

**Iowa Western Community College, State of Iowa
(Merged Area XIII)**



\$10,000,000 *

**General Obligation School Bonds
Series 2014**

(FAST Closing)

(The Issuer will designate the Bonds as Bank-Qualified as outlined herein)

(Book Entry Only)

(Parity Bidding Available)

(Award will occur at a Board of Trustees meeting that begins
at 2:00pm on April 21, 2014)

DATE: Monday, April 21, 2014
TIME: 10:00 A.M.
PLACE: Office of the Vice President of Finance & Operations
2700 College Road, Box 4-C
Council Bluffs, IA 51502
Telephone: (712)325-3200
Fax: (712)325-3216

Moody's Rating "Aa1"

* Amount Subject to change

PiperJaffray®

3900 Ingersoll Ave., Suite 110
Des Moines, IA 50312
515/247-2340

OFFICIAL BID FORM

TO: Board of Directors of the Iowa Western Community College, (Merged Area XIII) Iowa (the "Issuer")

Re: \$10,000,000 * General Obligation School Bonds, Series 2014, dated the date of delivery, of the Issuer (the "Bonds")

For all or none of the above Bonds, in accordance with the notice of sale, we will pay you \$_____ for Bonds bearing interest rates and maturing on June 1 in each of the stated years as follows:

<u>Coupon</u>	<u>Yield</u>	<u>Due</u>	<u>Coupon</u>	<u>Yield</u>	<u>Due</u>
_____	_____	2015	_____	_____	2025
_____	_____	2016	_____	_____	2026
_____	_____	2017	_____	_____	2027
_____	_____	2018	_____	_____	2028
_____	_____	2019	_____	_____	2029
_____	_____	2020	_____	_____	2030
_____	_____	2021	_____	_____	2031
_____	_____	2022	_____	_____	2032
_____	_____	2023	_____	_____	2033
_____	_____	2024	_____	_____	

_____ We hereby elect to have the following issued as term bonds:

<u>Principal Amount</u>	<u>Month and Year (Inclusive)</u>	<u>Maturity Month and Year</u>
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____

Subject to mandatory redemption requirement in the amounts and at the times shown above

_____ We will not elect to have any bonds issued as term bonds

This bid is for prompt acceptance and for delivery of said Bonds to us in compliance with the Official Terms of Offering of General Obligation School Bonds, Series 2014, which is made a part of this proposal, by reference. Award will be made on a True Interest Cost Basis (TIC).

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Bond Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

According to our computations (the correct computation being controlling in the award), we compute the following (to the dated date):

NET INTEREST COST:\$ _____ TRUE INTEREST RATE _____%
(Computed from the dated date)

Account Manager

Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the Board of Directors of Iowa Western Community College, in the Counties of Adair, Adams, Audubon, Cass, Crawford, Fremont, Harrison, Mills, Monona, Montgomery, Page, Pottawattamie and Shelby, State of Iowa, this 21st day of April 2014.

ATTEST: _____
District Secretary

Board President

* _____
Preliminary, subject to change

NOTICE OF BOND SALE

Time and Place of Sale: Sealed bids or electronic bids for the sale of General Obligation School Bonds, Series 2014, of the Iowa Western Community College, in the Counties of Adair, Adams, Audubon, Cass, Crawford, Fremont, Harrison, Mills, Monona, Montgomery, Page, Pottawattamie and Shelby, State of Iowa (the "Issuer"), will be received at the office of the Vice President of Finance & Operations of the Community College until 10:00 o'clock A.M. on April 21, 2014. The bids will be publicly opened at that time and evaluated by the Vice President of Finance & Operations, Board Secretary and Financial Advisor and referred for action at the meeting of the Board of Directors.

Sale and Award: The sale and award of the bonds will be held at the Board meeting scheduled at 2:00 o'clock P.M. on the same date.

The Bonds. The bonds to be offered are the following:

general obligation school bonds, SERIES 2014, in the principal amount of not to exceed \$10,000,000 to be dated the date of delivery (the "Bonds").

*The Issuer may increase or decrease each maturity but the total amount to be issued will not exceed \$10,000,000.

Manner of Bidding: Open bids will not be received. No bid will be received after the time specified above for receiving bids. Bids will be received by any of the following methods:

- Sealed Bidding: Sealed bids or electronic proposals may be submitted and will be received at the office of the Vice President of Finance & Operations, Iowa Western Community College, Council Bluffs, Iowa.
- Electronic Bidding: Electronic bids via PARITY® will be received at the office of the Vice President of Finance & Operations, Iowa Western Community College, Council Bluffs, Iowa. The bids must be submitted through PARITY®.
- Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the Vice President of Finance & Operations, Iowa Western Community College, Council Bluffs, Iowa, (712) 325-3216. Electronic facsimile bids will be sealed and treated as sealed bids.

Official Statement: The Issuer has issued an Official Statement of information pertaining to the Bonds to be offered, including a statement of the Terms of Offering and an Official Bid Form, which is incorporated by reference as a part of this notice. The Official Statement may be obtained by request addressed to the Secretary of the Board of Directors, Iowa Western Community College, 2700 College Road, Council Bluffs, Iowa (712) 325-3200; or Timothy J. Oswald, Piper Jaffray & Co., 3900 Ingersoll Avenue, Suite 110, Des Moines, Iowa 50312, (515) 247-2353.

Terms of Offering: All bids must be in conformity with and the sale must be in accord with the Terms of Offering as set forth in the Official Statement.

Legal Opinion: Bonds will be sold subject to the opinion of Ahlers & Cooney, P.C., Attorneys of Des Moines, Iowa, as to the legality and their opinion will be furnished together with the printed bonds without cost to the purchaser and all bids will be so conditioned. Except to the extent necessary to issue their opinion as to the legality of the Bonds, the attorneys will not examine or review or express any opinion with respect to the accuracy or completeness of documents, materials or statements made or furnished in connection with the sale, issuance or marketing of the Bonds.

Rights Reserved: The right is reserved to reject any or all bids, and to waive any irregularities as deemed to be in the best interests of the public.

By order of the Board of Directors of the Iowa Western Community College in the Counties of Adair, Adams, Audubon, Cass, Crawford, Fremont, Harrison, Mills, Monona, Montgomery, Page, Pottawattamie and Shelby, State of Iowa.

Secretary of the Board of Directors of Iowa Western
Community College

OFFICIAL TERMS OF OFFERING

This section sets forth the description of certain of the terms of the Bonds as well as the terms of offering with which all bidders and bid proposals are required to comply, as follows:

The Bonds. The Bonds to be offered are the following:

GENERAL OBLIGATION SCHOOL BONDS, Series 2014, in the principal amount of \$10,000,000 * dated the date of delivery in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front page of the official statement

* Adjustment to Principal Amount After Determination of Best Bid Each scheduled maturity of the Bonds are subject to increase or decrease. Such adjustments shall be made promptly after the sale and prior to the award of bids by the issuer and shall be in the sole discretion of the Issuer. The Issuer shall only make such adjustments in its sole discretion. To cooperate with any adjustment in the principal amounts, the Successful Bidder is required, as a part of its bid, to indicate its Initial Reoffering yield and Initial Reoffering price on each maturity of the Bonds (said price shall be calculated to the date as indicated by the Issuer).

The dollar amount bid by the Successful Bidder may be changed if the aggregate principal amount of the Bonds, as adjusted as described below, is adjusted, however the interest rates specified by the Successful Bidder for all maturities will not change. The Issuer's financial advisor will make every effort to ensure that the percentage net compensation to the Successful Bidder (the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the Issuer (not including accrued interest), less any bond insurance premium and credit rating fee, if any, to be paid by the Successful Bidder, by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to principal amounts shown in the maturity schedule.

The Successful Bidder may not withdraw or modify its bid once submitted to the Issuer for any reason, including post bond adjustment. Any adjustment shall be conclusive, and shall be binding upon the Successful Bidder.

Optional Redemption: The Bonds maturing after June 1, 2019, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Interest: Interest on said Bonds will be payable on December 1, 2014, and semiannually on the 1st day of December and June thereafter (the "Interest Payment Date"). Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Book Entry System: The Bonds will be issued by means of a book entry system with no physical distribution of certificates made to the public. The Bonds will be issued in fully registered form and one certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Issuer to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the certificates with DTC.

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of \$ 98,500 for the Bonds, payable to the order of the Issuer, is required for each bid to be considered. If a check is used, it must accompany each bid. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. The Financial Advisor or the Issuer will provide the apparent winning bidder (the "Purchaser") with wiring instructions, by facsimile and email, within 10 minutes of the stated time when bids are due. If the wire is not received at the time indicated above, the Issuer will abandon its plan to award to the Purchaser, and will contact the next highest bidder received and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Bonds to the Purchaser absent receipt of the Deposit prior to action awarding the Bonds. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

Form of Bids: All bids shall be unconditional for the entire issue of the Bonds for a price of not less than 100% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be received after the time specified on the front cover of the preliminary official statement. The time as maintained by the Internet Bid System shall constitute the official time with respect to all Bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of the Vice President of Finance and Operations, Iowa

Western Community College, 2700 College Road, Council Bluffs, IA 51502.

Internet Bidding: Internet bids must be submitted through Parity® ("the Internet Bid System"). Information about the Internet Bid System may be obtained by calling 212-849-5000.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purpose of submitting its internet bid in a timely manner and in compliance with the requirements of the Official Terms of Offering. The Issuer is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the internet bidding and the Internet Bid System is not an agent of the Issuer. Provisions of the Official Terms of Offering shall control in the events of conflict with information provided by the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the Internet Bid System. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at the phone number listed on the front cover of this Preliminary Official Statement. Electronic facsimile bids will be sealed and treated as sealed bids. Transmissions received after the deadline shall be rejected. It is the responsibility of the bidder to ensure that the bid is legible, that the bid is received prior to the appointed time, and that the bid is sent to the telecopier number set forth above. The Financial Advisor will, in no instance correct, alter, or in any way change bids submitted through facsimile transmission. Neither the Issuer nor its agents will be responsible for bids submitted by facsimile transmission not received in accordance with the provisions of this Official Terms of Offering. Bidders electing to submit bids via facsimile transmission will bear full and complete responsibility for the transmission of such bid. Neither the Issuer nor its agents will assume liability for the inability of the bidder to reach the above name fax number prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator.

Rates of Interest: The rates of interest specified in the bidder's proposal must conform to the limitations following:

All Bonds of each annual maturity must bear the same interest rate.

Rates of interest bid may be in multiples of 1/8th, 1/20th, or 1/100th of 1%

Rates must be in level or ascending order.

Delivery: The Bonds will be delivered to the Purchaser via FAST delivery with the Paying Agent holding the Bonds on behalf of DTC, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within sixty days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw his bid and thereafter his interest in and liability for the Bonds will cease. (When the Bonds are ready for delivery, the Issuer may give the successful bidder five working days notice of the delivery date and the Issuer will expect payment in full on that date, otherwise reserving the right at its option to determine that the bidder has failed to comply with the offer of purchase.)

Certificate of Purchaser: The Purchaser will be required to certify to the Issuer immediately after the opening of bids: (i) the initial public offering price of each maturity of the Bonds (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds (not less than 10% of each maturity) were sold to the public; or (ii) if less than 10% of any maturity has been sold, the price for that maturity determined as of the time of the sale based upon the reasonably expected initial offering price to the public; and (iii) that the initial public offering price does not exceed their fair market value of the Bonds on the sale date. The purchaser will also be required to provide a certificate satisfactory to Issuer and Bond Counsel at closing confirming the information required by this paragraph.

Official Statement: The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the Issuer, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an Official Bid Form therefore, the Issuer agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 25 copies of the Official Statement and the addendum described in the preceding sentence to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The Issuer shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Issuer, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CUSIP Numbers: It is anticipated that CUSIP numbers will be printed on the Bonds. In no event will the Issuer be responsible for or Bond Counsel review or express any opinion of the correctness of such numbers, and incorrect numbers on said Bonds shall not be cause for the purchaser to refuse to accept delivery of the Bonds. The fee will be paid for by the Issuer.

Responsibility of Bidder: It is the responsibility of the bidder to deliver its signed, completed bid prior to the time of sale as posted on the front cover of the official statement. Neither the Issuer nor its Financial Consultant will assume responsibility for the collection of or receipt of bids. Bids received after the appointed time of sale will not be opened.

Continuing Disclosure: In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to

comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Bond Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Bonds or Resolution. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the Issuer to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

To the best of the Issuer's has never failed to materially comply with the Rule.

Bond Insurance: Application has not been made for municipal bond insurance. Should the Bonds qualify for the issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance on the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Issuer has requested and received a rating on the Bonds from a municipal bond rating service, the Issuer will pay that rating fee. Any other rating service fees shall be the responsibility of the Purchaser.

Requested modifications to the Issuance Resolution or other issuance documents shall be accommodated by the Issuer at its sole discretion. In no event will modifications be made regarding the investment of funds created under the Issuance Resolution or other issuance documents without prior Issuer consent, in its sole discretion. Either the purchaser or the insurer must agree, in the insurance commitment letter or separate agreement acceptable to the Issuer in its sole discretion, to pay any future continuing disclosure costs of the Issuer associated with any rating changes assigned to the municipal bond insurer after closing (for example, if there is a rating change on the municipal bond insurer that require a material event notice filing by the Issuer, the purchaser or the municipal bond insurer must agree to pay the reasonable costs associated with such filing). Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 2, 2014

NEW ISSUE - DTC BOOK ENTRY ONLY

Moody's Rating "Aa1"

Subject to compliance by the Issuer with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present laws, interest on the Bonds is excluded from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the alternative minimum tax imposed on such corporations. Interest on the Bonds is not exempt from present Iowa income taxes. The Issuer will designate the Bonds as "qualified tax exempt obligations." See "TAX MATTERS" herein.

**Iowa Western Community College, Iowa
(Merged Area XIII)
\$10,000,000*
General Obligation School Bonds, Series 2014**

Dated: The date of delivery

The General Obligation School Bonds described above (the "Bonds") are issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by Iowa Western Community College Treasurer as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable beginning on December 1, 2014 and semiannually thereafter on each December 1, and June 1 in each year, to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds maturing after June 1, 2019 may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

MATURITY SCHEDULE

<u>Bonds Due</u>	<u>Amount*</u>	<u>Rate *</u>	<u>Yield *</u>	<u>Cusip #'s **</u>	<u>Bonds Due</u>	<u>Amount*</u>	<u>Rate *</u>	<u>Yield *</u>	<u>Cusip #'s **</u>
June 1, 2015	\$405,000			462611 HX5	June 1, 2025	\$535,000			462611 JH8
June 1, 2016	415,000			462611 HY3	June 1, 2026	545,000			462611 JJ4
June 1, 2017	430,000			462611 HZ0	June 1, 2027	555,000			462611 JK1
June 1, 2018	440,000			462611 JA3	June 1, 2028	570,000			462611 JL9
June 1, 2019	455,000			462611 JB1	June 1, 2029	590,000			462611 JM7
June 1, 2020	470,000			462611 JC9	June 1, 2030	610,000			462611 JN5
June 1, 2021	480,000			462611 JD7	June 1, 2031	635,000			462611 JP0
June 1, 2022	495,000			462611 JE5	June 1, 2032	655,000			462611 JQ8
June 1, 2023	510,000			462611 JF2	June 1, 2033	685,000			462611 JR6
June 1, 2024	520,000			462611 JG0					

\$ Term bond due Priced to yield ____% Cusip #'s**

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel. It is expected that the Bonds in the definitive form will be available for delivery on or about May 15, 2014. The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

The Date of this Official Statement is _____, 2014

* Preliminary, subject to change

** CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof

TABLE OF CONTENTS

[INTRODUCTORY STATEMENT](#)

[THE BONDS](#)

[APPENDIX A - GENERAL INFORMATION ABOUT THE ISSUER](#)

[APPENDIX B - FORM OF LEGAL OPINION](#)

[APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE](#)

[APPENDIX D - AUDITED FINANCIAL STATEMENTS OF THE ISSUER](#)

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. The Issuer considers the Official Statement to be “near final” within the meaning of Rule 15c2-12 of the Securities Exchange Commission. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTIONS 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THESE SECURITIES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

FORWARD-LOOKING STATEMENTS

This Official Statement, including Appendix A, contains statements which should be considered “forward-looking statements,” meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “plan,” “expect,” “estimate,” “budget” or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COLLEGE DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

OFFICIAL STATEMENT
\$10,000,000 * GENERAL OBLIGATION SCHOOL BONDS, SERIES 2014
IOWA WESTERN COMMUNITY COLLEGE, IOWA
(MERGED AREA XIII)
INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Iowa Western Community College, Iowa (the “Issuer”), in connection with the sale of the Issuer’s General Obligation School Bonds, Series 2014 (the “Bonds”). The Bonds are being issued to provide for various campus facility improvements authorized by the voters at a special election held December 4, 2012. See “**THE BONDS - Sources and Uses of Funds**” herein.

This Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain pricing and other information which is to be made available through a final Official Statement.

This Introductory Statement is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety.

The Bonds are general obligations of the Issuer, payable from and secured by a continuing annual ad-valorem tax levied against all of the property valuation of the Issuer. See “**THE BONDS - Sources and Uses of Funds**” herein.

All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

THE BONDS

General

The Bonds are dated as of the date of delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year, beginning on December 1, 2014, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Authorization for the Issuance

The Bonds are being issued pursuant to the Code of Iowa, 2013, as amended, Chapters 260C and 296.

Book Entry Only System

The following information concerning The Depository Trust Company (“DTC”), New York, New York and DTC’s book-entry system has been obtained from sources the Issuer believes to be reliable. However, the Issuer takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The Depository Trust Company (“DTC”), New York, NY will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of new York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S equity, corporate and municipal debt issues and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC.

* Preliminary, subject to change

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participations include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, national Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered in the transaction. Transfers of ownership interest in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to taken certain steps to augment transmission to them notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit have agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial owners may wish to provide their names and addresses to the registrar and request that copies of the notices by provided directly to them.]

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participants in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to

[Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or successor securities depository). In that event Security certificates will be printed and delivered to DTC.

The Issuer cannot and does not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of or interest and premium, if any, on the Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Issuer nor the Paying Agent/Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Bonds; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as a Bondholder.

Transfer and Exchange

In the event that the Book Entry System is discontinued, any Bond may, in accordance with its terms, be transferred by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal corporate office of the Registrar accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any Bond or Bonds shall be surrendered for transfer, the Registrar shall execute and deliver a new Bond or Bonds of the same maturity, interest rate, and aggregate principal amount.

Bonds may be exchanged at the principal corporate office of the Registrar for a like aggregate principal amount of Bonds or other authorized denominations of the same maturity and interest rate; provided, however, that the Registrar is not required to transfer or exchange any Bonds which have been selected for prepayment and is not required to transfer or exchange any Bonds during the period beginning 15 days prior to the selection of Bonds for prepayment and ending the date notice of prepayment is mailed. The Registrar may require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Bonds surrendered pursuant to the provisions of this and the preceding paragraph shall be canceled by the Registrar and shall not be redelivered.

Prepayment

Optional Prepayment: The Bonds maturing after June 1, 2019, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Notice of Prepayment. Prior to the redemption of any Bonds under the provisions of the Resolution, the Registrar shall give written notice not less than thirty (30) days prior to the redemption date to each registered owner thereof.

Mandatory Sinking Fund Redemption The Bonds maturing on _____ are subject to mandatory redemption (by lot, as selected by the Registrar) on ____ 1 and _____ in each of the years _____ through _____ at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

____ Term Bond
Mandatory Sinking Fund Date Principal Amount
\$

(maturity)

Selection of Bonds for Redemption Bonds subject to redemption will be selected in such order of maturity as the Issuer may direct. If less than all of the Bonds of a single maturity are to be redeemed, the Bonds to be redeemed will be selected by lot or other random method by the Registrar in such a manner as the Registrar may determine.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was sent.

Source of Security for the Bonds

These Bonds are general obligations of the Issuer. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to amount.

