

Des Moines Area Community College

**INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2015

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**Des Moines Area Community College
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Directors		
Joe Pugel	President	2017
Kevin Halterman	Vice President	2017
Fred Buie	Member	2017
Madelyn Tursi	Member	2015
James Knott	Member	2017
Wayne Rouse	Member	2015
Cheryl Langston	Member	2015
Carl Metzger	Member (resigned, January 2015)	2015
Denny Presnall	Member (appointed, February 2015)	2015
Felix Gallagher	Member	2015

Community College

Robert Denson	President/CEO
Kim Linduska	Executive Vice President, Academic Affairs
Greg Martin	Vice President, Business Services
Ben Voaklander	Controller
Carolyn Farlow	Board Secretary



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Des Moines Area Community College
Ankeny, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Des Moines Area Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the College's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Des Moines Area Community College and its discretely presented component unit as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, Des Moines Area Community College adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15, and schedules of the College's proportionate share of the net pension liability, contributions Iowa Public Employees' Retirement System and funding progress for the retiree health plan on pages 40 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2014 (none of which are presented herein) and expressed unmodified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 2, 2015

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

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

FINANCIAL HIGHLIGHTS

- ◆ College operating revenues increased approximately \$5.3 million or 9%. The increase primarily resulted from increases in the Iowa Industrial New Jobs Training Program and miscellaneous revenues. Training revenues to the College under the Iowa Industrial New Jobs Training Program increased \$3.7 million or 38%. The increase can be attributed to the amount of withholding collected on the previous bond sales. Miscellaneous revenues were also up \$1.8 million or 21%. The increase in miscellaneous revenues can be attributed to the reclassification of the technology fee from a fee to a miscellaneous revenue.
- ◆ College operating expenses increased by \$4.8 million or 4%. The increase in operating expenses was primarily the result of College staff receiving a 4% salary raise and health insurance cost increasing 7%. Increased WTED spending from the previous year also attributed to the increase. Instructional costs for Liberal Arts and Career Education, and Adult Education increased a total of \$2.2 million or 3%. Cooperative services increased \$4.1 million or 79%. This increase was primarily a timing issue related to reimbursements made from the Iowa Industrial New Jobs Training Program. Physical Plant costs increased approximately \$1.5 million or 10% as a result of increased capacity and inflationary cost growth. General institution costs decreased by \$37,500.
- ◆ The College's net position increased by \$6.2 million. The net investment in capital assets increased approximately \$5.8 million as a result of \$9.4 million in assets being capitalized, \$4.7 million of depreciation, and the retirement of \$1.2 million in related debt. Unexpended funds in the plant fund increased by approximately \$1.6 million. The increase resulted from the College starting new capital projects on the Ankeny and Boone campuses. The net OPEB liability increased by \$971,533. The College was also required to book a Net Pension Liability related to the unfunded portion of IPERS, the State of Iowa's pension plan, which is offered to employees. The FY2014 unrestricted net position was restated down by \$21.3 million, and the FY15 net pension liability totaled \$16.7 million. The unrestricted net position increased by \$795,816.

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.

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

Required Supplementary Information present schedules of the College's proportionate share of the net pension liability, contributions Iowa Public Employees' Retirement System and funding progress for the retiree health plan.

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

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

REPORTING THE COLLEGE FINANCIAL ACTIVITIES

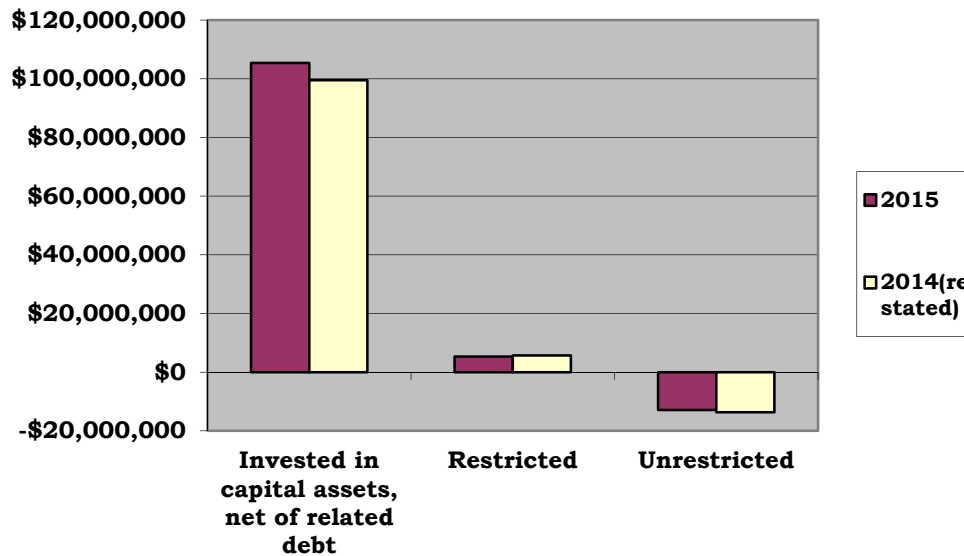
The Statement of Net Position

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 that can be used to satisfy those liabilities.

	June 30	
	2015	2014 (restated)
Current assets	\$ 131,820,112	\$ 130,305,849
Other assets	33,243,383	39,049,826
Capital assets, net of accumulated depreciation	108,443,804	103,810,096
Total assets	273,507,299	273,165,771
Deferred outflows of resources	3,268,048	2,465,416
Current liabilities	64,051,793	53,815,352
Noncurrent liabilities	83,637,200	106,693,632
Total liabilities	147,688,993	160,508,984
Deferred inflows of resources	31,282,300	23,560,518
Net position:		
Net investment in capital assets	105,383,804	99,520,096
Restricted	5,294,124	5,711,279
Unrestricted	(12,873,874)	(13,669,690)
Total net position	\$ 97,804,054	\$ 91,561,685

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Comparison of Net Position



The largest portion of the College's net position is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources (property tax receipts and rental revenue) other than capital assets. The restricted portion of the net position includes resources that are subject to external restrictions. The remaining net position is the unrestricted net position that can be used to meet the College's obligations as they come due.

Governmental Accounting Standards Board Statement No. 68, **Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27** was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$21,347,888 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as reflected 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 nonoperating, and the expenses incurred by the College, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the College.

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

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

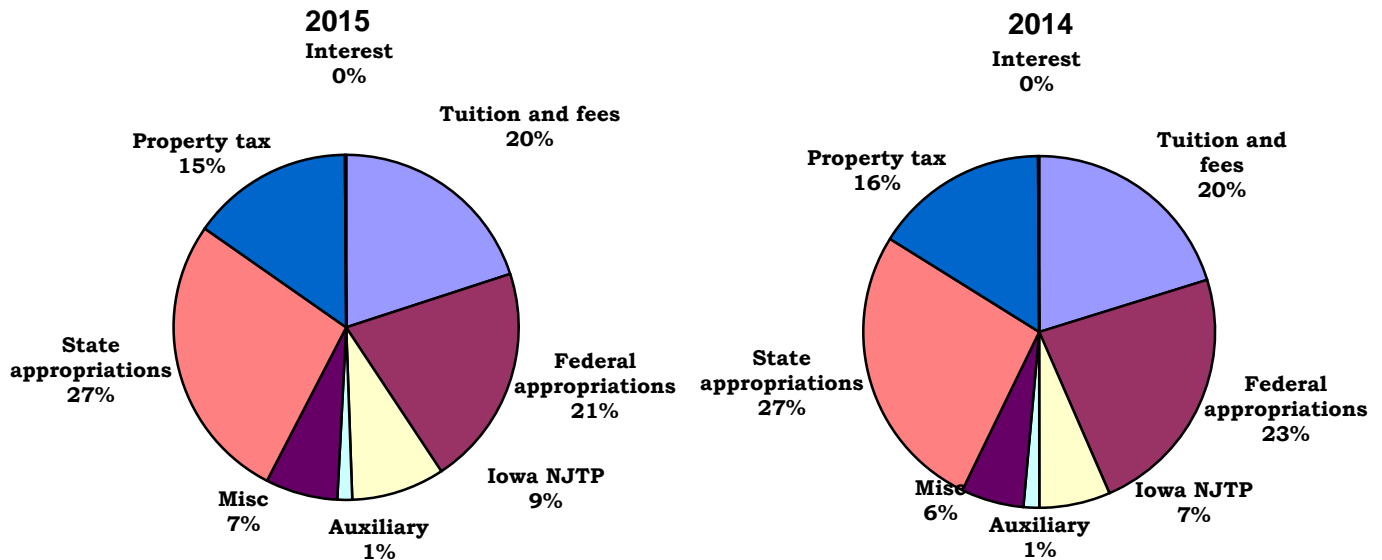
Changes in Net Position

	Year ended June 30	
	2015	2014 (restated)
Operating revenues:		
Tuition and fees	\$ 31,170,859	\$ 30,713,637
Federal appropriations	8,652,320	9,215,254
Iowa Industrial New Jobs Training Program	13,635,607	9,922,594
Auxiliary enterprises revenue	2,151,485	2,206,567
Miscellaneous	10,550,421	8,753,487
Total operating revenues	66,160,692	60,811,539
Total operating expenses	147,450,816	142,637,610
Operating loss	(81,290,124)	(81,826,071)
Nonoperating revenues, (expenses) and transfers		
State appropriations	42,315,794	40,541,936
Pell grant	23,668,437	26,099,217
Property tax	23,561,603	24,333,254
Interest and investment income	185,744	165,060
Loss on disposition of capital assets	(95,661)	(644,617)
Interest on indebtedness	(2,196,763)	(2,510,516)
Transfers from agency funds	93,339	(105,772)
Net nonoperating revenues and transfers	87,532,493	87,878,562
Increase in net position	6,242,369	6,052,491
Net position beginning of year (as restated)	91,561,685	85,509,194
Net position end of year	\$ 97,804,054	\$ 91,561,685

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year, with an increase in net position of \$6.2 million at the end of the fiscal year. This increase is the net result of a \$1.6 million increase in the unexpended plant fund, a \$2 million decrease in the general restricted funds, a \$171,788 increase in the general unrestricted funds, and a \$7.1 million increase in capital assets, net of related debt.

