

**Kirkwood Community College, State of Iowa  
(Merged Area X)  
\$8,375,000\*  
General Obligation School Refunding Bonds, Series 2021A**



(Bank Qualified)  
(Book Entry Only)  
(PARITY® Bidding Permitted)  
(FAST Closing)  
(Award will occur at a Board of Trustees meeting that begins at 4:00pm on January 14, 2021)

DATE: Wednesday, January 13, 2021  
TIME: 12:00 noon, Central Time

Moody's Rating: "Aa2"  
Standard & Poor's Rating: "AA"

\* Preliminary, subject to change

**PIPER | SANDLER**

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

**OFFICIAL BID FORM**

TO: Board of Directors of the Kirkwood Community College, State of Iowa (Merged Area X), (the "Issuer")  
 Re: \$8,375,000\* General Obligation School Refunding Bonds, Series 2021A, dated Date of delivery, of the Issuer (the "Bonds")

For all or none of the above Bonds, we will pay you \$ \_\_\_\_\_ for Bonds bearing interest rates and maturing as follows:

<u>Coupon</u>	<u>Yield</u>	<u>Maturity June 1</u>
_____	_____	2022
_____	_____	2023
_____	_____	2024
_____	_____	2025
_____	_____	2026

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

Principal Amount	Month and Year (Inclusive)	Maturity Month and Year
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____

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

\_\_\_\_\_ We will not elect to have any bonds issued as term bonds

\_\_\_\_\_ We represent that we are a bidder with established industry reputation for underwriting new issuances of municipal bonds

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

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

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

\_\_\_\_\_  
 Account Manager Authorized Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the Board of Directors of the Kirkwood Community College, in the Counties of Benton, Black Hawk, Buchanan, Cedar, Clinton, Delaware, Dubuque, Iowa, Jackson, Jefferson, Johnson, Jones, Keokuk, Linn, Louisa, Poweshiek, Tama and Washington, State of Iowa, this 14th day of January, 2021.

ATTEST: \_\_\_\_\_  
 District Secretary Board President

\* Preliminary, subject to change

**NOTICE OF SALE**  
**\$8,375,000.00**  
**KIRKWOOD COMMUNITY COLLEGE, STATE OF IOWA (MERGED AREA X)**  
**GENERAL OBLIGATION SCHOOL REFUNDING BONDS, SERIES 2021A**

NOTICE IS HEREBY GIVEN, that bids will be received by the Board of Directors (the "Board") of Kirkwood Community College, State of Iowa (Merged Area X) (the "Issuer") at the office of Chief Financial Officer, Kirkwood Community College, 7725 Kirkwood Blvd, SW, Cedar Rapids, IA 52404, or, in the case of electronic bids, via PARITY®, in the manner described in this Notice of Bond Sale ("Notice") until 12:00 noon., Central Time on:

Wednesday, January 13, 2021 (the "Bid Date")

for the purchase of the Issuer's General Obligation School Refunding Bonds, Series 2021A (the "Bonds"), in the principal amount of \$8,375,000.00 dated the date of delivery in the denomination of \$5,000 or multiples thereof, and maturing as shown on the first page of the Official Statement for the Bonds.

After the deadline for receipt of bids has passed and electronic bids will be accessed and announced. All bids will be presented to the Board for consideration at its meeting to be held at 4:30p.m. Central time on January 14, 2021. No oral, auction or facsimile bids will be considered.

The Bonds are expected to be dated the date of delivery and scheduled to be delivered on or around February 1, 2021.

The Issuer reserves the right, prior to the acceptance of bids, to modify or amend this Notice, including (but not limited to) changing any or all of the following: (i) the aggregate principal amount of the Bonds, (ii) the principal amount of each maturity of the Bonds, and (iii) the requirements relating to the interest rates on, initial offering prices of or purchase prices for the Bonds. The Issuer reserves the right to postpone or cancel the sale of the Bonds at any time.

Any questions on the bidding procedures and sale terms set forth in this Notice, or any modification or amendment thereof, or any postponement or cancellation of the sale of the Bonds, should be directed to Piper Sandler, 3900 Ingersoll Ave. Suite 110, Des Moines, IA 50312 or 515/247-2340.

Each bidder (and not the Issuer) is responsible for the timely delivery of its bid with respect to the Bonds whether delivered electronically or by hand. The official time will be the time on the PARITY© system.

**TERMS RELATING TO THE BONDS**

**BIDDER IS DEEMED TO HAVE OBTAINED AND REVIEWED THE PRELIMINARY OFFICIAL STATEMENT PRIOR TO BIDDING FOR THE BONDS. THE DESCRIPTION OF THE BONDS CONTAINED IN THIS NOTICE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.**

**All bids must be in conformity with and the sale must be in accordance with the Terms of Offering as set forth in the Official Statement, as amended from time to time.**

**The Issuer reserves the right to reject any or all bids. The Issuer also reserves the right to waive, without limitation, any irregularity or informality with respect to any bid.**

Dated: November [\_\_], 2020

## TERMS OF OFFERING

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

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

GENERAL OBLIGATION SCHOOL REFUNDING BONDS, SERIES 2021A\*, in the principal amount of \$8,375,000, dated Date of delivery in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front page of the official statement (the "Bonds")

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

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

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

Interest. Interest on said Bonds will be payable on June 1, and December 1, beginning June 1, 2021 (each, an "Interest Payment Date"), calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or a such other address as is furnished to the Paying Agent in writing by a registered owner.

Optional Redemption. The Bonds will not be subject to optional redemption prior to maturity.

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 certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Issuer to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

Good Faith Deposit. A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of \$83,750 for the Bonds payable to the order of the Issuer, is required for each bid to be considered. If a check is used, it must accompany each bid. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. If a wire is to be used, the Issuer will notify the Purchaser ("Purchaser") of the wire instructions, by fax or email, within ten minutes of the stated time for receipt of bids.

If the wire is not received at the time indicated above, for the Bonds, or any of them, the Issuer will abandon its plan to award to the Purchaser, and will contact the next highest bidder received for the particular series of Bonds and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Bonds to the Purchaser absent receipt of a good faith deposit prior to action awarding the Bonds. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

Confidential information sent via secured portal. All confidential information exchanged between the Issuer and the Purchaser (including but not limited to closing details and good faith wire details) must be sent via a secure portal. As a condition to

closing, the winning bidder will cooperate with the Issuer, its legal counsel and its financial advisor to ensure that all confidential information is sent via a secure portal.

Form of Bids: All bids shall be unconditional for the entire issue of Bonds for a price of not less than 101.25% of par and not more than 102% of par plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Award will be on a TIC basis. The Board of Trustees will consider award of the Bonds outlined herein at their board meeting starting at 4:00 pm on January 14, 2021.

Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer through the PARITY® online bidding system (the "Internet Bid System"). The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

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

Electronic Facsimile Bidding: Facsimile bids will not be accepted.

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

1. All Bonds of the same annual maturity must bear the same interest rate.
2. Rates of interest bid may be in multiples of 1/8, 1/20 or 1/100th of 1%
3. Rates must be in level or ascending order only.

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

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

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

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

Continuing Disclosure: The Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Continuing Disclosure Certificate, to provide annual reports of specified information beginning with the fiscal year ending June 30, 2020 and notice of the occurrence of certain events as hereinafter described (the "Disclosure Covenants"). The information to be provided, 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 in Appendix C to this Official Statement.

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

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

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

Establishment of Issue Price of the Bonds:

By submitting a bid, each winning bidder agrees to assist the Issuer in establishing the issue price of the Bonds and to execute and deliver to the Issuer on the Closing Date the applicable Closing Issue Price Certificate, described under “CERTIFICATES TO BE COMPLETED BY EACH PURCHASER PRIOR TO CLOSING” herein, setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as EXHIBIT 1 or EXHIBIT 2, as applicable. By being a member of the syndicate that submits the winning bid for the Bonds, each other underwriter (on behalf of itself and other entities with which it has a retail distribution agreement) or selling group member agrees that if the certificates described in the prior sentence are insufficient to assist the Issuer in establishing the issue price of the Bonds, it shall execute and deliver to the Issuer on the Closing Date a certificate substantially in the form of EXHIBIT 1 or EXHIBIT 2, as applicable, to the extent necessary to assist the Issuer in establishing the issue price of the Bonds. The certificates actually delivered will have such modifications as may be appropriate or necessary, in the reasonable judgment of the applicable winning bidder, the Issuer and Bond Counsel to accurately reflect, as applicable, the role of the signatory and the sales price or prices or the initial offering price or prices to the public of the Bonds.

Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

Competitive Sale Requirements Satisfied. The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”). The requirements include that the Bonds receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

EXHIBIT 1 is the form of Closing Issue Price Certificate to be used the Bonds if the Competitive Sale Requirements have been satisfied.

