854,429

KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION –
UNRESTRICTED CURRENT FUNDS, EDUCATION AND SUPPORT
YEAR ENDED JUNE 30, 2015

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
REVENUES				
State Appropriations	\$ 13,293,722	\$ 12,273,468	\$ 6,108,402	\$ -
Tuition and Fees	24,332,910	13,429,054	8,234,474	2,593,308
Property Tax	-	-	-	-
Federal Appropriations	-	-	-	-
Sales and Services	(13,543)	176,313	480,719	2,591
Interest on Investments	-	-	-	-
Miscellaneous	47,160	192,546	44,483	25,403
	<u>37,660,249</u>	<u>26,071,381</u>	<u>14,868,078</u>	<u>2,621,302</u>
Allocation of Support Services				
Total Revenues	37,660,249	26,071,381	14,868,078	2,621,302
EXPENDITURES				
Salaries and Benefits	24,465,817	17,791,000	5,993,447	1,431,160
Services	289,797	472,627	1,546,680	268,728
Materials and Supplies	185,889	646,402	928,274	227,697
Travel	175,182	247,097	80,924	30,077
Plant Asset Acquisitions	-	-	36,930	-
Miscellaneous	856	283,384	173,735	12,176
	<u>25,117,541</u>	<u>19,440,510</u>	<u>8,759,990</u>	<u>1,969,838</u>
Allocation of Support Services				
Total Expenditures	<u>25,117,541</u>	<u>19,440,510</u>	<u>8,759,990</u>	<u>1,969,838</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,542,708	6,630,871	6,108,088	651,464
TRANSFERS, NONMANDATORY TRANSFERS	<u>-</u>	<u>59,339</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ 12,542,708</u>	<u>\$ 6,690,210</u>	<u>\$ 6,108,088</u>	<u>\$ 651,464</u>
NET POSITION				
Beginning				
Ending				

See Note to Other Supplementary Information.

General Administration	Student Services	Support			Education and Support Total
		Learning Resources	Physical Plant	General Institution	
\$ 33,656	\$ -	\$ 349	\$ -	\$ -	\$ 31,709,597
1,325	-	-	-	-	48,591,071
4,331,778	-	-	-	-	4,331,778
-	4,266	-	-	-	4,266
91	231,882	-	21,796	102,309	1,002,158
1,339	-	-	-	-	1,339
176,624	24,771	1,817	325,691	19,161	857,656
<u>4,544,813</u>	<u>260,919</u>	<u>2,166</u>	<u>347,487</u>	<u>121,470</u>	<u>86,497,865</u>
4,544,813	260,919	2,166	347,487	121,470	86,497,865
2,167,440	4,670,490	935,426	3,280,696	6,616,810	67,352,286
1,078,888	343,937	11,462	3,195,175	1,942,116	9,149,410
119,851	252,347	182,699	609,418	430,041	3,582,618
113,651	151,124	1,530	7,974	122,165	929,724
-	27,356	-	156,539	360,112	580,937
204,949	43,251	123	30,836	32,622	781,932
<u>3,684,779</u>	<u>5,488,505</u>	<u>1,131,240</u>	<u>7,280,638</u>	<u>9,503,866</u>	<u>82,376,907</u>
3,684,779	5,488,505	1,131,240	7,280,638	9,503,866	82,376,907
860,034	(5,227,586)	(1,129,074)	(6,933,151)	(9,382,396)	4,120,958
<u>(1,687,495)</u>	<u>1,130,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(498,057)</u>
<u>\$ (827,461)</u>	<u>\$ (4,097,487)</u>	<u>\$ (1,129,074)</u>	<u>\$ (6,933,151)</u>	<u>\$ (9,382,396)</u>	3,622,901
					<u>10,280,354</u>
					<u>\$ 13,903,255</u>

KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION –
UNRESTRICTED CURRENT FUNDS, AUXILIARY ENTERPRISES
YEAR ENDED JUNE 30, 2015

	Farm Lab	Retail Operations	Other Vocational	Equestrian Center
REVENUES				
Sales and Services	\$ 465,622	\$ 8,525,423	\$ 566,037	\$ 353,494
Interest on Investments	-	-	-	-
Miscellaneous	-	3,120	-	-
Total Revenues	<u>465,622</u>	<u>8,528,543</u>	<u>566,037</u>	<u>353,494</u>
EXPENDITURES				
Salaries and Benefits	57,790	1,212,297	50,435	219,395
Services	117,434	229,095	178,590	20,734
Materials and Supplies	226,047	74,289	69,717	16,276
Travel	531	28,640	9,745	2,259
Plant Acquisitions	-	245,153	-	12,844
Interest on Indebtedness	-	-	-	-
Cost of Goods Sold	(63,649)	6,605,713	7,060	61,182
Miscellaneous	327	46,286	262,935	255
Total Expenditures	<u>338,480</u>	<u>8,441,473</u>	<u>578,482</u>	<u>332,945</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	127,142	87,070	(12,445)	20,549
TRANSFERS, NONMANDATORY TRANSFERS	<u>12,280</u>	<u>(135,178)</u>	<u>5,236</u>	<u>1,740</u>
CHANGE IN NET POSITION	139,422	(48,108)	(7,209)	22,289
NET POSITION				
Beginning	<u>(21,137)</u>	<u>(32,978)</u>	<u>(102,780)</u>	<u>128,727</u>
Ending	<u>\$ 118,285</u>	<u>\$ (81,086)</u>	<u>\$ (109,989)</u>	<u>\$ 151,016</u>

See Note to Other Supplementary Information.