Total Revenues by Source



In fiscal year 2015, operating revenues increased by approximately \$5.3 million or 9%. The increase was primarily a result of the following changes:

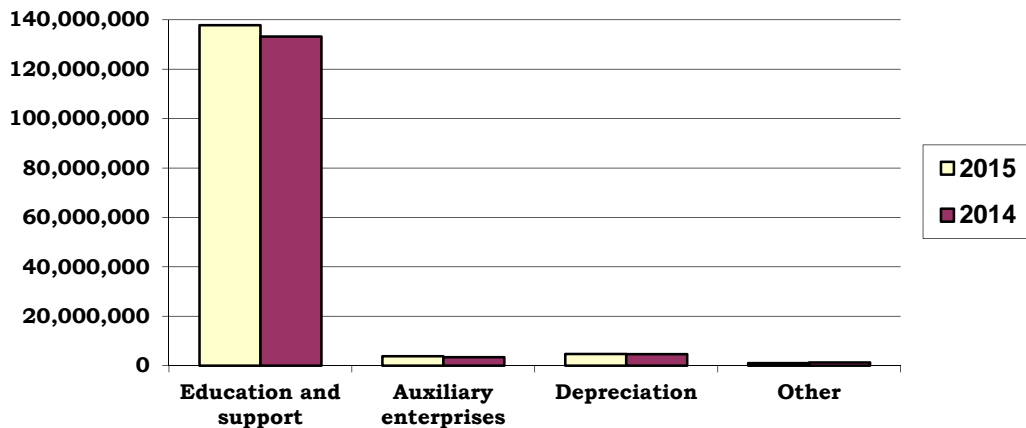
- ◆ Tuition and fees, net of scholarship allowances, increased approximately \$450,000 or 2%. This increase was caused by a decrease in the number of credit hours taught of 4%. The enrollment decrease was offset by an increase in the tuition rate of 2.2% from \$136 to \$139. Scholarship allowances that decrease the student's tuition and fees cost, decreased by \$2.5 million or 9%. For financial reporting purposes, scholarship allowances reduce tuition revenue.
- ◆ The College provides training to new employees of area businesses under the Iowa Industrial New Jobs Training Program. The revenue from these training projects increased \$3.7 million or 38%. Des the College sold \$7.16 million in New Jobs Training Certificates during the fiscal year. This number has been steadily declining for the third straight year, with \$9.125 million being sold in 2014 and \$12.7 million in 2013. The decline is not attributed to the number of companies participating, but instead it is due to the very large projects not being part of the most recent sales.
- ◆ Miscellaneous revenue increased \$1.8 million or 21%, which can be attributed to the College reclassifying the technology fee from a fee to miscellaneous revenue.
- ◆ Federal appropriations decreased approximately \$560,000 or 6%, which can be attributed to a decrease in Federal grant awards. Auxiliary revenue was almost identical to what it had been the year before.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Operating Expenses

	Year ended June 30	
	2015	2014
Education and support:		
Liberal arts and sciences	\$ 28,665,966	\$ 28,391,020
Vocational technical	32,922,503	31,349,202
Adult education	16,850,205	16,530,400
Cooperative services	9,405,295	5,266,822
Administration	3,794,809	3,753,093
Student services	11,052,729	11,301,896
Learning resources	3,239,605	3,111,963
Physical plant	16,710,505	18,281,260
General institution	15,145,709	15,183,219
Auxiliary enterprises	3,859,034	3,447,538
Loan cancellations and bad debts	969,448	1,231,123
Administrative and collection costs	82,085	97,697
Depreciation	4,752,923	4,692,377
Total	<u>\$ 147,450,816</u>	<u>\$ 142,637,610</u>

Total Expenses



In fiscal year 2015, operating expenses increased by approximately \$4.8 million or 4%. The following factors explain some of the changes:

- ◆ Faculty and staff received a 4% salary increase in FY15, and health insurance costs increased by 7%.
- ◆ The cost of bad debts decreased by \$261,675 or 21%. The smaller write off is attributed to the lower enrollments over the last three years. The College writes bad debt off after the debt is two years old.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Statement of Cash Flows

A statement included in Des Moines Area Community College's basic financial statements is the Statement of Cash Flows. 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, noncapital financing, capital and related financing, and investing activities.

Cash Flows

	Year ended June 30	
	2015	2014
Cash provided by (used in):		
Operating activities	\$ (73,451,395)	\$ (67,190,736)
Noncapital financing activities	82,898,425	89,067,574
Capital and related financing activities	(10,989,140)	(10,922,753)
Investing activities	7,143,028	2,565,075
Net increase in cash	5,600,918	13,519,160
Cash and short-term pooled investments, beginning of the year	62,206,491	48,687,331
Cash and short-term pooled investments, end of the year	\$ 67,807,409	\$ 62,206,491

Cash used in operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by noncapital financing activities includes state appropriations, Pell grants, local property tax receipts, the proceeds from New Jobs Training Programs debt, and the principal and interest payments on New Jobs Training Programs debt. Cash used in capital and related financing activities represents the proceeds from plant fund debt, the principal and interest payments on plant fund debt and the purchase of capital assets. Cash provided by investing activities includes investment income received and the purchase and sale of investments.

Cash used in operating activities increased by \$6.2 million. The increase was attributed to an increase in salary and health insurance costs.

Cash provided by noncapital financing activities decreased \$6.2 million. The decrease is the result of a decline in PELL grants, due to lower enrollment, and a decrease in the overall property tax levy during 2015.

Cash used in capital and related financing activities remained virtually the same.

The cash provided by investing activities increased \$4.5 million. The College has increased the amount maintained in pooled investments.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

CAPITAL ASSETS

At June 30, 2015, the College had approximately \$108.4 million invested in capital assets, net of accumulated depreciation of \$68.9 million. Depreciation charges totaled \$4.7 million for FY2015. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30	
	2015	2014
Land	\$ 7,797,349	\$ 7,451,348
Buildings	82,328,766	84,752,520
Construction in progress	6,194,412	911,070
Improvements other than buildings	7,419,171	6,304,327
Leased equipment	-	34,660
Equipment and vehicles	4,704,106	4,356,171
Total	\$ 108,443,804	\$ 103,810,096

Planned capital expenditures for the fiscal year ending June 30, 2015 and beyond include; a new Student Center/Rec Center on the Ankeny Campus, an expansion of the Iowa Culinary Institute in Building 7 on the Ankeny Campus, and an expansion of the Civil Engineering Technology space on the Boone Campus. The College appropriates approximately \$1.3 million annually for computer equipment and technology upgrades for the computer labs, networks and classrooms. The College also plans to spend an estimated \$1.2 million annually for maintenance on the buildings and grounds.

The College has an approved \$.09 per thousand levy for instructional equipment. This levy results in the College receiving an additional \$3.2 million per year for instructional equipment.

DEBT

At June 30, 2015, the College had \$62.8 million in debt outstanding, a decrease of \$6.3 million from 2014. The table below summarizes these amounts by type.

Outstanding Debt

	June 30	
	2015	2014
Certificates payable	\$ 59,725,000	\$ 64,815,000
Notes payable	-	1,065,000
Revenue bonds payable	3,060,000	3,225,000
Total	\$ 62,785,000	\$ 69,105,000

The College did issue \$30.265 million of Plant Fund Capital Notes in July 2015, to finance the new Student/Rec Center on the Ankeny Campus. The College also anticipates selling \$8-10 million of NJTP certificates in early 2016.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

ECONOMIC FACTORS

There are many economic factors and challenges that will affect the future operations of Des Moines Area Community College. Some of the issues that may impact the College are:

- ◆ The Iowa Legislature support for Community College has leveled off. For the fiscal year ended June 30, 2014, the College received \$31.8 million in state general aid. For the fiscal year ending June 30, 2015, the College was allocated \$33.7 million. The College is anticipating that this amount will remain at the same level for the year ending on June 30, 2016. For future budget years, the College is not overly optimistic regarding state general aid. Aggressive and prudent budget management, pre-planning for anticipated expense reductions, and enrollment increases have allowed the College to deal with revenue losses without significant impact on operations that would affect the student experience.
- ◆ In the fiscal year ended June 30, 2015, the College actually experienced an enrollment decrease of 3.9%. For the Fall Term of the fiscal year ending June 30, 2016 the College experienced a 6% enrollment decrease. The budget had been adjusted by 4% during budget development, and the College did have to reduce expense budgets to respond to the tuition revenue shortfall. Even though the College has not been able to maintain large enrollment increases, the enrollment levels still average a 5 percent growth rate. Within these enrollment numbers there are still many positives with several departments actually experiencing increases and certain market segments increasing.
- ◆ There continues to be positive indicators for business and workforce growth in Central Iowa and good prospects for job growth and interest from new industry; banking and financial services continue to expand the workforce as evidenced by the College's job training activity; and there is potential to provide additional training to area business and industry. Iowa Industrial New Jobs Training projects totaled over \$7 million for 2014. One area of concern is the Ag Industry, and the College will continue to monitor that to determine what effect it will have on funding.
- ◆ Facilities at the College require constant expansion, maintenance, and upkeep. The lack of facility capacity hampers the College in its efforts to grow some current programs or add programs that are needed in the area's economy. The College needs to reduce the size of the list of students waiting to get into programs, or aggressively recruit students into those programs if the College is to meet business and student demands. As the economy grows, the need for additional capacity is a major concern of the College. The College consistently informs business leaders and state legislators of this concern and will continue to address the capacity issue.
- ◆ Technology continues to expand and current technology becomes outdated rapidly, presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.

The College anticipates the current fiscal year (FY2016) will be much like the last and will maintain a close watch over resources, expenses and opportunities to maintain the College's ability to react to known and unknown issues coming next year.

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 Des Moines Area Community College, 2006 South Ankeny Blvd., Ankeny, Iowa 50023.