Competitive Sale Requirements Not Satisfied. If the Competitive Sale Requirements were not satisfied for the Bonds, the issue price of Bonds will be determined by the Issuer on a maturity-by-maturity basis. The winning bidder for the Bonds will advise the Issuer of the first price at which 10% of each maturity of the Bonds is sold to the public (the “10% Test”) as of the date and time of the award of the Bonds. Any maturities of the Bonds that do not satisfy the 10% Test as of the date and time of the award shall be subject to the hold-the-offering-price rule, as described below. Proposals will not be subject to cancellation in the event that the hold-the-offering-price rule applies to any maturity of the Bonds. Entities submitting proposals should prepare their proposals on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds. Each CUSIP identification number within a maturity will be treated as its own maturity for purposes of establishing issue price.

EXHIBIT 2 is the form of Closing Issue Price Certificate to be used for the Bonds if the Competitive Sale Requirements are not satisfied.

Hold-the-Offering-Price Rule. The following paragraphs describe the “hold-the-offering-price rule.”

Each winning bidder agrees, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- a. the close of the fifth (5th) business day after the sale date; or
- b. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall within one business day report to the Issuer when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date. The winning bidder shall cooperate with the Issuer and Bond Counsel by providing requested information to assist in establishing the issue price of the Bonds and compliance with the hold-the-offering-price rule.

The Issuer acknowledges that, if the hold-the-offering-price rule applies with respect to the Bonds, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale to the public of the Bonds of the applicable Bid Group, the agreement of each dealer who is a member of such selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale to the public of the Bonds, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires.

By submitting a bid, each bidder confirms with respect to the Bonds that:

- (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which any winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and
- (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or the related underwriter and as set forth in the related pricing wires. Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice.

Further, for purposes of this Notice:

“public” means any person other than an underwriter or a related party to an underwriter,

“underwriter” means (A) the successful bidder, (B) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (C) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (B) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of such Bonds to the public),

a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

“sale date” means the date that the Bonds are awarded by the Issuer to the winning bidder.

**CERTIFICATES TO BE COMPLETED BY EACH PURCHASER PRIOR TO CLOSING:**

Closing Issue Price Certificate. Prior to the Closing Date, the Purchaser of the Bonds must submit to the Issuer a certificate (the “Closing Issue Price Certificate”), satisfactory to Bond Counsel, substantially in the form attached in EXHIBIT 1 or EXHIBIT 2, as applicable. In making such representations, the Purchaser must reflect the anticipated existence, if any, of a “derivative product” (e.g., a tender option) offered or to be offered by such Purchaser or any affiliate in connection with the initial sale of any of the Bonds. Each Purchaser shall also, if asked by Bond Counsel, provide additional information necessary in the judgment of Bond Counsel to determine the issue price of the Bonds.

Closing Certificate Concerning the Preliminary Official Statement and the Official Statement. As a condition of delivery of the Bonds each Purchaser will be required to execute and deliver to the Issuer, prior to the Closing Date, a certificate to the following effect:

- a. Such Purchaser, as the initial purchaser of the Bonds, has provided to the Issuer the initial reoffering prices or yields on the Bonds as printed in the Official Statement.
- b. Such Purchaser has not undertaken any responsibility for the contents of the Preliminary Official Statement or the Official Statement, provided, however, that in accordance with and as part of its responsibilities under the Federal securities laws, such Purchaser has reviewed the information in the Preliminary Official Statement and the Official Statement and has not notified the Issuer of the need to modify or supplement the Official Statement.



**EXHIBIT 1**  
**[IF COMPETITIVE SALE REQUIREMENTS ARE SATISFIED]**  
**\$8,375,000 KIRKWOOD COMMUNITY COLLEGE, STATE OF IOWA (MERGED AREA X)**  
**GENERAL OBLIGATION BONDS, SERIES 2021A**

**ISSUE PRICE CERTIFICATE OF THE PURCHASER**

\_\_\_\_\_ (the "Purchaser") is making these certifications in connection with the above-captioned bonds (the "Bonds") and hereby certifies and represents the following, based upon the information available to it; provided, however, that (i) the Purchaser expresses no view regarding the legal sufficiency or the correctness of any legal interpretation made by Bond Counsel, (ii) nothing herein represents the interpretation of the Purchaser of any laws, and, in particular, regulations under the Internal Revenue Code of 1986, as amended (the "Code"), and (iii) the Purchaser expresses no view regarding the legal sufficiency of any representations made herein:

A. Issue Price.

1. On \_\_\_\_\_, the Purchaser won on a competitive basis the right to reoffer the Bonds.
2. As of the Sale Date, the reasonably expected initial offering price of the Bonds to the Public by the Purchaser is \_\_\_\_\_ (the "Expected Offering Price"). The Expected Offering Price is the price for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule A is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.
3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.
4. The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

B. Defined Terms.

1. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
2. Related Party means any entity if an underwriter and the entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
3. Sale Date means the first day on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_.
4. Underwriter means (i) the Purchaser, (ii) any person that agrees pursuant to a written contract with the Purchaser (to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (ii) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).
5. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate Maturities.

We understand that the representations contained herein may be relied upon by the Issuer in making certain of the representations contained in its federal tax certificate relating to the Bonds, and we further understand that Shuttleworth & Ingersoll PLC, Cedar Rapids, Iowa, as Bond Counsel, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the Bonds pursuant to Section 103 of the Code. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents our interpretation of any laws or regulations under the Code or the application of any laws to these facts. The undersigned is certifying only as to facts in existence on the date hereof.

Dated: \_\_\_\_\_, 2020

By:

Authorized Representative

SCHEDULE A  
COPY OF UNDERWRITER'S BID  
(Attached)

SCHEDULE B  
EXPECTED OFFERING PRICES

**EXHIBIT 2**  
**[IF COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED]**  
**\$8,375,000 KIRKWOOD COMMUNITY COLLEGE, STATE OF IOWA (MERGED AREA X)**  
**GENERAL OBLIGATION BONDS, SERIES 2021A**

**ISSUE PRICE CERTIFICATE OF THE PURCHASER**

\_\_\_\_\_ (the “Purchaser”) is making these certifications in connection with the above-captioned bonds described in Schedule A attached hereto (the “Bonds”) and hereby certifies and represents the following, based upon the information available to it; provided, however, that (i) the Purchaser expresses no view regarding the legal sufficiency or the correctness of any legal interpretation made by Bond Counsel, (ii) nothing herein represents the interpretation of the Purchaser of any laws, and, in particular, regulations under the Internal Revenue Code of 1986, as amended (the “Code”), and (iii) the Purchaser expresses no view regarding the legal sufficiency of any representations made herein:

A. [1. ***Sale of the 10% Test Maturities.*** As of the date of this certificate, for each Maturity of the 10% Test Maturities (as defined below) the first price at which at least 10% of such Maturity was sold to the Public as of the Sale Date is the respective price listed in Schedule A hereto.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

- (a) The Purchaser offered the Hold-the-Offering-Price Maturities (as defined below) to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
- (b) As set forth in the Notice, by submission of its bid the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

**B. *Defined Terms.***

- (a) ***10% Test Maturities*** means those Maturities of the Bonds where issue price was established under Treasury Regulations Section 1.1481-1(f)(2)(i) as shown in Schedule A hereto as the “10% Test Maturities.” [if Paragraph A1 is used.]
- (b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds where issue price was established under Treasury Regulations Section 1.148-1(f)(2)(ii) as shown in Schedule A hereto as the “Hold-the-Offering-Price Maturities.” [if Paragraph A2 is used]
- (c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity. [if Paragraph A2 is used]
- (d) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated both as separate maturities and as one maturity for purposes of determining compliance.
- (e) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (f) ***Related Party*** means any entity if an underwriter and the entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

- (g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_.
- (h) *Underwriter* means (i) the Purchaser, (ii) any person that agrees pursuant to a written contract with the Purchaser to participate in the initial sale of the Bonds to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (ii) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

We understand that the representations contained herein may be relied upon by the Issuer in making certain of the representations contained in its federal tax certificate relating to the Bonds, and we further understand that Shuttleworth & Ingersoll PLC, Cedar Rapids, Iowa, as Counsel, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the Bonds pursuant to Section 103 of the Code. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents our interpretation of any laws or regulations under the Code or the application of any laws to these facts. The undersigned is certifying only as to facts in existence on the date hereof.