Workplace Development	The Hotel at Kirkwood Center	Miscellaneous	Total
\$ 3,982,042	\$ 6,221,848	\$ 219,482	\$ 20,333,948
-	207	-	207
1,200	752,973	132,941	890,234
<u>3,983,242</u>	<u>6,975,028</u>	<u>352,423</u>	<u>21,224,389</u>
462,842	3,097,911	649,551	5,750,221
247,309	376,902	171,093	1,341,157
7,827	532,482	124,173	1,050,811
21,013	10,064	196,732	268,984
-	157,388	20,251	435,636
-	975,138	-	975,138
-	1,467,376	-	8,077,682
-	237,516	15,918	563,237
<u>738,991</u>	<u>6,854,777</u>	<u>1,177,718</u>	<u>18,462,866</u>
3,244,251	120,251	(825,295)	2,761,523
44,824	137,027	1,000,927	1,066,856
<u>3,289,075</u>	<u>257,278</u>	<u>175,632</u>	<u>3,828,379</u>
<u>(1,356)</u>	<u>(2,014,698)</u>	<u>(256,528)</u>	<u>(2,300,750)</u>
<u>\$ 3,287,719</u>	<u>\$ (1,757,420)</u>	<u>\$ (80,896)</u>	<u>\$ 1,527,629</u>

KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION –
RESTRICTED CURRENT FUNDS
YEAR ENDED JUNE 30, 2015

	Scholarships and Grants	Iowa Industrial New Jobs Training Program	Workforce Investment Act	Heritage Agency on Aging	Other Federal	State
REVENUES						
State Appropriations	\$ 1,854,068	\$ -	\$ -	\$ 1,037,747	\$ -	\$ 6,011,587
Tuition and Fees	-	-	-	-	-	-
Property Tax	-	(44,495)	-	-	-	-
Federal Appropriations	19,592,703	-	1,341,177	2,557,665	2,418,980	10,334
Sales and Services	-	-	-	393,165	-	1,911
Interest on Investments	-	22,007	-	-	-	-
Iowa Industrial New Jobs Training Program	-	7,912,423	-	-	-	-
Miscellaneous	3,278,061	-	-	16,959	-	153,190
Total Revenues	<u>24,724,832</u>	<u>7,889,935</u>	<u>1,341,177</u>	<u>4,005,536</u>	<u>2,418,980</u>	<u>6,177,022</u>
EXPENDITURES						
Salaries and Benefits	-	2,290	1,076,428	1,268,268	1,565,515	2,871,242
Services	-	6,564,575	109,253	2,622,815	302,378	1,874,627
Materials and Supplies	-	22,541	65,620	20,462	63,015	836,292
Travel	75	57,678	36,635	51,007	65,166	97,876
Plant Asset Acquisitions	-	-	-	-	196,793	465,415
Interest on Indebtedness	-	942,548	-	-	-	-
Miscellaneous	-	(39,779)	251,983	129	197,073	96,174
Federal Pell Grant Program	19,132,302	-	-	-	-	-
Federal Supplemental Educational Opportunity Grant	355,719	-	-	-	-	-
Iowa College Student Aid Commission	1,881,515	-	-	-	-	-
Private Scholarships	3,258,810	-	-	-	-	-
Total Expenditures	<u>24,628,421</u>	<u>7,549,853</u>	<u>1,539,919</u>	<u>3,962,681</u>	<u>2,389,940</u>	<u>6,241,626</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	96,411	340,082	(198,742)	42,855	29,040	(64,604)
TRANSFERS, NONMANDATORY						
TRANSFERS	-	-	(60,844)	2,540	114,561	(155,233)
CHANGE IN NET POSITION	96,411	340,082	(259,586)	45,395	143,601	(219,837)
NET POSITION						
Beginning, as Restated	(32,885)	553,576	(118,209)	(105,713)	(114,164)	997,521
Ending	<u>\$ 63,526</u>	<u>\$ 893,658</u>	<u>\$ (377,795)</u>	<u>\$ (60,318)</u>	<u>\$ 29,437</u>	<u>\$ 777,684</u>

See Note to Other Supplementary Information.

Equipment Replacement	Tort Liability and Insurance	Early Retirement	Unemployment Compensation	Cash Reserve	Miscellaneous	Subtotal	Other Postemployment Benefits	IPERS Pension	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,903,402	\$ -	\$ -	\$ 8,903,402
-	-	-	-	-	2,715	2,715	-	-	2,715
1,925,522	7,573,620	33,493	149,802	-	-	9,637,942	-	-	9,637,942
-	-	-	-	-	-	25,920,859	-	-	25,920,859
-	-	-	-	-	11,952	407,028	-	-	407,028
-	-	1,168	-	-	-	23,175	-	-	23,175
-	-	-	-	-	-	7,912,423	-	-	7,912,423
-	4,497,144	-	-	-	457,407	8,402,761	-	-	8,402,761
1,925,522	12,070,764	34,661	149,802	-	472,074	61,210,305	-	-	61,210,305
153	744,541	1,801,577	75,813	-	588,845	9,994,672	1,458,701	(827,788)	10,625,585
5,685	11,101,049	-	-	-	119,801	22,700,183	-	-	22,700,183
1,131,607	-	-	-	-	21,299	2,160,836	-	-	2,160,836
-	-	-	-	-	8,277	316,714	-	-	316,714
812,408	-	-	-	-	-	1,474,616	-	-	1,474,616
-	-	-	-	-	-	942,548	-	-	942,548
-	-	-	-	-	-	505,580	-	-	505,580
-	-	-	-	-	-	19,132,302	-	-	19,132,302
-	-	-	-	-	-	355,719	-	-	355,719
-	-	-	-	-	-	1,881,515	-	-	1,881,515
-	-	-	-	-	-	3,258,810	-	-	3,258,810
1,949,853	11,845,590	1,801,577	75,813	-	738,222	62,723,495	1,458,701	(827,788)	63,354,408
(24,331)	225,174	(1,766,916)	73,989	-	(266,148)	(1,513,190)	(1,458,701)	827,788	(2,144,103)
-	-	-	-	-	374,386	275,410	-	-	275,410
(24,331)	225,174	(1,766,916)	73,989	-	108,238	(1,237,780)	(1,458,701)	827,788	(1,868,693)
557,373	(5,130,198)	8,980,917	73,096	621,989	612,431	6,895,734	(8,172,933)	(13,097,365)	(14,374,564)
\$ 533,042	\$ (4,905,024)	\$ 7,214,001	\$ 147,085	\$ 621,989	\$ 720,669	\$ 5,657,954	\$ (9,631,634)	\$ (12,269,577)	\$ (16,243,257)

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS
AGENCY FUNDS
YEAR ENDED JUNE 30, 2015**

	Student Activities	Other Agency Programs
BALANCES, BEGINNING OF YEAR	\$ 291,937	\$ 363,038
Additions:		
State Appropriations	11,988	-
Federal Appropriations	-	-
Sales and Services	76,015	66,249
Partnership Loan Program	-	455,649
Miscellaneous	169,913	3,750
Transfers	185,877	-
Total Additions	443,793	525,648
Deductions:		
Salaries and Benefits	6,551	42,099
Services	94,904	472,823
Materials and Supplies	154,966	25,119
Travel	119,422	109
Living Allowances	-	-
Miscellaneous	31,093	(27,212)
Total Deductions	406,936	512,938
BALANCE, END OF YEAR	\$ 328,794	\$ 375,748

See Note to Other Supplementary Information.

