

New Issues

In the opinion of Bond Counsel, the interest on the Bonds is includable in gross income for federal income tax purposes under existing law. (See "TAXABILITY OF INTEREST" herein for more information).



**DES MOINES AREA COMMUNITY COLLEGE
(MERGED AREA XI)**

IN THE COUNTIES OF ADAIR, AUDUBON, BOONE, CARROLL, CASS, CLARKE, CRAWFORD, DALLAS, GREENE, GUTHRIE, HAMILTON, HARDIN, JASPER, LUCAS, MADISON, MAHASKA, MARION, MARSHALL, POLK, POWESHIEK, SHELBY, STORY AND WARREN (THE "MERGED AREA"), STATE OF IOWA.

\$4,210,000* Taxable New Jobs Training Certificates (Multiple Projects 45-A)

\$2,950,000* Taxable New Jobs Training Certificates (Multiple Projects 45-B)

BIDS RECEIVED: Monday, May 11, 2015, 11:00 o'clock A.M., Central Time

AWARD: Monday, May 11, 2015, 4:00 o'clock P.M., Central Time

Dated: Date of Delivery (June 2, 2015)

Principal Due: June 1 as shown inside front cover

The \$4,210,000* Taxable New Jobs Training Certificates (Multiple Projects 45-A) (the "Series A Bonds") are being issued pursuant to Chapter 260E of the Code of Iowa and the \$2,950,000* Taxable New Jobs Training Certificates (Multiple Projects 45-B) (the "Series B Bonds") are being issued pursuant to Section 15A.7 of the Code of Iowa. Proceeds of the Series A Bonds and the Series B Bonds (collectively the "Bonds") will be used to finance the training of workers (the "Projects"), including the costs of issuance of the Bonds and administrative expenses, in new jobs at the companies (the "Companies") listed herein. The Projects are undertaken pursuant to Industrial New Jobs Training Agreements between Des Moines Area Community College (the "College") and each of the Companies. The Bonds constitute valid and binding obligations of the College, payable from a new jobs credit from withholding taxes (in the case of the Series A Bonds) or a supplemental new jobs credit from withholding taxes (in the case of the Series B Bonds) to be received or derived from new employment resulting from the Projects. In the event that revenues from the new jobs credit from withholding are insufficient, the Series A Bonds are also payable from a special standby tax levied upon all taxable property in the territory of the College without limitation as to rate or amount as provided by Chapter 260E, Code of Iowa, as amended; in the event that revenues from the new jobs credit from withholding are insufficient, the Series B Bonds are also payable from a special standby tax levied upon all taxable property in the territory of the College without limitation as to rate or amount as provided by Section 15A.7, Code of Iowa, as amended.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Bankers Trust Company, Des Moines, Iowa as the College's designated paying agent (the "Paying Agent"), will pay principal of the Bonds, payable annually on each June 1, and interest on the Bonds, payable initially on December 1, 2015, and thereafter on each June 1 and December 1 to DTC which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the registrar as of the 15th day of the month preceding such interest payment date (the "Record Date").

THE BONDS WILL MATURE AS LISTED ON THE INSIDE FRONT COVER

	<u>SERIES A BONDS</u>	<u>SERIES B BONDS</u>
MINIMUM BID:	\$4,184,740	\$2,932,300
GOOD FAITH DEPOSIT:	1% (Required of Purchaser Only)	1% (Required of Purchaser Only)
TAX MATTERS:	Federal: Taxable State: Taxable See "TAXABILITY OF INTEREST" for details.	Federal: Taxable State: Taxable See "TAXABILITY OF INTEREST" for details.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to the legal opinion of Davis, Brown, Koehn, Shors & Roberts, P.C., Bond Counsel, of Des Moines, Iowa, to be furnished upon delivery of the Bonds. It is expected that the Bonds will be available for delivery on or about June 2, 2015. This Preliminary Official Statement will be further supplemented by offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date, and underwriter, together with any other information required by law, and shall constitute a "Final Official Statement" of the College with respect to the Bonds, as defined in Rule 15c2-12.

*Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary 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 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**DES MOINES AREA COMMUNITY COLLEGE
(MERGED AREA XI)**

\$4,210,000* Taxable New Jobs Training Certificates (Multiple Projects 45-A)

MATURITY:

<u>June 1,</u>	<u>Amount*</u>	<u>June 1,</u>	<u>Amount*</u>
2016	\$200,000	2021	\$450,000
2017	350,000	2022	460,000
2018	420,000	2023	475,000
2019	430,000	2024	485,000
2020	440,000	2025	500,000

*** PRINCIPAL
ADJUSTMENT:**

Preliminary; subject to change. The College reserves the right to increase or decrease the aggregate principal amounts of the Series A Bonds. However, the maximum par amount will not exceed \$4,325,000. Such change will be in increments of \$5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any changes in issue size.

INTEREST: December 1, 2015 and semiannually thereafter.

REDEMPTION: Series A Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the College, upon terms of par plus accrued interest to date of call.

\$2,950,000* Taxable New Jobs Training Certificates (Multiple Projects 45-B)

MATURITY:

<u>June 1,</u>	<u>Amount*</u>	<u>June 1,</u>	<u>Amount*</u>
2016	\$125,000	2021	\$320,000
2017	200,000	2022	330,000
2018	300,000	2023	340,000
2019	310,000	2024	350,000
2020	315,000	2025	360,000

*** PRINCIPAL
ADJUSTMENT:**

Preliminary; subject to change. The College reserves the right to increase or decrease the aggregate principal amounts of the Series B Bonds. However, the maximum par amount will not exceed \$3,225,000. Such change will be in increments of \$5,000 and may be made in any of the maturities. The purchase prices will be adjusted proportionately to reflect any changes in issue sizes.

INTEREST: December 1, 2015 and semiannually thereafter.

REDEMPTION: Series B Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the College, upon terms of par plus accrued interest to date of call.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

Preliminary Official Statement: This Preliminary Official Statement was prepared for the College for dissemination to prospective bidders. Its primary purpose is to disclose information regarding the Bonds to prospective bidders in the interest of receiving competitive bids in accordance with the NOTICE OF BOND SALE and TERMS OF OFFERING contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the "Near Final Official Statement".

Review Period: This Preliminary Official Statement has been distributed to College staff as well as to prospective bidders for an objective review of its disclosure. Comments, omissions or inaccuracies must be submitted to Independent Public Advisors, LLC at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received. If there are any changes, corrections or additions to the Preliminary Official Statement, prospective bidders will be informed by an addendum at least one business day prior to the sale.

Final Official Statement: Upon award of sale of the Bonds, the legislative body will authorize the preparation of a Final Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the underwriter(s) (the "Syndicate Manager(s)") and syndicate members. Copies of the Final Official Statement will be delivered to the Syndicate Manager(s) within seven business days following the bid acceptance.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the College to give any information or to make any representations, other than those contained in the Preliminary Official Statement. This Preliminary Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the College since the date hereof. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Preliminary Official Statement and any addenda thereto were prepared relying on information from the College and other sources, which are believed to be reliable.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of Independent Public Advisors, LLC (the "Financial Advisor") payable entirely by the College is contingent upon the sale of the issues.

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DES MOINES AREA COMMUNITY COLLEGE

Board of Directors

<u>Board Member</u>	<u>District</u>	<u>Term Expiration</u>
Joseph Pugel, Chair	5	2017
Kevin Halterman, Vice Chair	4	2017
Fred Buie	9	2017
Felix Gallagher	8	2015
Jim Knott	3	2017
Cheryl Langston	1	2015
Denny Presnall	6	2015
Wayne Rouse	2	2015
Madelyn Tursi	7	2015

Administration

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

Bond Counsel

Davis, Brown, Koehn, Shors & Roberts, P.C.
Des Moines, Iowa

Financial Consultant

Independent Public Advisors, LLC
Johnston, Iowa

TERMS OF OFFERING

DES MOINES AREA COMMUNITY COLLEGE

In addition to the provisions of the official NOTICE OF BOND SALE, 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:

DETAILS OF THE SERIES A BONDS

Taxable New Jobs Training Certificates (Multiple Projects 45-A) (the “Series A Bonds”), in the aggregate principal amount of \$4,210,000* to be dated June 2, 2015, in the denomination of \$5,000 or any integral multiples thereof designated by the Purchaser(s) within forty-eight hours of acceptance of the bid, and will mature as follows:

<u>June 1,</u>	<u>Amount*</u>	<u>June 1,</u>	<u>Amount*</u>
2016	\$200,000	2021	\$450,000
2017	350,000	2022	460,000
2018	420,000	2023	475,000
2019	430,000	2024	485,000
2020	440,000	2025	500,000

**Preliminary; subject to change. The College reserves the right to increase or decrease the aggregate principal amounts of the Series A Bonds. However, the maximum par amount will not exceed \$4,325,000. Such change will be in increments of \$5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any changes in issue sizes.*

DETAILS OF THE SERIES B BONDS

Taxable New Jobs Training Certificates (Multiple Projects 45-B) (the “Series B Bonds”), in the aggregate principal amount of \$3,225,000* to be dated June 2, 2015, in the denomination of \$5,000 or any integral multiples thereof designated by the Purchaser(s) within forty-eight hours of acceptance of the bid, and will mature, as follows:

<u>June 1,</u>	<u>Amount*</u>	<u>June 1,</u>	<u>Amount*</u>
2016	\$125,000	2021	\$320,000
2017	200,000	2022	330,000
2018	300,000	2023	340,000
2019	310,000	2024	350,000
2020	315,000	2025	360,000

** Preliminary; subject to change. The College reserves the right to increase or decrease the aggregate principal amounts of the Series B Bonds. However, the maximum par amount will not exceed \$3,225,000. Such change will be in increments of \$5,000 and may be made in any of the maturities. The purchase price will be adjusted proportionately to reflect any changes in issue sizes.*

OPTIONAL REDEMPTION OF THE BONDS

The Series A Bonds and Series B Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the College, upon terms of par plus accrued interest to date of call. Notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Series A Bonds and Series B Bonds to be redeemed at the address shown on the registration books.

INTEREST ON THE BONDS

Interest on the Series A Bonds and Series B Bonds will be payable on December 1, 2015 and semiannually on the 1st day of each December and June thereafter until the principal on the Bonds is paid in full. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the registrar as of the 15th day of the month preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

GOOD FAITH DEPOSITS

A good faith deposit in the amount of \$42,100 for the Series A Bonds ("the Series A Deposit") and \$29,500 for the Series B Bonds ("the Series B Deposit") is required from the lowest bidder only of each series of the Bonds. The lowest bidder is required to submit such deposit payable to the order of the College in the form of either (i) a cashier's check provided to the College or its Financial Advisor prior to the opening of bids or (ii) a wire transfer as instructed by the College's Financial Advisor not later than 1:00 P.M. Central Time on the day of sale of the Bonds. If not so received, the bid of the lowest bidder may be rejected and the College may direct the second lowest bidder to submit a deposit and thereafter may award the sale of the Bonds to the same. No interest on a deposit will accrue to the successful bidder (the "Purchaser"). The Series A Deposit and the Series B Deposit will be applied to the purchase price of the respective series of Bonds. In the event a Purchaser fails to honor its accepted bid proposal, any deposit will be retained by the College.

PARITY BONDS

The College reserves the right and privilege to issue additional bonds payable from the same source and ranking on a parity with the Bonds. The Bonds are issued on a parity basis (with respect to the special stand-by tax) with \$62,105,000 of currently outstanding New Jobs Training Certificates of the College.

FORM OF BIDS AND AWARD

All bids shall be unconditional for each series of the Bonds for a price not less than \$4,184,740 for the Series A Bonds and \$2,932,300 for the Series B Bonds, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth under the "RATES OF INTEREST" section. Bids must be submitted on or in substantial compliance with the OFFICIAL BID FORM provided by the College. The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (the "TIC") basis assuming compliance with the "GOOD FAITH DEPOSIT" section. The TIC shall be determined by the present value method, i.e., by ascertaining the semiannual rate, compounded semiannually, necessary to discount to present value as of the dated date of the Bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered therefore. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest, which is twice the semiannual rate so ascertained (also known as the Canadian Method). The TIC shall be as determined by the Financial Advisor based on the TERMS OF OFFERING and all amendments, and on the bids as submitted. The Financial Advisor's computation of the TIC of each bid shall be controlling. In the event of tie bids for the lowest TIC, the Bonds will be awarded by lot.

The College will reserve the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the Bonds, (ii) reject all bids without cause and (iii) reject any bid which the College determines to have failed to comply with the terms herein.

RATES OF INTEREST

Considering each series separately, the rates of interest specified in the bidder's proposal must conform to the following limitations:

1. For each respective series, each annual maturity must bear the same interest rate. For each respective series, each annual maturity must bear a single rate of interest from the dated date of the Bonds to the date of maturity.
2. Rates of interest bid must be in multiples of one-eighth or one-twentieth of one percent.
3. For each respective series, each rate of interest specified for Bonds of any annual maturity shall not be less than a rate of interest specified for any earlier maturity. Rates must be level or in ascending order.

RECEIPT OF BIDS

Forms of Bids: Bids must be submitted on or in substantial compliance with the TERMS OF OFFERING and OFFICIAL BID FORM provided by the College or through PARITY[®] competitive bidding system (the "Internet Bid System"). The College shall not be responsible for malfunction or mistake made by any person, or as a result of the use of an electronic bid 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 accepted after the time specified in the NOTICE OF BOND SALE. 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 President, Room 30A, Building Number 1, Des Moines Area Community College, Ankeny, Iowa 50023.

Electronic Internet Bidding: Electronic internet bids must be submitted through the Internet Bid System. Information about the Internet Bid System may be obtained by calling (212) 404-8102.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the TERMS OF OFFERING and OFFICIAL BID FORM. The College 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 College. Provisions of the TERMS OF OFFERING, NOTICE OF BOND SALE and OFFICIAL BID FORM shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the Office of the President, Building Number 1, Room 30A, Ankeny, Iowa 50023 (facsimile number: (515) 965-7022) or at the office of the College's Financial Advisor, Independent Public Advisors, LLC, 8805 Chambery Blvd, Suite 300 #114, Johnston, Iowa 50131 (facsimile number: 515-259-8193). Electronic facsimile bids will be sealed and treated as sealed bids.

Facsimile Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full responsibility for the transmission of such bid. Neither the College nor its agents shall be responsible for malfunction or mistake made by any person, or as a result of the use of the facsimile facilities or any other 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. Neither the College nor its agents will assume liability for the inability of the bidder to reach the above named facsimile numbers prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator receiving the bids.

BOOK-ENTRY-ONLY ISSUANCE

The Bonds will be issued by means of a book-entry only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond 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 Registrar 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 DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The Purchaser(s), as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC.

Beneficial Owners of the Bonds may experience some delay in the receipt of principal 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 College nor the Paying Agent will have any responsibility or obligation to assure that any 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 by 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 the 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.

MUNICIPAL BOND INSURANCE AT PURCHASER’S OPTION

If the Bonds qualify for 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(s). Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser(s), except that, if the College has requested and received a rating on the Bonds from a rating agency, the College will pay that initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser(s). Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser(s) shall not constitute cause for failure or refusal by the Purchaser(s) to accept delivery on the Bonds. The College reserves the right in its sole discretion to accept or deny changes to the financing documents requested by the insurer selected by the Purchaser.

DELIVERY

The Bonds will be delivered to the Purchaser(s) via Fast Automated Securities Transfer (“FAST”) delivery with the Registrar 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 forty-five days after the sale. Should delivery be delayed beyond sixty days from the date of sale for any reason except failure of performance by the Purchaser(s), the Purchaser(s) may withdraw their bid and thereafter their interest in and liability for the Bonds will cease. When the Bonds are ready for delivery, the College will give the Purchaser(s) five working days notice of the delivery date and the College will expect payment in full on that date, otherwise reserving the right at its option to determine that the Purchaser(s) failed to comply with the offer of purchase.

INFORMATION FROM PURCHASER(S)

The Purchaser(s) will be required to certify to the College immediately after the opening of bids: (i) the initial public offering price of each maturity of the Bonds (not including sales to 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(s) will also be required to provide a certificate at closing confirming the information required by this paragraph.

OFFICIAL STATEMENT

The College has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds. The Preliminary Official Statement when further supplemented with maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the College, shall constitute a Final Official Statement of the College 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 College 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 each series of the Bonds are awarded up to 25 copies for the Series A Bonds and up to 25 copies for the Series B Bonds of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The College 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 the 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 College, (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.

CONTINUING DISCLOSURE

In order to assist bidders in complying 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 College will undertake, pursuant to the resolution for the Bonds and the Continuing Disclosure Certificate for the Bonds, to provide certain annual financial information and notices of the occurrence of certain material events. A description of these undertakings is set forth in APPENDIX B of this Preliminary Official Statement. The College will deliver the Continuing Disclosure Certificate at closing, and any failure on the part of the College to deliver the same shall relieve the Purchaser of its obligation to purchase the Bonds.

The College redeemed all of the outstanding principal amount of two series of its new jobs training certificates on July 31, 2014, and provided a notice of the redemption more than ten business days after the redemption. However, the College believes that because all of the holders of the certificates redeemed received notice of the redemption, the notice was not material and therefore not required. Subject to the foregoing, the College represents that it has not failed to provide the annual financial information with respect to the College required under any other agreements or resolutions of the College entered into in connection with the issuance of bonds by the College.

CUSIP NUMBERS

It is anticipated that Committee on Uniform Security Identification Procedures (“CUSIP”) numbers will be printed on the Bonds and the Purchaser(s) must agree in the bid proposal to pay the cost thereof. In no event will the College, Bond Counsel or Financial Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said Bonds shall not be cause for the Purchaser(s) to refuse to accept delivery of said Bonds.

Carolyn Farlow,
Secretary of the Board of Directors of the
Des Moines Area Community College

OFFICIAL STATEMENT

DES MOINES AREA COMMUNITY COLLEGE

\$4,210,000* Taxable New Jobs Training Certificates (Multiple Projects 45-A)

\$2,950,000* Taxable New Jobs Training Certificates (Multiple Projects 45-B)

INTRODUCTION

This Preliminary Official Statement contains information relating to the Des Moines Area Community College (Merged Area XI), Iowa (the “College”) and its issuance of \$4,210,000* Taxable New Jobs Training Certificates (Multiple Projects 45-A) (the “Series A Bonds”) and \$2,950,000* Taxable New Jobs Training Certificates (Multiple Projects 45-B) (the “Series B Bonds”) (collectively the “Bonds”). This Preliminary Official Statement has been executed on behalf of the College by its Vice President, Business Services and may be distributed in connection with the sale of the Bonds authorized therein. Inquiries may be directed to Independent Public Advisors, LLC, 8805 Chambery Blvd, Suite 300, #114, Johnston, Iowa 50131, or by telephoning (515) 259-8193. Information can also be obtained from Mr. Greg Martin, Vice President, Business Services, Des Moines Area Community College, 2006 South Ankeny Blvd, Ankeny, Iowa 50023, or by telephoning (515) 964-6368.