BASIC FINANCIAL STATEMENTS

DES MOINES AREA COMMUNITY COLLEGE

Statement of Net Position

June 30, 2015

	<u>College</u>	<u>Foundation</u>
Assets		
Current assets:		
Cash and short-term pooled investments (Note 2)	\$ 67,807,409	\$ 1,257,904
Pooled investments (Note 2)	7,670,000	9,738,598
Receivables:		
Accounts, net of allowance of \$313,785	16,844,083	97,818
Succeeding year property tax	24,900,919	-
Iowa Industrial New Jobs Training Program	11,336,525	-
Due from other governments	2,761,026	-
Inventories (Note 3)	435,303	-
Prepaid expenses	64,847	24,500
Total current assets	<u>131,820,112</u>	<u>11,118,820</u>
Noncurrent assets:		
Receivables		
Iowa Industrial New Jobs Training Program	33,243,383	-
Capital assets, net of accumulated depreciation (Note 4)	108,443,804	292,406
Total noncurrent assets	<u>141,687,187</u>	<u>292,406</u>
Total assets	<u>273,507,299</u>	<u>11,411,226</u>
Deferred outflows of resources		
Pension related deferred outflows	\$ 3,268,048	\$ -

DES MOINES AREA COMMUNITY COLLEGE

Statement of Net Position (Continued)

June 30, 2015

	<u>College</u>	<u>Foundation</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 4,451,520	\$ -
Payable to Des Moines Area Community College	-	213,679
Salaries and benefits payable	5,511,253	-
Self-funded health claims payable	3,428,530	-
Accrued interest payable	167,639	-
Unearned revenue:		
Tuition	14,431,620	-
Iowa Industrial New Jobs Training Program and other	14,746,713	-
Early retirement pension cost and OPEB liability payable (Notes 5, 10 and 11)	1,364,944	-
Deposits held in custody for others	2,061,554	-
Certificates payable (Note 5)	17,720,668	-
Revenue bonds (Note 5)	167,352	-
	<u>64,051,793</u>	<u>213,679</u>
Total current liabilities		
Noncurrent liabilities (Note 5 and 6):		
Compensated absences	1,684,200	-
Unearned revenue, Iowa Industrial New Jobs Training Program and other	11,469,724	-
Net pension liability (Note 8)	16,732,728	-
Early retirement pension cost and OPEB liability payable (Notes 10 and 11)	8,700,723	-
Certificates payable	42,194,244	-
Revenue bonds	2,855,581	-
	<u>83,637,200</u>	<u>-</u>
Total noncurrent liabilities		
	<u>147,688,993</u>	<u>213,679</u>
Total liabilities		
Deferred Inflows of Resources		
Unavailable property tax revenue	24,900,919	-
Pension related deferred inflows	6,381,381	-
	<u>31,282,300</u>	<u>-</u>
Total deferred inflows of resources		
Net position		
Net investment in capital assets	105,383,804	-
Restricted:		
Nonexpendable:		
Cash reserve	755,088	-
Scholarships and fellowships	-	4,084,716
Expendable:		
Scholarships and fellowships	244,442	-
Loans	86,076	-
Plant fund	2,219,403	-
Other	1,989,115	5,658,966
Unrestricted	(12,873,874)	1,453,865
Commitments (Notes 4, 7, 11, 12 and 13)		
	<u>\$ 97,804,054</u>	<u>\$ 11,197,547</u>
Total net position		

Exhibit B

DES MOINES AREA COMMUNITY COLLEGE
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015

	College	Foundation
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$24,326,291	\$ 31,170,859	\$ -
Federal appropriations	8,652,320	-
Iowa Industrial New Jobs Training Program	13,635,607	-
Auxiliary enterprises revenue	2,151,485	-
Contributions	-	1,559,126
Miscellaneous	10,550,421	-
Total operating revenues	66,160,692	1,559,126
Operating expenses:		
Education and support		
Liberal arts and sciences	28,665,966	-
Vocational technical	32,922,503	-
Adult education	16,850,205	-
Cooperative services	9,405,295	-
Administration	3,794,809	76,570
Student services	11,052,729	-
Learning resources	3,239,605	-
Physical plant	16,710,505	-
General institution	15,145,709	-
Auxiliary enterprises	3,859,034	-
Scholarships and grants	-	1,417,312
Fund raising	-	82,450
Loan cancellations and bad debts	969,448	-
Administrative and collection costs	82,085	-
Depreciation	4,752,923	14,500
Total operating expenses	147,450,816	1,590,832
Operating (loss)	(81,290,124)	(31,706)
Nonoperating revenues (expenses):		
State appropriations	42,315,794	-
Pell grant	23,668,437	-
Property tax	23,561,603	-
Interest and investment income	185,744	168,887
Loss on disposition of capital assets	(95,661)	-
Interest on indebtedness	(2,196,763)	-
Net nonoperating revenues (expenses)	87,439,154	168,887
Change in net position	6,149,030	137,181
Transfers from agency funds	93,339	-
Total change in net position	6,242,369	137,181
Net position, beginning of year as restated	91,561,685	11,060,366
Net position, end of year	\$ 97,804,054	\$ 11,197,547

DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended June 30, 2015

Cash flows from operating activities:	
Tuition and fees	\$ 30,189,302
Federal appropriations	8,345,483
Iowa Industrial New Jobs Training Program	15,648,448
Payments to employees for salaries and benefits	(97,207,307)
Payments to suppliers for goods and services	(43,127,323)
Auxiliary enterprise receipts	2,151,485
Other receipts	10,548,517
Net cash used in operating activities	<u>(73,451,395)</u>
Cash flows from noncapital financing activities:	
State appropriations	42,650,933
Pell grant	23,668,437
Property tax	23,561,603
Net agency fund activity	169,452
Proceeds from certificates payable	7,160,000
Principal paid on debt	(12,250,000)
Interest paid	(2,062,000)
Net cash provided by noncapital financing activities	<u>82,898,425</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(9,482,292)
Leased assets	(37,971)
Principal paid on debt	(1,230,000)
Interest paid	(238,877)
Net cash used in capital and related financing activities	<u>(10,989,140)</u>
Cash flows from investing activities:	
Interest on investments	185,744
Life insurance proceeds	262,284
Net change in pooled investments	6,695,000
Net cash provided by investing activities	<u>7,143,028</u>
Net increase in cash and short-term pooled investments	5,600,918
Cash and short-term pooled investments at beginning of year	<u>62,206,491</u>
Cash and short-term pooled investments at end of year	<u><u>\$ 67,807,409</u></u>

DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows (Continued)

Year Ended June 30, 2015

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ <u>(81,290,124)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	4,752,923
Changes in assets and liabilities:	
Increase in accounts receivable	(1,638,998)
Decrease in Iowa Industrial New Jobs Training Program receivables	6,030,591
Decrease in due from and due to other governments	(306,837)
Increase in prepaid expenses	(45,274)
Increase in inventories	(98,406)
Increase in accounts payable	1,267,470
Increase in salaries and benefits payable	1,943,610
Increase in unearned revenues	(3,360,309)
Decrease in net pension liability	(7,080,576)
Decrease in deferred outflows of resources	(802,632)
Increase in deferred inflows of resources	6,381,381
Increase in other post employment benefits	971,553
Decrease in early retirement payable	(173,865)
Increase in deposits held in custody for others	<u>(1,902)</u>
Total adjustments	<u>7,838,729</u>
Net cash used in operating activities	\$ <u><u>(73,451,395)</u></u>

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

Organization and Function

The Des Moines Area Community College (the College) is a publicly supported, post-secondary, two-year institution established and operated as an area community college by Merged Area XI, as provided in Chapter 260C of the Code of Iowa. The College offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. It also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. The College maintains campuses in Ankeny, Boone, Carroll, Des Moines, Newton, and West Des Moines and has its administrative offices in Ankeny. The College is governed by a Board of Directors whose members are elected from each director district within Merged Area XI.

In fulfilling the responsibilities assigned to it by law, the College offers a comprehensive educational program and support services to fulfill local and state needs. The College serves primarily students from the state of Iowa.

Reporting Entity

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

The Des Moines Area Community College Foundation (the Foundation) qualifies as a component unit according to the Governmental Accounting Standards Board criteria. The Foundation is a nonprofit corporation controlled by a separate board of directors whose goal is to provide support to the College. Although the College does not control the timing or amount of the receipts from the Foundation, the majority of the resources that are held by the Foundation are used for the benefit of the College.

The Foundation is a non-profit organization which reports under accounting standards established by the Financial Accounting Standards Board (FASB). The Foundation's financial statements were prepared in accordance with the provisions of FASB No. 117, Financial Statements of Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting for these differences. The Foundation reports net assets, which is equivalent to net position reported by the College. Copies of the Foundation's financial statements may be obtained by contacting the Foundation.

These financial statements present the College (the primary government) and the Foundation (its component unit). Certain disclosures about the Foundation are not included because the Foundation has been audited separately and a report has been issued under separate cover.

Financial Statement Presentation

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net position categories/components:

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS (continued)

Financial Statement Presentation (continued)

Restricted Net Position:

Nonexpendable – Net position subject to externally-imposed stipulations that they be maintained permanently by the College.

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

Unrestricted Net Position: Net position that is not subject to externally-imposed stipulations. Examples include: student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Unrestricted net position is primarily used for academic and general programs of the College.

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

Supplementary Information

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

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

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS (continued)

Supplementary Information (continued)

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

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

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

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

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

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

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.

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

Schedules presented in the supplementary information are reported using the current financial resources measurement focus and the modified accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balances is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Pooled Investments – Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and nonnegotiable certificates of deposit, which are stated at cost.

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

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

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2015 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

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

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

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. No interest costs were capitalized during the year ended June 30, 2015.

Capital assets are defined by the College as assets with initial, individual costs in excess of \$5,000 and estimated useful lives in excess of two years.

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

<u>Assets</u>	<u>Years</u>
Buildings	15-40
Improvements other than buildings	10-40
Equipment and vehicles	4-10

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

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

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.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS (continued)

Unearned Revenue – Unearned revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets have not been spent for their intended purpose. Unearned revenue consists of unspent grant proceeds, advanced student tuition, and deferred administrative and training revenue for NJTP projects.

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

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

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.

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

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by food service, career education, central stores and athletics.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the summer session class schedule.

Income Taxes – The College is exempt from federal income taxes under the provisions of Section 115 of the Internal Revenue Code as a political subdivision of the State of Iowa. As such, the College is subject to federal income taxes only on any net unrelated business income under the provisions of Section 511 of the Internal Revenue Code.

Insurance Coverage – The College does not participate in a public entity risk pool. The College does carry commercial insurance coverage associated with all applicable risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Operating and Non-operating 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. Non-operating activities include state appropriations, Pell grants, property tax and interest income.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS (continued)

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

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

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2 CASH AND POOLED INVESTMENTS

The College's cash and deposits (money market accounts and certificates of deposit) at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

As of June 30, 2015, the College's cash and short-term pooled investments are as follows:

Deposits	
Cash	\$ 31,330,018
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio and Money Market	<u>36,477,391</u>
Total cash and short-term pooled investments	<u>\$67,807,409</u>

As of June 30, 2015, the College's pooled investments are as follows:

Deposits	
Nonnegotiable certificates of deposit	<u>\$ 7,670,000</u>

The investment in Iowa Schools Joint Investment Trust is valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) 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.

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

Concentration of credit risk. The College's investment policy limits the amount of prime eligible bankers acceptances and commercial paper that may be invested in any one issuer to 5% of the College's investment portfolio at the time of purchase. Investments other than prime eligible bankers acceptances and commercial paper are not subject to the 5% limitation.