<u>Retraining Program</u>	<u>Direct Loan Program</u>	<u>Community Colleges for International Development, Inc.</u>	<u>Total</u>
\$ 268,438	\$ -	\$ (438,227)	\$ 485,186
396,067	-	-	408,055
-	34,180,978	48,666	34,229,644
-	-	784,335	926,599
-	-	-	455,649
-	-	211,768	385,431
-	-	1	185,878
<u>396,067</u>	<u>34,180,978</u>	<u>1,044,770</u>	<u>36,591,256</u>
-	-	422,119	470,769
426,257	34,180,978	103,396	35,278,358
-	-	78,941	259,026
-	-	561,081	680,612
-	-	-	-
-	-	3,791	7,672
<u>426,257</u>	<u>34,180,978</u>	<u>1,169,328</u>	<u>36,696,437</u>
<u>\$ 238,248</u>	<u>\$ -</u>	<u>\$ (562,785)</u>	<u>\$ 380,005</u>

KIRKWOOD COMMUNITY COLLEGE
NOTE TO OTHER SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. The various fund groups and their designated purposes are as follows:

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

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

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

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

Restricted Other Postemployment Benefits – The Restricted Other Postemployment Benefits subgroup of the Restricted Fund is used to account for the actuarial determined liability and expenses related to the OPEB obligation under GASB Statement No. 45. See Note 13 of the notes to basic financial statements for more information.

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

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

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

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

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

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

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF CREDIT AND CONTACT HOUR ENROLLMENT
YEAR ENDED JUNE 30, 2015**

	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Category:						
Arts and Sciences	159,038	-	159,038	-	-	-
Vocational Education	128,642	-	128,642	-	-	-
Adult Education/Continuing Education	-	-	-	1,019,267	276,916 *	1,296,183
	<u>287,680</u>	<u>-</u>	<u>287,680</u>	<u>1,019,267</u>	<u>276,916</u>	<u>1,296,183</u>

- Includes 240 hour adjustment of 15,678 hours and 300 hour adjustment of 6,300 hours, respectively and other adjustments for 108 hours.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Local (Property Tax)	\$ 22,941,271	\$ 22,045,940	\$ 21,439,409	\$ 19,165,569	\$ 16,948,563
State	41,012,999	37,953,646	33,265,140	30,167,245	29,935,435
Federal	25,925,125	27,543,181	32,202,315	37,141,478	38,439,167
Total	<u>\$ 89,879,395</u>	<u>\$ 87,542,767</u>	<u>\$ 86,906,864</u>	<u>\$ 86,474,292</u>	<u>\$ 85,323,165</u>

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 14,656,336	\$ 14,213,443	\$ 13,676,607	\$ 13,660,902	\$ 2,568,795
28,816,574	35,217,723	32,273,982	27,490,516	25,915,880
<u>42,885,130</u>	<u>27,653,493</u>	<u>22,529,611</u>	<u>22,305,003</u>	<u>22,116,516</u>
<u>\$ 86,358,040</u>	<u>\$ 77,084,659</u>	<u>\$ 68,480,200</u>	<u>\$ 63,456,421</u>	<u>\$ 50,601,191</u>

KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
FOR THE LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
REVENUES			
State Appropriations	\$ 40,612,999	\$ 37,520,312	\$ 32,460,615
Tuition and Fees	48,593,786	48,993,853	52,797,801
Property Tax	13,969,720	13,527,840	13,250,043
Federal Appropriations	25,925,125	27,543,181	32,202,315
Sales and Services	1,409,186	1,879,181	2,211,889
Interest on Investments	24,514	16,534	18,087
Iowa Industrial New Jobs Training Program	7,912,423	6,189,122	6,861,240
Auxiliary Enterprises	21,224,389	17,856,382	18,510,503
Miscellaneous	9,260,417	7,276,538	5,839,317
	<u>\$ 168,932,559</u>	<u>\$ 160,802,943</u>	<u>\$ 164,151,810</u>
EXPENDITURES			
Liberal Arts and Sciences	\$ 25,565,991	\$ 23,947,638	\$ 25,054,832
Vocational Technical	22,863,316	24,714,350	23,788,750
Adult Education	11,847,995	12,044,560	12,502,370
Cooperative Services	9,489,596	7,658,180	6,686,954
Administration	14,083,996	10,877,271	9,356,765
Student Services	6,153,874	6,216,880	6,128,533
Learning Resources	1,916,771	2,562,656	2,581,651
Physical Plant	7,984,411	8,377,634	7,538,140
General Institution	19,623,483	17,875,638	17,110,784
Auxiliary Enterprises	17,487,728	16,992,989	17,294,831
Scholarships and Grants	24,628,421	25,153,792	28,364,453
Interest on Indebtedness	1,917,686	2,086,959	2,168,849
	<u>\$ 163,563,268</u>	<u>\$ 158,508,547</u>	<u>\$ 158,576,912</u>