BONDHOLDERS' RISKS

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, and secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

Ratings Loss

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa1" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

Tax Exemption, Bank Qualification and Loss of Tax Exemption

As discussed under the heading "Tax Matters" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the Issuer in violation of its covenants in the Resolution. Should such an event of taxability occur, the Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

The Issuer will designate the Bonds as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. However, the Issuer's failure to comply with the requirements of this Code Section could cause the Bonds not to be

“qualified tax-exempt obligations” and banks and certain other financial institutions would not receive more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code

It is possible that legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding any pending or proposed federal income tax legislation. The likelihood of any pending or proposed federal income tax legislation being enacted or whether the proposed terms will be altered or removed during the legislative process cannot be reliably predicted.

It is also possible that actions of the Issuer after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Issuer nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See “THE BONDS– Book-Entry Only System.”

Other Factors

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Pending Federal Tax Legislation

From time to time, legislative proposals are pending in Congress that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

LITIGATION

The College encounters litigation occasionally, as a course of business, however, no litigation currently exists that is not believed to be covered by current insurance carriers and no litigation has been proposed that questions the validity of these bonds.

ACCOUNTANT

The accrual-basis financial statements of the Issuer included as APPENDIX D to this Official Statement have been examined by Denman & Co., LLP, to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said CPA, and said CPA expresses no opinion with respect to the Bonds or the Official Statement. The audited financial statements contained herein are not complete and cannot be relied on to fully portray the financial position of the Issuer.

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by _____ (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds at an aggregate purchase price of \$_____ plus accrued interest to the Closing Date.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Bonds may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

THE PROJECT

Proceeds of the Bonds will be used to provide for various campus facility upgrades authorized by the voters in the College at a special election held December 4, 2012.

SOURCES AND USES OF FUNDS *

Sources of Funds		
	Bond Proceeds	\$9,850,000
	Original Issue Premium	
Total Sources of Funds		\$
Uses of Funds		
	Project Funds	\$
	Costs of Issuance	
	Underwriter's Fee	
Total Uses of Funds		\$

* Preliminary, subject to change

TAX MATTERS

Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and facilities financed with Bond proceeds, and certain other matters. The Issuer has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Issuer's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the alternative minimum tax imposed on such corporations.

The interest on the Bonds is not exempt from present Iowa income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective

purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

Qualified Tax-Exempt Obligations

The Issuer will designate the Bonds or treat the Bonds as “deemed designated” as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. However, the Issuer’s failure to comply with the requirements of this Code Section may cause the Bonds not to be “qualified tax-exempt obligations” and banks and certain other financial institutions would not receive more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption". Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount of such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Related Tax Matters

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners

thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

There are or may be pending in the Congress of the United States, legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to in this section or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal or state tax legislation.

Opinions

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Issuer described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

FINANCIAL CONSULTANT

The Issuer has retained Piper Jaffray & Co. as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. The Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of the Official Statement. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Bond Resolution, to provide reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, and the events as to which notice is to be given, if material, is summarized below under the caption "**APPENDIX C - Form of Continuing Disclosure Certificate**" herein for more information

The Issuer has never failed to comply with the Rule.

I have reviewed the information contained within the Official Statement of the Iowa Western Community College, (Merged Area XIII) State of Iowa, and to the best of our knowledge, information and belief said Official Statement does not contain any material misstatements of fact nor omissions of any material fact regarding the issue of \$9,850,000 General Obligation School Bonds, Series 2014 of the Issuer to be issued under date of the date of delivery.

IOWA WESTERN COMMUNITY COLLEGE, STATE OF IOWA
(Merged Area XIII)

/s/Thomas Johnson
Vice President of Finance and Operations

APPENDIX A - INFORMATION ABOUT THE ISSUER

IOWA WESTERN COMMUNITY COLLEGE, STATE OF IOWA, MERGED AREA XIII

BOARD OF DIRECTORS

Officer

Randy Pash	President
Connie Hornbeck	Vice President
Brent Siegrist	
Doug Goodman	
Fred Lisle	
Robert Ross	
Scott Robinson	
Kirk Madsen	
Larry Winum	

EXECUTIVE OFFICERS

PRESIDENT	Dr. Dan Kinney
VICE PRESIDENT, FINANCE AND OPERATIONS/BOARD TREASURER	Thomas Johnson
VICE PRESIDENT OF ACADEMIC AFFAIRS	Dr. Dorothy Duran
VICE PRESIDENT OF STUDENT SERVICES	Viktora Christie
VICE PRESIDENT OF MARKETING/PUBLIC RELATIONS	Donald Kohler
VICE PRESIDENT OF INSTITUTIONAL ADVANCEMENT	Renee Coughlin
EXECUTIVE DIRECTOR OF ECONOMIC DEVELOPMENT	Mark Stanley
ADMINISTRATIVE ASSISTANT TO PRESIDENT/ BOARD SECRETARY	Erin Stopak

CONSULTANTS

BOND COUNSEL:	Ahlers & Cooney, PC Des Moines, Iowa
FINANCIAL ADVISOR:	Piper Jaffray & Co. Des Moines, Iowa
REGISTRAR & PAYING AGENT:	Office of the Treasurer Iowa Western Community College

General Information

Iowa Western Community College, founded in 1966, is a state supported institution of post high school education and is comprised of all or a major portion of Cass, Fremont, Harrison, Mills, Page, Pottawattamie and Shelby counties and a minor part of six additional counties located in southwest Iowa. The College offers instruction in career education, adult and continuing education and the first two years of college and university study. Iowa Western exists to serve the needs of adults who can benefit from further education and guidance, whether by specially designed occupational programs, pre-professional college transfer programs or adult education of another type.

Iowa Western Community College is a state-supported community college. The North Central Association of Colleges and Schools, the Iowa State Board of Education and the Veterans Administration for the training of veterans under the provisions of the G.I. Bill of Rights accredit the College. The college is an institutional member of the American Association of Community Colleges and the Iowa Association of Community College Trustees. All courses equivalent to college and university work are accepted by colleges and universities of Iowa and by most educational institutions outside of Iowa.

The Council Bluffs Campus, which includes the college administrative offices, is situated on a 282-acre site located 2½ miles northeast of the Council Bluffs business district. The instructional services offered at the Council Bluffs Campus are administered through the departments of Business, Fine Arts, Health and Physical Education, Language Arts, Science and Mathematics, Social Sciences, Agriculture, Health Occupations, Office Occupations and Trade and Industrial Education. In addition, Student Services, and the Learning Resources Center provide supportive services for students and staff. College educational facilities include Clark Hall, Stuart Hall, Kanseville Center, Looft Hall, Dodge Hall, Art Center, Aviation Maintenance, Ashley Hall, Fremont Hall and Lewis Hall.

Credit Hours

Total Credit hours for the past four years are as follows:

<u>Fiscal Year</u>	<u>Total Credit Hours</u>
2012-13	160,324
2011-12	161,186
2010-11	154,220
2009-10	139,617

Staff

Presented below are the total full-time employees of the College:

<u>Fiscal Year</u>	<u>Employees</u>
2013-14	425
2012-13	411
2011-12	379
2010-11	358
2009-10	342

Collective Bargaining

The Iowa Western Community College District Higher Education Association represents the full-time faculty of the College. The current contract will expire August 31, 2014. The terms of the Higher Education Association contract called for a salary and benefit increase of 4.02%.

The Operating Engineers International Union represents operating engineers of the College. The current contract expires June 30, 2014. The terms of the contract called for a salary and benefit increase of 3.34%.

Pensions

The College is a participating employer in two employee retirement plans, Iowa Public Employees Retirement System (IPERS) and TIAA-CREF.

TIAA-CREF is a nationwide retirement and financial services system for people who work at colleges, universities, independent schools and other nonprofit education and research institutions throughout the United States. A nonprofit organization, TIAA-CREF is really two companies working together as one. TIAA is a Teachers Insurance and Annuity Association, an insurance company founded in 1918 by the Carnegie Foundation for the Advance of Teaching. CREF is the College Retirement Equities Fund, first set up in 1952 and now registered with the SEC as an open-end, diversified management company under the federal Investment Company Act of 1940. All permanent employees of the College are eligible for and must participate in one of either IPERS or TIAA-CREF.

IPERS, is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides

retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer are required to participate in IPERS. Employees who retire at age 65 (or anytime after age 58 with 30 or more years of service) are entitled to full monthly benefits. IPERS offers five options for distribution of retirement benefits. Benefits become fully vested after completing four years of service or after attaining age 55.

IPERS plan members are required to contribute a percentage of their annual salary. The Issuer is also required to make annual contributions to IPERS equal to amounts required by State statute. The Issuer's share, payable from the applicable funds of the Issuer, is provided by an annual levy of taxes without limit or restriction as to rate or amount against all the taxable property of the Issuer. All contributions are on a current basis. See "APPENDIX D — AUDITED FINANCIAL STATEMENTS" for additional information on IPERS.

The following table sets forth the statutorily required contributions made by the Issuer to IPERS and TIAA-CREF for Fiscal Years 2008 through, and including, 2012. The Issuer has always made their full statutorily required contributions to both TIAA-CREF and IPERS. The Issuer cannot predict the levels of funding that will be required in the future.

Fiscal Year	Amount Contributed to IPERS	Amount contributed to TIAA-CREF	% of Covered Payroll paid by Issuer	% paid by Employee
2009	534,192	578,854	6.35	4.1
2010	542,944	598,791	6.65	4.3
2011	580,340	650,043	6.95	4.5
2012	723,891	787,575	8.07	5.38
2013	760,854	867,961	8.67	5.78

Source: Iowa Western Community College Independent Auditor's Reports for Fiscal Year Ending June 30, 2013.

The fund is administered by the State with administration costs paid from income derived from invested funds. IPERS has an unfunded actuarial liability and unrecognized actuarial loss. The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial report of IPERS for fiscal year 2013 (the "IPERS CAFR"). A complete copy of the IPERS CAFR can be obtained by visiting IPERS website at: <http://www.ipers.org/publications/misc/pdf/financial/cafr/cafr.pdf> or by writing to IPERS at P.O. Box 9117, Des Moines, Iowa 50306-9117. According to IPERS, as of the end of fiscal year 2013, there were approximately 342,652 total members participating in IPERS, including Issuer employees. IPERS does not break out the funding status for each participating entity; therefore, it is not possible to determine the Issuer's allocable share of the funding status of IPERS.

Fiscal Year Ended June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability [b]	Unfunded Actuarial Accrued Liability (Actuarial Value) [b]-[a]	Funded Ratio (Actuarial Value) [a]/[b]	Covered Payroll [c]	UAAL as a % of Covered Payroll (Actuarial Value) [(b-a)/[c]]
2009	21,123,979,941	26,018,593,823	4,894,613,882	81.19	6,438,643,124	76.02
2010	21,537,458,560	26,468,419,650	4,930,961,090	81.37	6,571,182,005	75.04
2011	22,575,309,199	28,257,080,114	5,681,770,915	79.89	6,574,872,719	86.42
2012	23,530,094,461	29,446,197,486	5,916,103,025	79.91	6,786,158,720	87.18
2013	24,711,096,187	30,498,342,320	5,787,246,133	81.02	6,880,131,134	84.12

Source: IPERS Comprehensive Annual Financial Report (Fiscal Year 2013)

When calculating the funding status of IPERS for fiscal year 2013, the following assumptions were used: (1) the amortization period for the total unfunded actuarial liability is 30 years (which is consistent with the maximum acceptable amortization period set forth by the Governmental Accounting Standards Board ("GASB") in GASB Statement No. 25); (2) the rate of return on investments is assumed to be 7.5%; (3) salaries are projected to increase 4.0-17% for IPERS, depending on years of service; and (4) the rate of inflation is assumed to be 3.25% for prices and 4.0% for wages.

Bond Counsel and the Financial Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the IPERS website.

GASB 45

In June 2004, the Governmental Accounting Standards Board ("GASB") issued GASB 45, which address how state and local governments are required to account for and report their costs and obligations related to other post employment benefits ("OPEB"), defined to include post retirement healthcare benefits. GASB 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension establishes financial reporting standards designed to measure, recognize and display OPEB costs. OPEB costs would become measurable on an accrual basis of accounting, and contribution rates (actuarially determined) would be prescribed for funding such costs. The provisions of GASB 45 do not require governments to fund their OPEBs. The Issuer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however the unfunded actuarial liability is required to be amortized over future periods. In accordance with the requirements of GASB 45, the Issuer's financial statements must comply with

these provisions no later than the fiscal year ending June 30, 2010.

Consistent with Iowa Code section 509A.13, the Issuer offers post-retirement medical, prescription and dental benefits are available to all fulltime employees of the Issuer who retire before attaining age 65. The group health insurance plan provided to full time Issuer employees allows retirees to continue medical coverage until they reach age 65. Although retirees pay 100% of the “cost of coverage”, the pre-age 65 group of retirees is grouped with the active employees when determining the cost of coverage. The computation creates an implicit rate subsidy that would not exist if the cost of the coverage for this group (pre-age 65 retirees) was computed separately and paid 100% by that group.

In addition, the district has provided a Voluntary Early Retirement Program. This program provides cash benefits payable in three installments during the following fiscal year, as well as health insurance coverage up to a specified amount until the staff member reaches the age of 65. This explicit benefit is included in this valuation reflected below. There was most recently 372 eligible active employees that may choose this option upon retirement, and 32 retired employees for which this benefit is already being utilized. This retirement option remains available as a choice for future retirees at this time.

The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$33,211
Interest on net OPEB obligation	5,590
<u>Adjustment to annual required contribution</u>	<u>(11,508)</u>
Annual OPEB costs	27,293
<u>Contributions made</u>	<u>0</u>
Increase in net OPEB obligation	27,293
<u>Net OPEB obligation beginning of year</u>	<u>124,223</u>
Net OPEB obligation end of year	\$151,516

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the College contributed \$-0- to the medical plan.

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

<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB cost contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$38,157	16.3%	\$31,919
June 30, 2010	37,718	0.0	69,637
June 30, 2011	27,293	0.0	96,930
June 30, 2012	27,293	0.0	124,223
June 30, 2013	33,211	0.0	151,516

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$201,128, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$201,128. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$15,774,000 and the ratio of the UAAL to covered payroll was 1.3%. As of June 30, 2013, there were no trust fund assets.

Population

Presented below are the current populations of the thirteen counties that the college primarily serves, as provided by the 2010 CENSUS:

<u>County</u>	<u>Population</u>	<u>County</u>	<u>Population</u>
Adair	7,682	Mills	15,059
Adams	4,029	Monona	9,243
Audubon	6,119	Montgomery	10,740
Cass	13,956	Page	15,932
Crawford	17,096	Pottawattamie	93,158
Fremont	7,441	Shelby	12,167
Harrison	14,928		

Labor Force Data

Presented below are the unemployment rates for each County within the Agency, the State of Iowa and the National unemployment average, for December 2013, as provide by the Iowa Workforce Development:

<u>County</u>	<u>Unemployment %</u>	<u>County</u>	<u>Unemployment %</u>
Adair	3.80	Mills	3.80
Adams	3.40	Monona	5.40
Audubon	4.50	Montgomery	4.70
Cass	5.10	Page	4.90
Crawford	4.00	Pottawattamie	4.00
Fremont	4.50	Shelby	3.10
Harrison	3.90		
National Average	6.70	State Average	4.20

Retail Sales

Presented below is a listing of retail sales by county for twelve counties that the College primarily serves, for the year ended June 30, 2013:

<u>County</u>	<u>Number of Businesses</u>	<u>Taxable Retail Sales</u>
Adair	301	\$56,783,841
Adams	166	27,124,547
Audubon	241	33,076,486
Cass	555	136,968,924
Crawford	512	116,243,042
Fremont	254	65,288,952
Harrison	453	66,942,509
Mills	349	71,487,444
Monona	324	47,216,479
Montgomery	353	74,544,403
Page	473	120,281,352
Pottawattamie	1920	1,094,395,226
Shelby	474	82,845,848

Major Employers in the Merged Area

Presented below are the 25 largest employers in the Merged Area

<u>Name</u>	<u>Business</u>	<u>Number of Employees</u>
Alegent Health/Mercy Hospital	Health Care	500-999
American Games	Manufacturing	250-499
Ameristar Casino	Gaming/resort	1000-1500
Bass Pro Shops	Retail	100-249
Bethany Lutheran Home	Nursing Home	100-249
ConAgra Frozen Foods	Food processor	500-999
Council Bluffs CSD	Education	1000-1500
Dillards	Department Store	100-249
Griffin Pipe Products Co	Cast Iron Pipe	250-499
Harrah's Casino Hotel	Gaming/hotel	1000-1500
Horseshoe Casino	Gaming	1000-1500
Hy-Vee Stores	Grocery store	250-499
Iowa Western Community College	Education	250-499
Jennie Edmundson	Health care	500-999
Kohl's	Department Store	100-249
Menards	Retail store	100-249
Mid America Center	Convention center	100-249
Mid-American Energy Co.	Electric and natural gas utility	250-499
No Frills Supermarket	Grocery store	100-249
Omaha Standard	Truck bodies	250-499
Park Place	Health services	250-499
Peerless Wiping Cloth	Wholesale	100-249
Physicians Clinic	Medical Clinic	100-249
Pinnacle Customer Solutions	Telemarketing	100-249
Plumrose USA	Manufacturing	250-499
Risen Son Christian Village	Nursing Home	100-249
Sam's Club	Wholesale	100-249
Sapp Brothers	Truckstop	100-249
Super Saver Stores	Grocery Store	250-499
Target	Retail store	100-249
Tyson-Cooked meats	Food processing	100-249
Union Pacific Railroad	Transportation	500-999
Wal-Mart	Retail/grocery store	500-999
Warren Distribution	Manufacturing	250-499

Source: Iowa Manufacturer's Directory

Legislation- Recent Property Tax Legislation

It can be anticipated that, from time to time, legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the tax matters described herein. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the Issuer.

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the "Act"), which the Governor signed into law on June 12, 2013. Among other things, the Act (i) reduces the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property, from the current 4% to 3%, (ii) assigns a "rollback" (the percentage of a property's value that is subject to tax) to commercial, industrial and railroad property of 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, (iii) creates a new property tax classification for multi-residential properties (apartments, nursing homes, assisted living facilities and certain other rental property) that begins in the 2015 assessment year, and assigns a declining rollback percentage to such properties for each subsequent year until the residential rollback percentage is reached in the 2022 assessment year, after which the rollback percentage for such properties will be equal to the residential rollback percentage each assessment year, and (iv) exempts a specified portion of the assessed value of telecommunication properties.

The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Prior to fiscal year 2018, the appropriation is a standing unlimited appropriation, but beginning in fiscal year 2018 the standing appropriation cannot exceed the actual 2017 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act's provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3% from 4%, the gradual transition for multi-residential properties

from the commercial rollback percentage (100% of market value) to the residential rollback percentage (currently 53% of market value), or the reduction in the percentage of telecommunications property that is subject to taxation.

Given the wide scope of the statutory changes, and the State’s discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal 2018, the impact of the Act on the Issuer’s future property tax collections is uncertain and the Issuer has not attempted to quantify the financial impact of the Act’s provisions on the Issuer’s future operations. It has been projected by Moody’s Investor Service that local governments in Iowa are likely to experience modest reductions in property tax revenues starting in fiscal 2015 as a result of the Act, with sizeable reductions possible starting in fiscal 2018. According to Moody’s, local governments that may experience disproportionately higher revenue losses include regions that have a substantial commercial base, a large share of multi-residential developments (such as college towns), or significant amounts of telecommunications property. The general operating fund levy of school districts, including the Issuer, may not be affected by the Act because of the way the statutory school funding formula operates. The Act does apply to levies which are outside the school funding formula, including the Physical Plant and Equipment levy which is used to pay principal and interest on the Bonds.

However, Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds: "The governing authority of a political subdivision specified in section 76.1, subsection 1, before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding the applicable period of time specified in section 76.1. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full. The levy shall continue to be made against property that is severed from the political subdivision after the filing of the resolution until funds are realized to pay the bonds in full. "

Property Tax Assessment

In compliance with section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential and commercial property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. The rollback percentages for residential and commercial valuations are as follows:

<u>Fiscal Year</u>	<u>Residential Rollback</u>	<u>Ag. Land & Buildings</u>	<u>Commercial</u>
2014-15	54.4002	43.3997	95.0000
2013-14	52.8166	59.9334	100.0000
2012-13	50.7518	57.5411	100.0000
2011-12	48.5299	69.0152	100.0000
2010-11	46.9094	66.2715	100.0000
2009-10	45.5893	93.8568	100.0000
2008-09	44.0803	90.1023	99.7312

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. Presented on the following page are the historic property valuations of the Issuer by class of property:

Property Valuations

Actual Valuation

Valuation as of January	2013	2012	2011	2010	2009	2008
Fiscal Year	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Residential:	7,021,697,416	6,999,525,938	6,963,835,375	7,110,740,781	6,978,352,888	6,842,718,181
Agricultural Land:	5,749,250,273	3,788,848,095	3,799,636,024	2,766,657,954	2,766,274,945	1,603,689,503
Ag Buildings:	247,822,221	183,719,966	177,415,792	156,562,018	152,265,924	186,882,918
Commercial:	1,466,480,614	1,464,218,588	1,490,995,032	1,479,084,226	1,445,407,665	1,320,844,062
Industrial:	343,225,999	261,094,001	244,664,996	217,468,427	182,850,727	164,900,573
Personal RE:	0	0	0	0	0	0
Railroads:	169,912,965	155,780,739	138,354,387	111,743,457	99,735,284	87,535,024
Utilities:	223,513,663	231,917,567	234,189,586	236,706,173	236,024,382	220,931,514
Other:	2,541,536	2,620,532	1,436,702	1,436,702	1,436,702	1,436,702
Total Valuation:	15,224,444,687	13,087,725,426	13,050,527,894	12,080,399,738	11,862,348,517	10,428,938,477
Less Military:	19,724,361	20,167,676	20,650,190	21,089,175	21,481,771	21,884,614
Net Valuation:	15,204,720,326	13,067,557,750	13,029,877,704	12,059,310,563	11,840,866,746	10,407,053,863
TIF Valuation:	449,132,335	401,460,353	358,353,730	373,934,667	460,567,462	445,618,956
Utility Replacement:	1,294,059,098	1,422,744,710	1,284,977,917	1,270,127,681	1,286,563,617	1,213,873,788

Taxable Valuation

Valuation as of January	2013	2012	2011	2010	2009	2008
Fiscal Year	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Residential:	3,819,598,320	3,688,121,461	3,509,844,907	3,426,525,346	3,266,017,507	3,092,550,907
Agricultural Land:	2,494,471,791	2,269,709,003	2,185,223,084	1,908,815,301	1,833,343,261	1,505,130,201
Ag Buildings:	106,889,405	109,636,994	101,635,034	106,066,836	98,856,827	174,862,757
Commercial:	1,390,313,277	1,463,972,252	1,488,379,100	1,503,523,578	1,481,478,984	1,357,628,624
Industrial:	325,130,961	261,094,001	244,664,996	217,583,594	187,068,932	164,448,166
Personal RE:	0	0	0	0	0	0
Railroads:	161,228,871	155,780,739	138,354,387	111,743,457	99,735,284	87,535,024
Utilities:	223,712,031	231,917,567	234,189,586	236,706,173	236,024,382	220,931,514
Other:	2,440,505	2,620,532	1,436,702	1,436,702	1,436,702	1,436,702
Total Valuation:	8,523,785,161	8,182,852,549	7,903,727,796	7,512,400,987	7,203,961,879	6,604,523,895
Less Military:	19,724,361	20,167,676	20,602,038	21,009,539	21,413,247	21,687,295
Net Valuation:	8,504,060,800	8,162,684,873	7,883,125,758	7,491,391,448	7,182,548,632	6,582,836,600
TIF Valuation:	369,301,672	356,299,047	336,293,743	315,595,984	347,065,967	340,748,470
Utility Replacement:	439,315,320	418,018,664	417,083,061	424,495,871	400,411,140	418,370,618

Valuation Year	Actual Valuation w/ Utilities	% Change in Actual Valuation	Taxable Valuation w/ Utilities	% Change in Taxable Valuation
2013	16,947,911,759	13.81%	9,312,677,792	4.20%
2012	14,891,762,813	1.49%	8,937,002,584	3.48%
2011	14,673,209,351	7.08%	8,636,502,562	4.92%
2010	13,703,372,911	0.85%	8,231,483,303	3.80%
2009	13,587,997,825	12.61%	7,930,025,739	8.01%
2008	12,066,546,607	-0.18%	7,341,955,688	5.68%
2007	12,088,455,461	21.67%	6,947,032,550	8.18%
2006	9,935,835,683	4.89%	6,421,996,564	4.29%
2005	9,472,795,256	9.28%	6,158,095,752	5.58%
2004	8,668,301,644	2.78%	5,832,458,540	1.78%

COLLEGE TAX RATES, LEVIES & COLLECTIONS

Tax Rates

Presented below are the taxes levied by the District for the fund groups as presented, for the period indicated:

Year	General	Unemployment	Tort Liability	Insurance	Early Retirement	Equipment	Standby	Plant Fund	Debt Service	Levy Rate
2014	0.20250	0.00291	0.01748	0.08741	0.04341	0.09000	0.00000	0.20250	0.33586	0.98207
2013	0.20250	0.00723	0.01506	0.06625	0.13928	0.09000	0.00000	0.20057	0.38095	1.10184
2012	0.20250	0.00758	0.01326	0.05720	0.00000	0.09000	0.00000	0.20250	0.23731	0.81035
2011	0.20250	0.01714	0.00989	0.05956	0.00000	0.09000	0.00000	0.20250	0.22679	0.80838
2010	0.20250	0.01814	0.01221	0.06856	0.10973	0.09000	0.01822	0.20250	0.20319	0.92505

Tax Collection History

Presented below are the taxes levied and collected for the periods indicated:

<u>Fiscal Year</u>	<u>Amount Levied</u>	<u>Amount Collected</u>	<u>Percentage Collected</u>
2013	9,274,463	9,266,238	99.91%
2012	6,160,221	6,465,713	104.96%
2011	5,884,939	6,209,895	105.52%
2010	5,601,480	5,685,018	101.49%
2009	5,251,931	5,384,231	102.52%

Funds on Hand

The District invests its funds pursuant to Chapter 12B of the Code. No irregularities in the District's investing activities have been noted in District audits. Presented below is a summary of the investments of the College as of January 31, 2014.

<u>Type of Investment</u>	<u>Amount Invested</u>
Local Bank Money Market	\$20,435,138
Local Bank Time CD's	2,042,298
ISJIT Money Market	3,029,802
ISJIT Time CD's	0
ISJIT Economic Development	859,572

COLLEGE INDEBTEDNESS

Debt Limit

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The District's debt limit, based upon said valuation, amounts to the following:

1/1/2012 Actual Valuation:	14,891,762,813
X	5.00%
Statutory Debt Limit:	744,588,141

Makeup of Obligations Subject to Debt Limit

The College has issued obligations secured by the taxpayers of the College in three different classes: (voter approved) General Obligation Bonds; Plant Fund Capital Loan Notes; and New Job Training Certificates. Presented below is a summary of the outstanding debt of the College by type of issue:

Total General Obligation Bonds:	39,420,000
Total Capital Loan Notes:	2,105,000
Dorm Revenue Bonds:	42,475,000
Energy Management Notes:	0
Total NJTP:	5,515,000
Total Debt Subject to Limit:	89,515,000
Percentage of Debt Limit Obligated:	12.02%

Direct Debt – New Job Training Certificates

Presented below is the principal and interest on the College’s New Job Training Certificates, of which 9 different series are currently outstanding, including the Certificates:

Fiscal Year	<u>1-Dec-12</u>	<u>1-Jan-12</u>	<u>1-Jun-11</u>	<u>1-Jun-10</u>	<u>16-Jun-14</u>	<u>Total</u>	<u>Interest</u>	<u>Total P&I</u>
2015	175,000	180,000	125,000	140,000	235,000	855,000	119,221	974,221
2016	165,000	140,000	115,000	150,000	270,000	840,000	108,990	948,990
2017	190,000	135,000	110,000	160,000	290,000	885,000	94,948	979,948
2018	170,000	135,000	110,000	155,000	150,000	720,000	77,848	797,848
2019	175,000	150,000	115,000	180,000	50,000	670,000	60,778	730,778
2020	170,000	150,000	115,000	110,000	60,000	605,000	42,193	647,193
2021	160,000	250,000	130,000		55,000	595,000	25,383	620,383
2022	165,000				55,000	220,000	9,175	229,175
2023					60,000	60,000	4,225	64,225
2024					65,000	65,000	2,275	67,275
Totals:	1,370,000	1,140,000	820,000	895,000	1,290,000	5,515,000	545,034	6,060,034

Direct Debt –Capital Loan Notes

Presented below is the principal, by issue and combined interest on the College’s equipment capital loan notes:

Fiscal Year	<u>5-Mar-12</u>	<u>Interest</u>	<u>Total P&I</u>
2015	1,040,000	42,100	1,082,100
2016	1,065,000	21,300	1,086,300
Totals:	2,105,000	63,400	2,168,400

Direct Debt – General Obligation Bonds

Presented below is the principal by issue, and the combined interest on the College’s outstanding voted, general obligation bond debt:

Year	<u>5-Mar-12</u>	<u>15-Feb-11</u>	<u>1-May-10</u>	<u>1-Jul-08</u>	<u>3-Jun-13</u>	<u>15-May-14</u>	<u>Total</u>	<u>Interest</u>	<u>Total</u>
2015	505,000	575,000	610,000	425,000	445,000	405,000	2,965,000	1,083,915	4,048,915
2016	510,000	590,000	630,000	440,000	445,000	415,000	3,030,000	1,004,310	4,034,310
2017	515,000	610,000	650,000	460,000	450,000	430,000	3,115,000	935,035	4,050,035
2018	530,000	635,000	670,000	475,000	455,000	440,000	3,205,000	862,235	4,067,235
2019	535,000	655,000	695,000	495,000	455,000	455,000	3,290,000	784,183	4,074,183
2020	545,000	680,000	720,000	515,000	465,000	470,000	3,395,000	700,225	4,095,225
2021	555,000	705,000		535,000	470,000	480,000	2,745,000	610,124	3,355,124
2022				555,000	475,000	495,000	1,525,000	538,674	2,063,674
2023				575,000	485,000	510,000	1,570,000	494,755	2,064,755
2024				600,000	490,000	520,000	1,610,000	453,418	2,063,418
2025				630,000	500,000	535,000	1,665,000	409,733	2,074,733
2026				655,000	510,000	545,000	1,710,000	363,258	2,073,258
2027				680,000	520,000	555,000	1,755,000	313,993	2,068,993
2028				710,000	530,000	570,000	1,810,000	256,063	2,066,063
2029					545,000	590,000	1,135,000	194,373	1,329,373
2030					555,000	610,000	1,165,000	161,460	1,326,460
2031					570,000	635,000	1,205,000	124,710	1,329,710
2032					585,000	655,000	1,240,000	85,695	1,325,695
2033					600,000	685,000	1,285,000	44,285	1,329,285
Totals:	3,695,000	4,450,000	3,975,000	7,750,000	9,550,000	10,000,000	39,420,000	9,420,440	48,840,440

Direct Debt – Dorm Revenue Bonds

Presented below is the principal and interest on the College’s Dorm Revenue Bonds:

Fiscal Year	Taxable BAB						Total	Interest Less BAB	Total P&I
	Series A 15-Mar-12	Series B 15-Mar-12	Series B 1-Jun-05	series A 1-Feb-09	Series B 1-Oct-09	Series A 1-Oct-10			
2014	330,000	475,000	155,000	50,000	155,000	615,000	1,780,000	1,428,585	3,208,585
2015	335,000	480,000	160,000	55,000	160,000	635,000	1,825,000	1,388,215	3,213,215
2016	340,000	485,000		55,000	170,000	650,000	1,700,000	1,344,051	3,044,051
2017	345,000	495,000		60,000	180,000	670,000	1,750,000	1,305,404	3,055,404
2018	345,000	500,000		65,000	195,000	695,000	1,800,000	1,263,454	3,063,454
2019	355,000	510,000		65,000	205,000	715,000	1,850,000	1,216,278	3,066,278
2020	360,000	520,000		70,000	220,000	740,000	1,910,000	1,166,472	3,076,472
2021	365,000	530,000		75,000	230,000	765,000	1,965,000	1,111,074	3,076,074
2022	375,000	540,000		80,000	245,000	795,000	2,035,000	1,051,101	3,086,101
2023	385,000	555,000		85,000	260,000	830,000	2,115,000	986,007	3,101,007
2024	395,000	570,000		2,155,000	7,425,000	860,000	11,405,000	915,308	12,320,308
2025	405,000	585,000				890,000	1,880,000	451,013	2,331,013
2026	415,000	600,000				930,000	1,945,000	386,258	2,331,258
2027	430,000	620,000				970,000	2,020,000	317,678	2,337,678
2028	440,000	635,000				1,010,000	2,085,000	244,388	2,329,388
2029	455,000	655,000				1,050,000	2,160,000	167,254	2,327,254
2030	470,000	680,000				1,100,000	2,250,000	86,025	2,336,025
Totals:	6,545,000	9,435,000	315,000	2,815,000	9,445,000	13,920,000	42,475,000	14,828,564	57,303,564

Some of the Largest Taxpayers

Set forth in the following table are the persons or entities which represent the 2012 largest taxpayers within the Counties that have a majority of their land in the College, as provided by the Auditors Offices of each of said counties. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the College. The College’s tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the College from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties:

<u>Cass County Taxpayer</u>	<u>2012 Taxable Valuation</u>	<u>Fremont County Taxpayer</u>	<u>2012 Taxable Valuation</u>
Mid American	\$27,627,896	MidAmerican Energy	\$24,167,835
Lincoln Electric	15,950,309	Burlington Northern	17,317,722
Interstate Power & Light	10,259,465	Trigen LLC	6,392,540
Northern Natural Gas Company	9,128,612	Qwest Corp	5,393,366
Wal-Mart Real Estate Investment CO	8,969,970	Baton & Yale Towne Inc	5,142,860
Central Iowa Power Cooperative	8,840,080	Manildra Energy Corp	4,821,950
Mid American Energy	8,144,160	Rollin Hills Farm	3,741,580
Municipal Energy of Nebraska	7,160,090	Payne Valley Farms LLC	3,640,630
Qwest Corp	6,085,739	Alexander and Lindsey LLC	3,409,260
B & F Farm Corp	5,713,270	Iowa Telecom Service	3,298,411

<u>Harrison County Taxpayer</u>	<u>2012 Taxable Valuation</u>	<u>Mills County Taxpayer</u>	<u>2012 Taxable Valuation</u>
Union Pacific	35,806,565	Mid American Energy Corp Tax	\$25,100,770
Mid American Energy	12,989,983	Burlington Northern & Santa Fe	23,987,428
Iowa Telecom	8,844,626	Natural Gas Pipeline Co. Of America	22,733,492
Qwest	5,482,804	Northern Natural Gas Co	13,769,709
Chicago Central & Pacific	5,022,508	Qwest corp.	12,981,264
Burlington Northern	3,962,051	A&M Green Power Group	4,725,203
Woodbine Manufacturing	3,604,087	Oneok North System	4,655,231
Y & V Realty Co	3,022,743	Hughes James R & Monica	3,878,789
Mo Management	2,957,531	Iowa Waste Systems	2,985,710
Larry S Buss	2,509,791	Bunge Corporation	2,593,331

<u>Page County Taxpayer</u>	<u>2012 Taxable Valuation</u>
Mid American Energy-Trans	\$12,518,732
Mid American Energy-elec	7,462,363
NSK Corp	8,220,673
Burling Northern	6,686,314
Iowa Telecom	4,129,042
Qwest Corp	3,960,158
NSK Corp	3,437,410
ALC Properties II Inc	2,673,780
Fareway Stores	2,373,740
Wal-Mart Real Estate	2,247,600

<u>Pottawattamie County Taxpayer</u>	<u>2012 Taxable Valuation</u>
Mid American Electric	\$216,549,899
H B R Realty	88,590,570
Ameristar Casino	61,500,000
Harvey's Iowa Management	54,088,000
MidAmerican Energy Co	52,071,596
Northern Natural Gas Pipeline	36,241,699
Kimco Metro Crossing LP	29,275,488
Qwest	28,205,380
Menard Inc	27,000,000
Council Bluffs City	26,339,619

<u>Shelby County Taxpayer</u>	<u>2012 Taxable Valuation</u>
Burlington Northern	\$12,485,265
Mid American Energy	12,452,017
Kirkman Farms	8,458,156
Nishnabotna Valley	6,767,117
Shelby County Cookers	6,000,000
DF Farms	3,557,461
Harlan Municipal Utilities	3,543,857
NW Iowa Power COOP	3,487,380
WindStream Iowa Telecom	3,215,491
Farm Service Coop	3,156,769

<u>Combined</u>	<u>2012 Taxable Valuation</u>
Mid American Energy	\$390,941,091
H B R Realty	88,590,570
Northern Natural Gas Pipeline	68,103,803
Burlington Northern	64,438,780
Ameristar Casino	61,500,000
Qwest	56,022,972
Harvey's Iowa Management	54,088,000
Kimco Metro Crossing LP	29,275,488
Menard Inc	27,000,000
Council Bluffs City	26,339,619

Overlapping & Underlying Obligations

Presented below is a listing of the overlapping and underlying obligations secured by ad-valorem property taxes outstanding of issuers who are wholly or partially within the boundaries of the Issuer.