NOTE 3 INVENTORIES

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

<u>Type</u>	<u>Amount</u>
Supplies and materials	\$ 61,399
Merchandise held for resale	<u>373,904</u>
Total	<u>\$ 435,303</u>

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 CAPITAL ASSETS

A summary of the change in capital assets for the year ended June 30, 2015 is as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>of year</u>	<u>Balance end</u>
Capital assets not being depreciated						
Land	\$ 7,451,349	\$ 346,000	\$ -	\$ -		\$ 7,797,349
Construction in progress	<u>911,070</u>	<u>6,194,412</u>	<u>(911,070)</u>	<u>-</u>		<u>6,194,412</u>
Total capital assets not being depreciated	<u>8,362,419</u>	<u>6,540,412</u>	<u>(911,070)</u>	<u>-</u>		<u>13,991,761</u>
Capital assets being depreciated						
Buildings	129,068,197	678,509	-	-		129,746,706
Improvements other than buildings	16,478,260	695,037	911,070	-		18,084,367
Leased Equipment	122,330	-	-	122,330		-
Equipment and vehicles	<u>17,410,986</u>	<u>1,568,334</u>	<u>-</u>	<u>3,398,569</u>		<u>15,580,751</u>
Total capital assets being depreciated	<u>163,079,773</u>	<u>2,941,880</u>	<u>911,070</u>	<u>3,520,899</u>		<u>163,411,824</u>
Less accumulated depreciation for						
Buildings	44,315,677	3,102,263	-	-		47,417,940
Improvements other than buildings	10,173,933	491,263	-	-		10,665,196
Leased Equipment	87,670	-	-	87,670		-
Equipment and vehicles	<u>13,054,816</u>	<u>1,159,397</u>	<u>-</u>	<u>3,337,568</u>		<u>10,876,645</u>
Total accumulated depreciation	<u>67,632,096</u>	<u>4,752,923</u>	<u>-</u>	<u>3,425,238</u>		<u>68,959,781</u>
Total capital assets being depreciated, net	<u>95,447,678</u>	<u>(1,811,043)</u>	<u>911,070</u>	<u>95,661</u>		<u>94,452,043</u>
Capital assets, net	<u>\$ 103,810,096</u>	<u>\$ 4,729,369</u>	<u>\$ -</u>	<u>\$ 95,661</u>		<u>\$ 108,443,804</u>

Construction in progress at June 30, 2015 includes costs for the addition at Boone, the Culinary building expansion, the Student Center/Rec Center as well as the Boardroom upgrades in building 22. The College has entered into agreements for these projects totaling approximately \$48,910,000 of which approximately \$6,194,000 has been completed. The approximate total for completion is \$42,716,000.

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 CHANGES IN NONCURRENT LIABILITIES

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

	<u>Compensated absences</u>	<u>Unearned revenue, NJTP and other</u>	<u>Early Retirement and OPEB payable</u>	<u>Net Pension Liability</u>	<u>Certificates payable</u>	<u>Revenue bonds</u>	<u>Total</u>
Balance, beginning of year	\$ 1,722,200	\$ 30,234,188	\$ 9,267,979	\$ 23,813,304	\$ 64,815,000	\$ 4,290,000	\$ 134,142,671
Additions	11,000	9,302,367	2,358,049	-	7,160,000	-	18,831,416
Reductions	<u>49,000</u>	<u>13,320,118</u>	<u>1,560,361</u>	<u>7,080,576</u>	<u>12,250,000</u>	<u>1,230,000</u>	<u>35,490,055</u>
	1,684,200	26,216,437	10,065,667	16,732,728	59,725,000	3,060,000	117,484,032
Less net unamortized discount and premium	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(189,912)</u>	<u>37,067</u>	<u>(152,845)</u>
Balance, end of year	1,684,200	26,216,437	10,065,667	16,732,728	59,914,912	3,022,933	117,636,877
Less current portion	<u>-</u>	<u>14,746,713</u>	<u>1,364,944</u>	<u>-</u>	<u>17,720,668</u>	<u>167,352</u>	<u>33,999,677</u>
Total noncurrent liabilities	<u>\$ 1,684,200</u>	<u>\$ 11,469,724</u>	<u>\$ 8,700,723</u>	<u>\$ 16,732,728</u>	<u>\$ 42,194,244</u>	<u>\$ 2,855,581</u>	<u>\$ 83,637,200</u>

Revenue Bonds

The College has issued revenue bonds for the purchase and construction of College properties as allowed by Section 260C.19 and Section 260C.58 of the Code of Iowa. Details of the scheduled maturities for the College's revenue bonds and notes payable at June 30, 2015:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	170,000	193,646	363,646
2017	175,000	184,934	359,934
2018	180,000	175,309	355,309
2019	185,000	164,959	349,959
2020	195,000	153,859	348,859
2021-2025	1,095,000	576,075	1,671,075
2026-2029	<u>1,060,000</u>	<u>180,899</u>	<u>1,240,899</u>
Total	<u>\$ 3,060,000</u>	<u>\$ 1,629,681</u>	<u>\$4,689,681</u>

Revenue bonds consisted of the following at June 30, 2015:

Tax-exempt revenue bonds dated May 29, 2009 with Interest rates between 5.125% and 6.70%	<u>\$ 3,060,000</u>
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**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

The tax-exempt revenue bonds totaling \$3,060,000 are payable over thirty years. The proceeds of the bonds were used to purchase student housing units on the Boone Campus. It is anticipated that rental revenue from these units will be sufficient to retire the principal and interest on the bonds. As a requirement of the borrowing, the College is required to maintain a Debt Service Reserve Fund in an amount approximating the annual debt service requirements. Interest on the revenue bonds is payable semiannually, while principal payments are due annually. Total interest cost on the revenue bonds during the year ended June 30, 2015 was \$235,284.

Certificates Payable

Pursuant to agreements dated from 2008 to 2015, the College issued certificates totaling \$59,725,000 at June 30, 2015 with interest rates ranging from 0.45% to 5.50% 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's (NJTP's) purpose is to provide tax-aided training for employees of industries which are new or are expanding their operations within the state of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits from withholding taxes, and, in the case of default, standby property taxes collected pursuant to Chapter 260E. The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	9,505,000	1,831,525	11,336,525
2017	10,365,000	1,524,349	11,889,349
2018	10,880,000	1,185,954	12,065,954
2019	8,260,000	810,509	9,070,509
2020	7,345,000	570,323	7,915,323
2021 - 2025	<u>13,370,000</u>	<u>718,761</u>	<u>14,088,761</u>
Total	<u>\$59,725,000</u>	<u>\$6,641,421</u>	<u>\$66,366,421</u>

Since inception, the College has administered 654 projects, with 113 currently receiving project funding. Of the remaining projects, 433 have been completed and closed and 108 have been completed with only repayment of the certificates left. In cases where projects exceed the budgeted amounts, the College intends to obtain additional withholding revenue from the companies.

Total interest costs on the certificates during the year ended June 30, 2015 was \$1,959,968.

NOTE 6 - OPERATING LEASES

The College leases certain property under operating leases which expire at varying dates. Most of the operating leases provide the College with the option after the initial lease term either to renew the lease at the then fair rental value for one additional five-year period or to purchase the property at the then fair value. Generally, management expects that the leases will be renewed or replaced by other leases in the normal course of business. Minimum payments for operating leases having initial or remaining non-cancelable terms in excess of one year are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2016	\$ 192,817
2017	<u>169,497</u>
Total	<u>\$ 362,314</u>

Total rent expense for all operating leases was approximately \$188,225 for the year ended June 30, 2015.

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 - RENT INCOME

All leases are classified as operating leases.

The future revenue from the minimum rent required under the operating leases, in the aggregate, is as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2016	138,280
2017	135,947
2018	132,137
Thereafter	<u>201,270</u>
Total	<u>\$ 607,634</u>

Total rent income for all operating leases was approximately \$138,247 for the year ended June 30, 2015.

NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

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

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

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

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

The College's contributions to IPERS for the year ended June 30, 2015 were \$2,973,158.

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 \$16,732,728 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the College's collective proportion was 0.00413451 percent, which was a decrease of 0.0000713 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the College recognized pension expense of \$1,175,413. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 181,852	-
Changes of assumptions	738,453	-
Net difference between projected and actual earnings on pension plan investments	-	6,381,381
Changes in proportion and differences between College contributions and proportionate share of contributions	-	329,514
College contributions subsequent to the measurement date	2,973,158	-
Total	\$ 3,711,611	\$ 6,710,895

\$2,973,158 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	(1,352,942)
2017	(1,352,942)
2018	(1,352,942)
2019	(1,352,942)
2020	<u>(378,822)</u>
Total	<u>\$ (5,790,590)</u>

There are no non-employer contributing entities at IPERS.

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

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

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

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net pension liability	\$ 31,616,019	\$ 16,732,728	\$ 4,169,688

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

The College contributes to the Teachers Insurance and Annuity Association – College Retirement Equities Fund (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. Benefit terms, including contribution requirements, for TIAA-CREF are established and specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa. For each employee in the pension plan, the College is required to contribute 8.93 percent of annual salary, including overtime pay, to an individual employee account. Each employee is required to contribute 5.95 percent. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2015 were \$2,973,158 and \$1,980,996 respectively.

NOTE 10 PENSION COSTS - EARLY RETIREMENT

The College offers a voluntary early retirement plan to full-time and certain part-time staff. Employees who are 55 years of age or older and have at least 10 years of continuous service with the College are eligible for early retirement remuneration. A staff member who accepts early retirement, effective June 30, will receive cash benefits on July 1 and January 1 of the following fiscal year. An employee who accepts early retirement, effective December 31, will receive cash benefits on January 1 and July 1 of the following fiscal year. The cash benefit ranges from 70% to 100% of the eligible employee's salary at retirement, based upon the employee's years of service. All employees who retire under the early retirement plan receive paid health insurance benefits to age 65 (see Note 11).

The liability at June 30, 2015 for early retirement cash benefits totaled \$841,192. The early retirement cash benefit is funded on a pay-as-you-go basis through property tax levies. The College's early retirement expense related to the cash benefit for the year ended June 30, 2015 was \$1,386,496.

At June 30, 2015, the potential liability, if all employees accepted early retirement when eligible, is approximately \$14,662,000.

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (OPEB)

The College operates a single-employer retiree benefit plan which provides medical, prescription drug, and dental benefits (healthcare benefits) for retirees and their spouses and dependents. There are 809 active and 118 retired members in the plan. Participants must be age 55 or older at retirement.