2012	2011	2010	2009	2008	2007	2006
\$ 29,628,398	\$ 29,401,047	\$ 28,083,242	\$ 33,384,393	\$ 31,981,435	\$ 27,205,433	\$ 25,638,680
53,874,766	52,501,781	46,375,772	39,940,159	40,554,897	38,403,435	36,752,189
11,307,606	9,732,022	8,225,119	7,921,323	7,447,646	7,424,645	6,583,697
37,141,478	38,439,167	42,885,130	27,653,493	22,529,611	22,282,011	22,090,755
2,343,769	2,066,391	1,752,758	2,191,639	2,197,490	2,223,437	1,873,393
313,208	133,262	152,887	728,126	1,542,557	836,125	919,371
5,382,812	5,342,554	5,557,046	8,904,244	7,090,463	6,730,448	3,862,336
17,583,512	17,201,557	14,655,595	12,326,871	14,255,095	10,610,667	10,881,211
4,474,374	7,248,846	7,443,116	6,066,590	12,563,084	4,276,507	3,761,062
<u>\$ 162,049,923</u>	<u>\$ 162,066,627</u>	<u>\$ 155,130,665</u>	<u>\$ 139,116,838</u>	<u>\$ 140,162,278</u>	<u>\$ 119,992,708</u>	<u>\$ 112,362,694</u>
\$ 25,451,646	\$ 25,287,854	\$ 23,212,694	\$ 21,883,425	\$ 20,182,685	\$ 19,474,466	\$ 17,946,972
22,986,533	27,726,823	24,480,610	22,569,627	21,916,227	20,987,006	19,832,467
11,625,712	11,458,772	12,225,309	12,564,230	12,754,415	12,083,618	11,505,437
4,943,222	5,251,854	6,367,030	7,648,550	7,692,088	6,510,936	3,675,755
10,446,607	7,886,751	8,746,375	7,373,832	6,449,287	5,959,842	5,568,530
6,428,849	5,338,610	4,923,975	5,049,306	4,843,325	4,452,042	4,426,463
2,652,484	3,135,268	3,591,600	3,716,761	2,819,282	3,009,443	3,311,387
9,015,356	11,889,788	9,732,519	9,673,772	9,554,947	8,339,637	7,091,729
16,521,865	13,251,962	16,299,666	15,243,432	12,734,901	11,148,919	10,507,101
16,159,803	17,419,860	14,151,261	11,817,598	10,486,620	10,176,203	9,983,281
30,565,374	31,657,078	27,603,927	17,021,516	15,413,906	13,670,260	13,068,240
2,295,857	1,326,639	1,434,493	1,452,386	1,307,554	1,238,043	1,321,131
<u>\$ 159,093,308</u>	<u>\$ 161,631,259</u>	<u>\$ 152,769,459</u>	<u>\$ 136,014,435</u>	<u>\$ 126,155,237</u>	<u>\$ 117,050,415</u>	<u>\$ 108,238,493</u>

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass-Through Grantor/Program Name	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Indirect through Iowa Workforce Development ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0447-309-PFFB-2495-BLNK	\$ 84,654
U.S. Department of Labor:			
Indirect through Office of the Assistant Secretary for Veterans Employment and Training: Local Veterans' Employment Representative Program	17.804	N/A	4,266
Indirect through Iowa Workforce Development: WIA Cluster:			
WIA Adult Program	17.258	13-W-10-FR-0	257,950
WIA Youth Activities	17.259	13-W-10-FR-0	429,382
WIA Dislocated Worker Formula Grants	17.278	13-W-10-FR-0	<u>300,753</u>
Total WIA Cluster			<u>988,085</u>
Indirect through Des Moines Area Community College: Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	N/A	128,653
Indirect through Hawkeye Community College: Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	N/A	<u>148,780</u>
Total U.S. Department of Labor			<u>1,269,784</u>
U.S. Department of State:			
Direct:			
Academic Exchange Programs - Undergraduate Programs	19.009	N/A	2,144
Investing in People in The Middle East and North Africa	19.021	N/A	<u>27,675</u>
Total U.S. Department of State			<u>29,819</u>
National Science Foundation:			
Direct:			
Education and Human Resources	47.076	DUE-1153604	58,270
Indirect through Iowa State University: Education and Human Resources	47.076	N/A	<u>20,118</u>
Total National Science Foundation			<u>78,388</u>
U.S. Small Business Administration:			
Indirect through Iowa State University: Small Business Development Centers	59.037	N/A	<u>95,398</u>

See Notes to Schedule of Expenditures of Federal Awards.

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass-Through Grantor/Program Name	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Direct:			
Student Financial Assistance Programs Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	355,719
Federal Work-Study Program	84.033	N/A	378,984
Federal Perkins Loan - Federal Capital Contribution	84.038	N/A	2,341
Federal Pell Grant Program	84.063	N/A	19,132,302
Federal Direct Student Loans	84.268	N/A	34,180,978
Total Student Financial Assistance Programs Cluster			<u>54,050,324</u>
TRIO Cluster:			
TRIO - Student Support Services	84.042	P042A100607	368,970
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325N	H325N100027	86,820
Indirect through Iowa Department of Education			
Adult Education - Basic Grants to States	84.002	G40026, G40041, G40058	284,092
Career and Technical Education -- Basic Grants to States	84.048	G40187, G40603	706,434
Indirect through Department of Corrections:			
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	N/A	40,424
Indirect through Iowa Vocational Rehabilitation Services			
Emergency Immigrant Education Assistance	84.162	N/A	64,842
Total U.S. Department of Education			<u>55,601,906</u>
U.S. Department of Health and Human Services:			
Direct:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	54,943
Indirect through Department of Health and Human Services Administration for Community Living:			
Promotion Services	93.043	N/A	12,384
Aging Cluster:			
Title III Part B - Grants for Supportive Services and Senior Centers	93.044	N/A	428,335
Title III Part C - Nutrition Services	93.045	N/A	789,301
Nutrition Services Incentive Program	93.053	N/A	282,968
Total Aging Cluster			<u>1,500,604</u>
Medicaid Cluster:			
Medical Assistance Program	93.778	N/A	715,602
National Family Caregiver Support	93.052	N/A	157,071
Medicare Enrollment Assistance Program	93.071	N/A	10,184
Money Follows the Person Rebalancing Demonstration	93.791	N/A	49,862
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	24,934
Total U.S. Department of Health and Human Services			<u>2,525,584</u>
Corporation for National and Community Service			
Indirect through Department of Health and Human Services Administration for Community Living:			
Volunteers in Service to America	94.013	N/A	720
U.S. Agency for International Development:			
Indirect through Georgetown University:			
Scholarships for Education and Economic Development (SEED)	98.001	KCC-RX2050-705	320,764
Total Federal Awards Expended			<u>\$ 60,007,017</u>

See Notes to Schedule of Expenditures of Federal Awards.

**KIRKWOOD COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Kirkwood Community College under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Kirkwood Community College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Kirkwood Community College.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles required by grant agreements, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Kirkwood Community College provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Special Programs for the Aging Cluster:		
Title III Part B - Grants for Supportive Services and Senior Centers	93.044	\$ 325,871
Title III Part C - Nutrition Services	93.045	721,342
Nutrition Services Incentive Program	93.053	282,968
Medical Assistance	93.778	476,362



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

Board of Trustees
Kirkwood Community College
Cedar Rapids, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kirkwood Community College, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Kirkwood Community College's basic financial statements, and have issued our report thereon dated November 19, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies listed as 2015-001 and 2015-002.