Dated: \_\_\_\_\_, 2020

By: \_\_\_\_\_  
 Authorized Representative

**SCHEDULE A**

<u>Date</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Initial Offering Price</u>	<u>10% Test Maturities</u>	<u>Hold-the-Offering-Price Maturities</u>
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**SCHEDULE B  
 Pricing Wire**

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 15, 2020

NEW ISSUE - DTC BOOK ENTRY ONLY

S&P Rating "AA"  
Moody's Rating, "Aa2"

In the opinions of Shuttleworth & Ingersoll PLC, Cedar Rapids, Iowa bond counsel ("Bond Counsel"), under existing statutes and court decisions, and assuming continuing compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinions of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed under the Code with respect to individuals and corporations, except that interest on the Bonds is included in "adjusted current earnings" in computing alternative minimum taxable income for purposes of the alternative minimum tax imposed by the Code on certain corporations. The Bonds are "deemed designated" as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Interest on the Bonds is not excluded from income for State of Iowa income tax purposes. See "TAX MATTERS" herein.



**Kirkwood Community College, Iowa  
(Merged Area X)**

**In the Counties of Benton, Black Hawk, Buchanan, Cedar, Clinton Delaware, Dubuque, Iowa, Jackson, Jefferson, Johnson, Jones, Keokuk, Linn, Louisa, Poweshiek, Tama and Washington**

**\$8,375,000\* General Obligation School Refunding Bonds, Series 2021A**

Dated: Date of Delivery

The General Obligation School Refunding Bonds, Series 2021A (the "Bonds") are issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. Purchasers of the Bonds will not receive Bonds representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by UMB Bank, n.a., as Registrar and Paying Agent (the "Registrar" or "Paying Agent"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable on June 1, and December 1 in each year, beginning June 1, 2021 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds are not subject to optional redemption prior to maturity.

**MATURITY SCHEDULE \***

<u>Maturity</u>	<u>Amount *</u>	<u>Rate*</u>	<u>Yield*</u>	<u>Cusip #'s **</u>
June 1, 2022	\$35,000			497592 LR4
June 1, 2023	40,000			497592 LS2
June 1, 2024	3,300,000			497592 LT0
June 1, 2025	4,000,000			497592 LU7
June 1, 2026	1,000,000			497592 LV5

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

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of opinions as to legality, validity and tax exemption by Shuttleworth & Ingersoll PLC, Cedar Rapids, Iowa, as Bond Counsel. It is expected that the Bonds in the definitive form will be available for delivery on or about February 1, 2021. The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

\* Preliminary, subject to change

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

The Date of this Official Statement is \_\_\_\_\_, 2020

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

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

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

The information set forth herein has been obtained from the Issuer and from other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No representation is made regarding whether the Bonds constitute legal investments under the laws of any state for banks, savings banks, savings and loan associations, life insurance companies, and other institutions organized in such state, or fiduciaries subject to the laws of such state.

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

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

## FORWARD-LOOKING STATEMENTS

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

In connection with the issuance of the Bonds, the Issuer will enter into a Continuing Disclosure Certificate. See “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

**OFFICIAL STATEMENT**  
**\$8,375,000\* GENERAL OBLIGATION SCHOOL REFUNDING BONDS, SERIES 2021A**  
**KIRKWOOD COMMUNITY COLLEGE, IOWA (MERGED AREA X)**

**INTRODUCTORY STATEMENT**

This Official Statement presents certain information relating to the Kirkwood Community College, (Merged Area X) Iowa (the “Issuer” or “College”), in connection with the sale of the Issuer’s General Obligation School Refunding Bonds, Series 2021A (the “Bonds”). The Bonds are being issued for (a) the current refunding of the Issuer’s outstanding General Obligation School Bonds, Series 2013A; and (b) to pay costs of issuance of the Bonds. See “**THE BONDS - Sources and Uses of Funds**” herein.

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

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

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

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

**THE BONDS**

**General**

The Bonds are dated as of Date of Delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year (each, an “Interest Payment Date”), beginning on June 1, 2021, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of UMB Bank, n.a., (the “Paying Agent” or “Registrar”) mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

**Authorization for the Issuance**

The Bonds are being issued pursuant to the Code of Iowa, 2019, as amended, Chapters 260C, 296 and 298.

**Book-Entry-Only System**

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

The Depository Trust Company (“DTC”), New York, NY will act as securities depository for the Bonds (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.

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 New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934.

DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S equity, corporate and municipal debt issues and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participations include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies clearing corporations and certain other organizations.

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\* Preliminary, subject to change

DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of 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](http://www.dtcc.com)

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

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not 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 transmission to them notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit have agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial owners may wish to provide their names and addresses to the registrar and request that copies of the notices 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 Participants in such issue to be redeemed.

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

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

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

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

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

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

### **Transfer and Exchange**

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

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

### **Redemption**

Optional Redemption: The Bonds are not subject to optional redemption prior to maturity.

### **Source of Security for the Bonds**

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

## **BONDHOLDERS' RISKS**

### **Tax Levy Procedures**

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad-valorem tax levied against all of the taxable property within the boundaries of the Issuer. As part of the budgetary process of the Issuer each fiscal year the Issuer will have an obligation to request a debt service levy to be applied against all of the taxable property within the boundaries of the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds.

### **Changes in Property Taxation**

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Bonds.

Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Bonds and the security for the Bonds.



## **Matters Relating to Enforceability of Agreements**

Bondholders shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Bond Resolution.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Bond Resolution. The remedies available to the Bondholders upon an event of default under the Bond Resolution, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Bond Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies will result in sufficient funds to pay all amounts due under the Bond Resolution, including principal of and interest on the Bonds.

## **Secondary Market**

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

## **Pension and OPEB Information**

The Issuer contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer are permitted to participate in IPERS or TIAA. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Comprehensive Annual Financial Report for its fiscal year ended June 30, 2019 (the "IPERS CAFR") indicates that as of June 30, 2019, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 83.73%, and the unfunded actuarial liability was \$6.477 billion. The IPERS CAFR identifies the IPERS Net Pension Liability at June 30, 2019, at approximately \$5.790 billion, while its net pension liability at June 30, 2018 was approximately \$6.328 billion. The IPERS CAFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See "**APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER**" for additional information on IPERS.

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

In fiscal year ended June 30, 2020, the Issuer's IPERS contribution totaled approximately \$1,948,808. The Issuer is current in its obligations to IPERS.

Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the Issuer's identified portion at June 30, 2019 at approximately \$16,415,122. While the Issuer's contributions to IPERS are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See "**APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER**" for additional information on pension and liabilities of the Issuer.

## **Ratings Loss**

S&P (defined herein) has assigned a rating of “AA” to the Bonds. Moody’s (defined herein) has assigned a rating of “Aa2”. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody’s or S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

## **Insolvency**

The rights and remedies provided in the Bond Resolution may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor’s rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds and the Bond Resolution, including the opinions of Bond Counsel, will be similarly qualified. If the Issuer were to file a petition under Chapter 9 of the Bankruptcy Code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Bond Resolution. In the event the Issuer fails to comply with its covenants under the Bond Resolution or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

## **Forward-Looking Statements**

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

## **Tax Matters, Bank Qualification and Loss of Tax Exemption**

As discussed under the heading “**TAX EXEMPTION AND RELATED TAX MATTERS**” herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the Issuer in violation of its covenants in the Bond Resolution. Should such an event of taxability occur, the Bonds would not be subject to a mandatory redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

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

## **DTC-Beneficial Owners**

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

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

## **COVID-19**

The Issuer is monitoring daily developments and directives of federal, state and local officials to determine what precautions and procedures may need to be implemented by the Issuer in the event of the continued spread of COVID-19. Some procedures and precautions resulting from the spread of COVID-19 with respect to operations, personnel and services may be mandated by federal and/or state entities. The current spread of COVID-19 is altering the behavior of businesses and people in a manner that may have negative effects on economic activity, and therefore adversely affect the financial condition of the Issuer, either directly or indirectly. The continued spread of COVID-19 in the future may: (i) limit the ability of the Issuer to conduct its operations, (ii) significantly increase the cost of operations of the Issuer, (iii) significantly impact the ability of the Issuer to provide personnel to carry out the services routinely provided by the Issuer, and (iv) affect the secondary market with respect to the Bonds.

On March 15, 2020, Iowa Governor Kim Reynolds recommended schools in Iowa close for four weeks, and on April 2, 2020, Governor Reynolds extended that period through April 30, 2020. The Issuer's operations have resumed for the fall semester taking precautions to limit community spread and exposure to COVID-19. The Issuer followed the recommendation, initially closing until April 13th and then extending its closure through April 30th. On March 20, 2020, Governor Reynolds issued an emergency declaration that temporarily suspends penalties and interest in connection with delays in property tax payments, which suspension expired on April 16, 2020. The Issuer cannot predict whether it may be required to close again, nor can the Issuer predict the impact, if any, the suspension (or any extension thereof) of penalties and interest on late property tax payments may have on its timely receipt of property tax revenues used as the source of funds for payment of the Bonds.