The medical and prescription drug coverage is provided through a self-funded insurance plan and is administered by a third party. The dental plan is self-insured and is administered by a third party. The College pays the cost of the single medical premium, until the retiree qualifies for Medicare, for retirees who elect to remain in one of the College's group plans. This results in an Other Post Employment Benefit, OPEB, liability. The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

The College's annual OPEB cost is calculated based on the annual required contribution, ARC, of the College, an amount actuarially determined in accordance with Governmental Accounting Standards Board, GASB, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for June 30, 2015, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Annual required contribution, ARC	\$	2,307,680
Interest on net OPEB obligation		433,809
Adjustment to annual required contribution		<u>(564,415)</u>
Annual OPEB cost		2,177,074
Contributions made		(1,205,521)
Decrease in accrued expenses		<u>(423,259)</u>
Increase in net OPEB obligation		548,294
Net OPEB obligation, beginning of year		<u>8,676,181</u>
Net OPEB obligation, end of year	\$	<u><u>9,224,475</u></u>

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

For the year ended June 30, 2015, the College contributed \$1,205,521 to the plan. The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are summarized as follows:

<u>Fiscal year</u> <u>Ended June 30,</u>	<u>Annual</u> <u>OPEB cost</u>	<u>Percentage of</u> <u>annual OPEB</u> <u>cost contributed</u>	<u>Net OPEB</u> <u>obligation</u>
2013	\$ 1,953,589	61.8	\$ 8,241,173
2014	1,940,688	62.0	8,676,181
2015	2,177,074	55.4	9,224,475

As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$17,542,339 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of \$17,542,339. The covered payroll (annual payroll of active employees covered by the plan) was \$50,555,736, and the ratio of the UAAL to the covered payroll was 34.7%. As of June 30, 2015 there were no trust fund assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the College's funding policy. The projected annual medical trend rate is 5% and the projected annual dental trend rate is 5%. The ultimate medical trend rate is 5% and the ultimate dental trend rate is 5%.

Mortality rates are from the RP2014 Mortality Tables, with Scale MP - 2014, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the Actuary's Pension Handbook.

Projected claim costs of the medical plan are approximately \$850 per month for retirees. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level dollar amount on an open basis over a period of 30 years.

NOTE 12 ACCOUNTING CHANGE/RESTATEMENT

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

	Net Position
Net position June 30, 2014 as previously reported	\$ 112,909,573
Net pension liability June 30, 2014	(23,813,304)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	2,465,416
Net position July 1, 2014, as restated	\$ 91,561,685

NOTE 13 SUBSEQUENT EVENTS

The College issued \$30,265,000 of Plant Fund Capital Loan Notes on July 21, 2015. The notes will be used to finance the remodel of the existing Student Center and the completion of a new Recreation Center, on the Ankeny Campus. It is anticipated that the Student Center remodel will be completed during the fall of 2016, and the Recreation Center will be completed in early 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Des Moines Area Community College
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	2015
College's proportion of the net pension liability	0.00413451%
College's proportionate share of the net pension liability	\$ 16,733
College's covered-employee payroll	\$ 29,980
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.81%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

See accompanying independent auditor's report

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

DES MOINES AREA COMMUNITY COLLEGE

Schedule of Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Required Supplementary Information

		Years ended June 30									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutory required contribution	\$	2,677	2,466	2,377	2,158	1,766	1,569	1,431	1,280	1,099	951
Contributions in relation to the statutorily required contribution		(2,677)	(2,466)	(2,377)	(2,158)	(1,766)	(1,569)	(1,431)	(1,280)	(1,099)	(951)
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-	-	-	-
College's covered-employee payroll	\$	29,980	27,613	27,414	26,743	25,406	23,588	22,529	21,160	19,106	16,539
Contributions as a percentage of covered-employee payroll		8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

Des Moines Area Community College
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year ended JUNE 30, 2015

CHANGES OF BENEFIT TERMS:

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

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

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

CHANGES OF ASSUMPTIONS:

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

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

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

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

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

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

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

Des Moines Area Community College
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
2009	July 1, 2008	\$ --	\$16,805	\$16,805	0.0%	\$41,268	40.7%
2010	July 1, 2008	\$ --	\$16,805	\$16,805	0.0%	\$46,835	35.9%
2011	July 1, 2010	\$ --	\$17,893	\$17,893	0.0%	\$45,987	38.9%
2012	July 1, 2010	\$ --	\$17,893	\$17,893	0.0%	\$54,610	32.8%
2013	July 1, 2012	\$ --	\$15,624	\$15,624	0.0%	\$49,559	31.5%
2014	July 1, 2012	\$ --	\$15,624	\$15,624	0.0%	\$48,499	32.0%
2015	July 1, 2014	\$ --	\$17,542	\$17,542	0.0%	\$50,556	34.7%

See note 11 in the accompanying notes to financial statement for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

Des Moines Area Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Year ended June 30, 2015

<u>Funds/Levy</u>	<u>Original budget</u>	<u>Actual</u>	<u>Variance between actual and budget</u>
Unrestricted	\$ <u>103,301,481</u>	\$ <u>100,735,633</u>	\$ <u>2,565,848</u>
Restricted			
Unemployment	100,000	83,540	16,460
Insurance	4,065,000	4,791,677	(726,677)
Early retirement	1,538,488	1,284,171	254,317
Equipment replacement	3,226,458	3,611,640	(385,182)
Other	<u>42,584,486</u>	<u>34,486,388</u>	<u>8,098,098</u>
Total restricted	<u>51,514,432</u>	<u>44,257,416</u>	<u>7,257,016</u>
Total unrestricted/restricted	154,815,913	144,989,049	9,826,864
Plant	<u>21,739,175</u>	<u>14,612,278</u>	<u>7,126,897</u>
Total	<u>\$176,555,088</u>	<u>\$159,605,327</u>	<u>\$ 16,949,761</u>

See accompanying independent auditor's report

Des Moines Area Community College
NOTE TO BUDGETARY REPORTING
Year ended June 30, 2015

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

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

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

See accompanying independent auditor's report

DES MOINES AREA COMMUNITY COLLEGE
Assets, Liabilities and Fund Balances
June 30, 2015

Assets	Current funds		Loan funds	Plant Funds		Agency funds	Adjustments	Totals
	Unrestricted	Restricted		Unexpended	Investment in plant			
Cash and short-term pooled investments	\$ 20,258,332	\$ 41,253,956	\$ 15,228	\$ 4,184,054	\$ -	\$ 2,095,839	\$ -	\$ 67,807,409
Pooled investments	-	7,670,000	-	-	-	-	-	7,670,000
Receivables:								
Accounts, net of allowance of \$313,785	15,022,009	1,192,301	70,848	527,555	-	31,371	-	16,844,084
Succeeding year property tax	7,462,194	9,976,531	-	7,462,194	-	-	-	24,900,919
Iowa Industrial New Jobs Training Program	-	44,579,907	-	-	-	-	-	44,579,907
Due from other governments	109,309	1,763,122	-	886,106	-	2,489	-	2,761,026
Due from other funds	-	-	-	0	-	-	-	-
Inventories	435,303	-	-	-	-	-	-	435,303
Prepaid expenses	64,847	-	-	-	-	-	-	64,847
Cash value of life insurance	-	-	-	-	-	-	-	0
	<u>43,351,994</u>	<u>106,435,817</u>	<u>86,076</u>	<u>13,059,909</u>	<u>0</u>	<u>2,129,699</u>	<u>-</u>	<u>165,063,495</u>
Capital assets:								
Land	-	-	-	-	7,797,349	-	-	7,797,349
Buildings	-	-	-	-	129,746,706	-	-	129,746,706
Improvements other than buildings	-	-	-	-	18,084,367	-	-	18,084,367
Equipment and vehicles	-	-	-	-	15,580,751	-	-	15,580,751
Leased equipment	-	-	-	-	-	-	-	0
Construction in progress	-	-	-	-	6,194,412	-	-	6,194,412
Accumulated depreciation	-	-	-	-	-	-	(68,959,781)	(68,959,781)
Total assets	<u>43,351,994</u>	<u>106,435,817</u>	<u>86,076</u>	<u>13,059,909</u>	<u>177,403,585</u>	<u>2,129,699</u>	<u>(68,959,781)</u>	<u>273,507,299</u>
Deferred outflows of resources:								
Pension related deferred outflows	-	-	-	-	-	-	3,268,048	3,268,048
Total assets and deferred outflows of resources	<u>\$ 43,351,994</u>	<u>\$ 106,435,817</u>	<u>\$ 86,076</u>	<u>\$ 13,059,909</u>	<u>\$ 177,403,585</u>	<u>\$ 2,129,699</u>	<u>\$ (65,691,733)</u>	<u>\$ 276,775,347</u>

DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances (Continued)

June 30, 2015

Liabilities and Fund Balances	Current funds		Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Loan funds	Plant Funds		Agency funds	Adjustments	
				Unexpended	Investment in plant			
Liabilities:								
Accounts payable	\$ 516,036	\$ 480,392	\$ -	\$ 3,377,500	\$ -	\$ 77,593	\$ -	\$ 4,451,521
Salaries and benefits payable	4,371,866	1,135,987	-	2,000	-	1,400	-	5,511,253
Self-funded health claims payable	-	3,428,530	-	-	-	-	-	3,428,530
Accrued interest payable	-	151,759	-	15,880	-	-	-	167,639
Deferred revenue:								
Other	14,431,620	26,216,437	-	-	-	-	-	40,648,057
Early retirement pension costs payable	-	841,192	-	-	-	-	-	841,192
Deposits held in custody for others	12,048	-	-	-	-	2,049,506	-	2,061,554
Compensated absences	1,450,000	213,000	-	20,000	-	1,200	-	1,684,200
Certificates payable	-	59,914,912	-	-	-	-	-	59,914,912
Revenue bonds and notes payable	-	-	-	(37,068)	3,060,000	-	-	3,022,932
Net pension liability	-	-	-	-	-	-	16,732,728	16,732,728
Net OPEB liability	-	8,252,922	-	-	-	-	971,553	9,224,475
Total liabilities	<u>20,781,570</u>	<u>100,635,131</u>	<u>-</u>	<u>3,378,312</u>	<u>3,060,000</u>	<u>2,129,699</u>	<u>17,704,281</u>	<u>147,688,993</u>
Deferred inflows of resources								
Succeeding year property tax	7,462,194	9,976,531	-	7,462,194	-	-	-	24,900,919
Pension related deferred inflows	-	-	-	-	-	-	6,381,381	6,381,381
Total deferred inflows of resources	<u>7,462,194</u>	<u>9,976,531</u>	<u>-</u>	<u>7,462,194</u>	<u>-</u>	<u>-</u>	<u>6,381,381</u>	<u>31,282,300</u>
Fund balances:								
Net investment in capital assets	-	-	-	-	174,343,585	-	(68,959,781)	105,383,804
Restricted:								
Nonexpendable:								
Cash reserve	-	755,088	-	-	-	-	-	755,088
Expendable:								
Scholarships and fellowships	-	244,442	-	-	-	-	-	244,442
Loans	-	-	86,076	-	-	-	-	86,076
Plant fund	-	-	-	2,219,403	-	-	-	2,219,403
Other	-	1,989,115	-	-	-	-	-	1,989,115
Unrestricted	<u>15,108,230</u>	<u>(7,164,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,817,614)</u>	<u>(12,873,874)</u>
Total fund balances	<u>15,108,230</u>	<u>(4,175,845)</u>	<u>86,076</u>	<u>2,219,403</u>	<u>174,343,585</u>	<u>-</u>	<u>(89,777,395)</u>	<u>97,804,054</u>
Total liabilities and fund balances	<u>\$ 43,351,994</u>	<u>\$ 106,435,817</u>	<u>\$ 86,076</u>	<u>\$ 13,059,909</u>	<u>\$ 177,403,585</u>	<u>\$ 2,129,699</u>	<u>\$ (65,691,733)</u>	<u>\$ 276,775,347</u>