AUTHORITY AND PURPOSE

The Series A Bonds are being issued pursuant to Chapter 260E of the Code of Iowa and the Series B Bonds are being issued pursuant to Section 15A.7 of the Code of Iowa. The proceeds of the issuance of the Bonds will be used to finance the training of workers, including the costs of the issuance of the Bonds and administrative expenses, in new jobs at the following Companies at the following locations:

<u>Company</u>	<u>Iowa Location</u>	<u>Company</u>	<u>Iowa Location</u>
Access Technologies, Inc. d/b/a Access Systems, Inc.	Waukee	Midland National Life Insurance Company	West Des Moines
Accu-Mold Holdings Corporation	Ankeny	NewLink Genetics Corporation	Ames
Ag Leader Technology, Inc.	Ames	Patriot Converting, Inc.	Newton
American Packaging Corporation	Story City	Pinnacle Agriculture Distribution, Inc.	Indianola
Bemis Company, Inc.	Des Moines	Precision, Inc. d/b/a Precision Pulley, Inc.	Pella
DuPont Danisco Cellulosic Ethanol LLC	Nevada	Puck Custom Enterprises, Inc.	Manning
Fidelity & Guaranty Life d/b/a Fidelity & Guaranty Life, Inc.	Des Moines	Purfoods, LLC	Ankeny
Harrisvaccines, Inc.	Ames	Ruster Sports, L.L.C.	Des Moines
Health Enterprises Medical Laboratory, LLC	Newton	Siculus, Inc.	Altoona
Infonet Corporation d/b/a Summit Products, Inc.	Altoona	Sole Transport, L.C. d/b/a Solar Transport Company	West Des Moines
Iowa Steel Fabrication, LLC	Osceola	Symetra Life Insurance Company	Des Moines
Kemin Industries, Inc.	Des Moines	Techniplas, LLC d/b/a Dickten Masch Plastics, LLC	Ankeny
Kum & Go, L.C.	West Des Moines	Vermeer Manufacturing Company	Pella
The Lauridsen Group, Inc.	Ankeny	Windsor Window Company	West Des Moines
LightEdge Solutions, Inc.	Des Moines	Xpanxion, LLC	Ames
Master Dowel, LLC	Ankeny	Zirous, Inc.	West Des Moines

The estimated Sources and Uses of the Bonds are as follows:

	Series A Bonds	Series B Bonds
Sources of Funds		
Par Amount*	\$4,210,000.00	\$2,950,000.00
Uses of Funds		
New Jobs Training	\$3,283,470.56	\$2,300,769.16
Capitalized Interest	20,958.00	14,686.00
State Administration Fee	42,100.00	29,500.00
College Administration Fee	779,270.58	546,044.71
Underwriter's Discount	25,260.00	17,700.00
Cost of Issuance & Rounding	<u>58,940.86</u>	<u>41,300.13</u>
Total	\$4,210,000.00	\$2,950,000.00

*Preliminary; subject to change.

OPTIONAL REDEMPTION OF THE BONDS

The Series A Bonds and Series B Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the College, upon terms of par plus accrued interest to date of call. Notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Series A Bonds and Series B Bonds to be redeemed at the address shown on the registration books.

INTEREST ON THE BONDS

Interest on the Series A Bonds and Series B Bonds will be payable on December 1, 2015 and semiannually on the 1st day of each June and December thereafter until the principal on the Bonds is paid in full. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the registrar as of the 15th day of the month preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

PAYMENT OF AND SECURITY FOR THE BONDS

The Series A Bonds are secured by a special fund of the College into which are deposited a new jobs credit from withholding taxes authorized under the Act and to be received or derived from new employment resulting from the Projects. The Series B Bonds are secured by a special fund of the College into which are deposited a supplemental new jobs credit from withholding taxes authorized under the Supplemental Act and to be received or derived from new employment resulting from the Projects. In addition, the Bonds are secured by a special standby tax assessed upon all taxable property within the territory of the College to the extent necessary to pay principal and interest on the Bonds.

BOOK-ENTRY-ONLY ISSUANCE

The information contained in the following paragraphs of this subsection “Book-Entry-Only Issuance” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK-ENTRY-ONLY ISSUANCE.” The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the College believes to be reliable, but the College takes no responsibility for the accuracy thereof.

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 each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the 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 issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (the “Direct Participants”) deposit with DTC. 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 Participants 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 (the “Indirect Participants”). DTC has Standard & Poor’s rating: AA+. 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 (the “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 into the transaction. Transfers of ownership interests 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 interests 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 DTC nominee do not affect 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 take certain steps to augment the transmission to them of 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 has 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 notices be 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 Participant in such issue to be redeemed.

Neither DTC nor Cede & Co., nor any other DTC nominee, will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 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 the 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, Agent, or the 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 the Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the 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 depository with respect to the Securities at any time by giving reasonable notice to the Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

FUTURE FINANCING

The College regularly issues New Jobs Training Certificates.

LITIGATION

There is no litigation now pending or, to the knowledge of College officials, threatened which questions the validity of the Bonds or of any proceedings of the College taken with respect to the issuance of sale thereof.

It is the opinion of the College's attorney, based upon the past experience of the payment of claims and judgment amounts, that there are presently no outstanding claims, litigation, impending litigation or contingent liabilities which would exceed the funds accumulated for this purpose and funds currently appropriated by the Board of Directors for these purposes, and that outstanding claims and suits would not materially affect the financial position of the College as of the date of this Preliminary Official Statement.

DEBT PAYMENT HISTORY

The College knows of no instance in which it has defaulted in the payment of principal or interest on its debt.

LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the opinions of Davis, Brown, Koehn, Shors & Roberts, P.C., of Des Moines, Iowa, Bond Counsel, as to validity and tax status. The opinions, which will be substantially in the forms set forth in APPENDIX A attached hereto, will accompany the Bonds. Bond Counsel has not participated in the preparation of this Preliminary Official Statement, and expresses no opinion as to its completeness or accuracy.

TAXABILITY OF INTEREST

The following discussion is a summary of certain Federal income tax consequences relating to the purchase, ownership, and disposition of the Bonds, based on certain relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"). This discussion does not purport to deal with all aspects of Federal income taxation that may affect particular investors in light of their individual circumstances, and is limited to investors who hold the Bonds as capital assets under Section 1221 of the Code, which generally means property held for investment. Prospective investors, particularly those subject to special rules, should consult their tax advisors regarding the consequences of purchasing, owning, and disposing of the Bonds for Federal income tax purposes, and for State and local tax purposes.

Interest Income Taxable: In general, interest on the Bonds is includable in the gross income of the owners thereof as ordinary interest income for Federal and State of Iowa income tax purposes. Except for original issue discount, which accrues under special rules, interest income on the Bonds is also included in the gross income of the owners when accrued or received in accordance with the owner's regular method of Federal tax accounting.

Sale, Exchange, or Other Disposition: In general, upon the sale, exchange, or redemption of a bond, an owner will recognize taxable gain or loss in an amount equal to the difference between the amount realized and the owner's adjusted tax basis in the Bonds. An owner's adjusted tax basis in a bond generally will equal the owner's initial cost of the Bonds, plus any accrued original issue discount and accrued market discount previously included in the owner's taxable income. Such gain or loss generally will be capital gain or loss. Such gain or loss generally will be long-term capital gain or loss if the owner has held the Bonds for more than one year. Subject to various special rules, the Code currently provides preferential treatment for certain net long-term capital gains realized by individuals and generally limits the use by any taxpayer of capital losses to reduce ordinary income.

Backup Withholding and Information Reporting: In general, information reporting requirements will apply to non-corporate owners of Bonds with respect to payments of the principal of and interest on the Bonds and proceeds of sale of such Bonds before maturity. Backup withholding at a rate of 28% generally will apply to such payments unless the owner: (i) is a corporation or other exempt recipient and, when required, demonstrates that fact, or (ii) provides a correct taxpayer identification number, certifies under penalties of perjury when required that such owner is not subject

to backup withholding, and has not been notified by the IRS that it has failed to report all interest and dividends required to be shown on its Federal income tax returns.

RATING

The Bonds are rated 'Aa1' by Moody's Investors Service, Inc. ("Moody's"). In addition, Moody's currently rates the College's Outstanding General Obligation Debt as 'Aa1'. Such ratings reflect only the view of the rating agencies and any explanation of the significance of such rating may only be obtained from the respective rating agency. There is no assurance that such ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of the ratings may have an effect on the market price of the Bonds.

INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE BONDS SHOULD BE AWARE THAT THERE ARE CERTAIN INVESTMENT CONSIDERATIONS ASSOCIATED WITH THE BONDS. EACH PROSPECTIVE PURCHASER OF THE BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, AND TO GIVE PARTICULAR ATTENTION TO THE CONSIDERATIONS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF DEBT SERVICE AND THE MARKET PRICE ON THE BONDS. THE FOLLOWING STATEMENTS REGARDING CERTAIN INVESTMENT CONSIDERATIONS SHOULD NOT BE CONSIDERED A COMPLETE DESCRIPTION OF ALL CONSIDERATIONS IN THE DECISION TO PURCHASE THE BONDS.

Source of Payment: The Series A Bonds are secured by a special fund of the College into which are deposited a new jobs credit from withholding taxes authorized under the Act and to be received or derived from new employment resulting from each of the Projects. The Series B Bonds are secured by a special fund of the College into which are deposited a supplemental new jobs credit from withholding taxes authorized under the Supplemental Act and to be received or derived from new employment resulting from most of the Projects. In addition, each series of Bonds is secured by a special standby tax assessed upon all taxable property within the Merged Area to the extent necessary to pay principal and interest on the Bonds.

Additional Indebtedness: The College reserves the right to issue additional bonds payable from the same sources and ranking on a parity with each series of the Bonds.

Investment Rating: The rating assigned to the Bonds by Moody's Investors Service, Inc. (the "Rating Agency") reflects only the Rating Agency's view of the likelihood the Bondholders will receive payments of interest when due and principal on the Bonds on their respective maturity dates. There is no assurance that the rating will remain for any given period of time or that the rating will not be lowered, suspended or withdrawn by the Rating Agency if, in the Rating Agency's judgment, circumstances so warrant based upon factors prevailing at the time. The lowering, suspension or withdrawal of the investment rating initially assigned to the Bonds could adversely affect the market price and the market for the Bonds.

Secondary Market: Although the College anticipates that the Underwriter will make a market for the Bonds, such market making may be discontinued at any time. There can be no assurance that there will be a secondary market for the Bonds, and the absence of such a market could result in investors not being able to resell their Bonds should they need or wish to do so.

Redemption of Bonds: The Bonds due after June 1, 2022 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the College, upon terms of par plus accrued interest to date of call. The redemption of the Bonds prior to their stated maturity may subject Bondholders to the risk of reinvestment at a time when comparable returns are not available.

Factors Affecting the College: Although the Bonds are payable from a new jobs credit from withholding taxes and are further secured by a special standby tax assessed upon all taxable property within the Merged Area so that the financial performance of the College should not impact payment of the Bonds, the occurrence of unanticipated factors or events could adversely affect the College's operations in ways which would have an impact on the timeliness of payments on the Bonds. These factors include but are not limited to damage or destruction of the College's facilities or other interruptions of the College's operations, changes in the key administrative personnel at the College, and financial setbacks from changes in student enrollment or decreased State or other support that are significant enough to impact the operations of the College.

FINANCIAL ADVISOR

The College has retained Independent Public Advisors, LLC, Johnston, Iowa as financial advisor (the "Financial Advisor") in connection with the preparation of the issuance of the Bonds. In preparing the Preliminary Official Statement, the Financial Advisor has relied on government officials, and other sources to provide accurate information for disclosure purposes. The Financial Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. Independent Public Advisors, LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

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 College will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the resolution authorizing the issuance of the Bonds and the Continuing Disclosure Certificate, to provide annual reports of specified information and notice of the occurrence of certain material events 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, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth as APPENDIX B to this Preliminary Official Statement.

The College redeemed all of the outstanding principal amount of two series of its new jobs training certificates on July 31, 2014, and provided a notice of the redemption more than ten business days after the redemption. However, the College believes that because all of the holders of the certificates redeemed received notice of the redemption, the notice was not material and therefore not required. Subject to the foregoing, the College represents that it has not failed to provide the annual financial information with respect to the College required under any other agreements or resolutions of the College entered into in connection with the issuance of bonds by the College.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Bonds or the resolution for the Bonds. 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 College to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

CERTIFICATION

The Board of Directors of the College has authorized the execution and delivery of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Preliminary Official Statement prepared on behalf of Des Moines Area Community College, by Independent Public Advisors, LLC, Johnston, Iowa, and said Preliminary Official Statement does not contain any material misstatements of fact nor omission of any material fact regarding the issuance of \$4,210,000* Taxable New Jobs Training Certificates (Multiple Projects 45-A) and \$2,950,000* Taxable New Jobs Training Certificates (Multiple Projects 45-B).

DES MOINES AREA COMMUNITY COLLEGE
ANKENY, IOWA

/s/ Greg Martin
Vice President, Business Services

*Preliminary; subject to change.

PROPERTY VALUES

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs the county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The assessments finalized as of January 1 of each year are applied to the following fiscal year. The 2014 final Actual Values were adjusted by the Adair, Audubon, Boone, Carroll, Cass, Clarke, Crawford, Dallas, Greene, Guthrie, Hamilton, Hardin, Jasper, Lucas, Madison, Mahaska, Marion, Marshall, Polk, Poweshiek, Shelby, Story and Warren County Auditors. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2014, the Taxable Value rollback rate was 55.7335% of Actual Value for residential property; 44.7021% of Actual Value for agricultural property; and 90% of Actual Value for commercial, industrial, railroad and utility property.

The Legislature's intent has been to limit the growth of statewide taxable valuations for most classes of property to 3% annually; utility taxable valuation growth is limited to 8%. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

1/1/2014 VALUATIONS (Taxes payable July 1, 2014 through June 30, 2015)

	<u>100% Actual Value</u>	<u>Taxable Value (With Rollback)</u>
Residential	\$40,683,134,763	\$22,374,006,241
Ag. Land	6,378,735,997	2,849,131,191
Ag. Buildings	369,449,407	165,017,439
Commercial	10,067,722,847	8,862,523,973
Industrial	1,030,602,953	911,306,645
Railroad	210,673,741	189,606,371
Utilities w/o Gas & Electric	580,501,115	580,501,115
Other	182,247	175,417
Gross valuation	\$59,321,003,070	\$35,932,268,392
Less military exemption	(62,802,687)	(62,751,697)
Net valuation	\$59,258,200,383	\$35,869,516,695
TIF increment (used to compute debt service levies and constitutional debt limit)	\$3,391,252,412 ¹	\$3,242,001,208 ²
Taxed separately		
Utilities – Gas & Electric	\$2,142,945,277	\$978,410,650

¹ Excludes \$101,860 of military exemption.

² Excludes \$201,467 of military exemption.

2014 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY

	<u>Taxable³ Valuation</u>	<u>Percent Total</u>
Residential	\$22,374,006,241	60.62%
Ag. Land & Ag. Buildings	3,014,148,630	8.17%
Commercial, Industrial, Other, Railroad & Utility	10,544,113,521	28.57%
Utilities – Gas & Electric	<u>978,410,650</u>	<u>2.65%</u>
Total Gross Taxable Valuation	\$36,910,679,042	100.00%

TREND OF VALUATIONS

The 100% Actual Valuations, before rollback and after reduction of military exemption, include Ag. Land, Ag. Buildings, TIF Increment, and Gas & Electric Utilities. The Net Taxable Valuations, with the rollback and after the reduction of military exemption, include Gas & Electric Utilities, Ag. Land, Ag. Buildings but exclude Taxable TIF Increment. Iowa jurisdictions certify operating levies against Taxable Valuation excluding the Taxable TIF Increment and debt service levies are certified against Taxable Valuations including the Taxable TIF Increment.

Assessment <u>Year</u>	Payable <u>Fiscal Year</u>	100% <u>Actual Valuation</u>	Net Taxable Valuation <u>(With Rollback)</u>	Taxable <u>TIF Increment</u>
2009	2010-11	\$57,976,838,701	\$32,358,383,165	\$2,765,709,766
2010	2011-12	59,013,048,448	33,518,974,901	2,959,194,586
2011	2012-13	59,559,183,108	33,960,040,009	3,145,737,774
2012	2013-14	60,423,741,311	35,356,093,000	3,182,800,712
2013	2014-15	62,845,395,854	35,841,779,203	3,245,018,885
2014 ⁴	2015-16	64,792,398,072	36,847,927,345	3,242,001,208

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³ Excludes Taxable TIF Increment.

⁴ 1/1/2014 valuations are now available from the State of Iowa and become effective July 1, 2015.

LARGER TAXPAYERS

The table below represents ten larger taxpayers of Merged Area XI (Polk County only) based on tax entity, not based on ownership. A listing of aggregate holdings based on ownership may vary to some extent.

<u>Taxpayer</u>	<u>Business</u>	<u>1/1/2013 Taxable Valuation</u>
Mid American Energy	Utility	572,075,516
Principal Ins Co ⁵	Insurance	166,874,550
Nationwide Mutual Insurance	Insurance	160,166,770
Prairie Meadows	Gaming	112,593,050
Wellmark Inc	Insurance	100,889,050
Qwest Corporation	Communications	74,640,833
Valley West Mall	Retail	64,267,500
Deere Credit Services Inc	Financial	49,514,000
Wells Fargo Financial Inc	Banking Services	47,224,595
Magellan Pipeline Co	Petroleum	45,787,927
Pioneer Hi-Bred Co	Agriculture	45,088,346
Menard Inc	Retail	40,499,070
IFBF Property Management Inc	Real Estate	38,238,165
Employers Mutual Casualty Co	Insurance	36,615,442

LEGISLATION

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. 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 valuation, assessment or levy procedures for taxes levied by the College or have an adverse impact on the future tax collections of the College. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation. Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation debt: "The governing authority of these political subdivisions 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." Iowa Code section 76.1 provides that the annual levy shall be sufficient to pay the interest and approximately such portion of the principal of the bonds as will retire them in a period not exceeding twenty years from the date of issue, except for certain bonds issued for disaster purposes and bonds issued to refund or refinance bonds issued for such disaster purposes which may mature and be retired in a period not exceeding thirty years from date of issue.

⁵ Includes Principal Mutual Life Insurance Co and Principal Life Insurance Co.

INDEBTEDNESS

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last state and county tax list. For the purpose of computing the limitation, the actual value of taxable property is used; including tax increment, without application of rollback, and after the deduction of military exemption on taxable property. The debt limit for the College, based on its 2013 Actual Valuation currently applicable to the fiscal year 2014-15, is as follows:

2013 Actual Valuation of Property	\$62,909,989,327
Less: Military Exemption	(64,593,473)
Net Valuation	\$62,845,395,854
Constitutional Debt Percentage	5.00%
Constitutional Debt Limit	\$3,142,262,793
Less: Applicable General Obligation Debt	(73,040,000)
Constitutional Debt Margin	\$3,069,229,793

DIRECT DEBT

General Obligation Debt Supported by Property Taxes (Includes the Bonds)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 05/11/15</u>
12/04	\$9,250,000	Capital Improvements	6/15	\$1,065,000
05/08	13,120,000	Jobs Training	6/17	5,965,000
05/08	10,285,000	Jobs Training	6/17	4,675,000
06/09	4,550,000	Jobs Training	6/19	2,660,000
06/09	3,980,000	Jobs Training	6/19	2,410,000
02/10	5,680,000	Jobs Training	6/20	4,045,000
02/10	5,025,000	Jobs Training	6/20	3,605,000
03/11	6,350,000	Jobs Training	6/21	4,700,000
03/11	5,810,000	Jobs Training	6/21	4,260,000
12/11	5,445,000	Jobs Training	6/21	4,330,000
12/11	4,595,000	Jobs Training	6/21	3,645,000
07/12	3,110,000	Jobs Training	6/22	2,790,000
07/12	2,605,000	Jobs Training	6/22	2,325,000
03/13	4,025,000	Jobs Training	6/22	3,740,000
03/13	2,975,000	Jobs Training	6/22	2,765,000
05/14	5,435,000	Jobs Training	6/23	5,435,000
05/14	3,690,000	Jobs Training	6/23	3,690,000
06/15	4,210,000	Jobs Training	6/25	4,210,000
06/15	2,950,000	Jobs Training	6/25	<u>2,950,000</u>
Total General Obligation Debt Subject to Debt Limit:				\$69,265,000

* Preliminary; subject to change.