## **Other Factors**

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

## **Pending Federal Tax Legislation**

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters discussed in the "**TAX EXEMPTION AND RELATED TAX MATTERS**" Section or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to the Bonds issued prior to enactment.

Bond Counsel, the Financial Advisor and the Underwriter are not obligated to notify or defend Issuer or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS or a change in legislation. Furthermore, unless otherwise required by the Disclosure Covenants (as later defined in the section "Continuing Disclosure") the Issuer has no obligation to update the language in this Official Statement as it relates to risks and pending legislation. Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.

## **Summary**

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

## **LITIGATION**

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

## **ACCOUNTANT**

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

## UNDERWRITING

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

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

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

## THE PROJECT

Proceeds of the Bonds will be used for (a) the current refunding of the Issuer's outstanding General Obligation School Bonds, Series 2013A; and (b) pay costs of issuance of the Bonds.

## SOURCES AND USES OF FUNDS \*

Sources of Funds	Bond Proceeds
	Original Issue Premium
Total Sources of Funds	
Uses of Funds	Costs of Issuance
	Underwriter's Fee
	Call of prior bonds
Total Uses of Funds	

\* Preliminary, subject to change

## TAX EXEMPTION AND RELATED TAX MATTERS

### Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds in order for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause such interest to be included in gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs. The Issuer has covenanted to comply with the provisions of the Code applicable to the Bonds, and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income of the owners thereof under Section 103 of the Code.

The opinions described under "Tax Opinions" below assume the accuracy of certain representations and compliance by the Issuer with covenants designed to satisfy the requirements of the Code (the "Covenants"). The tax certificate of the Issuer that will be delivered concurrently with the delivery of the Bonds (the "Tax Certificate"), will contain provisions and procedures regarding compliance with the requirements of the Code. The Issuer, in executing the Tax Certificate, will certify to the effect that the Issuer expects and intends to comply with the provisions and procedures contained therein. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

In rendering the opinions described below with respect to the Bonds, Bond Counsel has relied upon the Covenants and has assumed the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate.

## **Tax Opinions**

In the opinion of Shuttleworth & Ingersoll PLC, Cedar Rapids, Iowa, Bond Counsel, under existing statutes and court decisions, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed under the Code.

Interest on the Bonds is not excluded from income for State of Iowa income tax purposes.

## **Qualified Tax-Exempt Obligations**

The Bonds have been “deemed designated” as “qualified tax exempt obligations” within the meaning of Section 265(b)(3)(D)(ii) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations. In the opinion of Bond Counsel, the Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(D)(ii) of the Code.

## **Original Issue Discount/Premium**

Original Issue Discount. The initial public offering price of certain Bonds may be less than the stated redemption price thereof at maturity. The difference between the initial public offering price for any such Bond and the stated redemption price at maturity is “original issue discount.” For federal income tax purposes, original issue discount on a Bond accrues to original holders of the Bond over the period of its maturity based on the constant yield method compounded annually as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder’s tax basis in the Bond for determining taxable gain or loss on the maturity, redemption, prior sale or other disposition of the Bond. Purchasers of the Bonds should consult their tax advisors for an explanation of the accrual rules for original issue discount and any other federal, state or local tax consequences of the purchase of Bonds with original issue discount.

Original Issue Premium. The initial public offering price of certain Bonds may be greater than the stated redemption price thereof at maturity. The difference between the initial public offering price for any such Bond and the stated redemption price at maturity is “original issue premium.” For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holder’s tax basis for the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Bond rather than creating a deductible expense or loss. Purchasers of the Bonds should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of Bonds with original issue premium.

## **Backup Withholding**

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to Internal Revenue Service information reporting by the payor and “backup withholding” if the recipient has not furnished the payor with a completed Form W-9, certifying the recipient’s tax identification number or basis for exemption. “Backup withholding” means that the payor will withhold tax from the interest payments at the backup withholding rate, currently 28%. If an owner purchasing any Bond through a brokerage account has executed a Form W-9 in connection with the account, as generally can be expected, there should be no backup withholding on the Bond interest. In any event, backup withholding does not affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

## **Certain Federal Tax Consequences**

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner’s particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their advisors as to the tax consequences of purchasing or owning the Bonds.

## **Changes in Federal and State Tax Law**

The opinions of Bond Counsel are rendered as of their date and Bond Counsel assume no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the date of their opinions.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such court decisions could affect the market price or marketability of the Bonds, even if such changes are made after the issuance of the Bonds.

Bond Counsel have not undertaken to advise in the future whether any events after the date of issuance of the Bonds, including legislation, court decisions or administrative actions, whether at the federal or state level, may affect the exclusion from gross income of interest on the Bonds or the tax consequences of ownership of the Bonds. No assurance can be given that any pending or future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of interest on the Bonds from gross income for federal tax purposes or any state tax treatment.

**PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION REGULATIONS OR LITIGATION, AND REGARDING THE IMPACT OF ANY FUTURE LEGISLATION, REGULATIONS OR LITIGATION, AS TO WHICH BOND COUNSEL EXPRESS NO OPINION.**

**ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.**

See Appendix B for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Bonds and in regard to the tax-exempt status of the interest thereon (see "**TAX EXEMPTION AND RELATED TAX MATTERS**" herein) are subject to the approving legal opinion of Shuttleworth & Ingersoll PLC, Cedar Rapids, IA, Bond Counsel, a form of which is attached hereto as **APPENDIX B**. Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel.

The legal opinion to be delivered express the professional judgment of Bond Counsel and by rendering such legal opinion, Bond Counsel does not become an insurer or guarantor of the results indicated by those expressions of professional judgment or of the transactions or the future performance of the parties to the transactions.

## **RATING**

The Bonds are rated "Aa2" by Moody's Investor Service ("Moody's") and are rated "\_\_\_" by S&P Global Ratings, a Standard and Poor's Financial Services LLC business ("S&P" and, together with Moody's, the "Rating Agencies"). Each rating reflects only the views of the respective Rating Agencies, and an explanation of the significance of such rating may be obtained only from the respective Rating Agencies and their published materials. The ratings described above are not a recommendation to buy, sell or hold the Bonds. There can be no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the Rating Agencies, circumstances so warrant. Therefore, after the date hereof, investors should not assume that either rating is still in effect. A downward revision or withdrawal of either rating is likely to have an adverse effect on the market price and marketability of the Bonds. The Issuer has not assumed any responsibility either to notify the owners of the Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Certificate, or to contest any revision or withdrawal.

**CONTINUING DISCLOSURE**

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



I have reviewed the information contained within the Official Statement of the Kirkwood Community College, (Merged Area X) State of Iowa, and said Official Statement does not contain any material misstatements of fact nor omissions of any material fact regarding the issue of \$8,375,000\* General Obligation School Refunding Bonds, Series 2021A the Issuer to be issued under date of Date of Delivery.

KIRKWOOD COMMUNITY COLLEGE, STATE OF IOWA  
(Merged Area X)  
/s/ James Choate  
Vice President, Chief Financial/Operating Officer

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\* Preliminary, subject to change

**APPENDIX A - INFORMATION ABOUT THE ISSUER**

**KIRKWOOD COMMUNITY COLLEGE, STATE OF IOWA, MERGED AREA X**

**BOARD OF TRUSTEES**

<u>Officer</u>	<u>Originally Elected</u>	<u>District</u>	<u>Residence</u>
Steve Ovel	2019	8	Cedar Rapids
Keith Stamp	2008	1	Monticello
Tracy Pearson	2014	2	Mechanicsville
John Swanson	2009	9	Cedar Rapids
Lorraine Williams	2019	4	Washington
Alan Jensen	2017	5	North English
James Mollenhauer, Chair	2004	7	Marion
Peggy Doerge	2020	3	Coralville
Joel Thys	2013	6	Blairstown

**EXECUTIVE OFFICERS**

PRESIDENT	Lori Sundberg, Ph.D
VICE PRESIDENT, CHIEF FINANCIAL/OPERATING OFFICER	James Choate
BOARD SECRETARY	Carrie Anderson
EXECUTIVE DIRECTOR OF FINANCE	Kris Riley
COLLEGE ATTORNEY	Shuttleworth & Ingersoll PLC Cedar Rapids, IA

**CONSULTANTS**

BOND COUNSEL	Shuttleworth & Ingersoll PLC Cedar Rapids, Iowa
PAYING AGENT	UMB Bank, N.A. West Des Moines, Iowa



## General Information

Kirkwood Community College (Merged Area X) (the "Issuer" or "College") serves residents of eighteen east-central Iowa counties. The College's main campus is located in Cedar Rapids, with satellite attendance centers in Iowa City, Marion, Vinton, Tipton, Washington, Williamsburg and Monticello. In 1966, the Iowa State Legislature provided for the establishment of up to 17 areas to include all of the areas of the State to operate either area vocational schools or area community colleges (merged area schools). The State currently has fifteen such areas. Under the provisions of Chapter 260C of the Code of Iowa, Kirkwood Community College offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional and occupational instruction, partially fulfilling the requirements for a baccalaureate degree, but conferring no more than an associate degree. The College offers as the whole or as part of the curriculum 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 33 attendance buildings on its main 600-acre site. In addition the College has a corporate data center joint venture with AEGON USA. Other facilities include Jones Hall, a skill and trade center; Washington Hall and other Farm Campus buildings, housing the agricultural programs; Heritage Area Agency on Aging; Continuing Education and Training Center; Automotive Collision Repair & Automotive Technology; Horticulture Facilities; Cedar Hall, Nielsen Hall & Benton Hall-classroom complex for both vocational, arts and humanities, and the Iowa Equestrian Center.