<u>Taxing Authority</u>	<u>Outstanding Debt (2)</u>	<u>2013 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
Anita	155,132	23,674,924	23,674,924	100.00%	155,132
Arion	0	1,647,246	1,647,246	100.00%	0
Aspinwall	0	4,974,844	4,974,844	100.00%	0
Atlantic	10,015,000	209,360,735	209,360,735	100.00%	10,015,000
Avoca	170,112	55,906,315	55,906,315	100.00%	170,112
Blanchard	0	406,211	406,211	100.00%	0
Braddyville	0	2,902,327	2,902,327	100.00%	0
Carson	1,387,093	21,657,859	21,657,859	100.00%	1,387,093
Carter Lake	3,700,000	132,860,650	132,860,650	100.00%	3,700,000
Clarinda	3,545,000	121,215,022	121,215,022	100.00%	3,545,000
Coin	27,000	2,502,455	2,502,455	100.00%	27,000
College Springs	0	2,313,264	2,313,264	100.00%	0
Council Bluffs	47,435,000	2,577,593,835	2,577,593,835	100.00%	47,435,000
Crescent	0	22,787,997	22,787,997	100.00%	0
Cumberland	0	3,756,408	3,756,408	100.00%	0
Defiance	0	5,844,410	5,844,410	100.00%	0
Dow City	36,724	7,363,931	7,363,931	100.00%	36,724
Dunlap	153,842	25,441,408	25,441,408	100.00%	153,842
Earling	0	10,710,906	10,710,906	100.00%	0
Elk Horn	782,000	16,014,494	16,014,494	100.00%	782,000
Elliott	115,000	4,765,901	4,765,901	100.00%	115,000
Emerson	0	9,785,208	9,785,208	100.00%	0
Essex	127,885	14,683,123	14,683,123	100.00%	127,885
Farragut	345,000	8,778,768	8,778,768	100.00%	345,000
Glenwood	2,167,142	153,909,729	153,909,729	100.00%	2,167,142
Grant	0	806,396	806,396	100.00%	0
Griswold	242,761	21,914,242	21,914,242	100.00%	242,761
Hamburg	598,490	34,437,203	34,437,203	100.00%	598,490
Hancock	0	6,433,300	6,433,300	100.00%	0
Harlan	6,010,000	163,682,617	163,682,617	100.00%	6,010,000
Hastings	60,129	2,976,726	2,976,726	100.00%	60,129
Henderson	55,000	3,024,367	3,024,367	100.00%	55,000
Hepburn	0	251,454	251,454	100.00%	0
Imogene	0	853,259	853,259	100.00%	0
Irwin	0	6,695,438	6,695,438	100.00%	0
Kimballton	38,308	3,547,519	3,547,519	100.00%	38,308
Kirkman	0	899,591	899,591	100.00%	0
Lewis	0	5,784,486	5,784,486	100.00%	0
Little Sioux	0	2,004,741	2,004,741	100.00%	0
Logan	1,542,244	35,256,131	35,256,131	100.00%	1,542,244
Macedonia	6,029	5,176,257	5,176,257	100.00%	6,029
Magnolia	0	2,648,012	2,648,012	100.00%	0
Malvern	323,095	27,353,653	27,353,653	100.00%	323,095
Manilla	0	14,124,435	14,124,435	100.00%	0
Manning	501,118	39,890,093	39,890,093	100.00%	501,118
Mame	53,947	2,575,888	2,575,888	100.00%	53,947
Massena	0	6,213,042	6,213,042	100.00%	0
McClelland	0	4,423,190	4,423,190	100.00%	0
Minden	158,000	15,747,686	15,747,686	100.00%	158,000
Missouri Valley	4,800,000	71,631,487	71,631,487	100.00%	4,800,000
Modale	85,872	6,584,275	6,584,275	100.00%	85,872
Mondamin	312,450	8,188,459	8,188,459	100.00%	312,450
Moorhead	0	2,958,689	2,958,689	100.00%	0
Neola	1,184,987	28,145,466	28,145,466	100.00%	1,184,987
Northboro	0	539,200	539,200	100.00%	0
Oakland	3,209,201	51,638,171	51,638,171	100.00%	3,209,201
Pacific Junction	45,000	10,350,941	10,350,941	100.00%	45,000
Panama	0	7,080,282	7,080,282	100.00%	0
Persia	39,298	5,476,085	5,476,085	100.00%	39,298
Pisgah	64,205	3,976,665	3,976,665	100.00%	64,205
Portsmouth	0	6,818,010	6,818,010	100.00%	0
Randolph	35,493	3,401,862	3,401,862	100.00%	35,493

Riverton	18,000	3,943,215	3,943,215	100.00%	18,000
Shambaugh	0	2,602,324	2,602,324	100.00%	0
Shelby	0	68,419,278	68,419,278	100.00%	0
Shenandoah	6,099,340	131,841,688	131,841,688	100.00%	6,099,340
Sidney	650,000	21,872,089	21,872,089	100.00%	650,000
Silver City	0	6,400,053	6,400,053	100.00%	0
Tabor	0	21,913,686	21,913,686	100.00%	0
Tennant	0	1,584,526	1,584,526	100.00%	0
Thurman	0	2,724,811	2,724,811	100.00%	0
Treynor	350,689	32,510,663	32,510,663	100.00%	350,689
Underwood	402,452	35,305,333	35,305,333	100.00%	402,452
Walnut	1,060,000	22,469,491	22,469,491	100.00%	1,060,000
Westphalia	0	2,457,303	2,457,303	100.00%	0
Wiota	49,945	2,280,934	2,280,934	100.00%	49,945
Woodbine	1,790,000	40,802,157	40,802,157	100.00%	1,790,000
Yorktown	0	935,879	935,879	100.00%	0
AHST CSD	4,235,000	321,487,334	321,487,334	100.00%	4,235,000
Atlantic CSD	0	428,932,923	428,932,923	100.00%	0
Boyer Valley CSD	3,252,000	180,183,528	180,183,528	100.00%	3,252,000
CAM CSD (former Anita and C and M)	0	294,427,156	294,427,156	100.00%	0
Clarinda CSD	0	266,265,992	266,265,992	100.00%	0
Council Bluffs CSD	2,500,000	2,131,804,687	2,131,804,687	100.00%	2,500,000
East Mills CSD	1,975,000	297,720,624	297,720,624	100.00%	1,975,000
Exira-Elk Horn-Kimballton CSD	740,000	190,207,993	190,207,993	100.00%	740,000
Essex CSD	0	83,303,004	83,303,004	100.00%	0
Farragut CSD	0	122,088,050	122,088,050	100.00%	0
Fremont-Mills CSD	3,005,000	158,609,796	158,609,796	100.00%	3,005,000
Glenwood CSD	17,375,000	539,649,162	539,649,162	100.00%	17,375,000
Griswold CSD	0	243,950,350	243,950,350	100.00%	0
Hamburg CSD	0	127,177,408	127,177,408	100.00%	0
Harlan CSD	6,010,000	486,918,856	486,918,856	100.00%	6,010,000
IKM-Manning CSD	1,985,000	347,060,715	347,060,715	100.00%	1,985,000
Lewis Central CSD	9,055,000	1,100,821,651	1,100,821,651	100.00%	9,055,000
Logan-Magnolia CSD	1,715,000	155,001,598	155,001,598	100.00%	1,715,000
Missouri Valley CSD	0	254,971,147	254,971,147	100.00%	0
Riverside CSD	12,075,000	345,186,278	345,186,278	100.00%	12,075,000
Shenandoah CSD	4,145,000	264,632,224	264,632,224	100.00%	4,145,000
Sidney CSD	960,000	129,728,289	129,728,289	100.00%	960,000
South Page CSD	0	92,634,090	92,634,090	100.00%	0
Treynor CSD	6,150,000	216,231,454	216,231,454	100.00%	6,150,000
Tri-Center CSD	410,000	227,387,062	227,387,062	100.00%	410,000
Underwood CSD	4,245,000	245,261,997	245,261,997	100.00%	4,245,000
Walnut CSD	340,000	163,205,587	163,205,587	100.00%	340,000
West Harrison CSD	0	222,732,538	222,732,538	100.00%	0
Woodbine CSD	1,990,000	152,153,912	152,153,912	100.00%	1,990,000
Adair County	2,762,000	596,807,436	596,807,436	100.00%	2,762,000
Adams County	0	303,233,474	303,233,474	100.00%	0
Audubon County	0	370,021,095	370,021,095	100.00%	0
Cass County	618,000	816,184,118	816,184,118	100.00%	618,000
Crawford County	1,510,000	964,303,605	964,303,605	100.00%	1,510,000
Fremont County	655,000	551,342,864	551,342,864	100.00%	655,000
Harrison County	225,000	864,957,269	864,957,269	100.00%	225,000
Mills County	720,000	903,057,499	903,057,499	100.00%	720,000
Monona County	92,852	627,619,188	627,619,188	100.00%	92,852
Montgomery County	5,282,664	558,662,766	558,662,766	100.00%	5,282,664
Page County	910,000	644,174,928	644,174,928	100.00%	910,000
Pottawattamie County	15,835,000	4,667,320,274	4,667,320,274	100.00%	15,835,000
Shelby County	0	798,320,609	798,320,609	100.00%	0
Green Hills AEA	0	12,240,429,529	9,312,677,792	76.08%	0

(1) Source: Calls with issuers, Official Audits, EMMA, Iowa Overlapping Debt Table

210,720,499

FINANCIAL SUMMARY

Actual Value of Property, 2012:	\$14,891,762,813
Taxable Value of Property, 2012:	8,937,002,584
Direct General Obligation Debt:	\$48,400,000
Less Self-Supported General Obligation Debt:	-6,875,000
Net Direct General Obligation Debt:	\$41,525,000
Overlapping Debt:	210,720,499
Net Direct & Overlapping General Obligation Debt:	\$252,245,499
Population, 2010 US Census:	176,650
Direct Debt per Capita:	\$273.99
Total Net Debt per Capita:	\$1,427.94
Net Direct Debt to Taxable Valuation:	0.46%
Total Debt to Taxable Valuation:	2.82%
Net Direct Debt to Actual Valuation:	0.28%
Total Debt to Actual Valuation:	1.69%
Actual Valuation per Capita:	\$84,301
Taxable Valuation per Capita:	\$50,592

APPENDIX B – FORM OF LEGAL OPINION

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of Iowa Western Community College in the Counties of Adair, Adams, Audubon, Cass, Crawford, Fremont, Harrison, Mills, Monona, Montgomery, Page, Pottawattamie and Shelby, State of Iowa, and acts of administrative officers of the Community College (the "Issuer"), relating to the issuance of General Obligation School Bonds, Series 2014, dated May 15, 2014, in the denominations of \$5,000 or multiples thereof, in the aggregate amount of \$10,000,000 (the "Bonds").

We have examined the law and certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Bonds are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the official statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

AHLERS & COONEY, P.C.

APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Iowa Western Community College, State of Iowa (the "Issuer"), in connection with the issuance of \$10,000,000* General Obligation School Bonds, Series 2014 (the "Bonds") dated May 15, 2014. The Bonds are being issued pursuant to a Resolution of the Issuer approved on _____, 2014 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Iowa.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than Two Hundred Seventy (270) days after the end of the Issuer's fiscal year (presently June 30th), commencing with the report for the 2013/2014 fiscal year, provide to the National Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Report may be submitted as a single document or as separate documents comprising a package. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer is unable to provide to the National Repository an Annual Report by the date required in subsection (a),

* Preliminary, subject to change.

the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) each year file the Annual Report with the National Repository; and

(ii) (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Report has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) A table, schedule or other information of the type contained in the final Official Statement under the captions "Property Valuation", "College Indebtedness", "College Tax Rates", "Levies & Collections", and "Selected Annual Financial Statements."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event;

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;

(7) Modifications to rights of Holders of the Bonds, if material;

(8) Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;

(9) Defeasances of the Bonds;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes on the Bonds;

(12) Bankruptcy, insolvency, receivership or similar event of the Issuer;

(13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action

or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent

permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____ day of _____, 2014.

Iowa Western Community College, STATE OF IOWA

By: _____
President of the Board of Directors

ATTEST:

By: _____
Secretary of the Board of Directors

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Iowa Western Community College, Iowa.

Name of Bond Issue: \$10,000,000 General Obligation School Bonds, Series 2014

Dated Date of Issue: May 15, 2014

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Bonds. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____ day of _____, _____.

Iowa Western Community College, STATE OF IOWA

By: _____
Its: _____

APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER

This Appendix contains the entire 2013 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer, which can be found at the following link <http://auditor.iowa.gov/reports/index.html>.

The remainder of this page was left blank intentionally.

Iowa Western Community College

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

June 30, 2013

TABLE OF CONTENTS

		<u>Page</u>
OFFICIALS		3
INDEPENDENT AUDITOR'S REPORT		4-5
MANAGEMENT'S DISCUSSION AND ANALYSIS		6-15
BASIC FINANCIAL STATEMENTS		16
	<u>Exhibit</u>	
Statement of net position	A	17-18
Statement of revenues, expenses and changes in net position	B	19
Statement of cash flows	C	20-21
Notes to financial statements		22-41
REQUIRED SUPPLEMENTARY INFORMATION		42
Schedule of funding progress for the retiree health plan		43
OTHER SUPPLEMENTARY INFORMATION		44
	<u>Schedule</u>	
Budgetary comparison schedule of expenditures--budget and actual	1	45
Note to budgetary reporting		46
Assets, liabilities and fund balances	2	47-48
Revenues, expenditures and changes in fund balances	3	49-50
Revenues, expenditures and changes in fund balances--education and support	4	51
Revenues, expenditures and changes in fund balances--auxiliary enterprises	5	52
Revenues, expenditures and changes in fund balances--restricted fund	6	53-54
Changes in deposits held in custody for others--agency funds	7	55
Credit and contact hours	8	56
Tax and intergovernmental revenues	9	57
Current fund revenues by source and expenditures by function	10	58
Schedule of expenditures of federal awards	11	59-60
Notes to schedule of expenditures of federal awards		61
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 <i>GOVERNMENT AUDITING STANDARDS</i>		62-63
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133		64-65
SCHEDULE OF FINDINGS		66-68

Iowa Western Community College
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Trustees		
Randy Pash	President	2013
Connie Hornbeck	Vice President	2015
Brent Seigrist	Member	2013
Larry Winum	Member	2015
Doug Goodman	Member	2015
Gary Faust	Member	2013
Scott Robinson	Member	2013
Fred Lisle	Member	2015
Kirk Madsen	Member	2013
Community College		
Dr. Dan Kinney	President	
Thomas Johnson	Board Treasurer	
Erin Stopak	Board Secretary	

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Iowa Western Community College
Council Bluffs, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Iowa Western Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the College's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Iowa Western Community College and its discretely presented component unit as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15, and schedule of funding progress for the retiree health plan on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 eight years ended June 30, 2012 (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.

The supplementary information included in Schedules 9 and 10 related to the College's 2004 financial statements was audited by other auditors whose report dated January 24, 2005, expressed an unmodified opinion on such information in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, 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
December 6, 2013

**Iowa Western Community College
Council Bluffs, Iowa**

**Management's Discussion and Analysis
For the Year Ended June 30, 2013 (Unaudited)**

Management of Iowa Western Community College (The College or IWCC) provides this Management's Discussion and Analysis of IWCC's annual financial statements. This narrative overview and analysis of the financial activities of the College is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

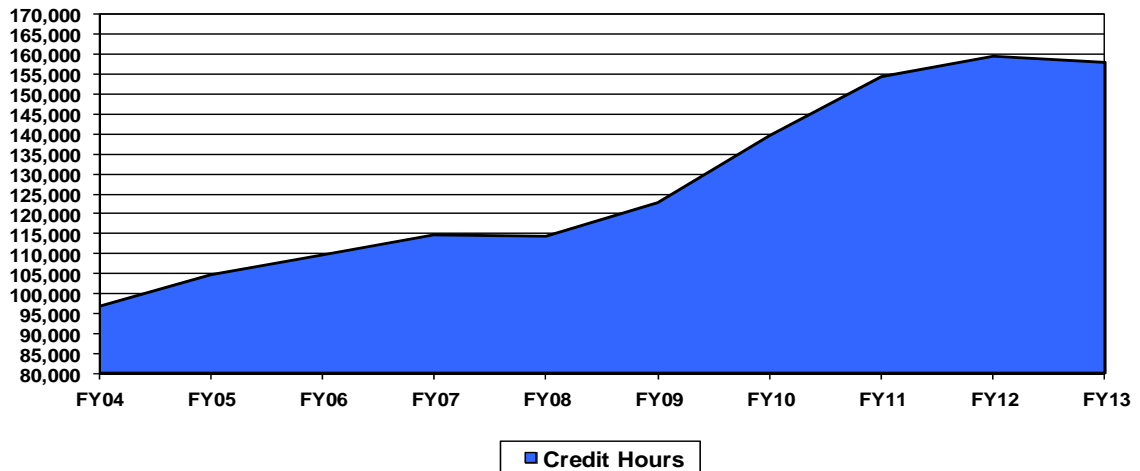
The Management's Discussion and Analysis is displayed in a comparative form enabling the reader to make year-to-year comparisons about the college's operating results and financial position.

Iowa Western Community College has implemented Governmental Accounting Standards Board pronouncements which require the primary reporting government (IWCC) to include associated entities in its financial reporting. An associated entity is generally an organization that raises and holds economic resources for the direct benefit of a governmental unit. For the fiscal year ending June 30, 2013, Iowa Western Community College will include financial information for the Iowa Western Community College Foundation in discrete presentation format. Other related organizations will be identified using the note disclosure method.

FINANCIAL HIGHLIGHTS

- Total operating revenue grew by 3.0% and increased by \$846,165 and totaled \$29,109,535 for the fiscal year ending June 30, 2013. Tuition and fees revenue, net of scholarships and financial aid, increased 2.9% or \$424,205 and totaled \$15,138,444. Increased tuition revenue due in large part to the \$3.00 per credit hour rate increase for FY13. Actual credit hour production lagged in FY13 and ended the year at 157,806 or down -1.0% (see graph below).

10 Year Credit Hour Production Growth Trend



- Revenues associated with the New Jobs Training Program and Auxiliary Operations also increased by more than \$1,750,000. The college sold new NJTP Certificates in FY13 and paid less in scholarships towards housing and books resulting in higher net Auxiliary revenue. Other income down nearly \$1.4 million as insurance reimbursements for hail damage to facilities from August 2011 are winding down.
- Operating expenditures increased in FY13 by \$2,272,370 versus FY12 and totaled \$57,483,784. Expenditures within the Unrestricted General Fund for general operations increased by \$1,003,921 in FY13. With flattening of credit hour production during FY13, expenditures for education and support also grew at a slower pace compared to FY12. General operations in FY13 expenses grew by \$1,003,921 compared to an increase of \$2,099,545 in FY12. Increased personnel costs (salary and benefits) continue to represent the largest share of expenditures for the institution. Within the Auxiliary Fund cost of goods sold, primarily in the Bookstore operation, increased as competition in the textbook market from on-line retailers (Amazon, CHEGG) continue to impact margins.
- Net non-operating revenue increased by \$1,750,948 in fiscal year 2013 versus fiscal year 2012. IWCC taxable valuations for its 13 county service district rose in FY13 by 4.87% and totaled \$8,301,386,554, compared to FY12 value of \$7,915,887,318 district wide. State appropriations and local property tax combined increased over \$1.8 million but this was offset by a decrease in total expenditures for Federal Pell Grant awards. Pell Grants distrusted in FY13 totaled \$12.2 million versus total awards in FY12 of \$12.7 million, a decrease of over -\$500,000. Property tax support increased as higher debt service requirements offset the lower tax collection for early retirement offerings.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to IWCC's basic financial statements. The College's basic financial statements consist of a series of financial statements. The Statement of Net position, the Statement of Revenues, Expenses and Changes in Nets Assets and the Statement of Cash Flows (on pages 17 through 21) provide information about the activities of the College as a whole and present a longer-term view of the College's finances. These basic financial statements also include the notes to the financial statements and explain some of the information in the statements and provide more detail. Supplemental information is also in schedule form and begins on page 43.

THE COLLEGE AS A WHOLE

The Statement of Net Position

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

The largest portion of the College's net position 86% is the Net Investment in Capital Assets (e.g., land, infrastructure, buildings, and equipment). The debt related to the Net Investment in Capital Assets is liquidated with sources other than capital assets. The restricted portion of the net position 4% includes resources that are subject to external restrictions. The remaining net position 10% is the unrestricted net position that can be used to meet the College's obligations as they come due.

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

	<u>FY13</u>	<u>FY12</u>
Current Assets	\$ 58,860,167	\$ 53,735,011
Noncurrent assets	<u>118,679,652</u>	<u>114,803,492</u>
Total assets	<u>177,539,819</u>	<u>168,538,503</u>
Current liabilities	42,894,571	41,004,154
Noncurrent liabilities	<u>79,591,430</u>	<u>75,035,223</u>
Total liabilities	<u>122,486,001</u>	<u>116,039,377</u>
Net position:		
Net investment in capital assets	47,034,392	44,256,280
Restricted	2,459,854	4,309,283
Unrestricted	<u>5,559,572</u>	<u>3,933,563</u>
Total net position	<u>\$ 55,053,818</u>	<u>\$ 52,499,126</u>

Statement of Revenues, Expenses and Changes in Net Position

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

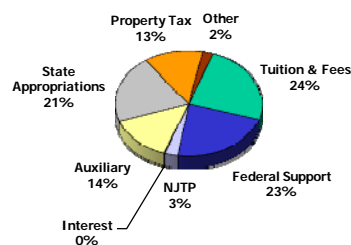
In general, a public college such as Iowa Western Community College will report an operating loss, as the financial reporting model classifies state appropriations and property taxes as non-operating revenues. Operating revenues are received for providing goods and services to the various students, customers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

**Condensed Statement of Revenue, Expenses and Changes in Net position
For Year Ended June 30**

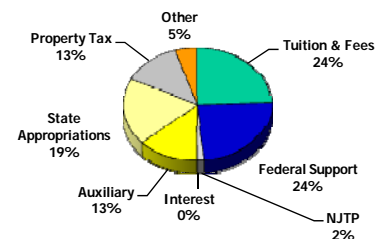
	<u>FY13</u>	<u>FY12</u>
Operating revenue:		
Tuition and fees	\$15,138,444	\$14,714,239
Federal appropriations	1,787,313	1,730,398
Iowa industrial New Jobs Training Program	1,842,377	920,048
Auxiliary	8,893,826	8,051,618
Other	<u>1,447,575</u>	<u>2,847,067</u>
Total operating revenue	29,109,535	28,263,370
Total Operating expenses	<u>57,483,784</u>	<u>55,211,414</u>
Operating loss	<u>(28,374,249)</u>	<u>(26,948,044)</u>
Non-operating revenue (expenses)		
State appropriations	12,989,594	11,421,002
Pell Grant	12,198,916	12,702,910
Property tax	8,126,166	7,888,117
Disposition of capital assets	6,131	52,927
Interest and investment income	87,418	49,894
Interest on indebtedness	(2,460,515)	(2,803,669)
Other	<u>(18,769)</u>	<u>(133,188)</u>
Net non-operating revenue	<u>30,928,941</u>	<u>29,177,993</u>
Change in net position	2,554,692	2,229,949
Net position beginning of year	<u>52,499,126</u>	<u>50,269,177</u>
Net position end of year	<u>\$55,053,818</u>	<u>\$52,499,126</u>

The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position at the end of the fiscal year of \$2,554,692.