Annual Fiscal Year Debt Service Payments

General Obligation Debt Supported by Property Taxes (Includes the Bonds)

Fiscal Year	<u>Current Outstanding G.O. Debt Paid by Taxes</u>		<u>Series A Bonds</u>		<u>Series B Bonds</u>		<u>Total G.O. Debt Paid by Taxes</u>	
	<u>Principal</u>	<u>Principal and Interest</u>	<u>Principal*</u>	<u>Principal and Interest*</u>	<u>Principal*</u>	<u>Principal and Interest*</u>	<u>Principal*</u>	<u>Principal and Interest*</u>
FY 2014-15	\$9,540,000	\$10,536,485					9,540,000	\$10,536,485
FY 2015-16	9,180,000	10,871,488	\$200,000	\$302,319	\$125,000	\$197,357	9,505,000	11,371,164
FY 2016-17	9,815,000	11,200,871	350,000	450,025	200,000	270,946	10,365,000	11,921,842
FY 2017-18	10,160,000	11,211,876	420,000	514,460	300,000	367,766	10,880,000	12,094,102
FY 2018-19	7,520,000	8,205,071	430,000	516,396	310,000	372,006	8,260,000	9,093,473
FY 2019-20	6,590,000	7,046,725	440,000	517,065	315,000	370,279	7,345,000	7,934,069
FY 2020-21	5,340,000	5,603,645	450,000	516,769	320,000	367,908	6,110,000	6,488,322
FY 2021-22	2,755,000	2,859,050	460,000	515,519	330,000	369,908	3,545,000	3,744,477
FY 2022-23	<u>1,205,000</u>	1,239,945	475,000	518,099	340,000	370,998	2,020,000	2,129,042
FY 2023-24			485,000	514,656	350,000	371,376	835,000	886,032
FY 2024-25			<u>500,000</u>	515,300	<u>360,000</u>	371,016	<u>860,000</u>	886,316
Total	\$62,105,000		\$4,210,000		\$2,950,000		\$69,265,000	

* Preliminary; subject to change.

OTHER DEBT

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 05/11/15</u>
06/09	\$3,960,000	Housing System Revenue Bonds	6/29	\$3,225,000

INDIRECT DEBT

The Des Moines Area Community College property valuations comprise a major portion of 11 counties (including all of Dallas, Guthrie, Polk, and Warren counties), and a minor portion of another 12 counties throughout central Iowa. The College’s indirect debt is calculated by attributing the debt of counties, school districts, and cities within College boundaries based on the percentage of the 1/1/2013 net taxable valuation of each jurisdiction that is shared by the College. Debt figures are as reported in most recently publically available audited financial statements or official statement related to the issuance of debt.

<u>Jurisdiction Type</u>	<u>Debt⁶ Within College Boundaries</u>
Counties	\$276,597,558
School Districts	729,263,734
Cities	<u>1,328,743,939</u>
Total	\$2,334,605,231

DEBT RATIOS

	<u>Debt</u>	<u>Debt/Actual Market Value⁷</u>	<u>Debt/Taxable Value⁸</u>
		<u>\$62,845,395,854</u>	<u>\$40,089,928,553</u>
Direct Debt Secured by Taxes	\$69,265,000	0.110%	0.173%
Direct and Indirect Debt Secured by Taxes	2,404,230,231	3.825%	5.996%
Net Direct Debt Secured by Taxes	1,065,000 ⁹	0.002%	0.003%
Direct and Indirect Debt Secured by Taxes	2,335,670,231	3.717%	5.826%

⁶ From most recently publically available audits and official statements as of May 4, 2015.

⁷ Based on the College’s 2013 Actual Valuation of Property less military exemption, and includes Ag. Land, Ag. Buildings, all Utilities and Taxable TIF Increment.

⁸ Based on the College’s 2013 Taxable Valuation of Property less military exemption, and includes Ag. Land, Ag. Buildings, all Utilities and Taxable TIF Increment.

⁹ Excludes \$68,200,000 in self-supporting debt.

LEVIES AND TAX COLLECTIONS

<u>Year</u>	<u>Taxes Levied</u>	<u>Current Collections</u>	<u>Collections as a % of Levies</u>
2009-10	\$17,500,075	\$17,532,643	100.2%
2010-11	18,123,400	18,089,667	99.8%
2011-12	19,781,882	19,779,534	99.9%
2012-13	19,859,467	19,857,656	99.9%
2013-14	24,441,267	24,333,253	99.6%
2014-15	23,560,532	--in process of collection--	

After the assessment of property in a calendar year, taxes are levied for collection in the following fiscal year. Taxes are certified to the County Auditor in March. The County Treasurer collects taxes for all taxing entities in the County. Statutory dates for payment without penalty are September 30 for the first installment and March 31 for the second installment. Penalty rates are established by State law at 1% per month.

TAX RATES

	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>	<u>FY 2014/15</u>
	<u>Tax Rates (Per \$1,000 of Taxable Value)</u>				
Operating Fund	0.20250	0.20250	0.20250	0.20250	0.20250
Plant Fund	0.20250	0.20250	0.20250	0.20247	0.20250
Other	<u>0.15510</u>	<u>0.18520</u>	<u>0.17960</u>	<u>0.28623</u>	<u>0.25224</u>
Total	0.56010	0.59020	0.58460	0.69120	0.65724

FUNDS ON HAND (Cash and Investments as of March 31, 2015)

Cash and Investments

General Unrestricted Funds	\$15,961,943
Unexpended Plant Fund	1,962,437
Job Training Fund	41,496,693
Other Funds	<u>12,828,277</u>
Total	\$72,249,350

BUDGET**General Fund Budgets¹⁰**

<u>Revenues</u>	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>
Property tax	\$7,159,609	\$7,259,530	\$7,462,194
Tuition and fees	58,599,298	57,903,000	55,357,731
State appropriations	32,123,302	32,174,834	34,941,044
Federal appropriations	1,912,223	409,943	409,943
Other income	<u>5,041,233</u>	<u>5,558,389</u>	<u>9,061,817</u>
Total revenue	<u>\$104,835,665</u>	<u>\$103,305,696</u>	<u>\$107,232,729</u>
<u>Expenditures</u>			
Liberal arts and sciences	\$27,248,934	\$27,295,856	\$30,320,940
Vocational technical	29,811,797	28,881,919	28,940,666
Adult education	5,676,694	4,939,141	7,265,293
Cooperative services	0	0	0
Administration	3,957,909	4,166,085	4,295,167
Student services	10,101,643	10,245,970	10,042,985
Learning resources	3,070,129	3,070,129	3,133,715
Physical plant	13,198,218	9,619,210	9,723,862
General institution	<u>11,768,562</u>	<u>15,083,171</u>	<u>13,851,126</u>
Total Expenditures	<u>\$104,833,886</u>	<u>\$103,301,481</u>	<u>107,573,754</u>

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¹⁰ Includes only the unrestricted general fund.

THE COLLEGE

COMMUNITY COLLEGE

Des Moines Area Community College is a publicly supported two-year institution serving the Des Moines metropolitan area and surrounding counties. The College was officially created March 18, 1966 and was designated as Merged Area XI. A nine member Board of Directors was elected and formally installed that same year. Today, the College has six official campuses and thirty-nine school buildings. It employs 353 full-time teachers, 459 other full-time employees, and 44 part-time employees.

In 1968 the Board of Directors adopted Des Moines Area Community College as the official name of the institution. The first classes were held at the Ankeny campus location in 1968. The Ankeny campus is located on a 304-acre site, six miles north of Des Moines, within the city limits of Ankeny. Proceeds from the College's Plant Fund Capital Loan Notes, Series 2004 (the "2004 Capital Loan Notes") were used in part to expand the Ankeny campus' culinary arts program by remodeling and re-allocating space in the conference center. The College completed construction of a new 58,500 square foot Health Sciences Building on the Ankeny campus in 2009. The College also has a Transportation Institute located in Ankeny on twelve acres.

Administrative and operational control of Boone Jr. College was assumed in 1969. The Boone campus is located on a thirty-seven acre site at the southeastern edge of the City of Boone. Constructed in 1968, the campus comprises two buildings--the academic building, which includes a 500-seat auditorium, and the physical education building. The 2004 Capital Loan Notes were also used for the purpose of expanding the Boone campus. The Boone campus expansion project added 20,400 square feet to the existing campus. This expansion provided for new space for the Civil Engineering Technology Program, additional classrooms, modernization and expansion of the nursing program, science labs, a bookstore, an Academic Achievement Center, increased parking lot capacity by 180 parking spaces, and modernization of the campus wide heating, ventilation and air conditioning systems. The College also owns four student housing units on the campus that have space for 176 students.

The Urban campus began operation in metropolitan Des Moines in 1972 and a new facility was constructed in 1980. Construction of an addition to the facility was completed in 1988. The Urban campus is located on a twelve acre site at Seventh and Laurel Streets in Des Moines. In the fall of 2001, the College purchased two additional buildings for the Urban campus. The buildings, one 16,500 square feet, the other 6,000 square feet, have been remodeled as of January 2003 and house classrooms for biology, chemistry, nursing, and computer education. In September 2004, the College completed the purchase and renovation of three acres of land and a 22,000 square foot facility adjacent to the Urban campus. The facilities provide space for an automotive repair lab, additional nursing capacity, classrooms and computer labs. The balance of the site was used to build approximately 180 parking spaces for use by the entire campus. In 2006, the College purchased additional property adjacent to the Urban campus for future expansion.

The Western attendance center in Carroll opened in 1979; it is located on nine acres. Construction of a 22,300 square foot facility was completed in July 1986, and in January 2004, construction was completed on a new 17,800 square foot addition connected to the existing building. The expansion contains approximately 3,000 square feet of office space, which has been sublet for a ten-year period to the Heartland Area Education Agency. The balance of the expansion houses technical programs in building trades and auto mechanics.

Construction was completed on a new 50,000 square foot campus in West Des Moines in October 2001. The total cost of the high-tech facility was \$13.5 million. The West Des Moines campus encompasses twenty-six acres.

The Newton Polytechnic campus began operations in October 1993. The campus is located on a six acre site on North Second Avenue West, in Newton, Iowa. The College has converted a portion of the former Maytag plant in Newton into a Career Academy serving Jasper County High School and College students. A consortium of school districts in Jasper County has committed to provide support for a ten year period.

The College also owns a 30,000 square foot Career Academy in the City of Ames, Iowa. The career academy houses labs for construction trades, information technology, health careers, and automotive technology, as well as provides additional classrooms, offices, and student common areas. A consortium of school districts in Story County has committed to provide support for a ten year period.

The Perry, Iowa Economic Development group constructed a 16,000 square foot building in Perry which was completed in 2010 and is being used as a Career Academy by the College. DMACC contributed \$600,000 to the cost of construction and \$866,000 to purchase equipment for the facility. Upon completion, ownership of the building was transferred to the College.

In August 2012 the College opened the Evelyn K. Davis Center for Working Families, located in Des Moines. It is a 12,000 square-foot center to provide the community with training opportunities, direct placement assistance, access to educational providers and support services. The center is a partnership between DMACC, Community Foundation of Greater Des Moines and United Way.

The college has transformed the former JC Penney building at Southridge in Des Moines to create the new DMACC Center for Career and Professional Development. The \$14 million renovation to transform the new 65,000-square-foot educational facility was completed in August 2013. This facility houses DMACC Business Resources, DMACC Continuing Education, DMACC Success Center, and the Warren County Career Academy.

Credit classes have been offered on the basis of need in other locations throughout the area, including Ames, Guthrie Center, Knoxville, Nevada, Perry, Winterset, and Woodward. Community services and continuing education classes are offered in many additional communities within the College district.

Des Moines Area Community College is fully accredited by the North Central Association of Universities and Secondary Schools. The College is also approved by the Iowa Department of Education. In addition, the College holds membership in the American Association of Community and Junior Colleges.

ENROLLMENT

Fall college credit enrollment for academic years 2009/10 through 2014/15 is presented below.

Fall College Credit Enrollment

<u>School Year</u>	<u>Students</u>
2009-10	22,324
2010-11	24,658
2011-12	25,425
2012-13	23,685
2013-14	20,167
2014-15	23,526

TEACHERS' CONTRACTS

The College recognizes the following associations as the bargaining representatives on wages, hours, and conditions of employment for all certified employees engaged in teaching. Current contracts expire as shown below.

<u>Bargaining Unit</u>	<u>Contract Expires</u>
Des Moines Area Community College Educational Services Association	06/30/2015
Des Moines Area Community College Higher Education Association	08/14/2015

PENSIONS

The College is a participating employer in the Iowa Public Employee Retirement Systems (IPERS) which is a cost sharing multiple-employer public employee retirement system designed as a supplement to Social Security and is administered by the State of Iowa. The pension plan provides retirement and death benefits, which are established by State statute. Legislation has been approved by the Iowa General Assembly to establish contribution rates based upon actuarially required contributions in order to eliminate an unfunded liability, with the proviso that rates can vary no more than 1% annually. The IPERS contribution rates 7/1/13-6/30/14 are 5.95% employee's share and 8.93% employers share. The bill maintains the 60/40 employer/employee split. The College's responsibility for IPERS is limited to payment of contributions. The College's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$2,465,811, \$2,376,751, and \$2,158,186, respectively, equal to the required contribution for each year.

The College also contributes to the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, each employee is to contribute 5.95% and the College is required to contribute 8.93%. The College's contributions to TIAA-CREF for the year ended June 30, 2014, 2013, and 2011 were \$2,927,531, \$2,849,248, \$2,569,244 and \$2,177,677 respectively, equal to the required contribution for each year.

OTHER POST EMPLOYMENT BENEFITS

The College implemented Governmental Accounting Standards Board, GASB, Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions during the year ended June 30, 2013. The College operates a single-employer retiree benefit plan which provides medical, prescription drug, and dental benefits (healthcare benefits) for retirees and their spouses and dependents. There are 860 active and 108 retired members in the plan. Participants must be age 55 or older at retirement.

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

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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. The following table shows the components of the College's annual OPEB cost for June 30, 2014, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution (ARC)	\$ 2,064,745
Interest on net OPEB obligation	412,059
Adjustment to annual required contribution	<u>(536,116)</u>
Annual OPEB cost	\$ 1,940,688
Contributions made	(1,202,044)
Less decrease in accrued expenses	<u>(303,636)</u>
Increase in net OPEB obligation	\$ 435,008
Net OPEB obligation, beginning of year	\$ 8,241,173
Net OPEB obligation, end of year	\$ 8,676,181

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GENERAL INFORMATION

LOCATION

Des Moines Area Community College serves the Des Moines metropolitan area and surrounding counties. Today, the College has six official campuses and thirty-nine school buildings. In total, the College encompasses 6,560 square miles or about eleven percent of the area of the State. Approximately twenty-six percent of the State’s population resides within the College district. This district includes all or major portions of eleven counties and minor parts of twelve adjacent counties.

LARGER EMPLOYERS

A representative list of larger employers in the Des Moines Metropolitan Area is as follows:

<u>Employer</u>	<u>Type of Business</u>	<u>Estimated Employees</u>
Wells Fargo & Co.	Financial Services	13,500
Hy-Vee Food Stores	Retail Food Stores	7,500
Mercy Hospital Medical Center	Healthcare	7,055
UnityPoint Health – Des Moines ¹¹	Healthcare	6,435
Principal Financial Group	Insurance	6,184
Nationwide/Allied Insurance	Insurance	4,282
Des Moines Independent School District	Education	4,000
DuPont Pioneer	Seed Manufacturing	3,000
John Deere Companies	Agricultural Equipment & Financial Service	1,900
Kum & GO	Convenience Store	1,820
City of Des Moines	City Government	1,654
Bridgestone Americas Tire Operations	Agricultural Tires	1,600
Wellmark Inc.	Insurance Provider	1,552
Casey’s General Store	Convenience Store	1,500
YMCA of Greater Des Moines	Non-Profit Youth & Health Center	1,400
US Postal Service	Postal Services	1,200
Meredith Corporation	Media & Marketing	1,000
UPS	Package Delivery	1,000
MidAmerican Energy Co.	Utility	997
Prairie Meadows	Gaming	975
FBL Financial Services, Inc.	Financial Services	964
CDS Global	Magazine & Direct Marketing Services	960
Universal Pediatrics	Healthcare	952
Drake University	Higher Education	932
CenturyLink	Telecommunications	600
Titan Tire Corp	Tire Manufacturing	600
ADP (Automatic Data Processing)	Payroll Processing	550
Pine Ridge Farms LLC	Pork Products	550
The Wittern Group, INC	Equipment Manufacturing & Design	550
ChildServe	Child Health Care	549

Source: The Greater Des Moines Partnership 2015 Book of Lists and LocationOne Website accessed April 5, 2015.

¹¹ Formerly Iowa Health Systems

RETAIL SALES AND BUYING INCOME

The following table lists taxable retail sales for fiscal years 2010 through 2014 for Dallas County, Polk County, Story County and for the State of Iowa.

<u>Retail Sales</u>				
<u>Fiscal</u> <u>Year</u>	<u>Dallas</u> <u>County</u>	<u>Polk</u> <u>County</u>	<u>Story</u> <u>County</u>	<u>State</u> <u>of Iowa</u>
2010	\$894,960	\$6,341,034	\$843,152	\$31,943,593
2011	946,448	6,563,581	857,329	32,904,017
2012	1,097,524	6,786,897	898,977	34,537,967
2013	1,052,078	6,969,992	911,640	34,800,587
2014	1,082,613	7,291,651	957,716	35,847,613

Source: Iowa Department of Revenue, Iowa Sales & Use Tax Report

The following table lists median household effective buying income (“EBI”) for the survey years 2010 through 2014, for the Des Moines MSA, for Story County and for the State of Iowa.

<u>Effective Buying Income</u>				
<u>Report</u> <u>Year</u>	<u>Des Moines</u> <u>MSA</u>	<u>Story</u> <u>County</u>	<u>State</u> <u>of Iowa</u>	
2010	\$36,476	\$40,238	\$40,221	
2011	44,536	37,857	38,156	
2012	44,508	37,679	38,089	
2013	45,757	39,959	39,920	
2014	49,204	40,990	43,917	

Source: Claritas, Inc.

AVERAGE ANNUAL LABOR FORCE DATA

<u>Calendar</u> <u>Year</u>	<u>Polk County</u>		<u>Story County</u>		<u>State of Iowa</u>
	<u>Labor</u> <u>Force</u>	<u>Unemployment</u> <u>Rate</u>	<u>Labor</u> <u>Force</u>	<u>Unemployment</u> <u>Rate</u>	<u>Unemployment</u> <u>Rate</u>
2010	241,600	6.1%	48,900	4.6%	6.1%
2011	237,600	6.1%	48,600	4.5%	5.9%
2012	235,500	5.4%	48,100	3.9%	5.2%
2013	244,200	4.8%	50,000	3.5%	4.6%
2014	250,700	4.3%	51,500	3.2%	4.4%
2015 ¹²	257,400	4.6%	58,000	2.8%	4.1%

Source: Iowa Workforce Development Center

¹² Average of January through February figures.

U.S. CENSUS DATA

The major counties served by the College, their populations according to the 2010 Census by the U.S. Census Bureau, and county seats are listed below.

<u>County</u>	<u>Population</u>	<u>County Seat</u>
Audubon	6,119	Audubon
Boone	26,306	Boone
Carroll	20,816	Carroll
Dallas	66,135	Adel
Guthrie	10,954	Guthrie Center
Jasper	36,842	Newton
Madison	15,679	Winterset
Marion	33,309	Knoxville
Polk	430,640	Des Moines
Story	89,542	Nevada
Warren	46,225	Indianola

The table below shows the populations of the major cities of Des Moines, West Des Moines and Ames within the Merged Area, as recorded by the U.S. Census Bureau.

<u>Census Year</u>	<u>Major City Populations - Merged Area XI</u>		
	<u>City of Des Moines</u>	<u>City of West Des Moines</u>	<u>City of Ames</u>
1980	191,003	21,894	45,775
1990	193,187	31,702	47,198
2000	198,682	46,403	50,731
2010	203,433	56,609	58,965

Source: U.S. Census Bureau.

FINANCIAL STATEMENTS

The College's June 30, 2014 Independent Auditor's Report as prepared by a certified public accountant is reproduced as APPENDIX C. The College's certified public accountant has not consented to distribution of the audited financial statement and has not undertaken added review of their presentation. Further information regarding financial performance and copies of the College's prior Independent Auditor's Reports may be obtained from the College's Financial Advisor, Independent Public Advisors, LLC.