In addition to the programs offered at these facilities, Kirkwood Telecommunications System utilizes the technology of broadcast and cable television and a two-way interactive television connection to deliver educational services to off-campus learning centers, public schools and private homes.

## Enrollment

Presented below is the student enrollment in the College for the period indicated:

<u>Fiscal Year</u>	<u>Enrollment</u>
2019-20	16,900
2018-19	16,940
2017-18	17,371
2016-17	17,261
2015-16	17,595

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Source: Kirkwood Community College

## Credit Hours

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

<u>Fiscal Year</u>	<u>Total Credit Hours</u>
2019-20	230,761.00
2018-19	227,229.00
2017-18	232,501.00
2016-17	236,142.50
2015-16	239,321.50

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Source: Kirkwood Community College

## Staff

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

<u>Fiscal Year</u>	<u>Employees</u>
2019-20	749
2018-19	740
2017-18	766
2016-17	774
2015-16	763

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Source: Kirkwood Community College

## Funds on Hand

The College invests its funds pursuant to Chapter 12B of the Code. No irregularities in the College's investing activities have been noted in College audits. Presented below is a summary of the investments of the College as of September 30, 2020.

<u>Type of Investment</u>	<u>Amount Invested</u>
Local Bank Checking	\$12,264,372
Local Bank Time CD's	0
ISJIT Money Market	6,444,992
ISJIT Time CD's	0
ISJIT Economic Development	1,501,909
TELF Money Market	0
TELF General Fund	56,500,536

Source: Kirkwood Community College

## Population

Presented below are the current populations of the twelve counties that the College primarily serves:

<u>County</u>	<u>Population</u>	<u>County</u>	<u>Population</u>
Benton	26,076	Jones	20,638
Buchanan	20,958	Keokuk	10,511
Cedar	18,499	Linn	211,226
Delaware	17,764	Poweshiek	18,914
Iowa	16,355	Tama	17,767
Johnson	130,882	Washington	21,704

Source: U.S. Census Bureau

## Retail Sales

Presented below is a listing of retail sales by county for twelve counties that the College primarily serves, for the year ended June 30, 2019:

<u>County</u>	<u>Number of Businesses</u>	<u>Taxable Retail Sales</u>
Benton	950	\$136,547,686
Buchanan	804	180,648,430
Cedar	711	124,464,259
Delaware	805	171,368,612
Iowa	817	201,710,031
Johnson	3929	1,902,316,146
Jones	844	181,481,247
Keokuk	430	44,898,116
Linn	6814	3,958,783,788
Poweshiek	794	185,153,330
Tama	625	77,548,772
Washington	998	200,621,261

Source: Iowa Department of Revenue

"Number of Establishments" set forth in Data Tables available at: [https://tax.iowa.gov/reports?term\\_node\\_tid\\_depth=88](https://tax.iowa.gov/reports?term_node_tid_depth=88)

## Labor Force Data

Presented below are the unemployment rates for each County within the Agency, the State of Iowa and the National unemployment average, for September, 2020

<u>County</u>	<u>Unemployment %</u>	<u>County</u>	<u>Unemployment %</u>
Benton	4.1	Jones	4.5
Buchanan	3.8	Keokuk	4.0
Cedar	3.24	Linn	5.7
Delaware	3.0	Poweshiek	3.4
Iowa	2.9	Tama	4.3
Johnson	4.1	Washington	3.0
National Average	7.7	State Average	4.3

Source: Iowa Workforce Development. Not Seasonally Adjusted.

Based on statistics available at: <https://www.iowaworkforcedevelopment.gov/local-area-unemployment-statistics>

## Major Employers in the Merged Area

Presented below are the 20 largest employers in the Cedar Rapids/Iowa City Technology Corridor (which is made up of Linn, Johnson, Benton, Jones and Washington Counties):

<u>Employers</u>	<u>Approximate Employees</u>
University of Iowa	22,827
University of Iowa Hospitals and Clinics	11,551
Rockwell Collins Inc.	9,400
AEGON USA, Inc. (Transamerica)	3,800
Whirlpool Corporation	3,200
Unity Point - St. Luke's Hospital	2,979
Cedar Rapids Community School District	2,879
Nordstroms Direct	2,150
Mercy Medical Center – Cedar Rapids	2,140
Hy-Vee Food Stores	2,356
Pearson Educational Measurement	1,765
Iowa City Community School District	1,700
Veterans Affairs Medical Center	1,562
Mercy Iowa City	900
City of Cedar Rapids	1,309
ACT, Inc.	1,243
Four Oaks	1,100
City of Iowa City	1,140
Linn-Mar Community School District	987
Quaker Oats	920

Source: Cedar Rapids Metro Alliance ([www.cedarrapids.org](http://www.cedarrapids.org))

## Property Valuations

<u>Valuation Year</u>	<u>Actual Valuation w/ Utilities</u>	<u>% Change in Actual Valuation</u>	<u>Taxable Valuation w/ Utilities</u>	<u>% Change in Taxable Valuation</u>
2019	46,765,957,311	3.23%	28,627,085,453	4.33%
2018	45,304,094,640	3.28%	27,440,182,308	3.95%
2017	43,864,506,336	5.02%	26,397,353,063	5.11%
2016	41,769,014,852	2.79%	25,113,133,985	4.01%
2015	40,635,907,136	4.29%	24,144,197,855	3.81%
2014	38,964,441,243	2.28%	23,258,572,262	1.79%
2013	38,094,787,869	7.66%	22,848,558,972	4.15%
2012	35,383,357,721	0.29%	21,939,148,169	4.05%
2011	35,282,348,309	5.38%	21,085,133,001	4.68%
2010	33,480,201,348	2.92%	20,142,837,458	4.37%
2009	32,531,558,528	4.86%	19,300,181,010	2.86%

**Actual Valuation**

Valuation as of January	2019	2018	2017	2016	2015	2014
<u>Fiscal Year</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Residential:	30,068,225,639	27,961,764,087	27,265,729,957	25,824,079,992	25,056,619,158	23,828,231,643
Agricultural Land:	3,254,116,300	4,549,567,908	4,554,654,464	4,983,795,279	4,988,883,867	4,732,737,058
Ag Buildings:	153,345,065	214,067,524	204,086,343	261,174,317	247,200,133	307,718,240
Commercial:	5,746,520,762	5,538,408,442	5,446,375,585	4,606,894,159	4,409,797,704	5,037,527,334
Industrial:	822,510,868	766,156,283	738,086,542	692,604,036	671,352,845	646,735,449
Multi-residential:	1,278,554,355	1,119,144,953	1,085,409,598	947,588,340	926,917,603	
Personal RE:	0	0	0			0
Railroads:	202,819,954	171,674,328	165,479,656	176,579,645	209,558,562	152,883,459
Utilities:	288,053,617	305,130,395	294,862,586	288,553,758	243,588,547	308,278,228
Other:	0	0	0	0	0	0
<b>Total Valuation:</b>	<b>41,814,146,560</b>	<b>40,625,913,920</b>	<b>39,754,684,731</b>	<b>37,781,269,526</b>	<b>36,753,918,419</b>	<b>35,014,111,411</b>
<b>Less Military:</b>	<b>32,468,286</b>	<b>33,259,090</b>	<b>34,077,318</b>	<b>35,251,654</b>	<b>35,954,666</b>	<b>37,797,542</b>
<b>Net Valuation:</b>	<b>41,781,678,274</b>	<b>40,592,654,830</b>	<b>39,720,607,413</b>	<b>37,746,017,872</b>	<b>36,717,963,753</b>	<b>34,976,313,869</b>
TIF Valuation:	1,819,970,297	1,664,345,173	1,533,129,646	1,657,065,170	1,736,963,347	2,005,279,828
Utility Replacement:	3,164,308,740	3,047,094,637	2,610,769,277	2,365,931,810	2,180,980,036	1,982,847,546