Revenue Types FY2013



Revenue Types FY2012



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

	<u>FY13</u>	<u>FY12</u>
Tuition and Fees, net	\$15,138,444	\$14,714,239
Federal	13,986,229	14,433,308
NJTP	1,842,377	920,048
Interest	87,418	49,894
Auxiliary	8,893,826	8,051,618
State	12,989,594	11,421,002
Property Tax	8,126,166	7,888,117
Other	<u>1,453,706</u>	<u>2,899,994</u>
Total	<u>\$62,517,760</u>	<u>\$60,378,220</u>

In fiscal year 2013, total revenue increased by \$2,139,540 or 3.5%. Following is an analysis of individual revenue sources:

- During fiscal year 2013 the college's pace of credit hour production leveled off and FY13 actually realized a slight decline in total credit hours produced of (1,534) or down -1.0%. Credit hours totaled 157,806 in FY13 compared to 158,960 in FY12. Tuition and fee revenue increased by nearly \$425,000 or 2.9% compared to the previous year, due to the \$3.00 per credit hour tuition increase approved for FY13. The fall 2013 (FY14) credit hour numbers compared to fall FY13 reflect a larger decline in credit hour production of -5.6%. An improving economy and a low regional unemployment rate coupled with lower retention rates (loss of returning first year students) have negatively impacted IWCC credit hour numbers. IWCC's decline in FY14 credit hours reflects an Iowa statewide trend that has seen 14-out-of-15 Iowa community colleges having similar credit hour declines. For the fall term, statewide credit hour numbers are down -7.0% (Iowa Department of Education: Community College 2013 Fall Enrollment Report).
- Total federal appropriations received by the college were lower in FY13 by -3.1%. Pell Grant dollars awarded fell by more than (\$500,000) from \$14.4 million in FY12 to \$13.9 million in FY13.
- State appropriations increased by 13.7% as legislators continue to recognize the higher education value delivered by the community college system in Iowa. The state economy has been strong, unemployment in Iowa has been lower than the national average and consequently state revenues were higher than forecast. The state legislators chose to invest those dollars in Iowa's education – both secondary and post secondary. The state's financial performance in FY14 again appears strong and bodes well for future increases in state support for community colleges.
- Net Auxiliary Enterprise revenue increased by more than \$840,000 in FY13 compared to FY12. Even though the individual operational unit revenues were relatively consistent from FY12 to FY13 (bookstore, food service, vending, student housing, etc.) there were fewer scholarship dollars applied against Auxiliary sales (-\$747,108 less in FY13 versus FY12) resulting in an overall higher net revenue of \$8,893,826.

Local support in the form of property tax revenue totaled \$8,126,166 in FY13. This represents an increase of \$238,049 over fiscal year 2013. Tax receipts associated with the early retirement offering in FY12 (a decrease of -\$1,409,688) were replaced by increased debt service needs (up \$1,406,695 within the Plant Fund) associated with facilities construction. The balance of the property tax revenue increase, \$241,042, resulted from higher property valuations and increased costs associated with property and casualty insurance coverage.

Operating Expenses
For Year Ending June 30

	<u>FY13</u>	<u>FY12</u>
Education and support:		
Liberal arts and sciences	\$ 9,372,961	\$9,144,498
Applied science and technology	7,551,231	7,023,523
Continuing education	2,812,455	2,642,304
Cooperative services	1,915,654	1,174,480
Administration	3,250,519	2,577,625
Student services	3,887,315	3,785,331
Learning resources	257,553	323,318
Physical plant	5,795,875	5,886,894
General institution	6,599,729	7,881,398
Auxiliary enterprises	10,203,511	9,434,984
Scholarships and grants	920,941	809,818
Depreciation and amortization	<u>4,916,040</u>	<u>4,527,241</u>
Total operating expenses	<u>\$57,483,784</u>	<u>\$55,211,414</u>

In fiscal year 2013, operating expenses increased \$2,272,370 or 4.1% as a net result of the following changes:

- Salary and benefit costs remain the largest category of expense totaling \$30,753,435 in FY13. In total, salary and benefit costs were down nearly (-\$228,000) compared to FY12. As mentioned above in the discussion of local property tax support, \$1,422,404 in salary/benefit expenses were incurred with the employee early retirement offering made in FY12.
- Increases in cost of goods sold, especially within the College Store operation, accounts for 44% of the increased expenditures. In an effort to remain competitive with on-line textbook retailers, the Store has narrowed its margins and adopted a book rental program in its efforts to maintain student traffic flow.

- During FY13 voters within IWCC’s 13 county service again expressed their support for the college and its mission by approving a \$22.5 million bond issue referendum. The issue passed in all counties with 76.4% of voters casting their ballot in support of the initiative. The college has issued \$10 million of general obligation bonds against the authorized \$22.5 million. The major component of the facilities plan is an 82,000 square foot, two-story engineering technology building. The facility will be slated to receive its first students in the fall of 2015.
- As noted above, construction of new housing facilities continued during FY13 at the Suites. Phase I of the Reiver Suites II complex opened in fall 2010 and Phase II, an additional 144 beds, opened in the fall of 2012 bringing the total Suites capacity to 720 residents. The final phase, Phase III, of Reiver Suites II was completed in June of 2013 and received its first student residents this August 2013.

Statement of Cash Flows

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

Condensed Statement of Cash Flows For the Year Ended June 30

Cash flows from:	<u>FY13</u>	<u>FY12</u>
Operating activities	\$(21,773,800)	\$(24,481,480)
Non-capital financing activities	33,839,992	32,979,055
Capital and related financing activities	(4,486,215)	(6,577,498)
Investing activities	<u>87,418</u>	<u>49,894</u>
Net increase in cash	7,667,395	1,969,971
Cash, beginning of year	<u>23,125,994</u>	<u>21,156,023</u>
Cash, end of year	<u>\$30,793,389</u>	<u>\$23,125,994</u>

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

Component Unit Financial Statements

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

Condensed Statement of Net position

As of June 30

	FY13	FY12
Total assets	<u>\$21,549,869</u>	<u>\$20,864,368</u>
Total liabilities	\$ 366,299	\$ 1,118,344
Total net position	<u>21,183,570</u>	<u>19,746,024</u>
	<u>\$21,549,869</u>	<u>\$20,864,368</u>

Condensed Statement Revenues, Expenses and

Changes in Net Position

For the Year Ended June 30

	FY13	FY12
Total revenues	\$3,909,554	\$2,579,881
Total expenses	<u>2,472,008</u>	<u>2,235,518</u>
Increase/(decrease) in net position	<u>\$1,437,546</u>	<u>\$ 344,363</u>

Financial highlights of the Foundation include the following:

- Net position increased \$1,437,546 from June 30, 2012 to June 30, 2013. The Foundation's investment portfolio rebounded in FY13 as the national economy and the United States stock markets continue to improve. Investment assets at June 30, 2013 totaled \$8,826,689 and generated \$224,378 in investment income and had realized gains of \$519,686. Public support and contributions remain strong as the Foundation continues to build relationships (fundraising) in the metropolitan area, within the service district and with alumni.
- During the 2008 fiscal year (June 30, 2008) the Foundation received a major gift of 105 acres of prime commercial real estate. The property has an estimated market value of nearly \$10.75 million. While the property has been listed for sale the current commercial real estate market has remained stagnate and the Foundation has yet to identify/receive any viable offers for the property. Proceeds from any future sale will be used to promote the interests of Iowa Western Community College.

CAPITAL ASSETS

At June 30, 2013, the College has \$116,610,226 invested in capital assets, net of accumulated depreciation of \$37,026,460. Net depreciation charges totaled \$4,916,040 for the 2013 fiscal year. Details for the capital assets are shown below.

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

	<u>FY13</u>	<u>FY12</u>
Land	\$ 560,164	\$ 560,164
Buildings	92,221,596	88,185,532
Construction in progress	1,741,167	3,082,998
Other structures and improvements	17,463,683	16,171,637
Equipment and vehicles	3,471,305	3,902,489
Capital leases	335,951	403,672
Software	<u>816,360</u>	<u>788,164</u>
Total	<u>\$116,610,226</u>	<u>\$113,094,656</u>

DEBT

At June 30, 2013, the College had \$86,561,461 million in debt outstanding. The table below summarizes these amounts by type.

Outstanding Debt For the Year Ended June 30

	<u>FY13</u>	<u>FY12</u>
Early retirement payable	\$ 1,026,019	\$ 1,900,336
Certificates payable	7,615,000	7,255,000
Capital loan notes payable	3,130,000	4,140,000
Revenue bonds	42,525,000	44,035,000
Bonds payable	31,925,000	23,965,000
Capital leases payable	<u>340,442</u>	<u>408,166</u>
Total	<u>\$86,561,461</u>	<u>\$81,703,502</u>

Total outstanding debt increased \$4,857,959 in fiscal year 2013. The college continues to utilize the various types of long-term financing available to fund the expansion and updating of college facilities. During FY13 the college issued new debt of \$11,600,000 that consisted of \$1,600,000 in NJTP certificates and \$10,000,000 in general obligation bonds.

ECONOMIC FACTORS

Iowa Western Community College's long-term economic outlook remains strong despite a slight downturn in overall credit hour production. The college's continued investment in new programs, updated technology and facilities has it well positioned to meet the changing landscape that is higher education. Significant increases in general state aid and new state support for workforce development, adult basic education and skilled worker training in FY14 will enable IWCC to respond to regional employers' workforce demands. In further support of these workforce development efforts, IWCC has been awarded U.S. Department of Labor grants through the Trade Adjustment Assistance Community College and Career Training (TAACCCT) program. Total awards of \$3,212,591 will be expended over the next four years as the State of Iowa looks to improve its skilled labor force.

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

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

Contacting the College's Financial Management

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

BASIC FINANCIAL STATEMENTS

Iowa Western Community College
STATEMENT OF NET POSITION
 June 30, 2013

ASSETS	<u>College</u>	<u>Foundation</u>
CURRENT ASSETS		
Cash and short-term pooled investments	\$ 30,793,389	\$ 435,475
Investments	-	8,826,689
Receivables		
Accounts receivable, net of allowance for uncollectible accounts of \$381,336	16,977,381	-
Contributions and other receivables	-	599,488
Property tax		
Delinquent	111,607	-
Succeeding year	8,546,517	-
Beneficial interest in irrevocable trust	-	15,708
Due from Iowa Western Community College	-	351,590
Due from other governments	768,017	-
Inventories	988,355	-
Prepaid expenses	674,901	-
Other assets	-	207,597
Net investment in capital leases	-	340,442
Total current assets	<u>58,860,167</u>	<u>10,776,989</u>
NONCURRENT ASSETS		
Iowa Industrial New Jobs Training Program receivable	2,069,426	-
Land held for investment	-	10,748,430
Artwork, net of accumulated depreciation	-	24,450
Capital assets, net of accumulated depreciation and amortization	<u>116,610,226</u>	<u>-</u>
Total noncurrent assets	<u>118,679,652</u>	<u>10,772,880</u>
 Total assets	 <u>177,539,819</u>	 <u>21,549,869</u>

Iowa Western Community College
STATEMENT OF NET POSITION (continued)
June 30, 2013

LIABILITIES AND NET POSITION	<u>College</u>	<u>Foundation</u>
CURRENT LIABILITIES		
Accounts payable	\$ 3,119,646	\$ 30,752
Due to Iowa Western Community College Foundation (component unit)	351,590	-
Salaries and benefits payable	5,592,491	-
Accrued interest payable	548,319	-
Deferred revenues		
Succeeding year property tax	8,546,517	-
Iowa Industrial New Jobs Training Program and other	14,456,658	-
Retirement incentives payable	339,912	-
Compensated absences	602,090	-
Deposits held in custody for others	2,555,713	335,547
Certificates payable	1,360,000	-
Bonds payable	4,335,000	-
Notes payable	1,025,000	-
Capital leases payable	61,635	-
Total current liabilities	<u>42,894,571</u>	<u>366,299</u>
NONCURRENT LIABILITIES		
Retirement incentives payable	686,107	-
Certificates payable	6,255,000	-
Bonds payable	70,115,000	-
Notes payable	2,105,000	-
Capital leases payable	278,807	-
Net other postemployment benefits obligation	151,516	-
Total noncurrent liabilities	<u>79,591,430</u>	<u>-</u>
Total liabilities	<u>122,486,001</u>	<u>366,299</u>
NET POSITION		
Net investment in capital assets	<u>47,034,392</u>	<u>-</u>
Restricted		
Nonexpendable	-	2,739,947
Expendable		
Scholarships and fellowships	29,085	7,626,148
Loans	2,694	-
Debt service	1,356,064	-
Cash reserve	361,092	-
Other	710,919	11,545,368
Total restricted	<u>2,459,854</u>	<u>21,911,463</u>
Unrestricted	<u>5,559,572</u>	<u>(727,893)</u>
Total net position	<u>\$ 55,053,818</u>	<u>\$21,183,570</u>

Iowa Western Community College
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2013

	<u>College</u>	<u>Foundation</u>
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$7,753,949	\$15,138,444	\$ —
Federal appropriations	1,787,313	—
Iowa Industrial New Jobs Training Program	1,842,377	—
Auxiliary enterprises revenue, net of scholarship allowances of \$4,444,967	8,893,826	—
Contributions	—	3,107,556
Miscellaneous	<u>1,447,575</u>	<u>57,934</u>
Total operating revenues	<u>29,109,535</u>	<u>3,165,490</u>
OPERATING EXPENSES		
Education and support		
Liberal arts and sciences	9,372,961	—
Applied science and technology	7,551,231	—
Continuing education	2,812,455	—
Cooperative services	1,915,654	—
Administration	3,250,519	414,151
Student services	3,887,315	—
Learning resources	257,553	—
Physical plant	5,795,875	—
General institution	6,599,729	—
Auxiliary enterprises	10,203,511	—
Scholarships and grants	920,941	2,057,857
Depreciation	<u>4,916,040</u>	<u>—</u>
Total operating expenses	<u>57,483,784</u>	<u>2,472,008</u>
OPERATING INCOME (LOSS)	<u>(28,374,249)</u>	<u>693,482</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	12,989,594	—
Pell grant	12,198,916	—
Property tax	8,126,166	—
Interest and investment income	87,418	744,064
Interest on indebtedness	(2,460,515)	—
Gain on disposition of capital assets	6,131	—
Other expenses	<u>(18,769)</u>	<u>—</u>
Total nonoperating revenues (expenses), net	<u>30,928,941</u>	<u>744,064</u>
INCREASE IN NET POSITION	2,554,692	1,437,546
NET POSITION, beginning of year	<u>52,499,126</u>	<u>19,746,024</u>
NET POSITION, end of year	<u>\$55,053,818</u>	<u>\$21,183,570</u>

Iowa Western Community College
STATEMENT OF CASH FLOWS
Year ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$16,084,817
Federal appropriations	1,730,350
Iowa Industrial New Jobs Training Program (NJTP)	1,393,943
Payment to employees for salaries and benefits	(30,531,165)
Payment to suppliers for goods and services	(18,211,669)
Payments to NJTP recipients	(1,524,249)
Scholarships	(920,941)
Auxiliary enterprise receipts	8,893,826
Other receipts	<u>1,311,288</u>
Net cash used in operating activities	<u>(21,773,800)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	12,877,577
Pell grant	12,636,890
Property tax	8,095,871
Federal direct lending receipts	22,085,844
Federal direct lending disbursements	(21,806,534)
Miscellaneous Agency Fund receipts	1,335,326
Miscellaneous Agency Fund disbursements	(1,364,177)
Proceeds from issuance of certificates payable	1,600,000
Principal paid on certificates payable	(1,240,000)
Interest paid on certificates payable	(289,380)
Change in deposits held in custody for others	<u>(91,425)</u>
Net cash provided by noncapital financing activities	<u>33,839,992</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from issuance of long-term debt	10,000,000
Proceeds from disposition of capital assets	59,146
Acquisition of capital assets	(7,971,444)
Principal paid on capital leases	(67,724)
Principal paid on long-term debt	(4,560,000)
Interest paid on long-term debt	<u>(1,946,193)</u>
Net cash used in capital and related financing activities	<u>(4,486,215)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and investment income	<u>87,418</u>
--------------------------------	---------------

NET INCREASE IN CASH

7,667,395

CASH, beginning of year

23,125,994

CASH, end of year

\$30,793,389

**Iowa Western Community College
STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2013**

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

Operating loss	\$(28,374,249)
Adjustments to reconcile operating loss to net cash flows used in operating activities	
Depreciation	4,916,040
Changes in assets and liabilities	
Accounts receivable	1,419,809
Due from (to) Iowa Western Community College Foundation (component unit)	441,465
Iowa Industrial New Jobs Training Program	(448,434)
Due from other governments	(56,963)
Inventories	(224,734)
Prepaid expenses	(64,142)
Accounts payable	868,574
Salaries and benefits payable	222,270
Deferred revenue	<u>(473,436)</u>
Net cash flows used in operating activities	<u>\$(21,773,800)</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Iowa Western Community College (the College or IWCC) is a publicly supported school established and operated by Merged Area XIII under the provisions of Chapter 260C of the Code of Iowa. The College offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. The College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. The College maintains campuses in Council Bluffs and Clarinda, Iowa, with centers in Shelby County, Page/Fremont County and Cass County and has its administrative offices in Council Bluffs. The College is governed by a Board of Trustees whose members are elected from each director district within Merged Area XIII.

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

Reporting Entity

For financial reporting purposes, the College has included all funds, organizations, agencies, boards, commissions and authorities including KIWR-FM Radio. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the College is such that exclusion would cause the College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the College.

These financial statements present Iowa Western Community College (the primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational and financial relationship with the College. Certain disclosures about the component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the College.

Component Unit and Related Organizations

The Iowa Western Community College Foundation (the Foundation) is a nonprofit organization whose goal is to provide support to the College and its students. The Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the College. However, these members do not comprise a majority in the Foundation's board. In accordance with GASB pronouncements, the Foundation is considered a component unit of the College requiring discrete presentation in the College's financial statements and has been included as such.

The Foundation is a private nonprofit organization that reports under the Not-for-Profit Entities Topic of the *FASB Accounting Standards Codification*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The Foundation reports net assets, which is equivalent to net position reported by the College. Complete financial statements of the Foundation can be obtained from their administrative offices at 2700 College Road, Council Bluffs, Iowa 51503.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Component Unit and Related Organizations (continued)

Western Iowa Educational Endeavors (WIEE) is a legally separate corporation established in 1991 to receive and manage gifts of land and/or buildings. The board of trustees of Iowa Western Community College appoints individuals to serve on the WIEE board. However, the Western Iowa Educational Endeavors articles of incorporation specifically state the business affairs of the corporation shall be managed by its own board of directors. WIEE does not provide services entirely or almost entirely to the College. In accordance with GASB pronouncements, discrete presentation of WIEE in the College's financial statements is not necessary. Additionally, the exclusion of the WIEE financial statements does not cause the College's financial statements to be misleading.