APPENDIX A: FORM OF LEGAL OPINIONS

FORM OF OPINION OF BOND COUNSEL - SERIES A

June __, 2015

We have acted as Bond Counsel in connection with the issuance by Des Moines Area Community College (Merged Area XI) (the “College”) of \$4,210,000 in aggregate principal amount of Taxable New Jobs Training Certificates (Multiple Projects 45-A) (the “Bonds”) dated their date of delivery. The Bonds are being issued to finance job training programs (the “Projects”) pursuant to agreements with the following companies (the “Companies”) at the following locations:

<u>Company</u>	<u>Location</u>
Access Technologies, Inc. d/b/a Access Systems, Inc.	Waukee, Iowa
Accu-Mold Holdings Corporation	Ankeny, Iowa
Ag Leader Technology, Inc.	Ames, Iowa
American Packaging Corporation	Story City, Iowa
Bemis Company, Inc.	Des Moines, Iowa
Techniplas, LLC d/b/a Dickten Masch Plastics, LLC	Ankeny, Iowa
DuPont Danisco Cellulosic Ethanol LLC	Nevada, Iowa
Siculus, Inc.	Altoona, Iowa
Fidelity & Guaranty Life d/b/a Fidelity & Guaranty Life, Inc.	Des Moines, Iowa
Harrisvaccines, Inc.	Ames, Iowa
Health Enterprises Medical Laboratory, LLC	Newton, Iowa
Iowa Steel Fabrication, LLC	Osceola, Iowa
Kemin Industries, Inc.	Des Moines, Iowa
Kum & Go, L.C.	West Des Moines, Iowa
The Lauridsen Group, Inc.	Ankeny, Iowa
LightEdge Solutions, Inc.	Des Moines, Iowa
Master Dowel, LLC	Ankeny, Iowa
Midland National Life Insurance Company	West Des Moines, Iowa
NewLink Genetics Corporation	Ames, Iowa
Patriot Converting, Inc.	Newton, Iowa
Pinnacle Agriculture Distribution, Inc.	Indianola, Iowa
Precision, Inc. d/b/a Precision Pulley, Inc.	Pella, Iowa
Puck Custom Enterprises, Inc.	Manning, Iowa
Purfoods, LLC	Ankeny, Iowa
Ruster Sports, L.L.C.	Des Moines, Iowa
Sole Transport, L.C. d/b/a Solar Transport Company	West Des Moines, Iowa
Infonet Corporation d/b/a Summit Products, Inc.	Altoona, Iowa
Symetra Life Insurance Company	Des Moines, Iowa
Vermeer Manufacturing Company	Pella, Iowa
Windsor Window Company	West Des Moines, Iowa
Xpanxion, LLC	Ames, Iowa
Zirous, Inc.	West Des Moines, Iowa

We have examined the law and such certified proceedings and other papers as we deemed necessary in order to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto.

Based upon our examinations, we are of the opinion, as of the date hereof, that:

1. Under the laws of the State of Iowa now in force, the Bonds are valid and binding obligations of the College payable from a special fund into which are deposited a new jobs credit from withholding taxes to be received or derived from new employment resulting from the Projects. In addition, the Bonds are secured by a special standby tax assessed upon all taxable property within the area comprising the College (the "Merged Area") to the extent necessary to pay principal and interest on the Bonds.
2. All taxable property in the Merged Area is subject to taxation to the extent necessary to pay principal and interest on the Bonds without limitation as to rate or amount. The College is required by law to certify to each of the County Auditors in the Merged Area the amounts necessary to pay the principal of and interest on the Bonds as they become due, and the County Auditors are required by law to include these amounts in the annual tax levy against all taxable property within the Merged Area, to the extent the necessary funds are not provided from other sources.
3. The amount of indebtedness to be incurred by the issuance of the Bonds does not exceed any limitation of indebtedness as fixed by law.

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.

Very truly yours,

DAVIS, BROWN, KOEHN, SHORS & ROBERTS, P.C.

FORM OF OPINION OF BOND COUNSEL - SERIES B

June __, 2015

We have acted as Bond Counsel in connection with the issuance by Des Moines Area Community College (Merged Area XI) (the “College”) of \$2,950,000 in aggregate principal amount of Taxable New Jobs Training Certificates (Multiple Projects 45-B) (the “Bonds”) dated their date of delivery. The Bonds are being issued to finance job training programs (the “Projects”) pursuant to agreements with the following companies (the “Companies”) at the following locations:

<u>Company</u>	<u>Location</u>
Access Technologies, Inc. d/b/a Access Systems, Inc.	Waukee, Iowa
Accu-Mold Holdings Corporation	Ankeny, Iowa
Ag Leader Technology, Inc.	Ames, Iowa
American Packaging Corporation	Story City, Iowa
Bemis Company, Inc.	Des Moines, Iowa
Techniplas, LLC d/b/a Dickten Masch Plastics, LLC	Ankeny, Iowa
DuPont Danisco Cellulosic Ethanol LLC	Nevada, Iowa
Siculus, Inc.	Altoona, Iowa
Fidelity & Guaranty Life d/b/a Fidelity & Guaranty Life, Inc.	Des Moines, Iowa
Harrisvaccines, Inc.	Ames, Iowa
Health Enterprises Medical Laboratory, LLC	Newton, Iowa
Iowa Steel Fabrication, LLC	Osceola, Iowa
Kemin Industries, Inc.	Des Moines, Iowa
Kum & Go, L.C.	West Des Moines, Iowa
The Lauridsen Group, Inc.	Ankeny, Iowa
LightEdge Solutions, Inc.	Des Moines, Iowa
Master Dowel, LLC	Ankeny, Iowa
Midland National Life Insurance Company	West Des Moines, Iowa
NewLink Genetics Corporation	Ames, Iowa
Patriot Converting, Inc.	Newton, Iowa
Pinnacle Agriculture Distribution, Inc.	Indianola, Iowa
Precision, Inc. d/b/a Precision Pulley, Inc.	Pella, Iowa
Puck Custom Enterprises, Inc.	Manning, Iowa
Purfoods, LLC	Ankeny, Iowa
Ruster Sports, L.L.C.	Des Moines, Iowa
Sole Transport, L.C. d/b/a Solar Transport Company	West Des Moines, Iowa
Infonet Corporation d/b/a Summit Products, Inc.	Altoona, Iowa
Symetra Life Insurance Company	Des Moines, Iowa
Vermeer Manufacturing Company	Pella, Iowa
Windsor Window Company	West Des Moines, Iowa
Xpanxion, LLC	Ames, Iowa
Zirous, Inc.	West Des Moines, Iowa

We have examined the law and such certified proceedings and other papers as we deemed necessary in order to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto.

Based upon our examinations, we are of the opinion, as of the date hereof, that:

1. Under the laws of the State of Iowa now in force, the Bonds are valid and binding obligations of the College payable from a special fund into which are deposited a supplemental new jobs credit from withholding taxes to be received or derived from new employment resulting from the Projects. In addition, the Bonds are secured by a special standby tax assessed upon all taxable property within the area comprising the College (the "Merged Area") to the extent necessary to pay principal and interest on the Bonds.
2. All taxable property in the Merged Area is subject to taxation to the extent necessary to pay principal and interest on the Bonds without limitation as to rate or amount. The College is required by law to certify to each of the County Auditors in the Merged Area the amounts necessary to pay the principal of and interest on the Bonds as they become due, and the County Auditors are required by law to include these amounts in the annual tax levy against all taxable property within the Merged Area, to the extent the necessary funds are not provided from other sources.
3. The amount of indebtedness to be incurred by the issuance of the Bonds does not exceed any limitation of indebtedness as fixed by law.

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.

Very truly yours,

DAVIS, BROWN, KOEHN, SHORS & ROBERTS, P.C.

APPENDIX B: FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Section 27 of the Resolution to be adopted by the College in order to authorize issuance of the Certificates provides as follows:

(a) (1) The College hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, to provide or cause to be provided, to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB, the following annual financial information and operating data (commencing with the fiscal year ending June 30, 2015):

- (i) audited financial statements prepared in accordance with generally accepted accounting principles; and
- (ii) tables, schedules or other information showing the type of information contained in the following tables of the official statement of the College used in connection with the sale of the Bonds (the "Official Statement"), under the following captions:

- Trend of Valuations
- Direct Debt
- Levies and Tax Collections
- Tax Rates
- Funds on Hand
- Budget
- Retail Sales and Buying Income

All of such annual financial information and operating data may be provided by cross reference to other documents, primarily other official statements, to be provided to the MSRB. If information is provided by cross reference to a final official statement, such final official statement must be available from the MSRB. The College reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the College; provided that, the College agrees that any such modification will be done in a manner consistent with the Rule.

(2) Such annual information and operating data described above is expected to be available on or before January 1 of each year for the fiscal year ending on the preceding June 30 and will be made available, in addition to the MSRB, to each holder of Bonds who makes request for such information; provided that, audited financial statements need not be provided until the later of January 1 of each year or thirty (30) days after receipt of such audited financial statements by the College.

(b) The College agrees to provide or cause to be provided, in a timely manner not in excess of ten business days from occurrence, to the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves, if any, reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements, if any, reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, if any, 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 status of the Series A Certificates, or other material events affecting the tax status of the Series A Certificates;
- (7) modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) Bankruptcy, insolvency, receivership or similar events of the College;
- (13) Consummation of a merger, consolidation, or acquisition involving the College or the sale of all or substantially all of the assets of the College, 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.

As used herein, “material” means a fact to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, the information disclosed under this Section, or information generally available to the public. Notwithstanding the foregoing sentence, a fact is “material” if it is an event or condition that would be deemed “material” for purposes of the purchase or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event or condition.

The College may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the College, such other event is a Material Fact with respect to the Bonds, but the College does not undertake to commit to provide any such notice of the occurrence of any Material Fact except those events listed above.

(c) The College agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure by the College to provide the annual financial information with respect to the College described in Section (a) above on or prior to the date[s] set forth in Section (a) above.

(d) The College reserves the right to terminate its obligation to provide annual financial information and notices of the events set forth above, if and when the College no longer remains an obligated person with respect to the Bonds within the meaning of the Rule; the College will provide notice of such termination to the MSRB.

(e) The College agrees that its undertaking pursuant to the Rule as set forth in this Section 27 is intended to be for the benefit of the holders of the Bonds and shall be enforceable by the holders of the Bonds; provided that, the Bondholders’ right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the College’s obligations hereunder and any failure by the College to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds under Section 21 hereof.

(f) The College redeemed all of the outstanding principal amount of two series of its new jobs training certificates on July 31, 2014, and provided a notice of the redemption more than ten business days after the redemption. However, the College believes that because all of the holders of the certificates redeemed received notice of the redemption, the notice was not material and therefore not required. Subject to the foregoing, the College represents that it has not failed to provide the annual financial information with respect to the College required under any other agreements or resolutions of the College entered into in connection with the issuance of bonds by the College.

APPENDIX C: JUNE 30, 2014 INDEPENDENT AUDITOR'S REPORT

Des Moines Area Community College

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

June 30, 2014

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**Des Moines Area Community College
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Directors		
Joe Pugel	President	2017
Kevin Halterman	Vice President	2017
Fred Buie	Member	2017
Madelyn Tursi	Member	2015
James Knott	Member	2017
Jeff Hall	Member (Resigned, June 2014)	2015
Wayne Rouse	Member	2015
Cheryl Langston	Member	2015
Carl Metzger	Member	2015
Felix Gallagher	Member (Appointed, July 2014)	2015
Community College		
Robert Denson	President/CEO	
Kim Linduska	Executive Vice President, Academic Affairs	
Greg Martin	Vice President, Business Services	
Ben Voaklander	Controller	
Carolyn Farlow	Board Secretary	



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Des Moines Area Community College
Ankeny, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Des Moines Area Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the College's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Des Moines Area Community College and its discretely presented component unit as of June 30, 2014, 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 7 through 15, and schedule of funding progress for the retiree health plan on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2013 (none of which are presented herein) and expressed unmodified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 4, 2014

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Management of Des Moines Area Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ College operating revenues decreased approximately \$5.9 million or 8.9%. The decrease primarily resulted from decreases in the Iowa Industrial New Jobs Training Program and miscellaneous revenues. Training revenues to the College under the Iowa Industrial New Jobs Training Program decreased \$7.3 million or 43%. The decrease can be attributed to the size of the bond sales and the amount of withholding collected on the previous bond sales. Miscellaneous revenues were also down \$2.4 million or 21.6%. The decrease in miscellaneous revenues can be attributed to the fact that construction related donations have decreased significantly from the previous year.
- ◆ College operating expenses decreased by \$140,000 or 0.1%. The decrease in operating expenses was the result of the College's enrollment being down 4%, and the College instituting budget cuts equaling approximately \$3 million. Instructional costs for Liberal Arts and Sciences, Vocational Technical, and Adult Education increased a total of \$4.7 million or 6.6%. Instructional costs were up due to an increase in outside grant funding. Cooperative services decreased \$6.1 million or 54%. This decrease was primarily a timing issue related to reimbursements made from the Iowa Industrial New Jobs Training Program. Physical Plant costs increased approximately \$900,000 or 5.4% as a result of increased capacity added through the completion of several construction projects. General institution costs decreased by \$1.7 million or 10%.
- ◆ The College's net position increased by \$6.0 million. The net investment in capital assets increased approximately \$5.3 million as a result of \$9.4 million in assets being capitalized, \$4.7 million of depreciation, and the retirement of \$1.2 million in related debt. Unexpended funds in the plant fund increased by approximately \$1.1 million. The increase resulted from the College completing and having less expense for the Southridge Center, remodeling Building 1 on the Ankeny Campus and a second floor addition at the Hunziker Center in Ames. The net position related to the College's early retirement plan increased by \$169,000. The major component of the early retirement is the net OPEB liability, which increased by \$739,000. The other restricted decreased by \$950,000 as a result of the equipment replacement funds being used due to cuts in the operating budgets. The unrestricted net position increased by \$800,000.

USING THIS ANNUAL REPORT

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

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

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

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

Required Supplementary Information presents a schedule of funding progress for the retiree health plan.

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

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

REPORTING THE COLLEGE FINANCIAL ACTIVITIES

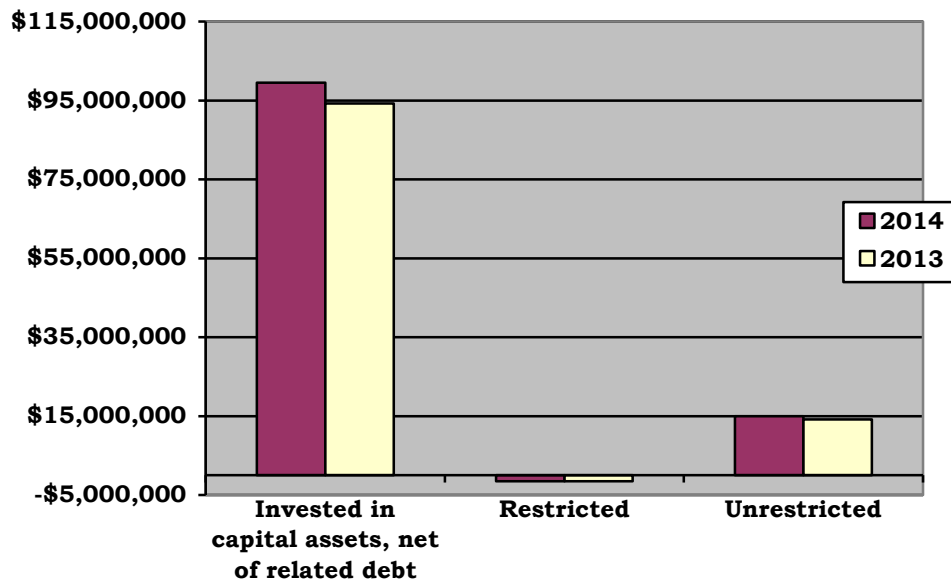
The Statement of Net Position

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

	June 30	
	2014	2013
Current assets	\$ 130,305,849	\$ 122,288,480
Other assets	39,049,826	43,146,634
Capital assets, net of accumulated depreciation	103,810,096	99,737,001
Total assets	273,165,771	265,172,115
Current liabilities	53,815,352	53,955,947
Noncurrent liabilities	82,880,328	79,917,819
Total liabilities	136,695,680	133,873,766
Deferred inflows of resources	23,560,518	24,441,267
Net position:		
Net investment in capital assets	99,520,096	94,257,001
Restricted	(1,546,965)	(1,538,221)
Unrestricted	14,936,442	14,138,302
Total net position	\$ 112,909,573	\$ 106,857,082

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Comparison of Net Position



The largest portion of the College's net position (88%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources (property tax receipts and rental revenue) other than capital assets. The restricted portion of the net position (-1.0%) includes resources that are subject to external restrictions. The remaining net position (13%) is the unrestricted net position that can be used to meet the College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Position

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

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

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

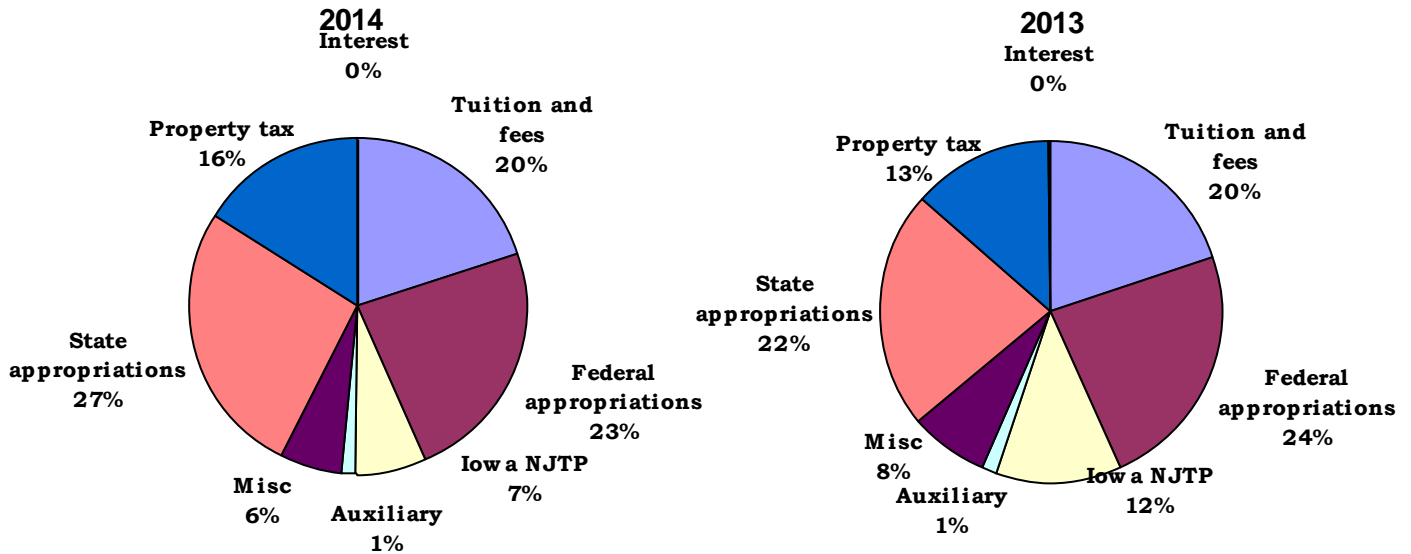
Changes in Net Position

	Year ended June 30	
	2014	2013
Operating revenues:		
Tuition and fees	\$ 30,713,637	\$ 29,310,494
Federal appropriations	9,215,254	6,968,061
Iowa Industrial New Jobs Training Program	9,922,594	17,253,987
Auxiliary enterprises revenue	2,206,567	2,025,926
Miscellaneous	8,753,487	11,155,865
Total operating revenues	60,811,539	66,714,333
Total operating expenses	142,637,610	142,778,175
Operating loss	(81,826,071)	(76,063,842)
Nonoperating revenues, (expenses) and transfers		
State appropriations	40,541,936	33,037,238
Pell grant	26,099,217	27,500,726
Property tax	24,333,254	19,857,656
Interest and investment income	165,060	224,557
Loss on disposition of capital assets	(644,617)	(4,080)
Interest on indebtedness	(2,510,516)	(3,031,493)
Transfers from agency funds	(105,772)	38,380
Net nonoperating revenues and transfers	87,878,562	77,622,984
Increase in net position	6,052,491	1,559,142
Net position beginning of year	106,857,082	105,297,940
Net position end of year	\$ 112,909,573	\$ 106,857,082

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year, with an increase in net position of \$6.0 million at the end of the fiscal year. This increase is the net result of a \$1.1 million increase in the unexpended plant fund, a \$364,000 decrease in the general restricted funds, a \$800,000 million increase in the general unrestricted funds, and a \$4.6 million increase in capital assets, net of related debt.