DES MOINES AREA COMMUNITY COLLEGE
 Revenues, Expenditures, and Changes in Fund Balances
 Year ended June 30, 2015

Schedule 3

	Current operating funds			Lo an funds	Plant funds			Adjustments	Totals
	Unrestricted	Restricted	Total		Unexpended	Retirement of indebtedness	Investment in plant		
Revenues and other additions:									
Tuition and fees	\$ 54,629,632	\$ 867,518	\$ 55,497,150	\$ -	\$ -	\$ -	\$ -	\$ (24,326,291)	\$ 31,170,859
Federal appropriations	480,629	3,184,018	32,320,757	-	-	-	-	-	32,320,757
Iowa Industrial New Jobs Training Program	-	13,635,607	13,635,607	-	-	-	-	-	13,635,607
State appropriations	34,265,473	7,196,588	41,462,061	-	853,733	-	-	-	42,315,794
Property tax	7,256,630	9,048,547	16,305,177	-	5,789,631	1,466,795	-	-	23,561,603
Auxiliary enterprises revenue	2,247,636	-	2,247,636	-	-	-	-	(96,151)	2,151,485
Interest and investment income	72,696	113,048	185,744	-	-	-	-	-	185,744
Expended for plant assets (including \$1,301,046 in current operating fund expenditures)	-	-	-	-	-	-	9,482,292	(9,482,292)	-
Retirement of indebtedness	-	-	-	-	-	-	1,230,000	(1,230,000)	-
Miscellaneous	5,581,606	3,622,420	9,204,026	-	1,636,045	-	-	(289,650)	10,550,421
Total revenues and other additions	104,534,302	66,323,856	170,858,158	-	8,279,409	1,466,795	10,712,292	(35,424,384)	155,892,270
Expenditures and other deductions:									
Education and support:									
Liberal arts and sciences	28,794,823	-	28,794,823	-	-	-	-	(128,857)	28,665,966
Vocational technical	30,384,819	2,685,674	33,070,493	-	-	-	-	(147,990)	32,922,503
Adult education	5,823,516	11,102,432	16,925,948	-	-	-	-	(75,743)	16,850,205
Cooperative services	-	9,447,573	9,447,573	-	-	-	-	(42,278)	9,405,295
Administration	3,905,088	-	3,905,088	-	-	-	-	(110,279)	3,794,809
Student services	9,785,058	1,317,354	11,102,412	-	-	-	-	(49,683)	11,052,729
Learning resources	3,161,672	92,496	3,254,168	-	-	-	-	(14,563)	3,239,605
Physical plant	7,739,007	4,257,791	11,996,798	-	4,964,237	-	-	(250,530)	16,710,505
General institution	9,759,921	5,481,939	15,241,860	-	-	-	-	(96,151)	15,145,709
Scholarships and grants	-	24,326,291	24,326,291	-	-	-	-	(24,326,291)	-
Total education and support	99,353,904	58,711,550	158,065,454	-	4,964,237	-	-	(25,242,365)	137,787,326
Auxiliary enterprises	3,859,034	-	3,859,034	-	-	-	-	-	3,859,034
Expended for plant assets	355,380	945,666	1,301,046	-	8,181,246	-	-	(9,482,292)	-
Administrative and collection costs	82,085	-	82,085	-	-	-	-	-	82,085
Retirement of indebtedness	-	-	-	-	-	1,230,000	-	(1,230,000)	-
Loan cancellations and bad debts	944,264	-	944,264	25,184	-	-	-	-	969,448
Interest on indebtedness	-	1,959,968	1,959,968	-	-	236,795	-	-	2,196,763
Depreciation	-	-	-	-	-	-	-	4,752,923	4,752,923
Disposition of capital assets	-	-	-	-	-	-	3,520,899	(3,425,238)	95,661
Total expenditures and other deductions	104,594,667	61,617,184	166,211,851	25,184	13,145,483	1,466,795	3,520,899	(34,626,972)	149,743,240
Transfers among funds:									
Non-mandatory transfers	232,152	(6,668,472)	(6,436,320)	5,000	6,524,659	-	-	-	93,339
Net increase (decrease) for the year	171,787	(1,961,800)	(1,790,013)	(20,184)	1,658,585	-	7,191,393	(79,7412)	6,242,369
Fund balances at beginning of year, as restated	14,936,443	(2,214,045)	12,722,398	106,260	560,818	-	167,152,192	(88,979,983)	91,561,685
Fund balances at end of year	\$ 15,108,230	\$ (4,175,845)	\$ 10,932,385	\$ 86,076	\$ 2,219,403	\$ -	\$ 174,343,585	\$ (89,777,395)	\$ 97,804,054

DES MOINES AREA COMMUNITY COLLEGE
 Revenues, Expenditures, and Changes in Fund Balances - Unrestricted Fund
 Year ended June 30, 2015

	<u>Education</u>			<u>Support</u>					<u>Education</u>
	<u>Liberal Arts and Sciences</u>	<u>Vocational Technical</u>	<u>Adult Education</u>	<u>Adminis- tration</u>	<u>Student Services</u>	<u>Learning Resources</u>	<u>Physical Plant</u>	<u>General Institution</u>	<u>and Support Total</u>
Revenues:									
Tuition and fees	\$ 37,771,246	\$ 12,290,692	\$ 4,535,559	\$ 6,189	\$ 25,946	\$ -	\$ -	\$ -	\$ 54,629,632
Federal appropriations	-	-	-	38,660	(3,353)	-	-	380,084	415,391
State appropriations	866	275	357,018	-	-	-	-	33,904,314	34,262,473
Property tax	-	-	-	-	-	-	-	7,256,630	7,256,630
Interest income	-	-	-	18,041	-	-	-	53,132	71,173
Miscellaneous	539,349	315,084	158,112	260,453	14,998	4,342	380,958	2,308,908	3,982,204
	<u>38,311,461</u>	<u>12,606,051</u>	<u>5,050,689</u>	<u>323,343</u>	<u>37,591</u>	<u>4,342</u>	<u>380,958</u>	<u>43,903,068</u>	<u>100,617,503</u>
Allocation of support services	29,419,402	9,344,332	5,885,568	(323,343)	(37,591)	(4,342)	(380,958)	(43,903,068)	-
Total revenues	<u>67,730,863</u>	<u>21,950,383</u>	<u>10,936,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,617,503</u>
Expenditures:									
Salaries and benefits	27,231,444	28,430,678	3,726,878	2,788,387	8,983,353	2,805,020	4,996,346	6,802,116	85,764,222
Services	524,641	465,755	1,443,213	969,244	632,934	94,854	1,575,005	2,184,370	7,890,016
Materials and supplies	836,981	1,281,844	575,552	103,755	130,381	258,433	1,153,324	624,619	4,964,889
Travel	185,413	194,435	65,523	46,144	29,969	3,365	14,282	75,680	614,811
Expended for plant assets	16,485	31,614	3,302	15,000	-	-	235,974	49,005	351,380
Scholarships	-	-	-	-	-	-	-	-	-
Bad Debt	702,575	241,689	-	-	-	-	-	-	944,264
Miscellaneous	16,344	12,107	12,350	79,643	8,421	-	50	73,136	202,051
	<u>29,513,883</u>	<u>30,658,122</u>	<u>5,826,818</u>	<u>4,002,173</u>	<u>9,785,058</u>	<u>3,161,672</u>	<u>7,974,981</u>	<u>9,808,926</u>	<u>100,731,633</u>
Allocation of support services	22,885,430	7,268,981	4,578,399	(4,002,173)	(9,785,058)	(3,161,672)	(7,974,981)	(9,808,926)	-
Total expenditures	<u>52,399,313</u>	<u>37,927,103</u>	<u>10,405,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,731,633</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,331,550</u>	<u>(15,976,720)</u>	<u>531,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,130)</u>
Transfers:									
Non-mandatory transfers	(188,046)	(394,230)	(36,365)	-	31,385	-	692,054	192,287	297,085
Total transfers	<u>(188,046)</u>	<u>(394,230)</u>	<u>(36,365)</u>	<u>-</u>	<u>31,385</u>	<u>-</u>	<u>692,054</u>	<u>192,287</u>	<u>297,085</u>
Net increase (decrease) for the year	<u>\$ 15,143,504</u>	<u>\$ (16,370,950)</u>	<u>\$ 494,675</u>	<u>\$ -</u>	<u>\$ 31,385</u>	<u>\$ -</u>	<u>\$ 692,054</u>	<u>\$ 192,287</u>	<u>\$ 182,955</u>
Fund balance at beginning of year									10,582,475
Fund balance at end of year									<u>\$ 10,765,430</u>