In the early 1970's, Western Iowa Dorms, Inc. (WID) was established as a separate legal corporation to finance, construct and operate student housing facilities for use by Iowa Western Community College students. The College board of trustees can recommend individuals to serve on the Western Iowa Dorms, Inc. board of directors, but the WID board is not required to appoint those individuals. WID is considered fiscally independent from the College since the corporation can issue its own debt without approval of the College, determines its own budget and sets housing fees independent of Iowa Western Community College. Additionally, the College is not financially accountable for obligations of WID. In accordance with GASB pronouncements, WID is not considered a component unit of the College requiring discrete presentation. Additionally, the exclusion of the WID financial statements does not cause the College's financial statements to be misleading.

Financial Statement Presentation

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

Net Investment in Capital Assets - Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets. The portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position

Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the College including the College's permanent endowment funds.

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Supplementary Information

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

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

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

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

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

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

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

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

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

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

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

Cash and Pooled Investments

Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit which are stated at cost.

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

Property Tax Receivable

Property tax receivables are recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Trustees to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Trustees to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied except for the amount related to early retirement. That revenue is recognized in the same year as the related expense.

Due from Other Governments

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

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts, which offsets the total gross receivables, is calculated based upon historical collection data, specific account analysis and management's judgment.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Iowa Industrial New Jobs Training Program (NJTP) Receivable (Liability)

The receivable represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2013 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date. The liability represents the excess of the payments received from employers for training projects over the amounts due for the project.

Inventories

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

Capital Assets

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest costs on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

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

<u>Assets</u>	<u>Amount</u>
Land, buildings and improvements other than buildings	\$25,000
Furniture and equipment	5,000
Intangible assets, including software	5,000

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements other than buildings	10-50
Furniture and equipment and software	2-25
Intangible assets	2-25

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

Salaries and Benefits Payable

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue

Deferred 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. Deferred revenue consists of unspent grant proceeds, succeeding year property tax receivable, 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 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, 2013.

Auxiliary Enterprise Revenues

Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, central stores, student housing and athletics.

Tuition and Fees

Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship expenses. The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.

Operating and Nonoperating Activities

Operating activities, as reported in the statement of revenues, expenses and changes in net position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations, pell grants, property tax and interest income.

Scholarship Allowances and Student Aid

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

Use of Estimates

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 CASH AND SHORT-TERM POOLED INVESTMENTS

The College's cash and deposits in banks (certificates of deposit) at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2013, the College's cash and short-term pooled investments are as follows:

Deposits	
Cash	\$22,583,240
Nonnegotiable certificates of deposit	42,298
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>8,167,851</u>
Total cash and short-term pooled investments	<u>\$30,793,389</u>

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

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

Credit risk. The College's June 30, 2013 investments in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

NOTE 3 INVENTORIES

The College's inventories at June 30, 2013 are as follows:

<u>Type</u>	<u>Amount</u>
Graphic arts	\$ 13,436
Bookstore	902,936
Auto parts	43,064
Food service	<u>28,919</u>
Total	<u>\$ 988,355</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 is as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance end of year</u>
Capital assets not being depreciated					
Land	\$ 560,164	\$ -	\$ -	\$ -	\$ 560,164
Construction in progress	<u>3,082,998</u>	<u>7,565,178</u>	<u>(8,907,009)</u>	<u>-</u>	<u>1,741,167</u>
Total capital assets not being depreciated	<u>3,643,162</u>	<u>7,565,178</u>	<u>(8,907,009)</u>	<u>-</u>	<u>2,301,331</u>
Capital assets being depreciated					
Buildings	111,378,129	-	6,563,723	-	117,941,852
Improvements other than buildings	19,929,131	66,510	2,343,286	-	22,338,927
Furniture and equipment	8,621,088	755,079	-	(203,192)	9,172,975
Software	1,125,713	97,859	-	-	1,223,572
Assets under capital leases	<u>658,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>658,029</u>
Total capital assets being depreciated	<u>141,712,090</u>	<u>919,448</u>	<u>8,907,009</u>	<u>(203,192)</u>	<u>151,335,355</u>
Less accumulated depreciation for					
Buildings	23,192,597	2,527,659	-	-	25,720,256
Improvements other than buildings	3,757,494	1,117,750	-	-	4,875,244
Furniture and equipment	4,718,599	1,133,247	-	(150,176)	5,701,670
Software	337,549	69,663	-	-	407,212
Assets under capital leases	<u>254,357</u>	<u>67,721</u>	<u>-</u>	<u>-</u>	<u>322,078</u>
Total accumulated depreciation	<u>32,260,596</u>	<u>4,916,040</u>	<u>-</u>	<u>(150,176)</u>	<u>37,026,460</u>
Capital assets, net	<u>\$113,094,656</u>	<u>\$3,568,586</u>	<u>\$ -</u>	<u>\$ (53,016)</u>	<u>\$116,610,226</u>

Assets held in agency in the amount of \$5,010 were purchased during the year ended June 30, 2013. No depreciation expense was taken on these assets held in agency for the year ended June 30, 2013.

Construction in progress at June 30, 2013 includes costs for design, engineering and construction related to the Iowa Western Boulevard, engineering building, and utilities extension projects. The College has entered into contracts for these projects of approximately \$3,870,000 of which approximately \$1,455,000 has been completed. Accounts payable at June 30, 2013 includes approximately \$527,000 of the amount completed. Total unpaid contracts at June 30, 2013 were approximately \$2,942,000.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 CHANGES IN NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities for the year ended June 30, 2013 is as follows:

	Retirement Incentives Payable (Note 13)	Certificates Payable	Bonds Payable	Notes Payable	Capital Leases Payable (Note 7)	Net OPEB Liability (Note 10)	Total
Beginning balance of year	\$1,900,336	\$7,255,000	\$68,000,000	\$4,140,000	\$ 408,166	\$ 124,223	\$81,827,725
Additions	—	1,600,000	10,000,000	—	—	27,293	11,627,293
Reductions	<u>(874,317)</u>	<u>(1,240,000)</u>	<u>(3,550,000)</u>	<u>(1,010,000)</u>	<u>(67,724)</u>	<u>—</u>	<u>(6,742,041)</u>
Balance end of year	<u>\$1,026,019</u>	<u>\$7,615,000</u>	<u>\$74,450,000</u>	<u>\$3,130,000</u>	<u>\$ 340,442</u>	<u>\$ 151,516</u>	<u>\$86,712,977</u>
Due within on year	<u>\$ 339,912</u>	<u>\$1,360,000</u>	<u>\$ 4,335,000</u>	<u>\$1,025,000</u>	<u>\$ 61,635</u>	<u>\$ —</u>	<u>\$ 7,121,547</u>

Certificates Payable

In accordance with agreements dated between June 1, 2003 and December 11, 2012, the College issued certificates totaling \$12,550,000 with interest rates ranging from .40% to 6.65%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$1,360,000	\$ 256,203	\$1,616,203
2015	1,235,000	215,675	1,450,675
2016	1,215,000	171,553	1,386,553
2017	1,015,000	122,475	1,137,475
2018	855,000	84,700	939,700
2019-2022	<u>1,935,000</u>	<u>109,180</u>	<u>2,044,180</u>
Total	<u>\$7,615,000</u>	<u>\$ 959,786</u>	<u>\$8,574,786</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Notes Payable

The College has issued notes for the purchase, construction and renovation of College properties as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2013 notes payable indebtedness are as follows:

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of January 1, 2012 (2012A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1.50%	\$1,025,000	\$ 57,475	\$1,082,475
2015	2.00%	1,040,000	42,100	1,082,100
2016	2.00%	1,065,000	21,300	1,086,300
Total		<u>\$3,130,000</u>	<u>\$ 120,875</u>	<u>\$3,250,875</u>

Bonds Payable

The College has issued bonds for the purchase, construction and renovation of College properties as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2013 bonded indebtedness are as follows:

<u>Year ending June 30</u>	<u>Bond Issue of July 1, 2008</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	4.13%	\$ 410,000	\$ 339,843	\$ 749,843
2015	4.13%	425,000	322,930	747,930
2016	4.13%	440,000	305,399	745,399
2017	3.90%	460,000	287,249	747,249
2018	4.00%	475,000	269,309	744,309
2019-2023	4.00% to 4.15%	2,675,000	1,043,008	3,718,008
2024-2028	4.20% to 4.40%	<u>3,275,000</u>	<u>437,765</u>	<u>3,712,765</u>
Total		<u>\$8,160,000</u>	<u>\$3,005,503</u>	<u>\$11,165,503</u>

<u>Year ending June 30</u>	<u>Bond Issue of May 1, 2010</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1.85%	\$ 595,000	\$ 131,359	\$ 726,359
2015	2.20%	610,000	118,715	728,715
2016	2.75%	630,000	103,465	733,465
2017	3.05%	650,000	86,140	736,140
2018	3.25%	670,000	66,640	736,640
2019-2020	3.45% to 3.70%	<u>1,415,000</u>	<u>70,840</u>	<u>1,485,840</u>
Total		<u>\$4,570,000</u>	<u>\$ 577,159</u>	<u>\$5,147,159</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Bond Issue of February 1, 2011</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	2.00%	\$ 555,000	\$ 119,330	\$ 674,330
2015	2.00%	575,000	108,230	683,230
2016	2.00%	590,000	96,730	686,730
2017	2.10%	610,000	84,930	694,930
2018	2.40%	635,000	72,120	707,120
2019-2021	2.60% to 3.00%	<u>2,040,000</u>	<u>117,880</u>	<u>2,157,880</u>
Total		<u>\$5,005,000</u>	<u>\$ 599,220</u>	<u>\$5,604,220</u>

<u>Year ending June 30</u>	<u>Bond Issue of March 5, 2012</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1.00%	\$ 495,000	\$ 48,719	\$ 543,719
2015	1.00%	505,000	43,769	548,769
2016	1.00%	510,000	38,719	548,719
2017	1.00%	515,000	33,619	548,619
2018	1.13%	530,000	28,469	558,469
2019-2021	1.25% to 1.50%	<u>1,635,000</u>	<u>46,650</u>	<u>1,681,650</u>
Total		<u>\$4,190,000</u>	<u>\$ 239,945</u>	<u>\$4,429,945</u>

<u>Year ending June 30</u>	<u>Bond Issue of June 1, 2013</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1.00%	\$ 450,000	\$ 172,484	\$ 622,484
2015	1.00%	445,000	168,948	613,948
2016	1.00%	445,000	164,498	609,498
2017	1.00%	450,000	160,048	610,048
2018	1.00%	455,000	155,548	610,548
2019-2023	1.00% to 1.50%	2,350,000	705,385	3,055,385
2024-2028	1.65% to 2.25%	2,550,000	522,100	3,072,100
2029-2033	2.25% to 2.70%	<u>2,855,000</u>	<u>224,603</u>	<u>3,079,603</u>
Total		<u>\$10,000,000</u>	<u>\$2,273,614</u>	<u>\$12,273,614</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of June 1, 2005 (2005B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	4.10%	\$ 155,000	\$ 13,075	\$ 168,075
2015	4.20%	<u>160,000</u>	<u>6,720</u>	<u>166,720</u>
Total		<u>\$ 315,000</u>	<u>\$ 19,795</u>	<u>\$ 334,795</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of February 1, 2009 (2009A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	3.50%	\$ 100,000	\$ 138,190	\$ 238,190
2015	4.50%	55,000	136,440	191,440
2016	4.50%	55,000	133,965	188,965
2017	4.50%	60,000	131,490	191,490
2018	4.50%	65,000	128,790	193,790
2019-2023	4.50% to 4.90%	375,000	596,065	971,065
2024	5.00%	<u>2,155,000</u>	<u>107,750</u>	<u>2,262,750</u>
Total		<u>\$2,865,000</u>	<u>\$1,372,690</u>	<u>\$4,237,690</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of October 1, 2009 (2009B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	3.84%	\$ 155,000	\$ 558,439	\$ 713,439
2015	4.34%	160,000	552,493	712,493
2016	4.64%	170,000	545,555	715,555
2017	4.89%	180,000	537,676	717,676
2018	5.05%	195,000	528,883	723,883
2019-2023	5.25% to 5.75%	1,160,000	2,476,989	3,636,989
2024	6.13%	<u>7,425,000</u>	<u>454,781</u>	<u>7,879,781</u>
Total		<u>\$9,445,000</u>	<u>\$5,654,816</u>	<u>\$15,099,816</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of October 1, 2010 (2010A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	3.00%	\$ 615,000	\$ 533,380	\$ 1,148,380
2015	3.00%	635,000	514,930	1,149,930
2016	3.00%	650,000	495,880	1,145,880
2017	3.25%	670,000	476,380	1,146,380
2018	3.50%	695,000	454,605	1,149,605
2019-2023	3.40% to 3.90%	3,845,000	1,887,420	5,732,420
2024-2028	4.00% to 4.30%	4,660,000	1,079,550	5,739,550
2029-2030	4.40% to 4.50%	<u>2,150,000</u>	<u>145,200</u>	<u>2,295,200</u>
Total		<u>\$13,920,000</u>	<u>\$5,587,345</u>	<u>\$19,507,345</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of March 15, 2012 (2012A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1.00%	\$ 330,000	\$ 155,813	\$ 485,813
2015	1.40%	335,000	152,513	487,513
2016	1.40%	340,000	147,823	487,823
2017	1.40%	345,000	143,063	488,063
2018	1.60%	345,000	138,233	483,233
2019-2023	1.80% to 2.60%	1,840,000	591,345	2,431,345
2024-2028	2.75% to 3.15%	2,085,000	343,498	2,428,498
2029-2030	3.20% to 3.25%	<u>925,000</u>	<u>45,110</u>	<u>970,110</u>
Total		<u>\$6,545,000</u>	<u>\$1,717,398</u>	<u>\$8,262,398</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of March 15, 2012 (2012B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1.40%	\$ 475,000	\$ 225,143	\$ 700,143
2015	1.40%	480,000	218,493	698,493
2016	1.40%	485,000	211,773	696,773
2017	1.40%	495,000	204,983	699,983
2018	1.60%	500,000	198,053	698,053
2019-2023	1.80% to 2.60%	2,655,000	846,065	3,501,065
2024-2028	2.75% to 3.13%	3,010,000	488,300	3,498,300
2029-2030	3.13%	<u>1,335,000</u>	<u>62,969</u>	<u>1,397,969</u>
Total		<u>\$9,435,000</u>	<u>\$2,455,779</u>	<u>\$11,890,779</u>

The College has pledged future dormitory system revenues, net of specified operating expenses, to repay \$44,035,000 in dorm revenue bonds issued in June, 2005, February, 2009, October, 2009, October, 2010, and March, 2012. Proceeds from the bonds provided financing for construction of the dormitory system. The bonds are payable solely from dormitory system net revenues, including dining and other incidental facilities, and are payable through 2030. Annual principal and interest payments are expected to require less than the net revenues of the system. The total principal and interest remaining to be paid on the notes is \$59,332,823. For the current year, principal and interest paid and total customer net revenues were \$3,222,365 and \$4,112,221, respectively.

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

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

During the year ended June 30, 2013, the College was in compliance with the revenue bond provisions.

Total interest cost for the year ended June 30, 2013 is \$2,682,358. Total interest capitalized as part of construction in progress for the year ended June 30, 2013 is \$221,843.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 6 OPERATING LEASES

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2013 and 2056 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2013:

<u>Year ending June 30</u>	<u>Amount</u>
2014	\$ 268,749
2015	215,471
2016	190,133
2017	116,146
2018	62,378
Thereafter	<u>588,399</u>
Total	<u>\$1,441,276</u>

Rents for the year ended June 30, 2013 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$297,512.

NOTE 7 CAPITAL LEASES AND RELATED PARTY TRANSACTIONS

The College has four capital leases with the Iowa Western Community College Foundation (a component unit) for buses. The capital leases are as follows:

<u>Class of property</u>	<u>Balance at June 30, 2013</u>
Equipment	\$ 658,029
Less accumulated amortization	<u>(322,078)</u>
Net capital lease assets	<u>\$ 335,951</u>

The following is a schedule by year of future minimum lease payments under capital leases as of June 30, 2013:

<u>Year ending June 30</u>	
2014	\$ 81,346
2015	77,961
2016	77,962
2017	59,997
2018	56,403
Thereafter	<u>48,716</u>
Total	402,385
Less interest	<u>(61,943)</u>
Capital lease obligations	<u>\$ 340,442</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

Plan members are required to contribute 5.78% (5.95% after July 1, 2013) of their annual covered salary and the College is required to contribute 8.67% (8.93% after July 1, 2013) of annual payroll. Contribution requirements are established by state statute. The College's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$760,854, \$723,891 and \$580,340, respectively, equal to the required contributions for each year.

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

The College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.78% (5.95% after July 1, 2013) and the College is required to contribute 8.67% (8.93% after July 1, 2013). The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2013 were \$867,961 and \$578,642, respectively.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The College operates a single-employer retiree benefit plan which provides medical, prescription drug and dental benefits for retirees and their spouses. There are 372 active and 32 retired members in the plan. Participants must be age 55 or older at retirement.

The medical, prescription drug and dental coverage is provided through a self-insured plan. Retirees under age 65 pay the same premium for the medical, prescription drug, and dental benefits as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy

The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 33,211
Interest on net OPEB obligation	5,590
Adjustment to annual required contribution	<u>(11,508)</u>
Annual OPEB cost	27,293
Contributions made	<u>—</u>
Increase in net OPEB obligation	27,293
Net OPEB obligation beginning of year	<u>124,223</u>
Net OPEB obligation end of year	<u>\$ 151,516</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the College contributed \$-0- to the medical plan.

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

<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$27,293	0.0%	<u>\$ 96,930</u>
June 30, 2012	\$31,274	0.0%	<u>\$124,223</u>
June 30, 2013	\$33,211	0.0%	<u>\$151,516</u>

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$201,128, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$201,128. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$15,774,000 and the ratio of the UAAL to covered payroll was 1.3%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial Methods and Assumptions (continued)

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.

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the College's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the Scale T-9 of the Actuary's Pension Handbook.

Projected claim costs of the medical plan are \$656 per month for retirees less than age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 11 RELATED PARTY TRANSACTIONS

The College transferred \$100,000 in fiscal year 1995 and \$550,000 in fiscal year 1998 to the Iowa Western Community College Foundation. The provisions of the gifts specify that the corpus, and any income generated through the investment of the corpus, shall be restricted in use for the sole benefit of the College for scholarships, grants, and such other purposes for the benefit of the College or the students thereof. There were no such transfers in fiscal year 2013.

Foundation salaries and other operating expenses are paid by the College. In management's estimate, the value of such expenses was approximately \$353,000 in fiscal year 2013.

Transactions for the year ended June 30, 2013, between Iowa Western Community College and Western Iowa Dorms, Inc. are as follows:

Beginning payable balance	\$ (239,002)
Charges for services, supplies and payroll provided or paid by the College	15,064
College payment of dorm payables	(888,488)
Reimbursements and advances from Western Iowa Dorms, Inc.	<u>931,686</u>
Ending payable balance	\$ <u>(180,740)</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 11 RELATED PARTY TRANSACTIONS (continued)

The College has a liability to the Foundation in the amount of \$351,590 related to amounts payable on costs associated with a lease of the Lewis Central High School turf project. The College reimburses the Foundation for this payable by making monthly payments of principal and interest in the amount of \$4,219. Total principal and interest paid by the College during the year ended June 30, 2013 was \$28,632 and \$22,000, respectively. The balance of this payable at June 30, 2013 is as follows:

Year ending June 30

2014	\$ 50,632
2015	50,632
2016	50,632
2017	50,632
2018	50,632
Thereafter	<u>202,528</u>
Total	455,688
Less interest	<u>(104,098)</u>
Due to Iowa Western Community College Foundation	<u>\$ 351,590</u>

NOTE 12 NEW JOBS TRAINING PROGRAMS

The College administers the NJTP in merged Area XIII in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College has administered one hundred seven projects with twenty currently receiving project funding. Of the remaining projects, seventy-six projects have been completed and paid in full, while eleven have been completed and only repayment of the certificates is left. In cases where projects exceed the budgeted amounts, the College intends to obtain additional withholding revenue from the companies.