Total Revenues by Source



In fiscal year 2014, operating revenues decreased by approximately \$5.9 million or 8.9%. The decrease was primarily a result of the following changes:

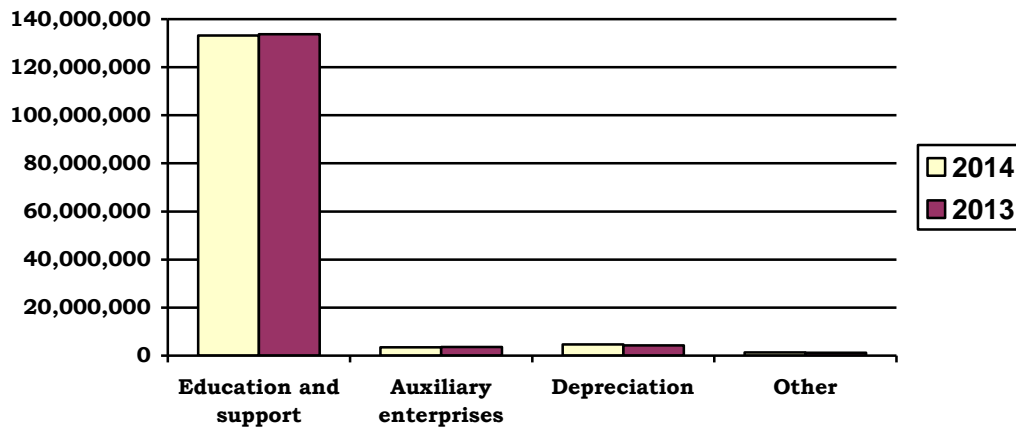
- ◆ Tuition and fees, net of scholarship allowances, increased approximately \$1.4 million or 4.8%. This increase was caused by a decrease in the number of credit hours taught of 4%. The enrollment decrease was offset by an increase in the tuition rate of 2.3% from \$133 to \$136. The enrollment decrease and the tuition rate increase combined to decrease tuition and fees revenue by \$1 million or 2%. Scholarship allowances that decrease the student's tuition and fees cost, decreased by \$1.5 million or 5.2%. For financial reporting purposes, scholarship allowances reduce tuition revenue.
- ◆ The College provides training to new employees of area businesses under the Iowa Industrial New Jobs Training Program. The revenue from these training projects decreased \$7.3 million or 43%. Despite the economic conditions, the College sold \$9.125 million in New Jobs Training Certificates during the fiscal year. This number has remained steady for the third straight year, with \$12.7 million being sold in 2013 and \$10 million in 2012.
- ◆ Miscellaneous revenue decreased \$2.4 million or 21.6%, which can be attributed to the college receiving a smaller amount of donations towards construction projects in the current fiscal year.
- ◆ Federal appropriations increased approximately \$2.2 million or 32%, which can be attributed to increases in Federal grant awards. Auxiliary revenue was almost identical to what it had been the year before.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Operating Expenses

	Year ended June 30	
	2014	2013
Education and support:		
Liberal arts and sciences	\$ 28,391,020	\$ 28,124,131
Vocational technical	31,349,202	31,204,667
Adult education	16,530,400	12,274,924
Cooperative services	5,266,822	11,424,337
Administration	3,753,093	3,506,157
Student services	11,301,896	9,796,023
Learning resources	3,111,963	3,165,477
Physical plant	18,281,260	17,356,729
General institution	15,183,219	16,889,053
Auxiliary enterprises	3,447,538	3,544,972
Loan cancellations and bad debts	1,231,123	1,109,522
Administrative and collection costs	97,697	91,766
Depreciation	4,692,377	4,290,417
Total	<u>\$ 142,637,610</u>	<u>\$ 142,778,175</u>

Total Expenses



In fiscal year 2014, operating expenses decreased by approximately \$140,565 or 0.1%. The following factors explain some of the changes:

- ◆ Enrollment decreased by 4%, and the College responded by eliminating \$3 million of operating and part-time salary expenses from the operating budget of the College.
- ◆ The cost of bad debts increased by \$121,601 or 11%. The larger write off is attributed to the large growth in enrollment during 2009-2011. The College writes bad debt off after the debt is two years old.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Statement of Cash Flows

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

Cash Flows

	Year ended June 30	
	2014	2013
Cash provided by (used in):		
Operating activities	\$ (67,190,736)	\$ (69,672,292)
Noncapital financing activities	89,067,574	74,854,774
Capital and related financing activities	(10,922,753)	(15,953,663)
Investing activities	2,565,075	9,445,064
Net increase (decrease) in cash	13,519,160	(1,326,117)
Cash and short-term pooled investments, beginning of the year	48,687,331	50,013,448
Cash and short-term pooled investments, end of the year	\$ 62,206,491	\$ 48,687,331

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

Cash used in operating activities decreased by \$2.5 million. The decrease was attributed to a decrease in tuition revenue as a result of a 4% decline in enrollment.

Cash provided by noncapital financing activities increased \$14.2 million. The increase is the result of increased funding from the State of Iowa, and increase in the overall property tax levy during 2014.

Cash used in capital and related financing activities decreased \$5.0 million over the prior year. The decrease was the result of the College spending less on construction projects.

The cash provided by investing activities decreased \$6.9 million. The College has decreased the amount maintained in pooled investments.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

CAPITAL ASSETS

At June 30, 2014, the College had approximately \$104 million invested in capital assets, net of accumulated depreciation of \$67.6 million. Depreciation charges totaled \$4.7 million for FY2014. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30	
	2014	2013
Land	\$ 7,451,348	\$ 7,232,796
Buildings	84,752,520	69,478,040
Construction in progress	911,070	12,104,414
Improvements other than buildings	6,304,327	6,763,393
Leased equipment	34,660	59,126
Equipment and vehicles	4,356,171	4,099,232
Total	\$ 103,810,096	\$ 99,737,001

Planned capital expenditures for the fiscal year ending June 30, 2014 and beyond include a new Student Center/YMCA on the Ankeny Campus, and an addition the Iowa Culinary Institute in Building 7 on the Ankeny Campus. The College appropriates approximately \$1.25 million annually for computer equipment and technology upgrades for the computer labs, networks and classrooms. The College also plans to spend an estimated \$1.4 million annually for maintenance on the buildings and grounds. In September 2013, the voters approved to continue the plant fund levy for another ten years through 2025. The \$.2025 per thousand levy generates approximately \$7.25 million per year for the College.

The College has an approved \$.06 per thousand levy for instructional equipment. This levy results in the College receiving an additional \$2 million per year for instructional equipment. The voters also approved continuing the equipment levy for ten more years through 2025.

DEBT

At June 30, 2014, the College had \$69.1 million in debt outstanding, a decrease of \$670,000 from 2013. The table below summarizes these amounts by type.

Outstanding Debt

	June 30	
	2014	2013
Certificates payable	\$ 64,815,000	\$ 64,295,000
Notes payable	1,065,000	2,095,000
Revenue bonds payable	3,225,000	3,385,000
Total	\$ 69,105,000	\$ 69,775,000

The College does not anticipate issuing any debt during the fiscal year ending June 30, 2015, except for the sale of approximately \$10 million in new jobs training certificates. The College does anticipate issuing new debt after July 1, 2015, to finance the cost of the new Student Center/YMCA.

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

ECONOMIC FACTORS

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

- ◆ The Iowa Legislature has continued to support Iowa's community colleges. For the fiscal year ended June 30, 2014, the College received \$31.8 million in state general aid. For the fiscal year ending June 30, 2015, the College has been allocated \$33.7 million. The College is anticipating that this amount will remain at the same level for the year ending on June 30, 2016. For future budget years, the College is cautiously optimistic regarding state general aid. Aggressive and prudent budget management, pre-planning for anticipated expense reductions, and enrollment increases have allowed the College to deal with revenue losses without significant impact on operations that would affect the student experience.
- ◆ Past reductions in state aid to the College have put pressure on students by increasing tuition rates. In the fiscal year ended June 30, 2014, the College actually experienced an enrollment decrease of 4.0%. For the Fall Term of the fiscal year ending June 30, 2015 the College experienced a 3.0% enrollment decrease. The budget had been adjusted by 3% during budget development, so the College did not have to cut expenditures. Even though the College has not been able to maintain large enrollment increases, the enrollment levels still average a 5 percent growth rate. Within these enrollment numbers there are still many positives with several departments actually experiencing increases and certain market segments increasing.
- ◆ There continues to be positive indicators for business and workforce growth in Central Iowa and good prospects for job growth and interest from new industry; banking and financial services continue to expand the workforce as evidenced by the College's job training activity; and there is potential to provide additional training to area business and industry. Iowa Industrial New Jobs Training projects totaled over \$9 million for 2014.
- ◆ Facilities at the College require constant expansion, maintenance, and upkeep. The lack of facility capacity hampers the College in its efforts to grow some current programs or add programs that are needed in the area's economy. The College needs to reduce the size of the list of students waiting to get into programs, or aggressively recruit students into those programs if the College is to meet business and student demands. As the economy grows, the need for additional capacity is a major concern of the College. The College consistently informs business leaders and state legislators of this concern and will continue to address the capacity issue.
- ◆ Technology continues to expand and current technology becomes outdated rapidly, presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.

The College anticipates the current fiscal year (FY2015) will be much like the last and will maintain a close watch over resources, expenses and opportunities to maintain the College's ability to react to known and unknown issues coming next year.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Des Moines Area Community College, 2006 South Ankeny Blvd., Ankeny, Iowa 50023.

BASIC FINANCIAL STATEMENTS

DES MOINES AREA COMMUNITY COLLEGE

Statement of Net Position

June 30, 2014

	<u>College</u>	<u>Foundation</u>
Assets		
Current assets:		
Cash and short-term pooled investments (Note 2)	\$ 62,206,491	\$ 1,320,151
Pooled investments (Note 2)	14,365,000	9,438,268
Receivables:		
Accounts, net of allowance of \$313,785	15,205,086	8,261
Succeeding year property tax	23,560,518	-
Iowa Industrial New Jobs Training Program	11,822,956	-
Due from other governments	2,789,328	-
Inventories (Note 3)	336,897	-
Prepaid expenses	19,573	5,610
Total current assets	<u>130,305,849</u>	<u>10,772,290</u>
Noncurrent assets:		
Receivables		
Iowa Industrial New Jobs Training Program	38,787,542	-
Cash value of life insurance	262,284	-
Capital assets, net of accumulated depreciation (Note 4)	<u>103,810,096</u>	<u>306,906</u>
Total noncurrent assets	<u>142,859,922</u>	<u>306,906</u>
Total assets	<u>\$ 273,165,771</u>	<u>\$ 11,079,196</u>

DES MOINES AREA COMMUNITY COLLEGE

Statement of Net Position (Continued)

June 30, 2014

	<u>College</u>	<u>Foundation</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 3,184,049	\$ 2,595
Payable to Des Moines Area Community College	-	16,235
Salaries and benefits payable	5,022,137	-
Self-funded health claims payable	1,936,036	-
Accrued interest payable	200,007	-
Unearned revenue:		
Tuition	13,774,179	-
Iowa Industrial New Jobs Training Program and other	12,891,471	-
Early retirement pension cost and OPEB liability payable (Notes 11 and 12)	1,242,233	-
Deposits held in custody for others	1,987,343	-
Capital lease payable (Note 6)	26,509	-
Certificates payable (Note 5)	12,322,899	-
Notes payable and certificates of participation (Note 5)	1,228,489	-
	<u>53,815,352</u>	<u>18,830</u>
Total current liabilities		
Noncurrent liabilities (Note 5 and 6):		
Compensated absences	1,722,200	-
Unearned revenue, Iowa Industrial New Jobs Training Program and other	17,342,717	-
Early retirement pension cost and OPEB liability payable (Notes 11 and 12)	8,025,746	-
Capital lease payable	11,462	-
Certificates payable	52,755,271	-
Notes payable	3,022,932	-
	<u>82,880,328</u>	<u>-</u>
Total noncurrent liabilities		
	<u>136,695,680</u>	<u>18,830</u>
Total liabilities		
Deferred Inflows of Resources		
Unavailable property tax revenue	23,560,518	-
	<u>23,560,518</u>	<u>-</u>
Net position		
Net investment in capital assets	99,520,096	-
Restricted:		
Nonexpendable:		
Cash reserve	755,088	-
Scholarships and fellowships	-	4,011,500
Expendable:		
Scholarships and fellowships	200,217	-
Loans	106,260	-
Plant fund	560,819	-
Early retirement	(7,258,244)	-
Other	4,088,895	-
Unrestricted	14,936,442	7,048,866
Commitments (Notes 4, 7, 11, 12 and 13)		
	<u>\$ 112,909,573</u>	<u>\$ 11,060,366</u>
Total net position		

Exhibit B

DES MOINES AREA COMMUNITY COLLEGE
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2014

	College	Foundation
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$26,844,407	\$ 30,713,637	\$ -
Federal appropriations	9,215,254	-
Iowa Industrial New Jobs Training Program	9,922,594	-
Auxiliary enterprises revenue	2,206,567	-
Contributions	-	1,575,795
Miscellaneous	8,753,487	-
Total operating revenues	60,811,539	1,575,795
Operating expenses:		
Education and support		
Liberal arts and sciences	28,391,020	-
Vocational technical	31,349,202	-
Adult education	16,530,400	-
Cooperative services	5,266,822	-
Administration	3,753,093	64,854
Student services	11,301,896	-
Learning resources	3,111,963	-
Physical plant	18,281,260	-
General institution	15,183,219	-
Auxiliary enterprises	3,447,538	-
Scholarships and grants	-	1,047,071
Fund raising	-	75,586
Loan cancellations and bad debts	1,231,123	-
Administrative and collection costs	97,697	-
Depreciation	4,692,377	14,499
Total operating expenses	142,637,610	1,202,010
Operating income (loss)	(81,826,071)	373,785
Nonoperating revenues (expenses):		
State appropriations	40,541,936	-
Pell grant	26,099,217	-
Property tax	24,333,254	-
Interest and investment income	165,060	1,452,415
Loss on disposition of capital assets	(644,617)	-
Interest on indebtedness	(2,510,516)	-
Net nonoperating revenues (expenses)	87,984,334	1,452,415
Change in net position	6,158,263	1,826,200
Transfers from agency funds	(105,772)	-
Total change in net position	6,052,491	1,826,200
Net position, beginning of year	106,857,082	9,234,166
Net position, end of year	\$ 112,909,573	\$ 11,060,366

DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended June 30, 2014

Cash flows from operating activities:	
Tuition and fees	\$ 33,595,760
Federal appropriations	9,691,340
Iowa Industrial New Jobs Training Program	16,380,093
Payments to employees for salaries and benefits	(93,707,665)
Payments to suppliers for goods and services	(44,112,449)
Auxiliary enterprise receipts	2,206,567
Other receipts	8,755,618
	<hr/>
Net cash used in operating activities	(67,190,736)
Cash flows from noncapital financing activities:	
State appropriations	39,692,039
Pell grant	26,138,158
Property tax	24,333,254
Net agency fund activity	286,567
Proceeds from certificates payable	9,125,000
Principal paid on debt	(8,605,000)
Interest paid	(1,902,444)
	<hr/>
Net cash provided by noncapital financing activities	89,067,574
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(9,410,089)
Leased assets	(25,156)
Principal paid on debt	(1,190,000)
Interest paid	(297,508)
	<hr/>
Net cash used in capital and related financing activities	(10,922,753)
Cash flows from investing activities:	
Interest on investments	165,060
Net change in pooled investments	2,400,015
	<hr/>
Net cash provided by investing activities	2,565,075
Net decrease in cash and short-term pooled investments	13,519,160
Cash and short-term pooled investments at beginning of year	48,687,331
	<hr/>
Cash and short-term pooled investments at end of year	\$ 62,206,491
	<hr/> <hr/>

DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows (Continued)

Year Ended June 30, 2014

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ <u>(81,826,071)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	4,692,377
Changes in assets and liabilities:	
Decrease in accounts receivable	3,191,399
Decrease in Iowa Industrial New Jobs Training Program receivables	3,133,393
Decrease in due from and due to other governments	476,086
Decrease in prepaid expenses	348,291
Increase in inventories	(20,378)
Decrease in accounts payable	(1,767,884)
Increase in salaries and benefits payable unearned	2,989,729
Increase in other post employment benefits	3,014,830
Decrease in early retirement payable	738,644
Decrease in deposits held in custody for others	(2,163,283)
	<u>2,131</u>
Total adjustments	<u>14,635,335</u>
Net cash used in operating activities	\$ <u><u>(67,190,736)</u></u>

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

Organization and Function

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

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

Reporting Entity

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

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

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

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

Financial Statement Presentation

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

Financial Statement Presentation (continued)

Restricted Net Position:

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

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

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

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

Supplementary Information

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

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

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

Supplementary Information (continued)

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Assets, Liabilities, Deferred Inflows of Resources and Net Position

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

Assets, Liabilities and Net Position (continued)

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

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2014 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

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

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

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. No interest costs were capitalized during the year ended June 30, 2014.

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

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

Unearned 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, the 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 and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2014.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

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

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

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

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 CASH AND POOLED INVESTMENTS

The College's cash and deposits (money market accounts and certificates of deposit) at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

As of June 30, 2014, the College's cash and short-term pooled investments are as follows:

Deposits	
Cash	\$ 31,727,595
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio and Money Market	<u>30,478,896</u>
Total cash and short-term pooled investments	<u>\$62,206,491</u>

As of June 30, 2014, the College's pooled investments are as follows:

Deposits	
Nonnegotiable certificates of deposit	<u>\$14,365,000</u>

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

Credit risk. The College's investments in the Iowa Schools Joint Investment Trust at June 30, 2014 were rated AAAM by Standard & Poor's Financial Services.