DES MOINES AREA COMMUNITY COLLEGE

Revenues, Expenditures, and Changes in Fund Balances - Auxiliary Enterprises

Year ended June 30, 2015

	<u>Bookstore</u>	<u>Career education</u>	<u>Cafeteria/ vending</u>	<u>Student Housing</u>	<u>Athletics</u>	<u>Capitol Medical</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:								
Sales and services	\$ -	\$ 701,423	\$ 506,838	\$ 899,383	\$ -	\$ 66,648	\$ 73,344	\$ 2,247,636
Student fee allocations	-	359,889	-	13,124	388,424	-	-	761,437
State Support	-	3,000	-	-	-	-	-	3,000
Interest income	-	-	-	1,523	-	-	-	1,523
Federal appropriations	-	-	-	65,238	-	-	-	65,238
Miscellaneous	-	608,044	94,261	5,106	3,574	-	126,980	837,965
Total revenues and other additions	-	1,672,356	601,099	984,374	391,998	66,648	200,324	3,916,799
Expenditures and other deductions:								
Salaries and benefits	-	623,028	291,911	183,662	240,672	-	89,164	1,428,437
Services	8	401,761	47,342	212,087	68,391	63,147	73,096	865,832
Materials and supplies	-	210,024	2,101	14,884	67,255	-	13,829	308,093
Travel	6	100,741	406	-	175,799	-	16,697	293,649
Purchases for resale	-	391,400	224,305	-	-	-	5,991	621,696
Expended for plant assets	-	-	-	-	-	-	4,000	4,000
Bad debts	-	-	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-	-
Miscellaneous	130	223,923	93,538	70	17,873	-	5,793	341,327
Total expenditures and other deductions	144	1,950,877	659,603	410,703	569,990	63,147	208,570	3,863,034
Transfers among funds (non-mandatory)	-	314,265	51,190	(632,272)	177,992	-	23,892	(64,933)
Net increase (decrease) for the year	(144)	35,744	(7,314)	(58,601)	-	3,501	15,646	(11,168)
Fund balances at beginning of year	2,301,651	\$ 292,006	\$ 110,609	\$ 1,031,142	\$ -	\$ 29,851	\$ 588,708	4,353,967
Fund balances at end of year	\$ 2,301,507	\$ 327,750	\$ 103,295	\$ 972,541	\$ -	\$ 33,352	\$ 604,354	\$ 4,342,799

DES MOINES AREA COMMUNITY COLLEGE
 Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Restricted Funds
 Year ended June 30, 2015

	<u>Scholarship</u>	<u>Equipment replacement</u>	<u>Iowa Employment Solutions</u>	<u>Insurance and Tort</u>	<u>Early retirement</u>	<u>Unemployment compensation</u>	<u>Cash reserve</u>	<u>Grants and contracts</u>	<u>Iowa Industrial New Jobs Training Programs</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:											
Tuition and fees	\$ 194,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,040	\$ 8,588	\$ 546,630	\$ 867,518
Federal appropriations	23,849,654	-	961,905	-	-	-	-	7,028,569	-	-	31,840,128
Iowa Industrial New Jobs Training Program	-	-	-	-	-	-	-	-	13,635,607	-	13,635,607
State appropriations	-	57,950	-	79,043	24,255	1,169	-	3,589,169	-	3,445,002	7,196,588
Property tax	-	3,225,190	-	4,403,108	1,353,671	66,578	-	-	-	-	9,048,547
Gifts and Grants	27,600	-	-	-	-	-	-	928,527	-	-	956,127
Interest income	-	-	-	-	-	-	-	-	-	113,048	113,048
Miscellaneous	952	1,409	26,043	71,785	-	-	-	509,326	-	2,056,778	2,666,293
Total revenues and other additions	<u>24,072,466</u>	<u>3,284,549</u>	<u>987,948</u>	<u>4,553,936</u>	<u>1,377,926</u>	<u>67,747</u>	<u>-</u>	<u>12,173,631</u>	<u>13,644,195</u>	<u>6,161,458</u>	<u>66,323,856</u>
Expenditures and other deductions:											
Salaries and benefits	-	-	561,303	449,707	1,284,171	83,540	-	6,259,572	995,753	1,195,154	10,829,200
Services	-	632,858	406,538	4,198,771	-	-	-	2,139,074	9,341,258	480,695	17,199,194
Materials and supplies	-	2,013,688	9,988	54,067	-	-	-	657,369	316,280	323,166	3,374,558
Travel	-	2,160	5,151	-	-	-	-	159,969	35,845	37,198	240,323
Expended for plant assets	-	572,419	-	89,132	-	-	-	115,756	-	168,359	945,666
Interest on indebtedness	-	-	-	-	-	-	-	-	1,959,968	-	1,959,968
Scholarships and grants	24,310,876	-	-	-	-	-	-	-	-	-	24,310,876
Private scholarships	-	-	-	-	-	-	-	15,416	-	-	15,416
Miscellaneous	-	815	-	-	-	-	-	2,741,169	-	-	2,741,984
Total expenditures and other deductions	<u>24,310,876</u>	<u>3,221,940</u>	<u>982,980</u>	<u>4,791,677</u>	<u>1,284,171</u>	<u>83,540</u>	<u>-</u>	<u>12,088,325</u>	<u>12,649,104</u>	<u>2,204,572</u>	<u>61,617,185</u>
Excess (deficiency) of revenues over (under) expenditures for the year	(238,410)	62,609	4,968	(237,741)	93,755	(15,793)	-	85,306	995,091	3,956,886	4,706,671
Transfers among funds:											
Mandatory transfers	-	-	-	-	-	-	-	-	-	-	-
Non-mandatory transfers	282,635	(389,700)	10,833	1	(1)	-	-	(48,389)	(984,506)	(5,539,345)	(6,668,472)
Net increase (decrease) for the year	44,225	(327,091)	15,801	(237,740)	93,754	(15,793)	-	36,917	10,585	(1,582,459)	(1,961,801)
Fund balances (deficit) at beginning of year	200,217	1,062,826	5,711	(816,546)	(7,258,244)	97,098	755,088	(21,019)	-	3,760,825	(2,214,044)
Fund balances (deficit) at end of year	<u>\$ 244,442</u>	<u>\$ 735,735</u>	<u>\$ 21,512</u>	<u>\$ (1,054,286)</u>	<u>\$ (7,164,490)</u>	<u>\$ 81,305</u>	<u>\$ 755,088</u>	<u>\$ 15,898</u>	<u>\$ 10,585</u>	<u>\$ 2,178,366</u>	<u>\$ (4,175,845)</u>

DES MOINES AREA COMMUNITY COLLEGE

Changes in Deposits Held in Custody for Others - Agency Funds

Year ended June 30, 2015

	<u>Student activities</u>	<u>Specially funded activities</u>	<u>Iowa Workforce Development</u>	<u>Community College Athletic Conference</u>	<u>Student clubs and organizations</u>	<u>Iowa Innovation Gateway</u>	<u>National Postsecondary Agricultural Student Organization</u>	<u>Other</u>	<u>Total</u>
Balances, beginning of year	\$ 451,796	\$ 395,531	\$ -	\$ 85,611	\$ 291,272	\$ 11,922	\$ 47,578	\$ 156,414	\$ 1,440,124
Additions:									
Tuition and fees	390,751	-	-	-	2,272	-	-	-	393,023
State appropriations	-	2,628	-	-	-	-	-	-	2,628
Federal funds	-	84,523	26,208	-	-	-	-	-	110,731
Sales and services	50,989	-	-	-	3,404	-	-	-	54,393
Interest on investments	-	-	-	-	-	-	-	-	-
Other	137,884	382,746	40,000	294,365	126,031	-	171,214	93,928	1,246,168
Transfers in	129,387	94,927	-	-	88,405	-	-	-	312,719
Total additions	<u>709,011</u>	<u>564,824</u>	<u>66,208</u>	<u>294,365</u>	<u>220,112</u>	<u>-</u>	<u>171,214</u>	<u>93,928</u>	<u>2,119,662</u>
Deductions:									
Salaries and benefits	6,094	57,388	10,788	152,028	-	-	61,446	55,151	342,895
Services	121,851	410,782	54,830	41,130	38,365	1,362	109,798	-	778,118
Materials and supplies	149,539	58,316	137	11,330	58,277	56	9,602	-	287,257
Travel	15,698	122,281	453	7,329	52,058	-	41,454	-	239,273
Cost of goods sold	67,917	-	-	-	31,236	-	-	-	99,153
Scholarships	700	-	-	-	150	-	-	-	850
Expended for plant assets	4,000	-	-	-	-	-	-	-	4,000
Other	22,117	3,372	-	63,118	4,213	-	-	-	92,820
Transfers out	309,192	87,127	-	-	9,739	-	-	-	406,058
Total deductions	<u>697,108</u>	<u>739,266</u>	<u>66,208</u>	<u>274,935</u>	<u>194,038</u>	<u>1,418</u>	<u>222,300</u>	<u>55,151</u>	<u>2,250,424</u>
Net additions and deductions	<u>11,903</u>	<u>(174,442)</u>	<u>-</u>	<u>19,430</u>	<u>26,074</u>	<u>(1,418)</u>	<u>(51,086)</u>	<u>38,777</u>	<u>(130,762)</u>
Balances, end of year	<u>\$ 463,699</u>	<u>\$ 221,089</u>	<u>\$ -</u>	<u>\$ 105,041</u>	<u>\$ 317,346</u>	<u>\$ 10,504</u>	<u>\$ (3,508)</u>	<u>\$ 195,191</u>	<u>\$ 1,309,362</u>

DES MOINES AREA COMMUNITY COLLEGE

Credit and Contact Hours

Year ended June 30, 2015

Category	Credit hours eligible for aid	Contact hours		Total
		Eligible for aid	Not eligible for aid	
Arts and sciences	357,148	6,548,402	-	6,548,402
Vocational education	89,217	2,079,935	-	2,079,935
Adult education/continuing education	-	1,268,145	34,790	1,302,935
Related services and activities	-	802	6,319	7,121
Total	446,365	9,897,284	41,109	9,938,393

DES MOINES AREA COMMUNITY COLLEGE

Taxes and Intergovernmental Revenues
(Excluding the Agency Funds)

For the Last Ten Years

		Years ended June 30									
		<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Local (property tax)	\$	23,561,603	\$ 24,333,253	\$ 19,857,656	\$ 19,779,534	18,089,665	\$ 17,532,643	\$ 16,455,262	\$ 16,513,769	\$ 18,092,410	\$ 16,880,081
State		42,315,794	40,541,436	33,037,238	28,720,739	29,051,616	27,090,659	31,991,978	29,847,275	26,443,984	24,341,715
Federal		<u>32,320,757</u>	<u>35,314,471</u>	<u>34,468,787</u>	<u>39,980,889</u>	<u>42,465,427</u>	<u>39,944,241</u>	<u>21,734,414</u>	<u>19,277,833</u>	<u>16,061,228</u>	<u>13,037,134</u>
Total	\$	<u><u>98,198,154</u></u>	<u><u>100,189,160</u></u>	<u><u>87,363,681</u></u>	<u><u>88,481,162</u></u>	<u><u>89,606,708</u></u>	<u><u>84,567,543</u></u>	<u><u>70,181,654</u></u>	<u><u>65,638,877</u></u>	<u><u>60,597,622</u></u>	<u><u>54,258,930</u></u>