NOTE 13 RETIREMENT INCENTIVE PROGRAM

The College offered retirement incentives to eligible employees in fiscal years 2007, 2009 and 2012. Eligible staff members who accept retirement incentives will receive cash benefits payable in three installments during the following fiscal year, as well as health insurance coverage up to a specified amount until the staff member reaches the age of 65.

The liability at June 30, 2013 for those employees who have elected retirement incentives was \$1,026,019 and has been recorded as a liability in the Statement of Net position. Retirement incentives will be fully funded through property tax levies.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 14 SELF-INSURANCE PROGRAM

The College has established a self-insurance medical program, which is accounted for in the Restricted Fund. This program provides employee health benefit coverage up to a maximum of \$75,000 per employee per year and the maximum liability coverage of approximately \$4,000,000 per year. The College purchases commercial insurance for claims in excess of this coverage and all other risks of loss. Payments include certain administrative expenses.

Payments are made to the self-insurance cost center based on actuarial estimates of the amounts needed to pay current year claims. The unpaid claims liability of approximately \$1,713,000 is based on GASB Statement No. 10, which requires that a liability be recorded when it has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. The unpaid claims liability has been recorded with salaries and benefits payable as a liability in the Statement of Net position.

NOTE 15 COMMITMENTS AND CONTINGENCIES

The College is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 16 SUBSEQUENT EVENTS

In October, 2013, the College received a grant through the Department of Labor for information technology and entrepreneurship in the amount of \$2,507,462.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 18 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the College. The statements which may impact the College are as follows:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, will be effective for the College beginning with its year ending June 30, 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66, *Technical Corrections-2013-an amendment of GASB Statements No. 10 and 62*, will be effective for the College beginning with its year ending June 30, 2014. This Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, will be effective for the College beginning with its year ending June 30, 2015. This Statement is to improve accounting and financial reporting by state and local governments for pensions.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, will be effective for the College beginning with its year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, will be effective for the College beginning with its year ending June 30, 2015. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

The College's management has not yet determined the effect these Statements will have on the College's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

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

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

See accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

Iowa Western Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Year ended June 30, 2013

<u>Funds/Levy</u>	<u>Original and final budget</u>	<u>Actual</u>	<u>Variance between actual and budget</u>
General (unrestricted and non-levy restricted)	\$45,886,827	\$44,286,552	\$1,600,275
Restricted			
Unemployment	60,000	35,777	24,223
Tort liability	125,000	91,394	33,606
Insurance	550,000	644,850	(94,850)
Early retirement	1,155,349	-	1,155,349
Equipment replacement	740,000	694,039	45,961
Total restricted	<u>2,630,349</u>	<u>1,466,060</u>	<u>1,164,289</u>
Total unrestricted/restricted	48,517,176	45,752,612	2,764,564
Plant	7113,287	6,174,503	938,784
Bonds and interest	<u>2,657,818</u>	<u>2,325,967</u>	<u>331,851</u>
Total operating expenditures	<u>\$58,288,281</u>	<u>\$54,253,082</u>	<u>\$4,035,199</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTE TO BUDGETARY REPORTING
Year ended June 30, 2013

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

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

For the year ended June 30, 2013, the College's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report.

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES
 June 30, 2013

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
ASSETS									
Cash and short-term pooled investments	\$ 7,746,243	\$11,416,772	\$ 1,931	\$ 9,116,425	\$1,916,356	\$ 90,785	\$ 504,877	\$ -	\$ 30,793,389
Receivables									
Accounts (less allowance of \$381,336)	14,622,413	2,340,467	-	5,677	-	-	8,824	-	16,977,381
Property tax									
Delinquent	20,404	32,025	-	-	59,178	-	-	-	111,607
Succeeding year	1,737,592	2,069,751	-	655,117	4,084,057	-	-	-	8,546,517
Due from other funds	851,626	1,140,520	763	118,589	(241,078)	-	16,365	(1,886,785)	-
Due from other governments	214,771	238,862	-	190,746	89,984	-	33,654	-	768,017
Inventories	988,355	-	-	-	-	-	-	-	988,355
Prepaid expenditures	635,789	34,664	-	-	-	-	4,448	-	674,901
Iowa Industrial New Jobs Training Program	-	2,069,426	-	-	-	-	-	-	2,069,426
Capital assets									
Land	-	-	-	-	-	560,164	-	-	560,164
Buildings	-	-	-	-	-	117,941,852	-	-	117,941,852
Improvements other than buildings	-	-	-	-	-	22,338,927	-	-	22,338,927
Equipment and vehicles	-	-	-	-	-	9,167,965	5,010	-	9,172,975
Capital lease assets	-	-	-	-	-	658,029	-	-	658,029
Software	-	-	-	-	-	1,223,572	-	-	1,223,572
Construction in progress	-	-	-	1,741,167	-	-	-	-	1,741,167
Accumulated depreciation	-	-	-	-	-	(37,026,460)	-	-	(37,026,460)
Total assets	\$26,817,193	\$19,342,487	\$ 2,694	\$11,827,721	\$5,908,497	\$114,954,834	\$ 573,178	\$(1,886,785)	\$177,539,819

See accompanying independent auditor's report.

Schedule 2 (continued)

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES (continued)
 June 30, 2013

	Current Funds		Loan Fund	Plant Funds			Agency Funds	Adjustments	Total
	Unrestricted	Restricted		Unexpended	Retirement of Indebtedness	Investment in Plant			
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 949,865	\$ 327,877	\$ -	\$ 1,730,700	\$ -	\$ -	\$ 111,204	\$ -	\$ 3,119,646
Salaries and benefits payable	3,045,794	2,532,605	-	-	-	-	14,092	-	5,592,491
Accrued interest payable	-	52,608	-	27,335	468,376	-	-	-	548,319
Due to Iowa Western Community College Foundation (component unit)	351,590	-	-	-	-	-	-	-	351,590
Due to other funds	849,548	918,592	-	2,856	-	-	115,789	(1,886,785)	-
Deferred revenues									
Succeeding year property tax Iowa Industrial New Jobs Training Program and other	1,737,592	2,069,751	-	655,117	4,084,057	-	-	-	8,546,517
Retirement incentives payable	10,332,378	3,995,537	-	-	-	-	128,743	-	14,456,658
Compensated absences	-	1,026,019	-	-	-	-	-	-	1,026,019
Deposits held in custody for others	543,608	49,560	-	-	-	-	8,922	-	602,090
Certificates payable	420,840	14,934	-	1,925,511	-	-	194,428	-	2,555,713
Bonds payable	-	7,615,000	-	-	-	-	-	-	7,615,000
Notes payable	-	-	-	10,000,000	-	64,450,000	-	-	74,450,000
Capital leases payable	-	-	-	-	-	3,130,000	-	-	3,130,000
Net other postemployment benefits obligation	-	-	-	-	-	340,442	-	-	340,442
Total liabilities	<u>151,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,516</u>
	<u>18,382,731</u>	<u>18,602,483</u>	<u>-</u>	<u>14,341,519</u>	<u>4,552,433</u>	<u>67,920,442</u>	<u>573,178</u>	<u>(1,886,785)</u>	<u>122,486,001</u>
FUND BALANCES									
Net investment in capital assets	-	-	-	-	-	47,034,392	-	-	47,034,392
Restricted Expendable									
Scholarships and fellowships	-	29,085	-	-	-	-	-	-	29,085
Loans	-	-	2,694	-	-	-	-	-	2,694
Debt service	-	-	-	-	1,356,064	-	-	-	1,356,064
Cash reserve	361,092	-	-	-	-	-	-	-	361,092
Other	-	710,919	-	-	-	-	-	-	710,919
Unrestricted	3,649,519	-	-	(2,513,798)	-	-	-	-	1,135,721
Auxiliary enterprises	<u>4,423,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,423,851</u>
Total fund balances	<u>8,434,462</u>	<u>740,004</u>	<u>2,694</u>	<u>(2,513,798)</u>	<u>1,356,064</u>	<u>47,034,392</u>	<u>-</u>	<u>-</u>	<u>55,053,818</u>
Total liabilities and fund balances	<u>\$26,817,193</u>	<u>\$19,342,487</u>	<u>\$ 2,694</u>	<u>\$11,827,721</u>	<u>\$5,908,497</u>	<u>\$114,954,834</u>	<u>\$ 573,178</u>	<u>\$(1,886,785)</u>	<u>\$177,539,819</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended June 30, 2013

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
REVENUES								
General								
State appropriations	\$10,478,079	\$ 2,196,846	\$ -	\$ 314,669	\$ -	\$ -	\$ -	\$12,989,594
Tuition and fees	22,874,963	6,315	-	11,115	-	-	(7,753,949)	15,138,444
Property tax	1,680,361	1,495,409	-	-	4,950,396	-	-	8,126,166
Federal appropriations	517,767	13,468,462	-	-	-	-	-	13,986,229
Sales and services	339,873	472,977	-	-	-	-	(52,041)	760,809
Interest and investment income	33,249	29,671	2	9,381	15,115	-	-	87,418
Iowa Industrial New Jobs Training Program	-	1,842,377	-	-	-	-	-	1,842,377
Gifts and grants	835	441,744	-	-	-	-	-	442,579
Miscellaneous	223,810	2,320,496	1,635	155,000	-	8,752,010	(11,208,764)	244,187
Increase in plant investment due to plant expenditures	-	-	-	-	-	853,290	(853,290)	-
Total general revenues	<u>36,148,937</u>	<u>22,274,297</u>	<u>1,637</u>	<u>490,165</u>	<u>4,965,511</u>	<u>9,605,300</u>	<u>(19,868,044)</u>	<u>53,617,803</u>
Auxiliary enterprises								
State appropriations	81,367	-	-	-	-	-	-	81,367
Tuition and fees	112,836	-	-	-	-	-	-	112,836
Sales and services	12,837,929	-	-	-	-	-	(4,708,706)	8,129,223
Interest on investments	14,333	-	-	-	-	-	-	14,333
Gifts and grants	70,957	-	-	-	-	-	-	70,957
Allocation of student fees	172,500	-	-	-	-	-	-	172,500
Miscellaneous	312,610	-	-	-	-	-	-	312,610
Total auxiliary revenues	<u>13,602,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,708,706)</u>	<u>8,893,826</u>
Total revenues	<u>49,751,469</u>	<u>22,274,297</u>	<u>1,637</u>	<u>490,165</u>	<u>4,965,511</u>	<u>9,605,300</u>	<u>(24,576,750)</u>	<u>62,511,629</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
Year ended June 30, 2013

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
EXPENDITURES								
Education and support								
Liberal arts and sciences	\$ 9,378,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,300)	\$ 9,372,961
Applied science and technology	6,691,045	1,110,730	-	-	-	-	(250,544)	7,551,231
Continuing education	2,235,134	577,321	-	-	-	-	-	2,812,455
Cooperative services	200,112	1,715,542	-	-	-	-	-	1,915,654
Administration	3,325,083	20,333	-	-	-	-	(94,897)	3,250,519
Student services	3,940,759	-	1,635	-	-	-	(55,079)	3,887,315
Learning resources	257,553	-	-	-	-	-	-	257,553
Physical plant	3,432,182	2,970,713	-	10,618,604	-	-	(11,225,624)	5,795,875
General institution	<u>4,829,183</u>	<u>2,205,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(435,402)</u>	<u>6,599,729</u>
Total education and support	34,289,312	8,600,587	1,635	10,618,604	-	-	(12,066,846)	41,443,292
Auxiliary enterprises	10,514,499	-	-	-	-	-	(310,988)	10,203,511
Scholarships and grants	-	13,119,857	-	-	-	-	(12,198,916)	920,941
Retirement of indebtedness	-	-	-	-	4,560,000	-	-	4,560,000
Disposal of plant assets	-	-	-	-	-	(6,131)	-	(6,131)
Increase in plant investment due to retirement of debt	-	-	-	-	-	(4,560,000)	-	(4,560,000)
Interest on indebtedness	-	318,128	-	(183,581)	2,325,968	-	-	2,460,515
Depreciation	-	-	-	-	-	4,916,040	-	4,916,040
Miscellaneous	-	-	-	86,490	-	(67,721)	-	18,769
Total expenditures	<u>44,803,811</u>	<u>22,038,572</u>	<u>1,635</u>	<u>10,521,513</u>	<u>6,885,968</u>	<u>282,188</u>	<u>(24,576,750)</u>	<u>59,956,937</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,947,658</u>	<u>235,725</u>	<u>2</u>	<u>(10,031,348)</u>	<u>(1,920,457)</u>	<u>9,323,112</u>	<u>-</u>	<u>2,554,692</u>
TRANSFERS								
Mandatory transfers	(28,298)	28,298	-	-	-	-	-	-
Nonmandatory transfers	<u>(3,852,315)</u>	<u>(731,729)</u>	<u>-</u>	<u>10,590,312</u>	<u>538,732</u>	<u>(6,545,000)</u>	<u>-</u>	<u>-</u>
Total transfers	<u>(3,880,613)</u>	<u>(703,431)</u>	<u>-</u>	<u>10,590,312</u>	<u>538,732</u>	<u>(6,545,000)</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN FUND BALANCES	1,067,045	(467,706)	2	558,964	(1,381,725)	2,778,112	-	2,554,692
FUND BALANCES, beginning of year	<u>7,367,417</u>	<u>1,207,710</u>	<u>2,692</u>	<u>(3,072,762)</u>	<u>2,737,789</u>	<u>44,256,280</u>	<u>-</u>	<u>52,499,126</u>
FUND BALANCES, end of year	<u>\$ 8,434,462</u>	<u>\$ 740,004</u>	<u>\$ 2,694</u>	<u>\$ (2,513,798)</u>	<u>\$ 1,356,064</u>	<u>\$ 47,034,392</u>	<u>\$ -</u>	<u>\$ 55,053,818</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
EDUCATION AND SUPPORT
Year ended June 30, 2013

	Education				Support					Total
	Liberal Arts and Sciences	Applied Science and Technology	Continuing Education	Cooperative Services	Administration	Student Services	Learning Resources	Physical Plant	General Institution	
REVENUES										
State appropriations	\$ -	\$ -	\$ -	\$ -	\$10,478,079	\$ -	\$ -	\$ -	\$ -	\$10,478,079
Tuition and fees	11,560,360	8,179,191	1,566,034	1,223,846	26,689	318,843	-	-	-	22,874,963
Property tax	-	-	-	-	1,680,361	-	-	-	-	1,680,361
Federal appropriations	-	202,671	187,513	-	-	127,583	-	-	-	517,767
Sales and services	3,635	8,370	7,691	74,818	77,749	-	1,323	114,029	52,258	339,873
Interest and investment income	-	-	-	-	33,249	-	-	-	-	33,249
Gifts and grants	835	-	-	-	-	-	-	-	-	835
Miscellaneous	11,500	1,500	-	62,400	3,742	715	6,850	117,616	19,487	223,810
Total revenues	<u>11,576,330</u>	<u>8,391,732</u>	<u>1,761,238</u>	<u>1,361,064</u>	<u>12,299,869</u>	<u>447,141</u>	<u>8,173</u>	<u>231,645</u>	<u>71,745</u>	<u>36,148,937</u>
EXPENDITURES										
Salaries and benefits	8,562,539	5,964,822	1,597,332	187,335	1,494,635	3,386,614	180,513	1,324,822	2,817,372	25,515,984
Services	526,457	340,707	431,072	8,606	689,199	243,112	8,908	1,864,933	1,420,006	5,533,000
Materials and supplies	210,854	201,576	131,573	2,066	59,920	136,392	63,010	449,222	249,991	1,504,604
Travel	59,596	46,512	41,489	2,105	39,237	104,626	960	1,009	50,028	345,562
Loan cancellations and collection costs	-	-	-	-	260,381	-	-	-	-	260,381
Plant asset acquisitions	17,525	87,682	-	-	15,177	55,079	4,162	14,922	174,365	368,912
Cost of goods sold	-	6,487	33,668	-	-	-	-	-	61,891	102,046
Miscellaneous	1,290	43,259	-	-	766,534	14,936	-	(222,726)	55,530	658,823
Total expenditures	<u>9,378,261</u>	<u>6,691,045</u>	<u>2,235,134</u>	<u>200,112</u>	<u>3,325,083</u>	<u>3,940,759</u>	<u>257,553</u>	<u>3,432,182</u>	<u>4,829,183</u>	<u>34,289,312</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,198,069</u>	<u>1,700,687</u>	<u>(473,896)</u>	<u>1,160,952</u>	<u>8,974,786</u>	<u>(3,493,618)</u>	<u>(249,380)</u>	<u>(3,200,537)</u>	<u>(4,757,438)</u>	<u>1,859,625</u>
TRANSFERS										
Mandatory transfers	-	-	-	-	-	(28,298)	-	-	-	(28,298)
Nonmandatory transfers	-	(61,081)	46,485	-	(599,025)	-	-	(1,216,390)	-	(1,830,011)
Total transfers	-	(61,081)	46,485	-	(599,025)	(28,298)	-	(1,216,390)	-	(1,858,309)
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 2,198,069</u>	<u>\$ 1,639,606</u>	<u>\$ (427,411)</u>	<u>\$ 1,160,952</u>	<u>\$ 8,375,761</u>	<u>\$ (3,521,916)</u>	<u>\$ (249,380)</u>	<u>\$ (4,416,927)</u>	<u>\$ (4,757,438)</u>	1,316
FUND BALANCES, beginning of year										<u>4,009,292</u>
FUND BALANCES, end of year										<u>\$ 4,010,608</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
AUXILIARY ENTERPRISES
Year ended June 30, 2013

	<u>Bookstore</u>	<u>Vending</u>	<u>Food Services</u>	<u>Student Housing</u>	<u>Graphic Arts</u>	<u>Auto Parts</u>	<u>Athletics</u>	<u>IWCC Comm Net</u>	<u>Miscellaneous</u>	<u>Total</u>
REVENUES										
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,824	\$ 8,543	\$ 81,367
Tuition and fees	-	-	-	-	-	-	-	-	112,836	112,836
Sales and services	4,390,506	33,665	2,856,660	4,361,345	205,890	209,363	-	-	780,500	12,837,929
Interest and investment income	-	14,333	-	-	-	-	-	-	-	14,333
Gifts and grants	-	-	-	-	-	-	-	-	70,957	70,957
Miscellaneous										
Student fee allocations	-	-	-	-	-	-	172,500	-	-	172,500
Other	994	-	-	92,814	79,079	-	110,948	-	28,775	312,610
Total revenues	<u>4,391,500</u>	<u>47,998</u>	<u>2,856,660</u>	<u>4,454,159</u>	<u>284,969</u>	<u>209,363</u>	<u>283,448</u>	<u>72,824</u>	<u>1,001,611</u>	<u>13,602,532</u>
EXPENDITURES										
Salaries and benefits	462,945	-	1,048,483	868,601	67,922	63,638	41,801	47,291	680,480	3,281,161
Services	120,154	-	73,942	710,576	109,771	2,442	36,951	24,043	209,699	1,287,578
Materials and supplies	35,255	(6,867)	120,296	107,060	816	77	220,179	626	71,326	548,768
Travel	14,619	-	18,385	4,340	-	88	514,895	875	15,358	568,560
Loan cancellations and collection costs	20,672	-	25,155	41,585	-	2,071	-	-	-	89,483
Plant asset acquisitions	-	-	11,160	8,500	15,900	-	10,350	-	6,727	52,637
Cost of goods sold	3,391,843	-	923,987	-	60,738	192,357	-	-	-	4,568,925
Miscellaneous	10,625	31,231	-	-	-	10,056	17,084	-	48,391	117,387
Total expenditures	<u>4,056,113</u>	<u>24,364</u>	<u>2,221,408</u>	<u>1,740,662</u>	<u>255,147</u>	<u>270,729</u>	<u>841,260</u>	<u>72,835</u>	<u>1,031,981</u>	<u>10,514,499</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>335,387</u>	<u>23,634</u>	<u>635,252</u>	<u>2,713,497</u>	<u>29,822</u>	<u>(61,366)</u>	<u>(557,812)</u>	<u>(11)</u>	<u>(30,370)</u>	<u>3,088,033</u>
TRANSFERS										
Nonmandatory transfers	-	-	-	(2,634,321)	-	61,571	550,446	-	-	(2,022,304)
Total transfers	-	-	-	(2,634,321)	-	61,571	550,446	-	-	(2,022,304)
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 335,387</u>	<u>\$ 23,634</u>	<u>\$ 635,252</u>	<u>\$ 79,176</u>	<u>\$ 29,822</u>	<u>\$ 205</u>	<u>\$ (7,366)</u>	<u>\$ (11)</u>	<u>\$ (30,370)</u>	<u>1,065,729</u>
FUND BALANCES, beginning of year										<u>3,358,125</u>
FUND BALANCES, end of year										<u>\$ 4,423,854</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND
 Year ended June 30, 2013