Compliance and Other Matters

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

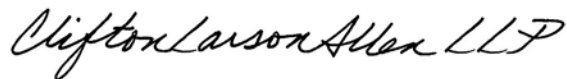
Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Kirkwood Community College's Response to Findings

Kirkwood Community College responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Kirkwood Community College's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 19, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Kirkwood Community College
Cedar Rapids, Iowa

Report on Compliance for Each Major Federal Program

We have audited Kirkwood Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Kirkwood Community College's major federal programs for the year ended June 30, 2015. Kirkwood Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

This report includes only Kirkwood Community College and does not include the component units.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Kirkwood Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMS Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMS Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Kirkwood Community College's compliance.

Opinion on Each Major Federal Program

In our opinion, Kirkwood Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-003 through 2015-010. Our opinion on each major federal program is not modified with respect to these matters.

Kirkwood Community College's responses to the noncompliance findings identified in our audit are described in the schedule of findings and questioned costs. Kirkwood Community College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-003 through 2015-010 that we consider to be significant deficiencies.

Board of Trustees
Kirkwood Community College

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

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



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 19, 2015

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Kirkwood Community College.
2. Two significant deficiencies were reported during the audit of the financial statements of Kirkwood Community College.
3. No instances of material noncompliance were disclosed during the audit of the financial statements of Kirkwood Community College.
4. Eight significant deficiencies were identified during the audit of the major federal award programs for Kirkwood Community College.
5. The auditors' report on compliance for the major federal award programs for Kirkwood Community College expresses an unmodified opinion.
6. There were eight audit findings relative to the major federal award programs for Kirkwood Community College.
7. The programs tested as major programs include:

<u>Program Name</u>	<u>Number</u>
Workforce Investment Act (WIA) Cluster:	
Workforce Investment Act Adult Program	17.258
Workforce Investment Act Youth Activities	17.259
Workforce Investment Act Dislocated Worker Formula Grants	17.278
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Special Programs for the Aging Cluster:	
Title III Part B - Grants for Supportive Services and Senior Centers	93.044
Title III Part C - Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
TRIO Cluster:	
TRIO - Student Support Services	84.042
Medicaid Cluster:	
Medical Assistance Program	93.778
Career and Technical Education -- Basic Grants to States	84.048
Adult Education - Basic Grants to States	84.002

8. The threshold for distinguishing type A and B programs was \$300,000.

Kirkwood Community College was determined not to be a low risk auditee.

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

CURRENT YEAR FINDINGS

2015-001: Information Technology (IT) System Access Rights

Condition:

During our audit, we noted that several employees have excessive IT system access rights, which allows them to create, edit and perform other functions within the accounting and payroll systems, which can cause an improper segregation of duties. For example, several employees have administrative access within these systems, which grants them access to the entire system.

Criteria:

A system of internal controls should account for adequate segregation of duties over the accounting and payroll processes. An adequate segregation of duties requires that no one individual has the ability to handle a transaction from beginning to end, unless other mitigating controls are present to reduce this risk. Also, within the IT environment, employees should not have access to functions within the accounting system that are not required based on their job descriptions.

Questioned Costs:

None

Effect:

Misappropriation of assets or an undetected error in the financial statements could occur due to improper segregation of duties and improper access within the accounting and payroll systems.

Auditors' Recommendation:

We recommend the College examine employees' access to the accounting and payroll systems, and implement changes to ensure that system access aligns with each employee's job duties, or implement other mitigating controls to reduce the risk of segregation of duties.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Findings: None

Action Planned in Response to Finding: Access within the payroll system will be reviewed and changes implemented where appropriate. In addition, consideration will be given to identify mitigating controls which further support segregation duties.

Official Responsible for Ensuring CAP: Sara Swanson, Executive Director of Application Support & Development and Michael Roberts, Executive Director of Human Resources

Planned Completion Date for CAP: March 1, 2016

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

CURRENT YEAR FINDINGS (CONTINUED)

2015-002: Audit Journal Entries

Condition:

During our audit we identified, along with management, various entries to the trial balance of the College which were necessary due to differences between the beginning net position recorded within the unadjusted trial balance for fiscal year 2015, and the ending net position reported in the fiscal year 2014 audited financial statements. The differences stem from missing adjustments within the College's trial balance which have been differences for a period of at least 5 years. According to management, the proper adjustments to bring the net assets in alignment were not communicated to them by the previous auditors.

Criteria:

A system of internal controls should ensure that financial reporting policies and procedures properly align the trial balance of the College with the adjustments provided during the annual audits that were reviewed and approved by management of the College.

Effect:

Adjustments to the audited financial statement amounts were determined in prior years, but not adjusted in the general ledger until the current year for various reasons, in order to align the general ledger and the audited financial statements of the current year and previous fiscal years.

Auditors' Recommendation:

We recommend the College review all adjustments made in the current year, and in prior years, to ensure that amounts reported in the audited financial statements agree to amounts recorded within the College's general ledger.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Findings: None

Action Planned in Response to Finding: Multiple personnel changes in the last five years may have contributed to proper adjustments not being made to the general ledger. Management acknowledges this finding, and has worked closely with the current auditor to identify and record all appropriate adjustments in the current fiscal year. Management believes this to be a one-time finding related to lack of communication and training on prior audit engagements.

Official Responsible for Ensuring CAP: Kris Riley, Director of Finance

Planned Completion Date for CAP: Completed

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

CURRENT YEAR FINDINGS (CONTINUED)

2015-003: Student Financial Aid Cluster– National Student Loan Data System (NSLDS)

Condition

During our testing, we noted that the National Student Loan Data Systems (NSLDS) rosters returned yielded error reports that were not corrected and resubmitted within the required 10 days. The College utilizes the National Student Clearinghouse (NSC) as a third party provider in order to submit student information to NSLDS. NSC had software conversion issues that failed in monitoring and correcting submission errors. However, it is possible for the College to create an Enrollment Reporting Summary Report after reporting student status changes on NSLDS, which would have detected these types of errors.

The issue occurred at many colleges and universities in the U.S. during the 2014-2015 award year.

Criteria

Federal regulation requires enrollment status for each student be reported accurately to NSLDS. In addition, regulations require that an institution make necessary corrections and return the records within 10 days for any roster files that don't pass the NSLDS enrollment reporting edits.

Questioned Costs

None

Cause of the Condition

Management was not aware of the NSC software conversion issues, and did not create an Enrollment Reporting Summary Report to determine if student status changes were being updated accurately and timely.