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 INVENTORIES

The College's inventories at June 30, 2014 are as follows:

<u>Type</u>	<u>Amount</u>
Supplies and materials	\$ 76,376
Merchandise held for resale	<u>260,521</u>
Total	<u>\$ 336,897</u>

NOTE 4 CAPITAL ASSETS

A summary of the change in capital assets for the year ended June 30, 2014 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	\$ 7,232,796	\$ 304,552	\$ -	\$ 86,000	\$ 7,451,349
Construction in progress	<u>12,104,414</u>	<u>911,070</u>	<u>(12,104,414)</u>	<u>-</u>	<u>911,070</u>
Total capital assets not being depreciated	<u>19,337,210</u>	<u>1,215,622</u>	<u>(12,104,414)</u>	<u>86,000</u>	<u>8,362,419</u>
Capital assets being depreciated					
Buildings	110,958,384	6,660,499	12,104,414	655,100	129,068,197
Improvements other than buildings	16,478,260	-	-	-	16,478,260
Leased Equipment	122,330	-	-	-	122,330
Equipment and vehicles	<u>16,360,258</u>	<u>1,533,968</u>	<u>-</u>	<u>483,239</u>	<u>17,410,986</u>
Total capital assets being depreciated	<u>143,919,232</u>	<u>8,194,467</u>	<u>12,104,414</u>	<u>1,138,339</u>	<u>163,079,773</u>
Less accumulated depreciation for					
Buildings	41,480,344	3,037,898	-	202,565	44,315,677
Improvements other than buildings	9,714,867	459,066	-	-	10,173,933
Leased Equipment	63,204	24,466	-	-	87,670
Equipment and vehicles	<u>12,261,026</u>	<u>1,170,947</u>	<u>-</u>	<u>377,157</u>	<u>13,054,816</u>
Total accumulated depreciation	<u>63,519,441</u>	<u>4,692,377</u>	<u>-</u>	<u>579,722</u>	<u>67,632,096</u>
Total capital assets being depreciated, net	<u>80,399,791</u>	<u>3,502,090</u>	<u>12,104,414</u>	<u>558,617</u>	<u>95,447,678</u>
Capital assets, net	<u>\$ 99,737,001</u>	<u>\$ 4,717,712</u>	<u>\$ -</u>	<u>\$ 644,617</u>	<u>\$ 103,810,096</u>

Construction in progress at June 30, 2014 includes costs for the softball field at Boone and the completion of DMACC Blvd at Ankeny. The College has entered into agreements for these projects totaling approximately \$1,320,000 of which approximately \$910,000 has been completed. The approximate total for completion is \$410,000.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 5 CHANGES IN NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities for the year ended June 30, 2014 is as follows:

	<u>Compensated absences</u>	<u>Unearned revenue, NJTP and other</u>	<u>Early Retirement and OPEB payable</u>	<u>Certificates payable</u>	<u>Revenue bonds and Notes payable</u>	<u>Total</u>
Balance, beginning of year	\$1,615,500	\$26,910,082	\$10,692,618	\$64,295,000	\$5,480,000	\$108,993,200
Additions	109,200	11,227,859	2,851,388	9,125,000	-	22,574,803
Reductions	<u>2,500</u>	<u>7,903,753</u>	<u>4,276,027</u>	<u>8,605,000</u>	<u>1,190,000</u>	<u>21,977,280</u>
	1,722,200	30,234,188	9,267,979	64,815,000	4,290,000	109,590,723
Less net unamortized discount and premium	<u>-</u>	<u>-</u>	<u>-</u>	<u>(263,170)</u>	<u>38,579</u>	<u>(224,591)</u>
Balance, end of year	1,722,200	30,234,188	9,267,979	65,078,170	4,251,421	109,815,314
Less current portion	<u>-</u>	<u>12,891,471</u>	<u>1,242,233</u>	<u>12,322,899</u>	<u>1,228,489</u>	<u>27,685,092</u>
Total noncurrent liabilities	<u>\$1,722,200</u>	<u>\$17,342,717</u>	<u>\$ 8,025,746</u>	<u>\$52,755,271</u>	<u>\$3,022,932</u>	<u>\$ 82,130,222</u>

Revenue Bonds and Notes Payable

The College has issued revenue bonds and notes payable for the purchase and construction of College properties as allowed by Section 260C.19 and Section 260C.58 of the Code of Iowa. Details of the scheduled maturities for the College's revenue bonds and notes payable at June 30, 2014:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	1,230,000	238,878	1,468,878
2016	170,000	193,646	363,646
2017	175,000	184,934	359,934
2018	180,000	175,309	355,309
2019	185,000	164,959	349,959
2020-2024	1,055,000	643,169	1,698,169
2025-2029	<u>1,295,000</u>	<u>267,665</u>	<u>1,562,665</u>
Total	<u>\$ 4,290,000</u>	<u>\$ 1,868,560</u>	<u>\$6,158,560</u>

Revenue bonds and notes payable consisted of the following at June 30, 2014:

Tax-exempt notes payable dated December 1, 2004, with interest rates between 3.45 and 3.55%	1,065,000
Tax-exempt revenue bonds dated May 29, 2009 with interest rates between 4.25% and 6.70%	<u>3,225,000</u>
	<u>\$ 4,290,000</u>

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

The tax-exempt revenue bonds totaling \$3,225,000 are payable over thirty years. The proceeds of the bonds were used to purchase student housing units on the Boone Campus. It is anticipated that rental revenue from these units will be sufficient to retire the principal and interest on the bonds. As a requirement of the borrowing, the College is required to maintain a Debt Service Reserve Fund in an amount approximating the annual debt service requirements. Interest on the revenue bonds, notes payable and certificates of participation is payable semiannually, while principal payments are due annually. Total interest cost on the revenue bonds and notes payable during the year ended June 30, 2014 was \$277,628.

Certificates Payable

Pursuant to agreements dated from 2007 to 2014, the College issued certificates totaling \$64,815,000 at June 30, 2014 with interest rates ranging from 0.45% to 5.50% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa. Iowa Industrial New Jobs Training Program's (NJTP's) purpose is to provide tax-aided training for employees of industries which are new or are expanding their operations within the state of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits from withholding taxes, and, in the case of default, standby property taxes collected pursuant to Chapter 260E. The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	9,675,000	2,147,956	11,822,956
2016	10,440,000	1,821,813	12,261,813
2017	11,130,000	1,452,427	12,582,427
2018	10,160,000	1,051,876	11,211,876
2019	7,520,000	685,071	8,205,071
2020 - 2024	<u>15,890,000</u>	<u>859,365</u>	<u>16,749,365</u>
Total	<u>\$64,815,000</u>	<u>\$8,018,508</u>	<u>\$72,833,508</u>

Since inception, the College has administered 622 projects, with 108 currently receiving project funding. Of the remaining projects, 411 have been completed and closed and 103 have been completed with only repayment of the certificates left. In cases where projects exceed the budgeted amounts, the College intends to obtain additional withholding revenue from the companies.

Total interest costs on the certificates during the year ended June 30, 2014 was \$2,216,220.

NOTE 6 CAPITAL LEASES

The College leases two copiers under capital leases which expire in November 2015. The capital leases provide the College with the option of purchasing the copiers at the end of the lease. The interest rate for the leases is 5.25%. Management expects that the copiers will be purchased at the end of the capital leases. The minimum lease payments for the capital leases are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	26,509	1,362	27,871
2016	<u>11,462</u>	<u>151</u>	<u>11,613</u>
Total	<u>\$ 37,971</u>	<u>\$ 1,513</u>	<u>\$ 39,484</u>

Total principal and interest for all capital leases was \$25,156 and \$2,715 for the year ended June 30, 2014.

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 7 - OPERATING LEASES

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

<u>Year ending June 30</u>	<u>Amount</u>
2015	176,353
2016	147,577
2017	<u>153,528</u>
Total	<u>\$ 477,458</u>

Total rent expense for all operating leases were approximately \$158,706 for the year ended June 30, 2014.

NOTE 8 - RENT INCOME

All leases are classified as operating leases.

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

<u>Year ending June 30</u>	<u>Amount</u>
2015	46,120
2016	28,593
2017	28,493
Thereafter	<u>50,152</u>
Total	<u>\$ 153,358</u>

Total rent income for all operating leases were approximately \$69,438 for the year ended June 30, 2014.

NOTE 9 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 (State). 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 5.95% of their annual covered salary, and the College is required to contribute 8.93% of annual covered salary. Contribution requirements are established by State statute. The College's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$2,465,811, \$2,376,751, and \$2,158,186, respectively, equal to the required contributions for each year.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

**NOTE 10 TEACHERS INSURANCE AND ANNUITY ASSOCIATION - COLLEGE RETIREMENT
EQUITIES FUND (TIAA-CREF)**

The College also contributes to the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, each employee is to contribute 5.95% and the College is required to contribute 8.93%. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2014 were \$2,927,531 and \$1,950,595 respectively.

NOTE 11 PENSION COSTS - EARLY RETIREMENT

The College offers a voluntary early retirement plan to full-time and certain part-time staff. Employees who are 55 years of age or older and have at least 10 years of continuous service with the College are eligible for early retirement remuneration. A staff member who accepts early retirement, effective June 30, will receive cash benefits on July 1 and January 1 of the following fiscal year. An employee who accepts early retirement, effective December 31, will receive cash benefits on January 1 and July 1 of the following fiscal year. The cash benefit ranges from 70% to 100% of the eligible employee's salary at retirement, based upon the employee's years of service. All employees who retire under the early retirement plan receive paid health insurance benefits to age 65 (see Note 12).

The liability at June 30, 2014 for early retirement cash benefits totaled \$2,919,820. The early retirement cash benefit is funded on a pay-as-you-go basis through property tax levies. The College's early retirement expense related to the cash benefit for the year ended June 30, 2014 was \$2,112,744.

At June 30, 2014, the potential liability, if all employees accepted early retirement when eligible, is approximately \$15,516,000.

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

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

The College's annual OPEB cost is calculated based on the annual required contribution, ARC, of the College, an amount actuarially determined in accordance with Governmental Accounting Standards Board, GASB, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for June 30, 2014, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Annual required contribution, ARC	\$	2,064,745
Interest on net OPEB obligation		412,059
Adjustment to annual required contribution		(536,116)
Annual OPEB cost	\$	1,940,688
Contributions made		(1,202,044)
Decrease in accrued expenses		(303,636)
Increase in net OPEB obligation	\$	435,008
Net OPEB obligation, beginning of year		8,241,173
Net OPEB obligation, end of year	\$	8,676,181

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the College contributed \$1,202,044 to the plan. The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are summarized as follows:

<u>Fiscal year</u> <u>Ended June 30,</u>	<u>Annual</u> <u>OPEB cost</u>	<u>Percentage of</u> <u>annual OPEB</u> <u>cost contributed</u>	<u>Net OPEB</u> <u>obligation</u>
2012	2,185,152	54.6	7,384,177
2013	1,953,589	61.8	8,241,173
2014	1,940,688	62.0	8,676,181

As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$15,624,465 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of \$15,624,465. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$49,499,000, and the ratio of the UAAL to the covered payroll was 32.0%. As of June 30, 2014 there were no trust fund assets.

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the College's funding policy. The projected annual medical trend rate is 6% and the projected annual dental trend rate is 5%. The ultimate medical trend rate is 5% and the ultimate dental trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the Actuary's Pension Handbook.

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)**

Required Supplementary Information

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

See note 12 in the accompanying notes to financial statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

Des Moines Area Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Year ended June 30, 2014

<u>Funds/Levy</u>	<u>Original budget</u>	<u>Actual</u>	<u>Variance between actual and budget</u>
Unrestricted	\$ <u>102,628,391</u>	\$ <u>107,195,606</u>	\$ (4,567,215)
Restricted			
Unemployment	200,000	163,363	36,637
Insurance	4,605,000	5,134,149	(529,149)
Early retirement	3,232,037	2,112,744	1,119,293
Equipment replacement	3,182,049	3,686,753	(504,704)
Other	<u>38,798,928</u>	<u>28,154,338</u>	<u>10,644,590</u>
Total restricted	<u>50,018,014</u>	<u>39,251,347</u>	<u>10,766,667</u>
Total unrestricted/restricted	152,646,405	146,446,953	6,199,452
Plant	<u>16,157,648</u>	<u>15,448,886</u>	<u>708,762</u>
Total	<u>\$168,804,053</u>	<u>\$161,895,839</u>	<u>\$ 6,908,214</u>

See accompanying independent auditor's report

Des Moines Area Community College
NOTE TO BUDGETARY REPORTING
Year ended June 30, 2014

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

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

For the year ended June 30, 2014, the College's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report

DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances

June 30, 2014

Assets	Current funds		Loan funds	Plant Funds		Agency funds	Adjustments	Totals
	Unrestricted	Restricted		Unexpended	Investment in plant			
Cash and short-term pooled investments	\$ 23,370,295	\$ 39,530,790	\$ (4,931)	\$ (2,634,760)	\$ -	\$ 1,945,097	\$ -	\$ 62,206,491
Pooled investments	-	14,365,000	-	-	-	-	-	14,365,000
Receivables:								
Accounts, net of allowance of \$313,785	14,794,008	227,303	111,191	5,560	-	67,024	-	15,205,086
Succeeding year property tax	7,259,530	9,041,458	-	7,259,530	-	-	-	23,560,518
Iowa Industrial New Jobs Training Program	-	50,610,498	-	-	-	-	-	50,610,498
Due from other governments	418,857	1,468,669	-	886,106	-	15,696	-	2,789,328
Due from other funds	-	-	-	3,225,000	-	-	(3,225,000)	-
Inventories	336,897	-	-	-	-	-	-	336,897
Prepaid expenses	-	19,573	-	-	-	-	-	19,573
Cash value of life insurance	262,284	-	-	-	-	-	-	262,284
	<u>46,441,871</u>	<u>115,263,291</u>	<u>106,260</u>	<u>8,741,436</u>	<u>0</u>	<u>2,027,817</u>	<u>(3,225,000)</u>	<u>169,355,675</u>
Capital assets:								
Land	-	-	-	-	7,451,349	-	-	7,451,349
Buildings	-	-	-	-	129,068,197	-	-	129,068,197
Improvements other than buildings	-	-	-	-	16,478,260	-	-	16,478,260
Equipment and vehicles	-	-	-	-	17,410,986	-	-	17,410,986
Leased equipment	-	-	-	-	122,330	-	-	122,330
Construction in progress	-	-	-	-	911,070	-	-	911,070
Accumulated depreciation	-	-	-	-	-	-	(67,632,096)	(67,632,096)
Total assets	<u>\$ 46,441,871</u>	<u>\$ 115,263,291</u>	<u>\$ 106,260</u>	<u>\$ 8,741,436</u>	<u>\$ 171,442,192</u>	<u>\$ 2,027,817</u>	<u>\$ (70,857,096)</u>	<u>\$ 273,165,771</u>

DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances (Continued)

June 30, 2014

Liabilities and Fund Balances	Current funds		Loan funds	Plant Funds		Agency funds	Adjustments	Totals
	Unrestricted	Restricted		Unexpended	Investment in plant			
Liabilities:								
Accounts payable	\$ 1,558,155	\$ 688,801	\$ -	\$ 892,869	\$ -	\$ 44,224	\$ -	\$ 3,184,049
Salaries and benefits payable	4,172,467	843,170	-	2,000	-	4,500	-	5,022,137
Self-funded health claims payable	-	1,936,036	-	-	-	-	-	1,936,036
Accrued interest payable	16,392	180,533	-	3,082	-	-	-	200,007
Other	13,774,179	30,234,188	-	-	-	-	-	44,008,367
Early retirement pension costs payable	-	591,798	-	-	-	-	-	591,798
Deposits held in custody for others	13,950	-	-	-	-	1,973,393	-	1,987,343
Compensated absences	1,487,500	207,000	-	22,000	-	5,700	-	1,722,200
Due to other funds	-	-	-	-	3,225,000	-	(3,225,000)	-
Capital lease payable	37,971	-	-	-	-	-	-	37,971
Certificates payable	-	65,078,170	-	-	-	-	-	65,078,170
Revenue bonds and notes payable	3,185,285	-	-	1,136	1,065,000	-	-	4,251,421
Net OPEB liability	-	7,937,537	-	-	-	-	738,644	8,676,181
Total liabilities	24,245,899	107,697,233	-	921,087	4,290,000	2,027,817	(2,486,356)	136,695,680
Deferred inflows of resources								
Succeeding year property tax	7,259,530	9,041,458	-	7,259,530	-	-	-	23,560,518
Fund balances:								
Net investment in capital assets	-	-	-	-	167,152,192	-	(67,632,096)	99,520,096
Restricted:								
Nonexpendable:								
Cash reserve	-	755,088	-	-	-	-	-	755,088
Expendable:								
Scholarships and fellowships	-	200,217	-	-	-	-	-	200,217
Loans	-	-	106,260	-	-	-	-	106,260
Plant fund	-	-	-	560,819	-	-	-	560,819
Early retirement	-	(6,519,600)	-	-	-	-	(738,644)	(7,258,244)
Other	-	4,088,895	-	-	-	-	-	4,088,895
Unrestricted	14,936,442	-	-	-	-	-	-	14,936,442
Total fund balances	14,936,442	(1,475,400)	106,260	560,819	167,152,192	-	(68,370,740)	112,909,573
Total liabilities and fund balances	\$ 46,441,871	115,263,291	106,260	8,741,436	171,442,192	2,027,817	(70,857,096)	273,165,771

DES MOINES AREA COMMUNITY COLLEGE

Schedule 3

Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2014

	Current operating funds			Loan funds	Plant funds			Adjustments	Totals
	Unrestricted	Restricted	Total		Unexpended	Retirement of indebtedness	Investment in plant		
Revenues and other additions:									
Tuition and fees	\$ 56,661,293	\$ 896,751	\$ 57,558,044	\$ -	\$ -	\$ -	\$ -	\$ (26,844,407)	\$ 30,713,637
Federal appropriations	2,129,949	33,184,522	35,314,471	-	-	-	-	-	35,314,471
Iowa Industrial New Jobs Training Program	-	9,922,594	9,922,594	-	-	-	-	-	9,922,594
State appropriations	32,299,151	6,956,679	39,255,830	-	1,286,106	-	-	-	40,541,936
Property tax	7,136,685	10,060,929	17,197,614	-	5,861,209	1,274,431	-	-	24,333,254
Auxiliary enterprises revenue	2,283,470	-	2,283,470	-	-	-	-	(76,903)	2,206,567
Interest and investment income	52,191	112,869	165,060	-	-	-	-	-	165,060
Expended for plant assets (including \$1,261,536 in current operating fund expenditures)	-	-	-	-	-	-	9,410,089	(9,410,089)	-
Retirement of indebtedness	-	-	-	-	-	-	1,190,000	(1,190,000)	-
Miscellaneous	7,515,894	815,833	8,331,727	-	681,074	-	-	(259,314)	8,753,487
Total revenues and other additions	108,078,633	61,950,177	170,028,810	-	7,828,389	1,274,431	10,600,089	(37,780,713)	151,951,006
Expenditures and other deductions:									
Education and support:									
Liberal arts and sciences	28,204,146	-	28,204,146	-	-	-	-	186,874	28,391,020
Vocational technical	30,033,720	1,109,136	31,142,856	-	-	-	-	206,346	31,349,202
Adult education	5,722,566	10,699,028	16,421,594	-	-	-	-	108,806	16,530,400
Cooperative services	-	5,232,155	5,232,155	-	-	-	-	34,667	5,266,822
Administration	3,798,212	-	3,798,212	-	-	-	-	(45,119)	3,753,093
Student services	9,752,974	1,474,531	11,227,505	-	-	-	-	74,391	11,301,896
Learning resources	3,001,012	90,468	3,091,480	-	-	-	-	20,483	3,111,963
Physical plant	7,866,394	4,496,083	12,362,477	-	6,025,901	-	-	(107,118)	18,281,260
General institution	9,361,226	5,898,896	15,260,122	-	-	-	-	(76,903)	15,183,219
Scholarships and grants	-	26,844,407	26,844,407	-	-	-	-	(26,844,407)	-
Total education and support	97,740,250	55,844,704	153,584,954	-	6,025,901	-	-	(26,441,980)	133,168,875
Auxiliary enterprises	3,447,538	-	3,447,538	-	-	-	-	-	3,447,538
Expended for plant assets	404,316	857,219	1,261,535	-	8,148,554	-	-	(9,410,089)	-
Administrative and collection costs	97,697	-	97,697	-	-	-	-	-	97,697
Retirement of indebtedness	-	-	-	-	-	1,190,000	-	(1,190,000)	-
Loan cancellations and bad debts	1,210,298	-	1,210,298	20,825	-	-	-	-	1,231,123
Interest on indebtedness	209,865	2,216,220	2,426,085	-	-	84,431	-	-	2,510,516
Depreciation	-	-	-	-	-	-	-	4,692,377	4,692,377
Disposition of capital assets	-	-	-	-	-	-	1,224,339	(579,722)	644,617
Total expenditures and other deductions	103,109,964	58,918,143	162,028,107	20,825	14,174,455	1,274,431	1,224,339	(32,929,414)	145,792,743
Transfers among funds:									
Non-mandatory transfers	(4,170,529)	(3,396,464)	(7,566,993)	5,000	7,456,221	-	-	-	(105,772)
See accompanying independent auditor's report		(364,430)	433,710	- 395,825)	1,110,155	-	9,375,750	(4,851,299)	6,052,491
Fund balances at beginning of year	14,138,302	(364,847)	13,773,455	122,085	(549,336)	-	157,776,442	(64,265,564)	106,857,082