	<u>Scholarship and Grants</u>	<u>Small Business Development Center</u>	<u>Student Support Services</u>	<u>Clarinda Corrections Program</u>	<u>Iowa Small Business New Jobs Training Program</u>	<u>Iowa Industrial New Jobs Training Program</u>	<u>Casualty Insurance Tax Levy</u>	<u>Tort Liability Tax Levy</u>	<u>Unemployment Comp Tax Levy</u>
REVENUES									
State appropriations	\$ 461,709	\$ 74,614	\$ -	\$ 400,618	\$ 191,293	\$ -	\$ -	\$ -	\$ -
Tuition and fees	-	-	-	-	-	-	6,315	-	-
Property tax	-	-	-	-	-	-	549,336	125,249	61,291
Federal appropriations	12,623,491	-	303,419	-	-	-	-	-	-
Sales and services	-	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-	-	1,842,377	-	-	-
Gifts and grants	-	-	-	-	-	-	-	-	-
Miscellaneous	-	8,290	-	-	-	-	2,072,469	-	-
Total revenues	<u>13,085,200</u>	<u>82,904</u>	<u>303,419</u>	<u>400,618</u>	<u>191,293</u>	<u>1,842,377</u>	<u>2,628,120</u>	<u>125,249</u>	<u>61,291</u>
EXPENDITURES									
Salaries and benefits	-	79,904	210,626	370,255	-	-	-	-	35,777
Services	5,659	1,826	29,424	12,141	191,293	1,524,249	2,969,316	91,394	-
Materials and supplies	-	104	17,109	9,947	-	-	1,397	-	-
Travel	-	1,070	11,260	-	-	-	-	-	-
Plant asset acquisitions	-	-	-	-	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-	318,128	-	-	-
Miscellaneous	-	-	-	8,275	-	-	-	-	-
Pell grant program	12,198,916	-	-	-	-	-	-	-	-
Supplemental educational opportunity grant	116,858	-	-	-	-	-	-	-	-
Private scholarships	797,424	-	35,000	-	-	-	-	-	-
Total expenditures	<u>13,118,857</u>	<u>82,904</u>	<u>303,419</u>	<u>400,618</u>	<u>191,293</u>	<u>1,842,377</u>	<u>2,970,713</u>	<u>91,394</u>	<u>35,777</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(33,657)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(342,593)</u>	<u>33,855</u>	<u>25,514</u>
TRANSFERS									
Mandatory transfers	28,298	-	-	-	-	-	-	-	-
Nonmandatory transfers	-	-	-	-	-	-	-	-	-
Total transfers	<u>28,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ (5,359)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (342,593)</u>	<u>\$ 33,855</u>	<u>\$ 25,514</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND (continued)
 Year ended June 30, 2013

	<u>Worker's Comp Tax Levy</u>	<u>Equipment Replacement Tax Levy</u>	<u>Early Retirement Tax Levy</u>	<u>Economic Development</u>	<u>Title III</u>	<u>KIWR</u>	<u>Miscellaneous</u>	<u>Total</u>
REVENUES								
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,068,612	\$ 2,196,846
Tuition and fees	-	-	-	-	-	-	-	6,315
Property tax	-	746,817	12,716	-	-	-	-	1,495,409
Federal appropriations	-	-	-	-	381,231	-	160,321	13,468,462
Sales and services	-	-	-	283,328	-	188,193	1,456	472,977
Interest and investment income	-	-	-	694	-	17	28,960	29,671
Iowa Industrial New Jobs Training Program	-	-	-	-	-	-	-	1,842,377
Gifts and grants	-	-	-	-	-	221,946	219,798	441,744
Miscellaneous	-	-	-	-	-	229,762	9,975	2,320,496
Total revenues	<u>-</u>	<u>746,817</u>	<u>12,716</u>	<u>284,022</u>	<u>381,231</u>	<u>639,918</u>	<u>1,489,122</u>	<u>22,274,297</u>
EXPENDITURES								
Salaries and benefits	-	-	-	263,424	211,275	493,614	291,415	1,956,290
Services	231,196	6,157	-	10,639	66,055	191,194	92,333	5,422,876
Materials and supplies	-	468,941	-	4,130	16,748	14,558	54,823	587,757
Travel	-	-	-	5,173	7,219	12,158	15,070	51,950
Plant asset acquisitions	-	218,941	-	-	-	-	92,762	311,703
Interest on indebtedness	-	-	-	-	-	-	-	318,128
Miscellaneous	-	-	-	656	79,934	15,054	137,751	241,670
Pell grant program	-	-	-	-	-	-	-	12,198,916
Supplemental educational opportunity grant	-	-	-	-	-	-	-	116,858
Private scholarships	-	-	-	-	-	-	-	832,424
Total expenditures	<u>231,196</u>	<u>694,039</u>	<u>-</u>	<u>284,022</u>	<u>381,231</u>	<u>726,578</u>	<u>684,154</u>	<u>22,038,572</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(231,196)</u>	<u>52,778</u>	<u>12,716</u>	<u>-</u>	<u>-</u>	<u>(86,660)</u>	<u>804,968</u>	<u>235,725</u>
TRANSFERS								
Mandatory transfers	-	-	-	-	-	-	-	28,298
Nonmandatory transfers	-	-	-	-	-	48,580	(780,309)	(731,729)
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,580</u>	<u>(780,309)</u>	<u>(703,431)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ (231,196)</u>	<u>\$ 52,778</u>	<u>\$ 12,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,080)</u>	<u>\$ 24,659</u>	<u>(467,706)</u>
FUND BALANCES, beginning of year								<u>1,207,710</u>
FUND BALANCES, end of year								<u>\$ 740,004</u>

See accompanying independent auditor's report.

Iowa Western Community College
CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS - AGENCY FUNDS
Year ended June 30, 2013

	<u>Student Clubs and Organizations</u>	<u>JTPA Service Delivery Area</u>	<u>Federal Student Loan Account</u>	<u>Miscellaneous</u>	<u>Total</u>
BALANCE , beginning of year	\$ <u>232,395</u>	\$ <u>22,919</u>	\$ <u>(369,432)</u>	\$ <u>28,153</u>	\$ <u>(85,965)</u>
ADDITIONS					
Tuition and fees	—	—	—	1,245	1,245
Federal appropriations	—	668,173	—	29,244	697,417
Sales and services	85,042	—	—	—	85,042
Loan advances from lenders	—	—	22,085,844	—	22,085,844
Interest and investment income	—	—	166	—	166
Miscellaneous					
Student fee allocation	178,490	—	—	—	178,490
Other	<u>260,302</u>	<u>5,010</u>	<u>—</u>	<u>33,687</u>	<u>298,999</u>
Total additions	<u>523,834</u>	<u>673,183</u>	<u>22,086,010</u>	<u>64,176</u>	<u>23,347,203</u>
DEDUCTIONS					
Salaries and benefits	83,045	188,824	—	—	271,869
Services	202,035	77,185	—	25,571	304,791
Materials and supplies	24,550	12,645	—	12,552	49,747
Travel	10,506	14,242	—	—	24,748
Costs of goods sold	6,821	—	—	—	6,821
Miscellaneous	8,074	—	—	14,991	23,065
Loan payments to student accounts	—	—	21,806,534	—	21,806,534
Loans returned to lenders	—	—	73,093	—	73,093
Awards to clients	—	273,815	—	—	273,815
Other	<u>116,344</u>	<u>114,070</u>	<u>—</u>	<u>1,913</u>	<u>232,327</u>
Total deductions	<u>451,375</u>	<u>680,781</u>	<u>21,879,627</u>	<u>55,027</u>	<u>23,066,810</u>
BALANCE , end of year	\$ <u>304,854</u>	\$ <u>15,321</u>	\$ <u>(163,049)</u>	\$ <u>37,302</u>	\$ <u>194,428</u>

See accompanying independent auditor's report.

Iowa Western Community College
CREDIT AND CONTACT HOURS
 Year ended June 30, 2013

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	101,606	-	101,606	2,048,373	-	2,048,373
Vocational Education - Preparatory	58,718	-	58,718	1,530,336	-	1,530,336
Adult/Continuing Education	-	-	-	393,114	74,020	467,134
Totals	<u>160,324</u>	<u>-</u>	<u>160,324</u>	<u>3,971,823</u>	<u>74,020</u>	<u>4,045,843</u>

See accompanying independent auditor's report.

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

	Year ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Local (property tax)	\$ 8,126,166	\$ 7,888,117	\$ 6,209,731	\$ 5,774,537	\$ 6,505,099	\$ 4,060,022	\$ 5,891,735	\$ 4,362,915	\$ 4,106,441	\$ 3,832,669
State										
General	12,989,584	11,421,002	11,442,668	10,664,849	13,900,427	12,329,702	10,314,773	10,128,408	9,667,839	8,819,756
Auxiliary	81,367	78,382	83,978	88,893	107,920	108,526	51,048	99,204	100,370	98,076
Federal										
General	13,986,229	14,433,308	14,411,956	11,792,655	6,916,307	6,000,702	5,873,050	5,677,483	5,901,462	5,479,366
Auxiliary	—	4,515	8,517	5,506	4,063	980	2,725	3,768	351	2,586
Total	<u>\$35,183,346</u>	<u>\$33,825,324</u>	<u>\$32,156,850</u>	<u>\$28,326,440</u>	<u>\$27,433,816</u>	<u>\$22,499,932</u>	<u>\$22,133,331</u>	<u>\$20,271,778</u>	<u>\$19,776,463</u>	<u>\$18,232,453</u>

See accompanying independent auditor's report.

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

	Year ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
REVENUES										
State appropriations	\$12,674,925	\$11,373,480	\$11,325,785	\$10,548,138	\$13,900,427	\$12,212,529	\$10,196,843	\$10,009,608	\$ 9,667,839	\$ 8,811,383
Tuition and fees	22,881,278	22,785,410	20,659,521	18,223,359	16,646,370	14,558,200	14,352,971	13,201,375	12,177,780	10,869,743
Property tax	3,175,770	4,344,416	2,877,169	2,867,160	3,993,130	2,394,137	4,269,680	2,387,558	2,125,071	2,204,872
Federal appropriations	13,986,229	14,433,308	14,411,956	11,792,655	6,916,280	6,000,663	5,872,975	5,677,340	5,901,145	5,478,630
Sales and services	812,850	1,268,239	906,301	1,055,522	845,427	1,405,149	1,024,971	1,002,169	813,796	704,794
Interest on investments	62,920	34,671	73,477	100,473	119,553	252,717	401,850	530,746	125,051	305,574
Iowa Industrial New Jobs Training Program	1,842,377	920,048	1,152,676	1,816,585	739,521	944,979	1,624,773	1,066,603	709,216	1,049,244
Gifts and grants	442,579	223,775	507,808	206,501	430,608	402,836	509,931	296,587	147,010	148,324
Miscellaneous	2,544,306	3,677,248	693,541	828,673	1,164,747	1,090,347	1,077,334	1,213,996	1,082,308	885,356
Auxiliary enterprises	<u>13,602,532</u>	<u>13,243,693</u>	<u>11,746,771</u>	<u>10,973,339</u>	<u>10,138,713</u>	<u>8,469,858</u>	<u>7,114,629</u>	<u>7,116,888</u>	<u>5,562,731</u>	<u>4,970,130</u>
Totals	<u>\$72,025,766</u>	<u>\$72,304,288</u>	<u>\$64,355,005</u>	<u>\$58,412,405</u>	<u>\$54,894,776</u>	<u>\$47,731,415</u>	<u>\$46,445,957</u>	<u>\$42,502,870</u>	<u>\$38,311,947</u>	<u>\$35,428,050</u>
EXPENDITURES										
Liberal arts and sciences	\$ 9,378,261	\$ 9,213,313	\$ 8,468,106	\$ 7,529,797	\$ 7,032,976	\$ 6,385,075	\$ 5,760,329	\$ 5,498,159	\$ 5,062,403	\$ 4,527,473
Applied science and technology	7,801,775	7,071,444	6,513,892	6,370,247	7,081,550	6,534,532	6,153,909	5,930,025	5,704,548	5,605,651
Continuing education	2,812,455	2,658,903	2,806,170	2,539,408	2,751,771	2,537,890	2,430,208	2,297,979	2,275,777	2,132,860
Cooperative services	1,915,654	1,174,480	1,096,679	2,257,177	2,220,055	2,332,969	2,936,447	2,569,124	1,667,697	2,134,623
Administration	3,345,416	2,835,692	3,201,407	2,911,313	2,661,461	2,428,059	2,246,124	1,987,499	1,965,857	1,708,595
Student services	3,940,759	3,808,408	3,408,864	3,432,522	3,065,422	2,852,170	2,472,595	2,221,098	2,059,571	1,893,127
Learning resources	257,553	326,863	256,159	257,828	264,977	264,751	290,053	282,039	265,210	291,843
Physical plant	6,402,895	7,172,954	3,685,506	3,263,154	3,223,954	2,898,788	3,059,003	2,979,477	2,561,316	2,635,996
General institution	7,035,131	8,551,192	6,032,708	5,684,271	6,993,938	5,587,527	7,595,607	5,536,329	4,916,045	4,431,700
Auxiliary enterprises	10,514,499	10,113,279	9,028,094	8,605,566	8,454,022	7,250,421	6,224,722	6,460,996	5,364,519	4,634,980
Scholarships and grants	13,119,857	13,512,725	12,419,561	9,701,581	5,676,243	4,536,538	4,082,638	3,999,094	3,989,538	3,599,202
Interest on indebtedness	318,128	301,906	331,226	359,099	414,665	424,080	434,599	404,955	499,098	612,741
Miscellaneous	—	131,583	—	—	—	—	—	—	—	—
Totals	<u>\$66,842,383</u>	<u>\$66,872,742</u>	<u>\$57,248,372</u>	<u>\$52,911,963</u>	<u>\$49,841,034</u>	<u>\$44,032,800</u>	<u>\$43,686,234</u>	<u>\$40,166,774</u>	<u>\$36,331,579</u>	<u>\$34,208,791</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION		
Student Financial Aid - Cluster		
Direct		
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	\$ 84,642
Federal Direct Student Loans (Direct Loans)	84.032	21,816,730
Federal Work-Study Program (FWS)	84.033	106,742
Federal Pell Grant Program	84.063	12,198,916
Total Student Financial Aid Cluster		<u>34,207,030</u>
Federal Trio Cluster		
TRIO - Student Support Services Program	84.042	<u>303,419</u>
Indirect		
<i>Passed Through Iowa Department of Education</i>		
Adult Education - State Grant Program	84.002	183,013
Title III	84.031	374,481
Career and Technical Education - Basic Grants to States	84.048	215,775
<i>Passed Through Iowa Department of Corrections</i>		
Title I Program for Neglected and Delinquent Children	84.013	18,541
<i>Passed Through Iowa College Student Aid Commission</i>		
Leveraging Assistance Educational Partnership (Iowa Grant Program)	84.069	<u>9,100</u>
Total indirect		<u>800,910</u>
Total U.S. Department of Education		<u>35,311,359</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct		
Temporary Assistance for Needy Families (Promise Jobs)	93.558	<u>16,392</u>
Total Department of Health and Human Services		<u>16,392</u>
U.S. DEPARTMENT OF LABOR		
Indirect		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act</i>		
WIA Adult Program	17.258	133,123
WIA Youth Activities	17.259	233,575
WIA Dislocated Workers	17.260	133,069
Total Workforce Investment Act Cluster		<u>499,767</u>
Trade Adjustment Assistance	17.245	63,802
ARRA-SESP Weatherization	17.275	<u>80,948</u>
Total U.S. Department of Labor		<u>644,517</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
 Year ended June 30, 2013

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF VETERANS AFFAIRS		
Direct		
Post 9/11 GI Bill	64.028	327,241
Veteran Information Assistance	64.115	<u>458,119</u>
Total Department of Veterans Affairs		<u>785,360</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Direct		
Environmental Workforce Development and Job Training Cooperative Agreements	66.815	<u>32,693</u>
SMALL BUSINESS ADMINISTRATION		
Indirect		
<i>Passed Through Iowa State University</i> Small Business Development Center	59.037	<u>74,614</u>
UNITED STATES DEPARTMENT OF STATE		
Indirect		
Near East and South Asia Undergraduate Exchange Program (NESA Grant)	84.000	<u>53,101</u>
Total Expenditures of Federal Awards		<u>\$36,918,036</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred. Expenses are subject to audit by the U.S. Government and in the opinion of management, disallowed costs, if any, will not have a material effect on the financial position of the College or its federal programs.

Expenditures

Certain expenditures of federal funds are not separately identifiable in the accounting records of the College. These programs are jointly funded with College monies and are not required to be accumulated in the accounting records by funding source. For report purposes, the amount of federal expenditures is shown equal to the amount of federal awards received.

Program Activity

Various reimbursement procedures are used for federal awards received by the College. Additionally, the federal grant periods are variable, while the College's year end is June 30. Consequently, timing differences between expenditures and program reimbursement can exist at the beginning and end of the year. These timing differences will be resolved over the term of the grant period.

NOTE 2 STUDENT FINANCIAL ASSISTANCE

The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the College under this program at June 30, 2013.

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

To the Board of Trustees
Iowa Western Community College
Council Bluffs, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Iowa Western Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 6, 2013

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

To the Board of Trustees
Iowa Western Community College
Council Bluffs, Iowa

Report on Compliance for Each Major Federal Program

We have audited Iowa Western Community College's (the College) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2013. 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, 2013.

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

DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 6, 2013

Iowa Western Community College
SCHEDULE OF FINDINGS
Year ended June 30, 2013

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, 84.032, 84.033 - Student Financial Aid Cluster
 - CFDA Number 84.042 - TRIO - Student Support Services Program
 - CFDA Number 64.115 - Veteran Information Assistance
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Iowa Western Community College qualified as a low-risk auditee.

Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2013

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

NONE

Part III—Findings and Questioned Costs for Federal Awards

NONE

Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2013

Part IV—Other Findings Related to Required Statutory Reporting

IV-13-A CERTIFIED BUDGET

The College did not exceed its budget for the year ended June 30, 2013.

IV-13-B QUESTIONABLE DISBURSEMENTS

No expenditures that did not meet the requirements of public purpose, as defined in the Attorney General's opinion dated April 25, 1979, were noted.

IV-13-C TRAVEL EXPENSE

No expenditures of College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.

IV-13-D BUSINESS TRANSACTIONS

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

IV-13-E BOND COVERAGE

Surety bond coverage of College officials and employees is in accordance with statutory provisions.

IV-13-F BOARD MINUTES

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

IV-13-G PUBLICATION OF RECEIPTS AND DISBURSEMENTS

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

IV-13-H DEPOSITS AND INVESTMENTS

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

IV-13-I CREDIT AND CONTACT HOURS

Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the College.