**Taxable Valuation**

Valuation as of January	2019	2018	2017	2016	2015	2014
<u>Fiscal Year</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Residential:	16,272,276,893	15,663,532,796	14,921,376,708	14,494,727,927	13,697,435,970	13,107,702,829
Agricultural Land:	2,651,347,036	2,552,856,617	2,478,841,317	2,365,958,479	2,299,330,001	2,115,052,477
Ag Buildings:	124,941,011	120,136,270	111,098,492	124,025,966	113,963,900	137,544,068
Commercial:	5,072,334,337	4,892,921,483	4,819,185,475	4,047,657,974	3,865,861,106	4,501,278,313
Industrial:	735,363,410	683,674,187	657,834,574	614,669,550	594,778,648	577,488,940
Multi-residential:	896,161,147	829,085,820	847,715,455	773,794,717	792,262,331	
Personal RE:	0	0	0			0
Railroads:	182,537,965	154,506,896	148,931,695	158,921,684	142,315,959	137,595,127
Utilities:	288,053,617	305,130,395	294,862,586	288,553,758	287,452,020	308,278,270
Other:	0	0	0	0	7,497,035	0
<b>Total Valuation:</b>	<b>26,223,015,416</b>	<b>25,201,844,464</b>	<b>24,279,846,302</b>	<b>22,868,310,055</b>	<b>21,800,896,970</b>	<b>20,884,940,024</b>
<b>Less Military:</b>	<b>32,466,382</b>	<b>33,257,312</b>	<b>34,072,256</b>	<b>35,186,572</b>	<b>35,873,571</b>	<b>37,626,140</b>
<b>Net Valuation:</b>	<b>26,190,549,034</b>	<b>25,168,587,152</b>	<b>24,245,774,046</b>	<b>22,833,123,483</b>	<b>21,765,023,399</b>	<b>20,847,313,884</b>
TIF Valuation:	1,804,788,202	1,655,803,874	1,524,443,108	1,650,718,719	1,732,886,369	1,764,540,340
Utility Replacement:	631,748,217	615,791,282	627,135,909	629,291,783	646,288,087	646,718,038

Source: Iowa Department of Management

**Tax Rates**

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

<u>Fiscal Year</u>	<u>General</u>	<u>Unemployment</u>	<u>Tort Liability</u>	<u>Insurance</u>	<u>Early Retirement</u>	<u>Equipment</u>	<u>Plant Fund</u>	<u>Debt</u>	<u>Total Levy Rate</u>
2021	0.20250	0.00280	0.01174	0.41570	0.08202	0.09000	0.20250	0.25004	1.25730
2020	0.20250	0.00291	0.00970	0.35099	0.10471	0.09000	0.20250	0.25000	1.21331
2019	0.20250	0.00201	0.00518	0.33878	0.11257	0.09000	0.20250	0.25000	1.20354
2018	0.20250	0.00213	0.00533	0.31108	0.06820	0.09000	0.20250	0.25000	1.13174
2017	0.20250	0.00614	0.00553	0.29563	0.06815	0.09000	0.20250	0.21003	1.08048

Source: Iowa Department of Management

## Tax Collection History

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

Fiscal Year	Amount Levied	Amount Collected	Percentage Collected
2020	\$30,951,250	\$31,978,096	103.30%
2019	29,561,869	31,086,956	105.16%
2018	26,253,841	27,719,851	105.58%
2017	23,880,630	25,282,078	105.87%
2016	22,599,599	24,058,881	106.46%
2015	21,896,019	22,985,768	104.98%

Source: Kirkwood Community College

## Debt Limit

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

Actual Value of Property, 2019	46,773,232,911
X	5.00%
Statutory Debt Limit:	2,338,661,646

## Makeup of Obligations Subject to Debt Limit

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

Total General Obligation Bonds:	79,785,000
Total Capital Loan Notes:	23,930,000
Capital Leases:	40,035,000
Energy Management Notes:	650,584
Total NJTP:	46,250,000
<b>Total Debt Subject to Limit:</b>	<b>190,650,584</b>
Percentage of Debt Limit Obligated:	8.15%

## Direct Debt – General Obligation Bonds \*

Presented below is the principal by issue, and the combined interest on the College's outstanding voted, general obligation bond debt (Source: Kirkwood Community College):

Fiscal Year	8/1/17	3/29/18	5/15/19	6/10/20	2/1/21 *	Total	Interest	Total
2021		700,000	3,570,000	230,000		4,500,000	2,536,737	7,036,737
2022		775,000	3,715,000	395,000	35,000	4,920,000	2,491,800	7,411,800
2023		775,000	3,815,000	745,000	40,000	5,375,000	2,340,950	7,715,950
2024		775,000		1,765,000	3,300,000	5,840,000	2,173,050	8,013,050
2025		775,000		1,395,000	4,000,000	6,170,000	2,046,200	8,216,200
2026	2,050,000			3,395,000	1,000,000	6,445,000	1,927,150	8,372,150
2027	1,725,000			4,955,000		6,680,000	1,699,350	8,379,350
2028		750,000		6,200,000		6,950,000	1,432,150	8,382,150
2029		750,000		6,470,000		7,220,000	1,161,650	8,381,650
2030		750,000	855,000	5,895,000		7,500,000	880,350	8,380,350
2031		750,000	5,700,000	1,335,000		7,785,000	596,400	8,381,400
2032		750,000	5,900,000	1,380,000		8,030,000	349,500	8,379,500
2033				2,370,000		2,370,000	94,800	2,464,800
<b>Totals:</b>	<b>3,775,000</b>	<b>7,550,000</b>	<b>23,555,000</b>	<b>36,530,000</b>	<b>8,340,000</b>	<b>79,785,000</b>	<b>19,730,087</b>	<b>99,515,087</b>

\* Preliminary, subject to change

**Direct Debt – Plant Fund Capital Loan Notes**

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

<u>Fiscal Year</u>	<u>3/23/20</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&amp;I</u>
2021	2,510,000	2,510,000	957,200	3,467,200
2022	1,785,000	1,785,000	856,800	2,641,800
2023	1,855,000	1,855,000	785,400	2,640,400
2024	1,930,000	1,930,000	711,200	2,641,200
2025	2,005,000	2,005,000	634,000	2,639,000
2026	2,085,000	2,085,000	553,800	2,638,800
2027	2,170,000	2,170,000	470,400	2,640,400
2028	2,260,000	2,260,000	383,600	2,643,600
2029	2,350,000	2,350,000	293,200	2,643,200
2030	2,440,000	2,440,000	199,200	2,639,200
2031	2,540,000	2,540,000	101,600	2,641,600
Totals:	23,930,000	23,930,000	5,946,400	29,876,400

**Direct Debt – General Fund Lease Certificates**

Presented below is the principal and interest on the College’s General Fund Lease Certificates:

<u>Fiscal Year</u>	<u>8/1/17</u>	<u>8/17/17</u>	<u>3/23/20</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&amp;I</u>
2021	200,000	370,000		570,000	1,481,616	2,051,616
2022	200,000	390,000		590,000	1,464,216	2,054,216
2023	200,000	405,000		605,000	1,446,291	2,051,291
2024	205,000	415,000		620,000	1,430,066	2,050,066
2025	210,000	425,000		635,000	1,415,516	2,050,516
2026	215,000	440,000		655,000	1,398,366	2,053,366
2027	225,000	450,000		675,000	1,378,566	2,053,566
2028	485,000	475,000		960,000	1,357,348	2,317,348
2029	505,000	490,000		995,000	1,323,736	2,318,736
2030	525,000	505,000		1,030,000	1,290,100	2,320,100
2031	550,000	515,000		1,065,000	1,254,753	2,319,753
2032	570,000	530,000	2,640,000	3,740,000	1,217,400	4,957,400
2033	590,000	555,000	2,745,000	3,890,000	1,069,950	4,959,950
2034	615,000	575,000	2,855,000	4,045,000	913,950	4,958,950
2035	640,000	600,000	2,970,000	4,210,000	751,650	4,961,650
2036	665,000	625,000	3,090,000	4,380,000	582,750	4,962,750
2037	750,000	590,000	3,215,000	4,555,000	408,250	4,963,250
2038			3,340,000	3,340,000	237,850	3,577,850
2039			3,475,000	3,475,000	104,250	3,579,250
Totals:	7,350,000	8,355,000	24,330,000	40,035,000	20,526,626	60,561,626

**Direct Debt - Line of Credit**

The College does not currently have any outstanding Line of Credit.

**Direct Debt – Energy Management Capital Loan Notes**

Presented below is a summary of the College’s energy management capital loan notes, which are obligations of the College’s general fund:

<u>Fiscal Year</u>	<u>2011 Energy</u>		<u>Total</u>	<u>Total</u>	<u>Total</u>
	<u>Iowa Energy</u>	<u>DAS Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>P&amp;I</u>
2021	100,000	332,890	432,890	4,176	437,065
2022	50,000	167,694	217,694	838	218,533
Totals:	150,000	500,584	650,584	5,014	655,598

**Future Debt**

The College does not anticipate issuing additional debt in the next 90 days.