DES MOINES AREA COMMUNITY COLLEGE

Revenues, Expenditures, and Changes in Fund Balances - Unrestricted Fund

Year ended June 30, 2014

	Education			Support					Education and Support
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Adminis-tration	Student Services	Learning Resources	Physical Plant	General Institution	Total
Revenues:									
Tuition and fees	\$ 39,907,837	\$ 11,918,549	\$ 3,960,512	\$ 6,430	\$ 20,877	\$ -	\$ -	\$ 847,088	\$ 56,661,293
Federal appropriations	-	959,695	603,538	42,680	-	-	-	456,520	2,062,433
State appropriations	-	-	370,633	-	-	-	-	31,928,018	32,298,651
Property tax	-	-	-	-	-	-	-	7,136,685	7,136,685
Interest income	-	-	-	-	-	-	-	51,768	51,768
Miscellaneous	450,140	3,009,063	131,544	210,754	30,243	7,985	442,962	1,587,723	5,870,414
	40,357,977	15,887,307	5,066,227	259,864	51,120	7,985	442,962	42,007,802	104,081,244
Allocation of support services	28,904,635	8,126,565	5,738,533	(259,864)	(51,120)	(7,985)	(442,962)	(42,007,802)	-
Total revenues	69,262,612	24,013,872	10,804,760	-	-	-	-	-	104,081,244
Expenditures:									
Salaries and benefits	26,648,256	28,001,218	3,979,026	2,672,532	9,151,336	2,664,380	4,911,177	6,803,052	84,830,977
Services	507,366	435,095	1,014,458	971,756	371,129	76,837	1,921,387	1,924,799	7,222,827
Materials and supplies	824,028	1,347,642	664,412	122,809	176,358	256,320	1,025,765	504,496	4,921,830
Travel	196,856	240,515	51,092	27,393	46,728	3,475	7,571	70,382	644,012
Expended for plant assets	-	18,286	-	-	-	-	305,225	80,805	404,316
Scholarships	-	-	-	-	-	-	-	-	-
Bad Debt	914,143	296,155	-	-	-	-	-	-	1,210,298
Miscellaneous	27,640	9,250	13,578	101,419	7,423	-	494	58,497	218,301
	29,118,289	30,348,161	5,722,566	3,895,909	9,752,974	3,001,012	8,171,619	9,442,031	99,452,561
Allocation of support services	23,155,985	6,510,326	4,597,234	(3,895,909)	(9,752,974)	(3,001,012)	(8,171,619)	(9,442,031)	-
Total expenditures	52,274,274	36,858,487	10,319,800	-	-	-	-	-	99,452,561
Excess (deficiency) of revenues over (under) expenditures									
	16,988,338	(12,844,615)	484,960	-	-	-	-	-	4,628,683
Transfers:									
Non-mandatory transfers	(133,754)	(293,497)	(16,269)	12,759	33,815	-	(4,265,468)	274,776	(4,387,638)
Total transfers	(133,754)	(293,497)	(16,269)	12,759	33,815	-	(4,265,468)	274,776	(4,387,638)
Net increase (decrease) for the year	\$ 16,854,584	\$ (13,138,112)	\$ 468,691	\$ 12,759	\$ 33,815	\$ -	\$ (4,265,468)	\$ 274,776	241,045
Fund balance at beginning of year									10,341,430
Fund balance at end of year									\$ 10,582,475

DES MOINES AREA COMMUNITY COLLEGE

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

Year ended June 30, 2014

	<u>Bookstore</u>	<u>Career education</u>	<u>Cafeteria/ vending</u>	<u>Student Housing</u>	<u>Athletics</u>	<u>Capitol Medical</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:								
Sales and services	\$ -	\$ 653,352	\$ 530,086	\$ 898,541	\$ -	\$ 88,314	\$ 113,177	\$ 2,283,470
Student fee allocations	-	309,554	-	18,480	411,482	-	9,050	748,566
State Support	-	500	-	-	-	-	-	500
Interest income	-	-	-	423	-	-	-	423
Federal appropriations	-	-	-	67,516	-	-	-	67,516
Miscellaneous	<u>175,000</u>	<u>517,152</u>	<u>76,849</u>	<u>6,195</u>	<u>14,601</u>	<u>3,982</u>	<u>103,135</u>	<u>896,914</u>
Total revenues and other additions	<u>175,000</u>	<u>1,480,558</u>	<u>606,935</u>	<u>991,155</u>	<u>426,083</u>	<u>92,296</u>	<u>225,362</u>	<u>3,997,389</u>
Expenditures and other deductions:								
Salaries and benefits	-	530,013	294,154	135,032	234,992	-	28,064	1,222,255
Services	-	229,644	38,830	219,144	65,435	59,750	94,353	707,156
Materials and supplies	-	343,257	1,202	32,237	44,416	2,695	15,193	439,000
Travel	-	152,134	186	-	131,681	-	1,301	285,302
Purchases for resale	-	303,005	238,417	-	-	-	5,884	547,306
Expended for plant assets	-	-	-	-	-	-	-	-
Bad debts	-	-	-	-	-	-	-	-
Interest on debt	-	-	-	209,865	-	-	-	209,865
Miscellaneous	<u>-</u>	<u>146,940</u>	<u>76,016</u>	<u>-</u>	<u>14,941</u>	<u>-</u>	<u>8,622</u>	<u>246,519</u>
Total expenditures and other deductions	<u>-</u>	<u>1,704,993</u>	<u>648,805</u>	<u>596,278</u>	<u>491,465</u>	<u>62,445</u>	<u>153,417</u>	<u>3,657,403</u>
Transfers among funds (non-mandatory)	<u>-</u>	<u>314,432</u>	<u>68,554</u>	<u>(266,200)</u>	<u>65,290</u>	<u>-</u>	<u>35,033</u>	<u>217,109</u>
Net increase (decrease) for the year	175,000	89,997	26,684	128,677	(92)	29,851	106,978	557,095
Fund balances at beginning of year	<u>2,126,651</u>	<u>\$ 202,009</u>	<u>\$ 83,925</u>	<u>\$ 902,465</u>	<u>\$ 92</u>	<u>\$ -</u>	<u>\$ 481,730</u>	<u>3,796,872</u>
Fund balances at end of year	<u>\$ 2,301,651</u>	<u>\$ 292,006</u>	<u>\$ 110,609</u>	<u>\$ 1,031,142</u>	<u>\$ -</u>	<u>\$ 29,851</u>	<u>\$ 588,708</u>	<u>\$ 4,353,967</u>

DES MOINES AREA COMMUNITY COLLEGE
Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Restricted Funds
Year ended June 30, 2014

	<u>Scholarship</u>	<u>Equipment replacement</u>	<u>Iowa Employment Solutions</u>	<u>Insurance and Tort</u>	<u>Early retirement</u>	<u>Unemployment compensation</u>	<u>Cash reserve</u>	<u>Grants and contracts</u>	<u>Iowa Industrial New Jobs Training Programs</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:											
Tuition and fees	\$ 188,178	\$ -	\$ 32,852	\$ -	\$ -	\$ -	\$ -	\$ 18,501	\$ 113,140	\$ 544,080	\$ 896,751
Federal appropriations	26,377,065	-	898,018	-	-	-	-	5,909,439	-	-	33,184,522
Iowa Industrial New Jobs Training Program	-	-	-	-	-	-	-	-	9,922,594	-	9,922,594
State appropriations	-	-	-	-	-	-	-	3,027,864	480,304	3,448,511	6,956,679
Property tax	-	3,171,866	-	4,833,053	1,784,300	271,710	-	-	-	-	10,060,929
Gifts and Grants	320	-	-	-	-	-	-	747,108	-	-	747,428
Interest income	-	-	-	-	-	-	-	-	-	112,869	112,869
Miscellaneous	1,982	12,649	24,055	61,792	-	-	-	437,580	-	(469,653)	68,405
Total revenues and other additions	<u>26,567,545</u>	<u>3,184,515</u>	<u>954,925</u>	<u>4,894,845</u>	<u>1,784,300</u>	<u>271,710</u>	<u>-</u>	<u>10,140,492</u>	<u>10,516,038</u>	<u>3,635,807</u>	<u>61,950,177</u>
Expenditures and other deductions:											
Salaries and benefits	-	-	557,574	467,210	2,112,744	163,363	-	3,981,764	968,196	543,751	8,794,602
Services	-	526,050	382,638	4,271,684	-	-	-	1,927,818	6,125,701	232,415	13,466,306
Materials and supplies	-	2,103,192	10,291	199,087	-	-	-	648,639	92,414	323,691	3,377,314
Travel	-	1,381	1,470	19,930	-	-	-	136,775	23,768	26,772	210,096
Expended for plant assets	-	403,995	-	176,238	-	-	-	82,158	-	194,829	857,220
Interest on indebtedness	-	-	-	-	-	-	-	-	2,216,220	-	2,216,220
Scholarships and grants	26,815,627	-	-	-	-	-	-	-	-	-	26,815,627
Private scholarships	-	-	-	-	-	-	-	28,780	-	-	28,780
Miscellaneous	-	8,077	-	-	-	-	-	3,130,876	13,025	-	3,151,978
Total expenditures and other deductions	<u>26,815,627</u>	<u>3,042,695</u>	<u>951,973</u>	<u>5,134,149</u>	<u>2,112,744</u>	<u>163,363</u>	<u>-</u>	<u>9,936,810</u>	<u>9,439,324</u>	<u>1,321,458</u>	<u>58,918,143</u>
Excess (deficiency) of revenues over (under) expenditures for the year	(248,082)	141,820	2,952	(239,304)	(328,444)	108,347	-	203,682	1,076,714	2,314,349	3,032,034
Transfers among funds:											
Mandatory transfers	-	-	-	-	-	-	-	-	-	-	-
Non-mandatory transfers	266,613	(566,913)	(1)	-	898,697	(1)	-	(346,735)	(1,076,714)	(2,571,410)	(3,396,464)
Net increase (decrease) for the year	18,531	(425,093)	2,951	(239,304)	570,253	108,346	-	(143,053)	-	(257,061)	(364,430)
Fund balances (deficit) at beginning of year	181,686	1,487,919	2,760	(577,242)	(7,089,853)	(11,248)	755,088	122,034	-	4,017,886	(1,110,970)
Fund balances (deficit) at end of year	<u>\$ 200,217</u>	<u>\$ 1,062,826</u>	<u>\$ 5,711</u>	<u>\$ (816,546)</u>	<u>\$ (6,519,600)</u>	<u>\$ 97,098</u>	<u>\$ 755,088</u>	<u>\$ (21,019)</u>	<u>\$ -</u>	<u>\$ 3,760,825</u>	<u>\$ (1,475,400)</u>

See accompanying independent auditor's report

DES MOINES AREA COMMUNITY COLLEGE

Changes in Deposits Held in Custody for Others - Agency Funds

Year ended June 30, 2014

	<u>Student activities</u>	<u>Specially funded activities</u>	<u>Iowa Workforce Development</u>	<u>Community College Athletic Conference</u>	<u>Student clubs and organizations</u>	<u>Iowa Innovation Gateway</u>	<u>National Postsecondary Agricultural Student Organization</u>	<u>Other</u>	<u>Total</u>
Balances, beginning of year	\$ 279,230	\$ 266,185	\$ 68,174	\$ 68,233	\$ 286,945	\$ 11,982	\$ 20,112	\$ 133,337	\$ 1,134,198
Additions:									
Tuition and fees	407,254	42,500	-	-	12,584	-	-	-	462,338
State appropriations	-	100,000	-	-	-	-	-	-	100,000
Federal funds	-	81,838	40,583	-	-	-	-	-	122,421
Sales and services	61,462	-	-	-	6,374	-	-	-	67,836
Interest on investments	-	-	-	-	-	-	-	-	-
Other	165,999	672,145	-	255,761	148,477	12,000	178,577	78,893	1,511,852
Transfers in	224,629	33,851	-	-	146,472	-	-	-	404,952
Total additions	<u>859,344</u>	<u>930,334</u>	<u>40,583</u>	<u>255,761</u>	<u>313,907</u>	<u>12,000</u>	<u>178,577</u>	<u>78,893</u>	<u>2,669,399</u>
Deductions:									
Salaries and benefits	12,801	110,362	24,241	148,264	31,768	-	54,477	55,816	437,729
Services	154,782	593,200	83,496	30,048	45,088	6,852	76,903	-	990,369
Materials and supplies	134,247	49,647	1,020	6,081	54,235	208	8,204	-	253,642
Travel	14,686	33,162	-	5,473	87,731	-	11,527	-	152,579
Cost of goods sold	73,500	-	-	-	11,912	-	-	-	85,412
Scholarships	1,935	-	-	-	1,550	-	-	-	3,485
Expended for plant assets	-	-	-	-	-	-	-	-	-
Other	-	2,340	-	48,517	69,435	5,000	-	-	125,292
Transfers out	294,827	12,277	-	-	7,861	-	-	-	314,965
Total deductions	<u>686,778</u>	<u>800,988</u>	<u>108,757</u>	<u>238,383</u>	<u>309,580</u>	<u>12,060</u>	<u>151,111</u>	<u>55,816</u>	<u>2,363,473</u>
Net additions and deductions	<u>172,566</u>	<u>129,346</u>	<u>(68,174)</u>	<u>17,378</u>	<u>4,327</u>	<u>(60)</u>	<u>27,466</u>	<u>23,077</u>	<u>305,926</u>
Balances, end of year	\$ <u>451,796</u>	\$ <u>395,531</u>	\$ <u>-</u>	\$ <u>85,611</u>	\$ <u>291,272</u>	\$ <u>11,922</u>	\$ <u>47,578</u>	\$ <u>156,414</u>	\$ <u>1,440,124</u>

Schedule 8

DES MOINES AREA COMMUNITY COLLEGE

Credit and Contact Hours

Year ended June 30, 2014

Category	Credit hours eligible for aid	Contact hours		Total
		Eligible for aid	Not eligible for aid	
Arts and sciences	370,003	6,796,185	-	6,796,185
Vocational education	88,086	2,052,089	-	2,052,089
Adult education/continuing education	-	900,553	132,876	1,033,429
Related services and activities	-	324,690	6,420	331,110
Total	458,089	10,073,517	139,296	10,212,813

DES MOINES AREA COMMUNITY COLLEGE

Taxes and Intergovernmental Revenues
(Excluding the Agency Funds)

For the Last Ten Years

	Years ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Local (property tax)	\$ 24,333,253	\$ 19,857,656	\$ 19,779,534	18,089,665	\$ 17,532,643	\$ 16,455,262	\$ 16,513,769	\$ 18,092,410	\$ 16,880,081	\$ 14,137,997
State	40,541,436	33,037,238	28,720,739	29,051,616	27,090,659	31,991,978	29,847,275	26,443,984	24,341,715	22,826,135
Federal	35,246,954	34,468,787	39,980,889	42,465,427	39,944,241	21,734,414	19,277,833	16,061,228	13,037,134	13,144,456
Total	<u>\$ 100,121,643</u>	<u>\$ 87,363,681</u>	<u>88,481,162</u>	<u>\$ 89,606,708</u>	<u>\$ 84,567,543</u>	<u>\$ 70,181,654</u>	<u>\$ 65,638,877</u>	<u>\$ 60,597,622</u>	<u>\$ 54,258,930</u>	<u>\$ 50,108,588</u>

DES MOINES AREA COMMUNITY COLLEGE

Current Fund Revenues by Source
and Expenditures by Function

For the Last Ten Years

		Years ended June 30									
		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:											
Tuition and fees	\$	57,558,044	\$ 57,611,546	\$ 61,763,642	\$ 59,906,044	\$ 52,668,767	\$ 42,969,791	\$ 38,275,282	\$ 34,751,937	\$ 34,660,651	\$ 32,869,111
Property tax		17,197,614	12,980,395	12,989,120	11,550,038	11,279,076	10,550,327	10,978,527	12,757,968	11,876,240	9,287,613
Federal appropriations		35,314,471	34,468,787	39,980,889	42,465,427	39,944,241	21,734,414	19,277,833	16,061,228	13,037,134	13,144,456
State appropriations		39,255,830	31,709,683	28,566,347	28,382,697	26,610,659	31,200,104	29,184,500	25,781,342	23,993,708	22,092,803
Interest income from investments		165,060	224,557	367,933	712,496	792,264	2,172,218	3,505,217	3,507,531	2,474,490	1,260,452
Iowa Industrial New Jobs Training Program		9,922,594	17,253,987	18,214,126	11,466,792	14,051,594	26,073,183	16,603,495	11,623,679	14,068,915	10,884,743
Auxiliary enterprises revenue		2,283,470	2,118,589	2,217,100	2,199,463	2,651,778	2,083,539	9,877,741	9,256,399	8,810,954	8,564,404
Proceeds from sale of bonds		-	-	-	-	-	3,960,000	-	-	-	-
Miscellaneous		8,331,727	9,091,623	9,151,754	6,522,268	5,886,232	4,995,593	4,007,622	3,932,010	3,287,833	2,510,089
Total		<u>170,028,810</u>	<u>165,459,167</u>	<u>\$ 173,250,911</u>	<u>\$ 163,205,225</u>	<u>\$ 153,884,611</u>	<u>\$ 145,739,169</u>	<u>\$ 131,710,217</u>	<u>\$ 117,672,094</u>	<u>\$ 112,209,925</u>	<u>\$ 100,613,671</u>
Expenditures:											
Liberal arts and sciences	\$	29,118,289	\$ 28,767,926	\$ 28,049,295	\$ 26,265,239	\$ 23,397,899	\$ 22,010,606	\$ 19,913,375	\$ 17,783,316	\$ 16,319,487	\$ 14,790,786
Vocational technical		31,629,541	31,404,396	31,177,970	29,734,690	28,073,906	25,883,936	23,988,748	22,219,019	20,684,928	19,269,936
Adult education		16,526,337	12,237,069	11,421,379	10,036,125	9,376,075	9,354,727	9,255,757	7,997,480	8,029,461	7,751,028
Cooperative services		5,232,155	11,348,114	13,536,302	5,929,199	8,084,678	18,794,647	9,807,914	5,749,870	8,890,197	3,467,398
Administration		3,895,909	3,650,186	3,670,320	3,571,180	3,839,613	3,267,926	3,020,686	2,993,578	2,785,144	2,694,895
Student services		11,227,505	9,730,664	8,989,529	8,800,990	7,747,604	7,527,948	7,611,760	6,781,974	6,025,128	5,780,039
Learning resources		3,091,480	3,144,357	3,030,744	2,910,249	2,929,197	2,879,426	2,803,828	2,754,615	2,653,133	2,609,147
Physical plant		12,843,940	12,349,361	12,612,339	10,441,362	8,013,448	7,013,376	6,849,374	6,607,398	6,157,020	5,856,699
General institution		15,744,921	17,823,668	18,205,034	20,267,851	17,109,638	15,744,126	17,781,705	14,735,139	13,391,475	11,277,648
Auxiliary enterprises		3,657,403	3,544,972	3,438,561	3,471,079	4,041,098	7,433,336	10,504,665	9,808,600	8,644,019	8,617,642
Scholarships and grants		26,844,407	28,301,052	33,061,080	34,717,959	29,629,518	15,451,116	12,305,524	10,154,237	9,346,631	9,574,679
Interest on indebtedness		2,426,085	2,926,002	3,258,937	3,391,773	3,547,259	3,516,990	3,046,029	2,737,541	2,169,684	2,303,069
Loss on discontinued operations		-	-	-	-	-	-	578,792	-	-	-
Total		<u>162,237,972</u>	<u>165,227,767</u>	<u>\$ 170,451,490</u>	<u>\$ 159,537,696</u>	<u>\$ 145,789,933</u>	<u>\$ 138,878,160</u>	<u>\$ 127,468,157</u>	<u>\$ 110,322,767</u>	<u>\$ 105,096,307</u>	<u>\$ 93,992,966</u>

DES MOINES AREA COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal Grantor/Program Title	CFDA Number	Expenditures
United States Department of Education		
Direct:		
Federal Direct Student Loans	84.268	\$ 45,331,647
Federal Pell Grant Program	84.063	26,099,217
Federal Pell Grant Administrative Fee	84.063	42,680
Federal Supplemental Educational Opportunity Grant	84.007	376,679
Federal Teach Grant	84.379	2,642
Federal Work-study Program	84.033	357,688
Total Student Financial Assistance Cluster		72,210,554
Direct Trio Grants:		
Upward Bound FY13 Award	84.047	87,989
Upward Bound FY14 Award	84.047	179,949
Student Support Services FY11 Award	84.042	6
Student Support Services FY13 Award	84.042	61,014
Student Support Services FY14 Award	84.042	230,227
Student Support Services-Grant Aid	84.042A	12,600
Total Trio Grants		571,785
Indirect through Iowa Department of Education:		
Adult Education-Adult Basic Education	84.002	603,538
Adult Education-ABE Teacher Training	84.002	21,373
Adult Education-EL Civics Grant	84.002	71,354
Career and Technical Education-Vocational Education - Perkins Funds	84.048A	959,695
Career and Technical Education-Perkins FCCLA	84.048A	15,647
Career and Technical Education-Perkins HOSA	84.048A	12,827
Career and Technical Education-Perkins Skills USA	84.048A	16,084
Total through Iowa Department of Education		1,700,518