Effect

The College did not update student enrollment statuses correctly or timely to NSLDS as a result of the issues noted above.

Recommendation

We recommend that the College put a process in place to ensure determination of all students who withdraw or graduate are accurately and timely reported to NSLDS. The system should include understanding if and when the NSC third party servicer has corrected the failed software programming.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Findings: None

Action Planned in Response to Finding: The Kirkwood Financial Aid Office has implemented a process to review the Student Status Confirmation Report from the National Student Loan Data System on a scheduled time. The scheduled review will be used to identify and correct the National Student Loan Data System errors within the 10 day time frame.

Official Responsible for Ensuring CAP: Matt Falduto, Director of Financial Aid

Planned Completion Date for CAP: November 30, 2015

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

CURRENT YEAR FINDINGS (CONTINUED)

2015-004: Student Financial Aid Cluster – Notification of Loan Disbursements

Condition:

During our testing, we noted that students were not notified when loan disbursements were disbursed or going to be disbursed for a period of time during the 2014-2015 award year. The College should be notifying students with loans the disbursement date and amount 30 days prior or seven days after loan funds are disbursed.

Criteria:

Institutions that do not implement an affirmative confirmation process must notify a student with loan funds the date and amount of the disbursement no earlier than 30 days before, but no later than seven days after, crediting loan funds to the student's account.

Questioned Costs:

None

Effect:

Students were not notified of the disbursement amounts and dates of loan funds.

Auditors' Recommendation:

We recommend the College implement a notification system so that the student is notified during the timeframe of 30 days before through seven days after the disbursement that includes the date and amount of any loan disbursements.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Findings: None

Action Planned in Response to Finding: The Financial Aid Office has implemented a process to send notifications upon the issuance of a loan disbursement. In addition a monthly audit process to review our data system has been put into place to ensure that all notifications have been sent.

Official Responsible for Ensuring CAP: Matt Falduto, Director of Financial Aid

Planned Completion Date for CAP: Implemented

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

CURRENT YEAR FINDINGS (CONTINUED)

2015-005: Student Financial Aid Cluster – Notification of Exit Counseling

Condition:

During our testing, we noted 3 students in our sample of 40 student files that required Direct Loan exit counseling which did not complete the required exit counseling online, and while the College did notify the students of the exit counseling requirements they did not do so within the required 30-day time frame from when the College first became aware the student withdrew.

Criteria:

Department of Education regulations state that if a student borrower withdraws from school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after the school learns that the student borrower has withdrawn from school or failed to complete the exit counseling as required.

Questioned Costs:

None

Effect:

The student was not notified of exit counseling requirements within the required timeframe.

Auditors' Recommendation:

We recommend the College review its procedures to ensure compliance with the Direct Loan exit counseling requirements.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Findings: None

Action Planned in Response to Finding: The Financial Aid Office has implemented a process to send notifications upon the issuance of a loan disbursement. In addition a monthly audit process to review our data system has been put into place to ensure that all notifications have been sent.

Official Responsible for Ensuring CAP: Matt Falduto, Director of Financial Aid

Planned Completion Date for CAP: Implemented

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

CURRENT YEAR FINDINGS (CONTINUED)

2015-006: Student Financial Aid Cluster – Return of Title IV Funds (R2T4)

Condition:

During our testing, we noted 2 students in our sample of 40 student files that had incorrect R2T4 calculations, resulting in additional fund that needed to be returned to the Department of Education.

In addition, we noted 10 students in our sample of 40 student files that either did not return for the spring semester, or withdrew before the census date. For these students, the College returned all packaged awards to the Department of Education. For some of these students, it's probable the College and/or the student earned a portion of the spring award.

Criteria:

Refund calculations should be performed correctly in accordance with Department of Education requirements. This includes determining the proper days of attendance for a term and using the correct student charges in the calculations.

Questioned Costs:

For the 2 students with incorrect R2T4 calculations, an additional \$1,386 of Direct Loans needs to be returned to the Department of Education. For the other 10 students in our sample, an amount could not be determined, but amounts returned to the Department of Education exceeded what was required to be returned.

Effect:

The College improperly calculated R2T4's during the year for some students, resulting in additional funds needing to be returned to the Department of Education. For other students, the College returned all funds to the Department of Education when some amounts were earned.

Auditors' Recommendation:

We recommend the College review its processes and procedures around all R2T4 calculations to check for the accuracy of information used to ensure the calculations are completed in accordance with Department of Education requirements.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Findings: None

Action Planned in Response to Finding: The Financial Aid Office has implemented training for staff members responsible for the R2T4 processing. A second action will be implemented to have a 2 step verification audit in place that checks that all Return of Financial Calculations are completed. The second part of the finding will be to work with Technology Services to create Reports that identifies students who attend but then withdraw during the census period. The students identified, by the report, will then have an R2T4 calculation performed on them to identify any funds due to them.

Official Responsible for Ensuring CAP: Matt Falduto, Director of Financial Aid

Planned Completion Date for CAP: November 30, 2015

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

CURRENT YEAR FINDINGS (CONTINUED)

2015-007: TRIO Cluster – Allowable Costs

Condition:

During our testing of 25 grant disbursements, we identified one grant disbursement which did not have adequate supporting documentation to demonstrate the cost was allowed by the grant.

Criteria:

Pursuant to OMB Circular A-133, organizations must implement an internal control process to ensure that all expenditures are properly reviewed to confirm they're allowed under the grant, as well as compliant with other requirements of OMB Circular A-21.

Questioned Costs:

The amount of questioned costs is \$5.96.

Effect:

The College either did not obtain or retain information to support the expenditure noted above was allowable under the terms of the grant. Documentation needs to be retained to show the expenditure was allowable under the terms of the grant.

Auditors' Recommendation:

We recommend the College review their internal control processes and procedures to ensure that all documentation supporting allowable costs is obtained and retained.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Findings: None

Action Planned in Response to Finding: The Finance department will continue to monitor expenditures to ensure adequate supporting documentation accompanies all expenditures. Finance, in conjunction with Institutional Research & Effectiveness, is compiling a Grants Manual to capture the necessary requirements for allowable expenditures under new OMB Guidance and will be conducting training sessions with all individuals involved with grant activities upon release of the new manual.