**Direct Debt – New Job Training Certificates**

Presented below is the principal and interest on the College’s New Job Training Certificates, of which 19 different series are currently outstanding:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total P&amp;I</u>
2021	5,290,000	732,789	6,022,789
2022	5,210,000	1,020,034	6,230,034
2023	6,955,000	795,311	7,750,311
2024	5,810,000	640,875	6,450,875
2025	5,550,000	508,407	6,058,407
2026	3,995,000	383,084	4,378,084
2027	3,450,000	294,244	3,744,244
2028	3,220,000	214,433	3,434,433
2029	2,720,000	140,770	2,860,770
2030	2,215,000	82,914	2,297,914
2031	1,835,000	38,042	1,873,042
Totals:	46,250,000	4,850,901	51,100,901

**Upon Conversion of the Series 2020B Lease, Direct Debt, Plant Fund Capital Loan Notes**

Assuming conversion of the Lease Purchase Certificate Series 2020B to an obligation of the Plant Fund, assuming the conversion occurs in 2021 for fiscal year 2022 and thereafter, presented below is a summary of the obligations of the Plant Fund:

<u>Fiscal Year</u>	<u>3/23/20</u>	<u>3/23/20</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&amp;I</u>
2022	1,785,000		1,785,000	1,795,250	3,580,250
2023	1,855,000		1,855,000	1,723,850	3,578,850
2024	1,930,000		1,930,000	1,649,650	3,579,650
2025	2,005,000		2,005,000	1,572,450	3,577,450
2026	2,085,000		2,085,000	1,492,250	3,577,250
2027	2,170,000		2,170,000	1,408,850	3,578,850
2028	2,260,000		2,260,000	1,322,050	3,582,050
2029	2,350,000		2,350,000	1,231,650	3,581,650
2030	2,440,000		2,440,000	1,137,650	3,577,650
2031	2,540,000		2,540,000	1,040,050	3,580,050
2032		2,640,000	2,640,000	938,450	3,578,450
2033		2,745,000	2,745,000	832,850	3,577,850
2034		2,855,000	2,855,000	723,050	3,578,050
2035		2,970,000	2,970,000	608,850	3,578,850
2036		3,090,000	3,090,000	490,050	3,580,050
2037		3,215,000	3,215,000	366,450	3,581,450
2038		3,340,000	3,340,000	237,850	3,577,850
2039		3,475,000	3,475,000	104,250	3,579,250
Totals:	21,420,000	24,330,000	45,750,000	18,675,500	64,425,500

**Upon Conversion of the Series 2020B Lease, Direct Debt – Lease Certificates**

Assuming conversion of the Lease Purchase Certificate Series 2020B to an obligation of the Plant Fund, assuming the conversion occurs in 2021 for fiscal year 2022 and thereafter, presented below is a summary of the remaining Lease Purchase Certificates that will be outstanding upon conversion:

<u>Fiscal Year</u>	<u>8/1/17</u>	<u>8/17/17</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&amp;I</u>
2022	200,000	390,000	590,000	525,766	1,115,766
2023	200,000	405,000	605,000	507,841	1,112,841
2024	205,000	415,000	620,000	491,616	1,111,616
2025	210,000	425,000	635,000	477,066	1,112,066
2026	215,000	440,000	655,000	459,916	1,114,916
2027	225,000	450,000	675,000	440,116	1,115,116
2028	485,000	475,000	960,000	418,898	1,378,898
2029	505,000	490,000	995,000	385,286	1,380,286
2030	525,000	505,000	1,030,000	351,650	1,381,650
2031	550,000	515,000	1,065,000	316,303	1,381,303
2032	570,000	530,000	1,100,000	278,950	1,378,950
2033	590,000	555,000	1,145,000	237,100	1,382,100
2034	615,000	575,000	1,190,000	190,900	1,380,900
2035	640,000	600,000	1,240,000	142,800	1,382,800
2036	665,000	625,000	1,290,000	92,700	1,382,700
2037	750,000	590,000	1,340,000	41,800	1,381,800
Totals:	7,150,000	7,985,000	15,135,000	5,358,709	20,493,709

## Largest Taxpayers

Set forth in the following table are the persons or entities which represent the 2019 largest taxpayers within the Counties that have a majority of their land in the College, as provided by the Auditors Offices of each of said counties. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the College. Except as noted below, the College's tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the College from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties:

Benton County			Blackhawk County		
	<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>		<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
	Union Pacific RR Co	24,165,500		Womochil, Eugene W	206,677
	ITC Midwest LLC	8,059,155		Buch, Ronald R	35,934
	Frontier Distribution, LLC	7,424,809		La Porte City Telephone Company	2,675
	Interstate Power & Light	6,738,679			
	Nolan, Rick K Nolan, Cindy A	6,635,828			
	Remington Seeds, LLC	5,588,717			
	Clickstop Real Estate Holdings	5,549,940			
	Iowa Northern RR Co	4,961,377			
	Golden Grain Enterprises Harder, John L	4,696,548			
	Growmark, Inc.	3,751,200			
Buchanan County			Cedar County		
	<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>		<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
	Miller, Harold J. Jr & Connie A	1,314,221		Procter & Gamble Hair Care Llc	27,497,340
	Schade Family Land LLC	1,043,267		Union Pacific Railroad Co	24,486,145
	Rawson, Derald R. & Barbara I	630,945		Realty Income Properties 17 LLC	18,084,906
	Flanagan/Holub Farms LLC	613,289		Acciona Windpower North America LLC	7,289,064
	PAC Land LLC	479,398		Dome Pipeline Co	6,891,193
	Patrick & Tracy Hammes LLC	446,105		Cedar County Cooperative	6,075,234
	Zimpfer Family Farms LLC	434,517		Interstate Power & Light	6,031,296
	Hoffman Residuary Trust	428,454		Anchor Wind LLC	5,639,852
	Bretz, Michael J & Lisa R	425,335		Mid-America Pipeline	4,015,599
	PCW Farmland LLC	418,832		RV Coop River Valley Cooperative	3,150,108
Clinton County			Delaware County		
	<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>		<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
	Alliance Pipeline	1,091,134		Central Iowa Power Coop.	1,921,156
	Willimack Family Farms LLC(1/2	365,152		Z-Valley Grain LLC	1,491,196
	Rockwell Collins, Inc. Atn: Sheryl Woods- MS 124318	293,094		Catlett Farms Inc	1,109,231
	Shedeck Dewayne W&Mary Joy(LE) Shedeck Murray L	176,346		Weber, Ronald G Trust Weber	1,041,607
	Martin Mitchell & Kathryn	174,930		Pesek, Craig A & Denise M Hart	571,451
	Petersen Kent P & Jolene M	173,837		Wickman, Arthur	547,054
	H & K LLC	172,704		Ries, Karen C	544,307
	Naylor Donald L	164,353		Ries, Jerome M & Mary Kay Revoc Trust	525,569
	Willimack Jayson D	158,394		Deltum, Inc	519,607
	Stevenson John & Marilyn	142,287			
Dubuque County			Iowa County		
	<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>		<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
	Rogers, Susan E Living Trust	350,862		Amana Society	22,165,375
	Digmann, Dorothy A	160,881		SRE Hawkeye, LLC	14,504,526
	Hallberg, Lois	76,842		Kinzenbaw, Jon E. Revoc. Trust &	14,128,439
	Fellinger, Tanner J & Taryn K	76,765		Interstate Power & Light Co.	10,165,196
	CenturyLink, Inc.	3,692		Whirlpool Corporation	8,782,209
	Windstream Iowa Telecommunications	3,675		Crandic Railway	8,739,360
	Maq. Valley Rural Elec Co-op	1,036		Holdens Foundation Seeds	8,165,596
	Tobin, Matthew J & Shawna L	20		Northern Border Pipeline Company	7,186,946
				Iowa Interstate RR	6,310,698



## Jackson County

<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
Wosoba, Gary T Revocable Trust (1/2) &	823,635
Thordsen, Darrell R & Lori L	814,389
Agnitsch, Larry	701,352
Streets Grand Views, LLC	523,609
N & S Farms, LLC	507,059
Franzen, Michael V	460,005
Thordsen, Darrell R	421,040
Haytcher, Allan W & Sara L	344,587
Gnade, Jerard C & Diane T	316,331
Tabor, Shirley & Tabor, Jack H Residuary Trust	266,940