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

DES MOINES AREA COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards (Continued)

Year ended June 30, 2014

Federal Grantor/Program Title	CFDA Number	Expenditures
Indirect through Iowa Department of Corrections:		
Career and Technical Education-Perkins Newton Correctional Facility	84.048A	11,807
Career and Technical Education-Perkins Iowa Women's Institute for Women	84.048A	11,678
Title I-Newton Correctional Facility	84.013A	28,000
Title I-Iowa Women's Institute for Women	84.013A	26,401
Total through Iowa Department of Corrections		<u>77,886</u>
Indirect through Iowa Vocational Rehabilitation:		
Vocational Rehabilitation State Grants	84.126A	193,873
Total through Iowa Vocational Rehabilitation		<u>193,873</u>
Total U.S. Department of Education		<u>74,754,616</u>
National Science Foundation		
Direct:		
Collaborative Research: GSE/RES-Diverse Young Women	47.076	15,250
Technicians in Engineering, Automation and Machinery	47.076	13,558
Total National Science Foundation		<u>28,808</u>
U.S. Department of Agriculture Food & Nutrition		
Indirect through Iowa Workforce Development:		
Food Stamps/FAET	10.561	16,826
Food Stamps/FAET - Project Employment	10.561	37,281
Total U.S. Department of Agriculture Food & Nutrition		<u>54,107</u>
U.S. Department of Labor		
Direct:		
Trade Adjustments Assistance Community College & Career Training Grants Program	17.282	4,645,311
YouthBuild 2	17.274	107,140
YouthBuild 3	17.274	300,976
Total Direct U.S. Department of Labor		<u>5,053,427</u>

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

DES MOINES AREA COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards (Continued)

Year ended June 30, 2014

Federal Grantor/Program Title	CFDA Number	Expenditures
Indirect through Iowa Workforce Development:		
WIA Administration	17.260	78,267
WIA Administration-CIWIB	17.260	62,515
WIA Adult Program	17.258	279,758
WIA Dislocated Workers	17.260	378,303
WIA Disability Employment Initiative	17.260	99,174
Trade Adjustment Assistance	17.245	58,215
Total through Iowa Workforce Development		<u>956,232</u>
Indirect through Missouri Workforce Development		
Trade Adjustment Assistance	17.260	4,300
Total through Region 12 Council of Governments		<u>4,300</u>
Indirect through Mason City Workforce:		
WIA Youth Program	17.259	2,216
Total through Mason City Workforce		<u>2,216</u>
Indirect through WIA Marshalltown:		
WIA Adult Program	17.258	3,860
Total through WIA Marshalltown		<u>3,860</u>
Indirect through Spectrum:		
Reintegration of Ex-Offenders	17.270	584
Total through Spectrum		<u>584</u>
Indirect through Central Iowa Works:		
WIA Youth Program	17.259	5,243
Total through Central Iowa Works		<u>5,243</u>
Total U.S. Department of Labor		<u>6,025,862</u>
U.S. Department of Treasury		
Build America Bonds (ARRA)	21.000	67,517
Total U.S. Department of Treasury		<u>67,517</u>

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

DES MOINES AREA COMMUNITY COLLEGE
 Schedule of Expenditures of Federal Awards (Continued)
 Year ended June 30, 2014

Federal Grantor/Program Title	CFDA Number	Expenditures
U.S. Department of Health & Human Services		
Indirect through Child Support Recovery Unit:		
Child Support Enforcement Research	93.564	38,539
Total through Child Support Recovery Unit		<u>38,539</u>
Indirect through Iowa Workforce Development:		
Temporary Assistance for Needy Families Promise Jobs Program	93.558	22,301
Total through Iowa Workforce Development		<u>22,301</u>
Indirect through Iowa Department of Health:		
Direct Care Workforce Initiative Pilot Project	93.512	15,756
Total through Iowa Department of Health		<u>15,756</u>
Indirect through Southern Iowa Works:		
Temporary Assistance for Needy Families-Promise Jobs	93.558	423
Total through Southern Iowa Works		<u>423</u>
Total U.S. Department of Health & Human Services		<u>77,019</u>
Social Security Administration		
Indirect through Iowa Workforce Development		
Ticket to Work	93.768	40,583
Total Social Security Administration		<u>40,583</u>
Total Federal Expenditures		<u>\$ 81,048,512</u>

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

Des Moines Area Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014

NOTE 1 BASIS OF PRESENTATION

The purpose of the schedule of expenditures of federal awards (the Schedule) is to present a summary of those activities of Des Moines Area Community College (the College) for the year ended June 30, 2014, which have been financed by the United States government (federal awards). For purposes of the Schedule, federal awards include all federal assistance entered into directly between the College and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of the College, it is not intended to, and does not, present the financial position and support, revenues, expenses, and changes in net position of the College.

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

NOTE 2 STUDENT FINANCIAL ASSISTANCE

The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the College under this program at June 30, 2014.

See accompanying independent auditor's report.



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

To the Board of Directors
Des Moines Area Community College
Ankeny, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Des Moines Area Community College (the College) and its discretely presented component unit as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 4, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in Part II of the accompanying schedule of findings as items 2014-001 and 2014-002, that we consider to be significant deficiencies.

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
November 4, 2014



**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 Directors
Des Moines Area Community College
Ankeny, Iowa

Report on Compliance for Each Major Federal Program

We have audited Des Moines Area Community College's (the College) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2014. 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, 2014.

Report on Internal Control Over Compliance

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

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

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

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



DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 4, 2014

**Des Moines Area Community College
SCHEDULE OF FINDINGS
Year ended June 30, 2014**

Part I—Summary of the Independent Auditor's Results

- (a) An unmodified opinion was issued on the financial statements.
- (b) Two significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.007, 84.033, 84.063, 84.268, 84.007 — Student Financial Assistance Cluster
 - CFDA Number 84.042, 84.042A, 84.047 — TRIO Grants
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Des Moines Area Community College qualified as a low-risk auditee.

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

INTERNAL CONTROL DEFICIENCIES

2014-001	Cash Register Voids - During the year, the College noted that cafeteria cashiers were allowed to void transactions in their registers and no procedures were in place to review and approve the voided transactions.
Recommendation:	The College should establish a policy to review and approve transactions that are voided in the cash registers.
Response:	The College has established procedures to review the voided transactions on a regular basis.
Conclusion:	Response accepted.8

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

2014-002 Transportation Institute Records - During the year, the Transportation Institute was using a different student database therefore all transactions were not being properly accounted.

Recommendation: All students should be included in the College's Banner software system to ensure all transactions are properly accounted for.

Response: The Transportation Institute is now using the Banner software.

Conclusion: Response accepted.

Part III—Findings for Federal Awards

NONE

APPENDIX D: NOTICE OF BOND SALE

NOTICE OF BOND SALE

DES MOINES AREA COMMUNITY COLLEGE NEW JOBS TRAINING CERTIFICATES

The Des Moines Area Community College (Merged Area XI) (the "College") of the Counties of Adair, Audubon, Boone, Carroll, Cass, Clarke, Crawford, Dallas, Greene, Guthrie, Hamilton, Hardin, Jasper, Lucas, Madison, Mahaska, Marion, Marshall, Polk, Poweshiek, Shelby, Story and Warren (the "Merged Area"), State of Iowa, will receive bids in Room 30b of Building Number 1 at the College in Ankeny, Iowa, at 11:00 o'clock a.m., Central Time, on Monday, May 11, 2015 for the purchase of the following New Jobs Training Certificates (in the aggregate, the "Bonds"):

\$4,210,000

Des Moines Area Community College
Taxable New Jobs Training Certificates
(Multiple Projects 45-A)
(the "Series A Bonds")

\$2,950,000

Des Moines Area Community College
Taxable New Jobs Training Certificates
(Multiple Projects 45-B)
(the "Series B Bonds")

The Series A Bonds are to be issued for the purpose of financing job training programs under Chapter 260E of the Code of Iowa, as amended (the "Act") and the Series B Bonds are to be issued for the purpose of financing job training programs under Section 15A.7 of the Code of Iowa, as amended (the "Supplemental Act").

Separate sealed or electronic bids for each series of Bonds will be received at the office of the President of the College at any time prior to 11:00 o'clock a.m., Central Daylight Time, on the date of the sale. The most favorable bids will be accepted by the College following the opening of bids and be sold to the most favorable bidders for cash, unless the College determines to reject either or both of the most favorable bids. The most favorable bidder for each series shall be the bidder whose bid produces the lowest true interest cost, computed as the discount rate which, when used with semiannual compounding to determine the present value of the principal and interest payments as of the date of the Bonds, produces an amount equal to the purchase price. In the event two or more bids state the lowest true interest cost, the sale of the Bonds will be awarded by lot.

The College reserves the right to increase or reduce the principal amount of the Bonds to be sold on the date of the sale on the basis of the bids received and market conditions and will adjust the purchase price proportionately. The principal amount will not exceed \$4,325,000, in the case of the Series A Bonds, and \$3,225,000, in the case of the Series B Bonds.

ELECTRONIC BIDS: The College assumes no responsibility or liability for bids submitted electronically. Notice is hereby given that electronic bids will be received via PARITY[®], in the manner described herein, until 11:00 a.m., Central Daylight Time on Monday, May 11, 2015, but no bid will be received after that time.

Electronic facsimile bids will be received at the office of the President of the College (facsimile number 515-965-7022) or at the College's financial advisor (facsimile number 515-259-8193), until 11:00 a.m., Central Daylight Time on Monday, May 11, 2015, but no bid will be received after that time. Electronic facsimile bids will be sealed and treated as sealed bids.

If any provisions in this Notice of Bond Sale conflicts with information provided by an electronic bidding service, these terms of bond sale shall control. For further information about electronic bidding or PARITY[®], potential bidders may contact Independent Public Advisors, LLC, the College's financial advisor, or i-Deal LLC, 1359 Broadway, Second Floor, New York, New York 10018, (212) 849-5000 or (800) 850-7422.

BOND DETAILS: The Bonds are in the aggregate principal amounts set forth above, to be dated the date of delivery, to be in the denomination of \$5,000, or any integral multiple thereof designated by the successful bidder within forty-eight hours of acceptance of the bid, and to mature as follows:

<u>Principal Amount</u>		<u>Maturity</u>
<u>Series A Bonds</u>	<u>Series B Bonds</u>	<u>(June 1)</u>
\$200,000	\$125,000	2016
350,000	200,000	2017
420,000	300,000	2018
430,000	310,000	2019
440,000	315,000	2020
450,000	320,000	2021
460,000	330,000	2022
475,000	340,000	2023
485,000	350,000	2024
500,000	360,000	2025

Interest on the Bonds will be payable on December 1, 2015 and semiannually thereafter on each June 1 and December 1 until the principal on the Bonds is paid in full. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal and interest will be payable by Bankers Trust Company, Des Moines, Iowa, the Paying Agent for the College.

AUTHORITY: The Series A Bonds are issued under the authority of Chapter 260E of the Code of Iowa, as amended, and the Series B Bonds are issued under the authority of Section 15A.7 of the Code of Iowa, as amended.

PURPOSE: The proceeds of the issuance of the Bonds will be used to finance the training of workers (the "Projects"), including the costs of the issuance of the Bonds and

administrative expenses, in new jobs at the following companies (the "Companies") at the following locations:

<u>Company</u>	<u>Location</u>
Access Technologies, Inc. d/b/a Access Systems, Inc.	Waukee, Iowa
Accu-Mold Holdings Corporation	Ankeny, Iowa
Ag Leader Technology, Inc.	Ames, Iowa
American Packaging Corporation	Story City, Iowa
Bemis Company, Inc.	Des Moines, Iowa
Techniplas, LLC d/b/a Dickten Masch Plastics, LLC	Ankeny, Iowa
DuPont Danisco Cellulosic Ethanol LLC	Nevada, Iowa
Siculus, Inc.	Altoona, Iowa
Fidelity & Guaranty Life d/b/a Fidelity & Guaranty Life, Inc.	Des Moines, Iowa
Harrisvaccines, Inc.	Ames, Iowa
Health Enterprises Medical Laboratory, LLC	Newton, Iowa
Iowa Steel Fabrication, LLC	Osceola, Iowa
Kemin Industries, Inc.	Des Moines, Iowa
Kum & Go, L.C.	West Des Moines, Iowa
The Lauridsen Group, Inc.	Ankeny, Iowa
LightEdge Solutions, Inc.	Des Moines, Iowa
Master Dowel, LLC	Ankeny, Iowa
Midland National Life Insurance Company	West Des Moines, Iowa
NewLink Genetics Corporation	Ames, Iowa
Patriot Converting, Inc.	Newton, Iowa
Pinnacle Agriculture Distribution, Inc.	Indianola, Iowa
Precision, Inc. d/b/a Precision Pulley, Inc.	Pella, Iowa
Puck Custom Enterprises, Inc.	Manning, Iowa
Purfoods, LLC	Ankeny, Iowa
Ruster Sports, L.L.C.	Des Moines, Iowa
Sole Transport, L.C. d/b/a Solar Transport Company	West Des Moines, Iowa
Infonet Corporation d/b/a Summit Products, Inc.	Altoona, Iowa
Symetra Life Insurance Company	Des Moines, Iowa
Vermeer Manufacturing Company	Pella, Iowa
Windsor Window Company	West Des Moines, Iowa
Xpanxion, LLC	Ames, Iowa
Zirous, Inc.	West Des Moines, Iowa

The Projects are undertaken pursuant to Industrial New Jobs Training Agreements. The proceeds of the issuance of the Bonds will also be used to pay related administrative costs of the new jobs training programs and costs of issuance.

SECURITY: The Series A Bonds are secured by a special fund of the College into which are deposited a new jobs credit from withholding taxes authorized under the Act and to be received or derived from new employment resulting from each of the Projects.

The Series B Bonds are secured by a special fund of the College into which are deposited a supplemental new jobs credit from withholding taxes authorized under the Supplemental Act and to be received or derived from new employment resulting from most of the Projects.

In addition, each series of Bonds is secured by a special standby tax assessed upon all taxable property within the Merged Area to the extent necessary to pay principal and interest on the Bonds.

PARITY BONDS: The College reserves the right to issue additional bonds payable from the same sources and ranking on a parity with each series of the Bonds.

INTEREST RATE AND BIDDING REQUIREMENTS: The two series of Bonds shall be sold separately. Bidders may bid on one or both series of Bonds. The Bonds shall bear interest at a rate or rates to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. No Bond shall bear more than one interest rate, all Bonds of a series maturing in any one year shall carry the same interest rate, and each rate of interest specified for Bonds of any maturity shall not be less than a rate of interest specified for an earlier maturity of the same series. No proposal for the purchase of less than all of the Bonds of the same series or at a price less than \$4,184,740 (99.4%) plus accrued interest for the Series A Bonds and \$2,932,300 (99.4%) plus accrued interest for the Series B Bonds will be considered. Each bid shall state the total interest cost, total premium or discount, the net interest cost to the College and the true effective interest rate thereunder, but such statements shall not be considered a part of the bid.

The successful bidder for the Series A Bonds will be required to provide to the College by May 18, 2015 the initial price to the public at which a substantial amount of the Series A Bonds have been sold and will be required to confirm such information in writing at the time of the closing.

TERM BONDS: Term Bonds are not permitted.

BID SECURITY: A Good Faith Deposit ("Deposit") in an amount equal to \$42,100 (1%) in the case of the Series A Bonds and \$29,500 (1%) in the case of a bid for the Series B Bonds is required from the lowest bidder for each series of Bonds. The lowest bidder for each series is required to submit its Deposit to the College or its Financial Advisor either (i) in the form of a cashier's check payable to the order of the Treasurer of the College prior to the opening of bids, or (ii) by wire transfer as instructed by the College or its Financial Advisor not later than 1:30 p.m. Des Moines, Iowa time on the day of sale of the Bonds. If a Deposit is not so received, the College may reject the bid of the lowest bidder for a series and direct that the next lowest bidder for that series submit a Deposit and thereafter award the sale of that series of Bonds to that bidder. No interest on the Deposits will accrue to any Purchaser. The Deposits will be applied to the purchase price of the Bonds. In the event a Purchaser fails to honor its accepted bid, the Deposit will be retained by the College. Checks of the unsuccessful bidders will be promptly returned to each bidder's representative or by registered mail.

REGISTRATION: The Bonds will be registered as to principal and interest. Bankers Trust Company, Des Moines, Iowa, will act as registrar of the Bonds and transfer agent for the College.

PRIOR REDEMPTION: Any Series A Bonds maturing on or after June 1, 2023, are subject to redemption prior to their stated maturities, in whole or from time to time in part, in numerical order, on June 1, 2022, or on any date thereafter at the option of the College, upon terms of par plus accrued interest to the date of call. Any Series B Bonds maturing on or after June 1, 2023, are subject to redemption prior to their stated maturities, in whole or from time to time in part, in numerical order, on June 1, 2022, or on any date thereafter at the option of the College, upon terms of par plus accrued interest to the date of call.

BOOK ENTRY SYSTEM: The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, 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 registrar 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 DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The Purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

DELIVERY OF BONDS: The Bonds will be delivered, without expense to the purchasers, at any mutually acceptable bank or trust company in the United States, upon full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within thirty days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason, except failure of performance by the purchasers, the purchasers may withdraw their bids and thereafter their interest in and liability for the Bonds will cease and their bid security will be returned without interest. When the Bonds are ready for delivery, the College may give the successful bidders five working days notice of the delivery date and the College will expect payment in full on that date, otherwise reserving the right at its option to determine that the bidders have failed to comply with the offers of purchase. Accrued interest to the date of delivery of the Bonds shall be paid by the purchasers at the time of delivery.

OFFICIAL STATEMENT: Prior to the date of sale of the Bonds, potential underwriters may obtain copies of a preliminary official statement in accordance with Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934 (the "Act"), the notice of sale and official bid forms may be obtained from the Financial Advisor to the College, Independent Public Advisors, LLC, 8805 Chamberly Blvd, Suite 300 #114, Johnston, Iowa 50131, (515) 259-8193, or electronically at www.munideals.com. The College will provide the purchasers of the Bonds with copies of a final official statement in accordance with Rule 15c2-12(b)(3) under the Act.

TAX-EXEMPTION: It is anticipated that the interest on neither the Series A Bonds nor the Series B Bonds will be excludable from gross income for federal income tax purposes. However, the College reserves the right to determine, prior to the distribution of the preliminary official statement, that the interest on the Series A Bonds will, subject to certain conditions, be

excludable from gross income for federal income tax purposes and to sell the Series A Bonds as tax-exempt bonds. If the Series A Bonds are sold as tax-exempt bonds, the interest on the Series A Bonds will be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

CONTINUING DISCLOSURE: The College will agree in the Resolution to be adopted on the date of sale to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, (i) on or prior to January 1, 2016 and on or prior to January 1 of each year thereafter, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year (provided that the College shall not be obligated to provide the audited financial statements referred to herein until the later of January 1 of any year or thirty days after receipt of such audited financial statements by the College), generally consistent with the information contained or cross-referenced in the Official Statement, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the College (of which the College has knowledge) to provide the required annual financial information on or before the date specified in (i) above. Each purchaser's obligation to purchase Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, in form and substance satisfactory to the purchasers, evidence that the College has made the undertaking set forth in the prior sentence in a written agreement or contract for the benefit of the holders of the Bonds.

CUSIP NUMBERS: It is anticipated that the Bonds will be printed with CUSIP numbers, unless otherwise requested by the purchaser. In no event will the College be responsible for or Bond Counsel or Financial Advisor review or express any opinion of the correctness of such numbers, and incorrect numbers on said Bonds shall not be cause for the purchasers to refuse to accept delivery of the Bonds.

RATINGS: The Bonds will be rated by Moody's Investors Service, Inc.

LEGAL OPINION: The Bonds will be sold subject to the opinion of Davis, Brown, Koehn, Shors & Roberts, P.C., Attorneys, of Des Moines, Iowa, which will be furnished without expense to the purchasers of the Bonds at the delivery thereof. 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.

Dated this 13th day of April, 2015.

Carolyn Farlow, Secretary of the Board of
Directors of the Des Moines Area
Community College