Official Responsible for Ensuring CAP: Jim Choate, Vice President – CFO/COO

Planned Completion Date for CAP: Ongoing

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

CURRENT YEAR FINDINGS (CONTINUED)

2015-008: Aging Cluster - Eligibility

Condition:

During our testing, it was noted that before participants are allowed into this program, their eligibility is determined by filling out a form provided by the Iowa Department of Aging. However, there is no way to modify this form to document evidence of review of eligibility before participants are admitted into the program. Therefore, evidence of review is not maintained.

Criteria:

According to the terms of the grant agreement, the College is required to review certain eligibility criteria before admitting individuals into the program. Documentation of this review should be retained as evidence the review was completed.

Questioned Costs:

None

Effect:

If eligibility determinations are not properly performed and reviewed, the College could unintentionally accept ineligible participants into the program.

Auditors' Recommendation:

We recommend the College review its policies and procedures around eligibility to ensure that reviews are properly performed, and evidence of this review is retained, to mitigate the risk of ineligible participants in the program.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Findings: None

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

CURRENT YEAR FINDINGS (CONTINUED)

2015-008: Aging Cluster – Eligibility (Continued)

Action Planned in Response to Finding: In June 2015, Heritage received special permission from the Iowa Department on Aging to modify the following forms: Iowa Department on Aging - Aging & Disability Network Consumer Intake Form, Iowa Department on Aging – EAPA Service Form and the Iowa Department on Aging - Family Caregiver and/or Grandparents and Other Elderly Caregivers Serving Children Network Consumer Intake Form to include “**Agency Staff Initials _____**”. This was added so that provider agency staff and Heritage staff initial the form to verify client eligibility prior to providing services. The Heritage Master Agreement states the following in regards to client eligibility:

6.2 Client Eligibility, Program Requirements, Spending Down and Matching

1. The Subcontractor shall use Heritage funds to provide services only to clients, participants, and/or enrollees who meet the eligibility criteria set forth in the funding source for the specific program funded under this Agreement as identified in Article I set forth above. Eligibility criteria are set forth in the taxonomy contained in the RFP proposal and is incorporated by reference herein.
2. The Subcontractor shall ensure that each program funded under this Agreement shall meet all other program requirements contained in this Agreement and in the funding attachments to this Agreement.
3. The Subcontractor shall spend down the funds under this Agreement at a rate comparable to other funds of the Subcontractor.
4. The Subcontractor shall match the Heritage total program budget associated with this Agreement with 25% of matching funds which can include in-kind, state, and local funds.

Heritage contract monitors are also responsible to verify client eligibility via the intake forms submitted with the monthly reports prior to giving them to fiscal to process for payment.

Official Responsible for Ensuring CAP: Joseph Sample, Executive Director The Heritage Agency

Planned Completion Date for CAP: The modification to the Iowa Department on Aging forms to incorporate the “**Agency Staff Initials _____**” was made in June 2015, prior to the FY 2016 forms being implemented agency wide.

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

CURRENT YEAR FINDINGS (CONTINUED)

2015-009: Aging Cluster – Sub-recipient Monitoring

Condition:

During our testing of sub-recipients, we noted there are procedures in place to monitor sub-recipients. However, in one instance we noted the College was not requesting sufficient information to conclude the sub-recipient was in compliance with the terms of the grant.

Criteria:

Pursuant to OMB-133, organizations must implement a monitoring process on sub recipients which includes verifying that the pass-through entity had required audits. Additionally issued management decisions on audit findings should be issued 6 months after receipt of sub recipient's audit report and the organizations should follow up to ensure that appropriate and timely corrective action on all audit findings were performed by sub recipients.

Questioned Costs:

None

Effect:

Insufficient information obtained during the monitoring process could potentially result in the College not identifying non-compliance with the terms of the grant.

Auditors' Recommendation:

We recommend the College review its policies and procedures to ensure that adequate monitoring is performed on all sub-recipients, and all necessary information is obtained from sub-recipients to adequately monitor compliance with terms of the grants.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Findings: None

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

CURRENT YEAR FINDINGS (CONTINUED)

2015-009: Aging Cluster – Sub-recipient Monitoring (Continued)

Action Planned in Response to Finding: The current Heritage Master Agreement states:

6.4 Audit. The Subcontractor shall have an annual audit by a Certified Public Accountant of funds provided under this Agreement unless an audit is otherwise exempted under this Agreement. If an audit is performed by a CPA for Subcontractor which includes the funds under this Agreement, such an audit will be acceptable to Heritage. The Subcontractor shall provide Heritage with a copy of the audit.

1. Copy. A copy of the audit for the fiscal year 2015 is due to Heritage by March 31, 2016. A copy of the audit for fiscal year 2016 is due to Heritage by March 31, 2017. An extension of this deadline may be granted by Heritage if the Subcontractor submits a written request for extension prior to the deadline and receives Heritage's permission.

2. Waiver. If an audit is not required and is not completed for another reason by the Subcontractor, the Subcontractor shall send an official request in writing to Heritage for approval of a "waiver of audit requirement." This request shall be received for fiscal year 2015 by March 31, 2016 and for fiscal year 2016 by March 31, 2017.

3. Corrective Actions. Heritage may make recommendations and findings after reviewing the Subcontractor's audit report. The Subcontractor will comply with any corrective actions specified by Heritage.

Heritage reviews all provider audits each year and will make recommendations in regards to the findings if warranted.

Heritage will work with the Kirkwood Community College attorney to amend the current Master Agreement language to be more specific in relation to the single audit requirements of OMB-133.

Official Responsible for Ensuring CAP: Joseph Sample, Executive Director The Heritage Agency

Planned Completion Date for CAP: January 1, 2016

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

CURRENT YEAR FINDINGS (CONTINUED)

2015-010: Medical Assistance Program – Cash Management

Condition:

During our testing of reimbursement reports, we noted that there is a review process in place. However, the evidence of the review was not retained for 32 of the 40 participants selected for testing.

Criteria:

Pursuant to OMB Circular A-133, organizations must implement an internal control process to ensure that all expenditures are allowable per grant requirements and requirements of OMB Circular A-122.

Questioned Costs:

None

Effect:

If reimbursement reports are not properly prepared and reviewed, the College could unintentionally request reimbursement for costs not allowed under the terms of the grant.

Auditors' Recommendation:

We recommend the College review its policies and procedures to ensure that reviews are properly performed, and evidence of this review is retained, to mitigate the risk of unallowable costs being charged to the grant.