DES MOINES AREA COMMUNITY COLLEGE

Current Fund Revenues by Source
and Expenditures by Function

For the Last Ten Years

	Years ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Tuition and fees	\$ 55,497,150	\$ 57,558,044	\$ 57,611,546	\$ 61,763,642	\$ 59,906,044	\$ 52,668,767	\$ 42,969,791	\$ 38,275,282	\$ 34,751,937	\$ 34,660,651
Property tax	16,305,177	17,197,614	12,980,395	12,989,120	11,550,038	11,279,076	10,550,327	10,978,527	12,757,968	11,876,240
Federal appropriations	32,320,757	35,314,471	34,468,787	39,980,889	42,465,427	39,944,241	21,734,414	19,277,833	16,061,228	13,037,134
State appropriations	41,462,061	39,255,830	31,709,683	28,566,347	28,382,697	26,610,659	31,200,104	29,184,500	25,781,342	23,993,708
Interest income from investments	185,744	165,060	224,557	367,933	712,496	792,264	2,172,218	3,505,217	3,507,531	2,474,490
Iowa Industrial New Jobs Training Program	13,635,607	9,922,594	17,253,987	18,214,126	11,466,792	14,051,594	26,073,183	16,603,495	11,623,679	14,068,915
Auxiliary enterprises revenue	2,247,636	2,283,470	2,118,589	2,217,100	2,199,463	2,651,778	2,083,539	9,877,741	9,256,399	8,810,954
Proceeds from sale of bonds	-	-	-	-	-	-	3,960,000	-	-	-
Miscellaneous	9,204,026	8,331,727	9,091,623	9,151,754	6,522,268	5,886,232	4,995,593	4,007,622	3,932,010	3,287,833
Total	170,858,158	170,028,810	165,459,167	173,250,911	163,205,225	153,884,611	145,739,169	131,710,217	117,672,094	112,209,925
Expenditures:										
Liberal arts and sciences	\$ 29,513,883	\$ 29,118,289	\$ 28,767,926	\$ 28,049,295	\$ 26,265,239	\$ 23,397,899	\$ 22,010,606	\$ 19,913,375	\$ 17,783,316	\$ 16,319,487
Vocational technical	33,531,331	31,629,541	31,404,396	31,177,970	29,734,690	28,073,906	25,883,936	23,988,748	22,219,019	20,684,928
Adult education	17,025,831	16,526,337	12,237,069	11,421,379	10,036,125	9,376,075	9,354,727	9,255,757	7,997,480	8,029,461
Cooperative services	9,447,573	5,232,155	11,348,114	13,536,302	5,929,199	8,084,678	18,794,647	9,807,914	5,749,870	8,890,197
Administration	4,002,173	3,895,909	3,650,186	3,670,320	3,571,180	3,839,613	3,267,926	3,020,686	2,993,578	2,785,144
Student services	11,102,412	11,227,505	9,730,664	8,989,529	8,800,990	7,747,604	7,527,948	7,611,760	6,781,974	6,025,128
Learning resources	3,254,168	3,091,480	3,144,357	3,030,744	2,910,249	2,929,197	2,879,426	2,803,828	2,754,615	2,653,133
Physical plant	12,321,904	12,843,940	12,349,361	12,612,339	10,441,362	8,013,448	7,013,376	6,849,374	6,607,398	6,157,020
General institution	15,867,283	15,744,921	17,823,668	18,205,034	20,267,851	17,109,638	15,744,126	17,781,705	14,735,139	13,391,475
Auxiliary enterprises	3,859,034	3,447,538	3,544,972	3,438,561	3,471,079	4,041,098	7,433,336	10,504,665	9,808,600	8,644,019
Scholarships and grants	24,326,291	26,844,407	28,301,052	33,061,080	34,717,959	29,629,518	15,451,116	12,305,524	10,154,237	9,346,631
Interest on indebtedness	1,959,968	2,426,085	2,926,002	3,258,937	3,391,773	3,547,259	3,516,990	3,046,029	2,737,541	2,169,684
Loss on discontinued operations	-	-	-	-	-	-	-	578,792	-	-
Total	166,211,851	162,028,107	165,227,767	170,451,490	159,537,696	145,789,933	138,878,160	127,468,157	110,322,767	105,096,307

Des Moines Area Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

Federal Grantor/Program Title	Indirect Cost Rate	CFDA Number	Expenditures
Direct:			
Federal Direct Student Loans		84.268	\$ 38,455,548
Federal Pell Grant Program		84.063	23,668,437
Federal Supplemental Educational Opportunity Grant		84.007	275,016
Federal Work-study Program		84.033	321,592
Total Student Financial Assistance Cluster			<u>62,720,593</u>
Direct Trio Grants:			
Upward Bound FY14 Award	8%	84.047	58,863
Upward Bound FY15 Award	8%	84.047	185,406
Student Support Services FY14 Award	8%	84.042	69,032
Student Support Services FY15 Award	8%	84.042	227,957
Student Support Services-Grant Aid	0%	84.042	11,750
Total Trio Grants			<u>553,008</u>
Indirect through Iowa Department of Education:			
Adult Education-Adult Basic Education-G50027	0%	84.002	564,306
Adult Education-Adult Basic Education Teacher Training G50042	0%	84.002	13,073
Adult Education-EL Civics G50027	0%	84.002	75,865
			<u>653,244</u>
Career and Technical Education-Vocational Education - Perkins Funds G50188	0%	84.048	877,940
Career and Technical Education-Vocational Education - Perkins Funds G50607	0%	84.048	2,483
Career and Technical Education-Perkins Iowa FCCLA	0%	84.048	29,774
Career and Technical Education-Perkins Iowa HOSA G50305	0%	84.048	12,674
Career and Technical Education-Perkins Iowa Skills USA	0%	84.048	15,947
			<u>938,818</u>
Total through Iowa Department of Education			<u>1,592,062</u>
Indirect through Iowa Department of Corrections:			
Career and Technical Education-Perkins-Correctional Facilities	0%	84.048A	17,517
Title I-Correctional Facilities	0%	84.013	17,000
Total through Iowa Department of Corrections			<u>34,517</u>
Total U.S. Department of Education			<u>64,900,181</u>

Des Moines Area Community College
 Schedule of Expenditures of Federal Awards (Continued)
 Year ended June 30, 2015

Federal Grantor/Program Title	Indirect Cost Rate	CFDA Number	Expenditures
Department of Health & Human Services			
Direct:			
Substance Abuse & Mental Health Services	8%	93.243	36,445
Indirect through Iowa Department of Health Child Support Recovery Unit:			
Child Support Enforcement Research BOC-14-018	0%	93.564	206,446
Indirect through University of Iowa:			
National Institute of Health - Cardiovascular Diseases Research W000621531	8%	93.837	21,785
Total Department of Health & Human Services			<u>264,676</u>
Department of Agriculture Food & Nutrition			
Indirect through Kirkwood Community College			
State Admin Matching Grants-Supplemental Nutrition Assistance DMC2015FAET	0%	10.561	22,255
Indirect through Iowa Workforce Development:			
State Admin Matching Grants-Supplemental Nutrition Assistance	0%	10.561	26,128
Total Department of Agriculture Food & Nutrition Service			<u>48,383</u>
Social Security Administration			
Ticket to Work	0%	93.768	23,719
Total Social Security Administration			<u>23,719</u>
National Science Foundation			
Direct:			
Engineering Grants	38.50%	47.041	3,107
Indirect through Iowa State University			
Education and Human Resources HRD-1102461	0%	47.076	15,618
Total National Science Foundation			<u>18,725</u>
Department of Labor			
Direct:			
Trade Adjustment Assistance Community College & Career Training Grants	0%	17.282	4,084,958
YouthBuild 3	8%	17.274	390,911
Total Direct Department of Labor			<u>4,475,869</u>

Des Moines Area Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

Federal Grantor/Program Title	Indirect Cost Rate	CFDA Number	Expenditures
Indirect through Hawkeye Community College			
Trade Adjustment Assistance Community College & Career Training Grants		17.282	<u>125,852</u>
Indirect through Iowa Workforce Development:			
WIA Administration 13-W-11-FR-0	0%	17.258 & .278	82,225
WIA Administration-Central Iowa Workforce Investment Board 13-W-11-FR-0	0%	17.258 & .278	25,255
WIA Transition Funds 13-W-11-FR-0	0%	17.258 & .278	2,489
WIA Adult Program 13-W-11-FR-0	0%	17.258	342,492
WIA Dislocated Workers-State Emergency Grant 15-W-PF-RR-0-11	0%	17.278	21,430
WIA Dislocated Workers- Job Driven National Emergency Grant M508089	0%	17.278	26,470
WIA Dislocated Workers 13-W-11-FR-0	0%	17.278	346,815
WIA Disability Employment Initiative 13-W-11-FR-0	0%	17.278	117,216
Total Indirect through Iowa Workforce Development			<u>964,393</u>
Total Department of Labor			<u>5,566,114</u>
U.S. Department of Treasury			
Build America Bonds (ARRA)	0%	21.000	65,238
Total Department of Treasury			<u>65,238</u>
Total Federal Expenditures			<u>\$ 70,887,035</u>

Des Moines Area Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2015

NOTE 1 BASIS OF PRESENTATION

The purpose of the schedule of expenditures of federal awards (the Schedule) is to present a summary of those activities of Des Moines Area Community College (the College) for the year ended June 30, 2015, which have been financed by the United States government (federal awards). For purposes of the Schedule, federal awards include all federal assistance entered into directly between the College and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of the College, it is not intended to, and does not, present the financial position and support, revenues, expenses, and changes in net position of the College.

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

NOTE 2 STUDENT FINANCIAL ASSISTANCE

The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the College under this program at June 30, 2015.

See accompanying independent auditor's report.



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

Board of Directors
Des Moines Area Community College
Ankeny, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Des Moines Area Community College (the College) and its discretely presented component unit as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 2, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 2, 2015



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

Board of Directors
Des Moines Area Community College
Ankeny, Iowa

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 2, 2015

**Des Moines Area Community College
SCHEDULE OF FINDINGS
Year ended June 30, 2015**

Part I—Summary of the Independent Auditor's Results

- (a) An unmodified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.007, 84.033, 84,063, 84.268,— Student Financial Assistance Cluster
 - CFDA Number 84.002 – Adult Education
 - CFDA Number 84.048 — Career and Technical Education
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Des Moines Area Community College qualified as a low-risk auditee.

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

NONE

Part III—Findings for Federal Awards

NONE