Corrective Action Plan (CAP)

Explanation of Disagreement with Audit Findings: None

Action Planned in Response to Finding: Stephanie Fangmann, Case Management Supervisor began signing off on the internal Heritage billing verification form. This change went into effect May 2015.

Stephanie will begin to reconcile discrepancies for the *Heritage Internal Case Management Program* between the initial roster and the internal case manager's activity logs. Once this is completed, Stephanie will email the return roster and signed billing verification form to our fiscal department which will trigger the internal billing for case management services to Medicaid. This will ensure that when Stephanie is signing off on the billing verification form she has verified all units on the return roster for appropriate billing eligibility for our internal program.

Official Responsible for Ensuring CAP: Joseph Sample, Executive Director The Heritage Agency

Planned Completion Date for CAP: Stephanie began signing off on the internal billing verification form in May 2015. The planned implementation date for Stephanie to begin reconciling the initial roster to the activity logs is November 1, 2015.

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

D. PRIOR YEAR FINDINGS

Finding 2014-004 – Student Financial Aid Cluster – Federal Perkins Loan Program

Statement of Condition: Personnel responsible for the oversight of Perkins Loan due diligence have not had adequate training in order to perform effective oversight of the Perkins Loan program. Further, there is not a clear understanding of the roles of the College vs. the roles of the service organization used by the College. The lack of effective oversight caused student enrollment status and Perkins Loan status changes to go undetected. Further, the College did not maintain proper contact with defaulted borrowers that were no longer placed with collection agencies.

Status: No instances noted in the current year.

Finding 2014-005 – Trade Adjustment Assistance Community College and Career Training Program (17.282), Career and Technical Education – Basic Grants to States Program (84.048) and Workforce Investment Act Program (CFDA 17.258, 17.259, 17.278)

Statement of Condition: The College does not have a process in place to ensure that all vendors are being checked on EPLS.

Status: No instances noted in the current year.

Finding 2014-006 – Student Financial Aid Cluster – Federal Direct Loan Program

Statement of Condition: Nineteen students had incorrect withdrawal dates or less than half time dates reported to NSLDS. Seven students were not properly reported to NSLDS as graduated, less than half time, or withdrawn within 60 days of determination.

Status: See Finding 2015-002.

Finding 2014-007 – Student Financial Aid Cluster – Federal Direct Loan Program

Statement of Condition: Four students were not reported to NSLDS with at least half-time status.

Status: No instances noted in the current year.

Finding 2014-008 – Student Financial Aid Cluster – Federal Perkins Loan Program

Statement of Condition: General non-compliance with Perkins Loan due diligence requirements. See 2014-004 above.

Status: No instances noted in the current year.

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

D. PRIOR YEAR FINDINGS (CONTINUED)

Finding 2014-009 – Student Financial Aid Cluster – Federal Direct Loan Program

Statement of Condition: The College has not incorporated all elements of federal regulations 34 CFR 668.53 into its verification policy.

Status: No instances noted in the current year.

Finding 2014-010 – Student Financial Aid Cluster – Federal Direct Loan Program

Statement of Condition: The College inadvertently excluded one student from returning Title IV funds through COD. The funds were returned after the required 45 days.

Status: See Finding 2015-005.

Finding 2014-011 – Student Financial Aid Cluster – Federal Direct Loan Program

Statement of Condition: The College used the first days of scheduled break as the withdrawal date for one student rather than the last day of scheduled class attendance prior to the start of the scheduled break.

Status: No instances noted in the current year.

Finding 2014-012 – Student Financial Aid Cluster – Federal Direct Loan Program

Statement of Condition: Exit counseling materials were not sent to the students within 30 days of known separation.

Status: No instances noted in the current year.

Finding 2014-013 – Student Financial Aid Cluster – Federal Direct Loan Program

Statement of Condition: Three students were under awarded Federal Direct Lending subsidized loans due to incorrect calculation of students' annual loan limit progression.

Status: No instances noted in the current year.

Finding 2014-014 – Student Financial Aid Cluster – Federal Direct Loan Program

Statement of Condition: The College used incorrect allocation percentage to allocate wage and benefit expenses to the different programs.

Status: No instances noted in the current year.

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

E. OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

IV-A-15 – Certified Budget

Expenditures for the year ended June 30, 2015 did not exceed the budgeted amount.

IV-B-15 – Questionable Disbursements

Based on the expenditures subject to our testing procedures, no expenditures were noted that we believe did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-15 – Travel Expense

Based on the expenditures subject to our testing procedures, no expenditures of College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.

IV-D-15 – Business Transactions

Based on transactions subject to our testing procedures, no business transactions between the College and College officials or employees were noted.

IV-E-15 – Bond Coverage

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

IV-F-15 – Board Minutes

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

IV-G-15 – Publication

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

IV-H-15 – Deposits and Investments

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

**KIRKWOOD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

E. OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (CONTINUED)

IV-I-15 – Credit and Contact Hours

Eligible credit and contact hours reported to the Iowa Department of Education by the College for the year ended June 30, 2015 were supported by detailed records maintained by the College.

New Jobs Training Program

Compliance Finding for Recalculation of Withholding Credit

During our testing of the recalculation of withholding credit, we noted an instance where we were unable to obtain adequate information to recalculate the withholding credit submitted to the College. It was noted that the gross report that presents the withholding amount did not agree with the actual withholding credit applied. The College has a process where some employers use a third party to calculate the withholding amount. Additionally throughout the year, some positions are not always classified as a “260E” position and as such not all of their wages are included in the calculation of the credit. In order to reconcile the withholding for “260E” positions, the College requested an updated schedule to ensure wages are omitted appropriately in the calculation. For this one instance noted, the College did not request an updated schedule to reflect the calculation. We recommend that the College review their withholding credit calculations procedures to improve the calculations and even the proper documentation that is retained to support credits applied to 260E positions.

Compliance Finding for Reconciliation of Receivables

During our audit, we noted differences between the subsidiary schedule noting the beginning New Jobs Training Program (NJTP) receivable balance by project and the prior year ending audited balances by project. Per NJTP guidelines, Colleges are required to properly record the individual project NJTP receivable balances that mirrors that amounts presented within the trial balance that supports the audited financial statements. During the audit, Finance staff performed the necessary reconciliation to propose adjustments to reconcile the differences. We recommend that the College implement a process where NJTP balances by individual project are reconciled to the general ledger. We also recommend a review process is implemented to mitigate future differences. Additionally, evidence of the preparation and review process should be documented.