## Johnson County

<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
Coral Ridge Mall LLC	102,421,620
Mid American Energy	33,867,403
City of Coralville	33,642,384
Hawk Landlord (IA) LLC	26,438,490
TKG Coral North LLC	26,097,300
Greenstate Community Credit Union	25,883,840
Cedar Rapids and Iowa City Railway	23,762,736
808 on 5th LLC	22,184,573
Hy-Vee INC	20,786,310
Integrated DNA Technologies Inc.	19,656,450

## Keokuk County

<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
Northern Border Pipeline Co	5,844,375
Faas Feed & Grain Inc	1,398,177
Jamon Inc	1,145,395
Blaylock, Barry M & Margaret M	1,136,966
Osweiler, Douglas G	1,131,849
Interstate Power & Light Co	1,043,508
Render, Joy P Rev Trust	955,711
Gent, James F & Mary P	788,148
Voss, Robert J & Susan K	760,211
Gent, Patrick E & Mary K FAMTR	757,291

## Louisa County

<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
Forbes, Steven R.	307,836
Forbes, John J. & Kelli D.	280,987
Willoz, John L.	265,822
Bell, Darrel Thomas	194,924
Zeman, Christine L.	190,871
Nebergall, Brett W.	183,172
Kraxner, Brock & Jacqueline	180,060
Rittenmeyer, Mary Jo	176,827
Patterson, Lisa D.	173,132
Forbes, Joseph S. & Andrea M.	167,322

## Jefferson County

<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
Trabert, Leola E Life Est	544,318
Weber, Geraldine A Fam Tst	528,093
Pacha, Curt P	416,342
Zihlman Family Farms LLC ETAL	321,531
Robison, Lawrence/Sarah TST	318,845
Sappington, Dennis S/Karin A	257,944
Lynn, John H/Martha J	249,228
Guy, Danny	233,046
Fritz, Tony P	220,224
Miles, Brenda J	219,318

## Jones County

<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
Alliance Pipeline LP	31,743,948
Kinder Morgan Cochin LLC	12,486,473
Interstate Power & Light Co	11,245,691
Innovative Ag Services Co	5,341,734
Qwest Corporation (Centurylink)	5,035,692
Wal-Mart Real Estate Business Trust	4,275,873
ITC Midwest LLC	4,056,429
Greif, William J & Camela C	3,672,819
RV Coop	3,598,506

## Linn County

<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
Interstate Power & Light Co	219,751,815
Archer Daniels Midland Co	80,594,677
Transamerica Life Insurance Co	77,656,754
Archer-Daniels-Midland Co	70,138,867
St Lukes Methodist Hospital	56,431,440
Lindale Mall LLC	46,145,160
Casey's Marketing Co	44,357,580
International Paper Company	39,331,440
Rockwell Collins Inc	37,600,131
Terraza 5 LLC	37,192,860

## Poweshiek County

<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
Northern Border Pipeline Company	6,068,510
Manatts Enterprises LTD	3,864,450
Mid American Energy	3,638,106
Heartland Co-op	2,017,386
Convenience Store Investments	1,741,233
Pilot Travel Centers LLC	1,514,916
Park View Inn & Suites of West Bend LLC	1,052,748
Interstate Power and Light Company	925,546
Cheney Farms Inc	797,613
Papesh Dean J & Papesh Elizabeth C	788,031

Tama County		Washington County	
<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>	<u>Taxpayer</u>	<u>2019 Taxable Valuation</u>
Union Pacific Railroad Company	4,547,428	Riverside Casino & Golf	62,772,750
Heartland Property Co-op	2,502,630	Interstate Power & Light Co.	14,827,877
Novak, Ted W & Tracy A	892,397	Northern Border Pipeline	8,352,673
R Farms Inc.	875,751	Natural Gas Pipeline Co.	8,342,576
Wagner, Carl F & Virginia E	791,907	DM & E Railroad	6,011,234
ITC Midwest LLC	526,238	Mid America Pipeline Co. LLC	5,068,488
Rayman, Wayne H	511,320	Wal-Mart Real Estate Business	5,006,790
Fisher, Milo Dale & Joann	452,543	Iowa Renewable Energy, L.L.C.	4,272,210
Breja Farm LLC	435,701	Mid American Energy Co.	4,007,743
Schild, Winifred S	426,767	Iowa Telecom	3,893,099

Source: County Auditor Office

(1) Utility Property Tax Replacement

Beginning in 1999, the State replaced its previous property tax assessment procedure in valuing the property of entities involved primarily in the production, delivery, service and sale of electricity and natural gas with a replacement tax formula based upon the delivery of energy by these entities. Electric and natural gas utilities now pay replacement taxes to the State in lieu of property taxes. All replacement taxes are allocated among local taxing cities by the State Department of Revenue and Finance and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Properties of these utilities are exempt from the levy of property tax by political subdivisions. Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State.

The utility replacement tax statute states that the utility replacement tax collected by the State and allocated among local taxing cities (including the Issuer) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. However, utility property is not subject to the levy of property tax by political subdivisions, only the utility replacement tax and statewide property tax. It is possible that the Issuer's authority to levy taxes to pay principal and interest on the Bonds could be adjudicated to be proportionately reduced in future years if the utility replacement tax were to be other than "taxable property" for purposes of computing the Issuer's levy limit under Iowa Code Section 298.18, as amended from time to time. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds.

## Overlapping & Underlying Debt

Presented below is a listing of the overlapping and underlying obligations secured by ad-valorem property taxes outstanding of issuers who are wholly or partially within the boundaries of the Issuer (for the period ending 6/30/2020):

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2019 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
City of Blairstown	127,482	23,622,474	23,622,474	100.00%	127,482
City of Garrison	182,000	4,924,731	4,924,731	100.00%	182,000
City of Keystone	123,000	22,591,471	22,591,471	100.00%	123,000
City of Martelle	334,000	8,613,592	8,613,592	100.00%	334,000
City of Swisher	2,540,000	44,811,795	44,811,795	100.00%	2,540,000
West Branch CSD	19,500,000	400,969,646	400,969,646	100.00%	19,500,000
City of Norway	464,250	17,088,682	17,088,682	100.00%	464,250
Anamosa CSD	11,620,000	422,864,323	422,864,323	100.00%	11,620,000
Belle Plaine CSD	2,455,000	177,312,314	177,312,314	100.00%	2,455,000
Black Hawk County	19,275,000	6,146,939,107	245,286	0.00%	769
Buchanan County	8,049,851	1,152,980,793	44,653,603	3.87%	311,761
Cedar Rapids CSD	2,200,000	6,256,223,932	6,256,223,932	100.00%	2,200,000
Center Point-Urbana CSD	13,170,000	334,912,474	334,912,474	100.00%	13,170,000
Central City CSD	1,820,000	157,516,245	157,516,245	100.00%	1,820,000
City of Alburnett	1,750,000	27,645,185	27,645,185	100.00%	1,750,000
City of Anamosa	781,400	148,083,521	148,083,521	100.00%	781,400
City of Atkins	3,049,998	85,930,160	85,930,160	100.00%	3,049,998
City of Belle Plaine	2,684,000	72,215,704	72,215,704	100.00%	2,684,000
City of Brighton	156,400	12,240,645	12,240,645	100.00%	156,400
City of Cedar Rapids	286,435,000	7,374,029,750	7,374,029,750	100.00%	286,435,000
City of Center Point	2,795,000	105,850,392	105,850,392	100.00%	2,795,000
City of Central City	525,000	50,008,024	50,008,024	100.00%	525,000
City of Clarence	225,000	33,606,371	33,606,371	100.00%	225,000
City of Coggon	135,000	19,102,273	19,102,273	100.00%	135,000
City of Coralville	300,143,477	1,873,990,788	1,873,990,788	100.00%	300,143,477
City of Ely	3,890,000	98,861,822	98,861,822	100.00%	3,890,000
City of Fairfax	8,326,000	153,680,964	153,680,964	100.00%	8,326,000
City of Hiawatha	21,780,000	517,625,481	517,625,481	100.00%	21,780,000
City of Hills	642,000	52,708,693	52,708,693	100.00%	642,000
City of Iowa City	41,225,000	4,258,178,148	4,258,178,148	100.00%	41,225,000
City of Kalona	4,289,794	120,732,262	120,732,262	100.00%	4,289,794
City of Lisbon	5,439,000	99,517,920	99,517,920	100.00%	5,439,000
City of Lone Tree	293,000	49,248,506	49,248,506	100.00%	293,000
City of Lowden	355,000	24,325,262	24,325,262	100.00%	355,000
City of Marengo	925,000	\$73,548,794	73,548,794	100.00%	925,000
City of Marion	66,495,000	1,859,164,391	1,859,164,391	100.00%	66,495,000
City of Mechanicsville	360,743	32,447,447	32,447,447	100.00%	360,743
City of Monticello	4,130,000	154,684,479	154,684,479	100.00%	4,130,000
City of Mount Vernon	10,127,000	165,547,692	165,547,692	100.00%	10,127,000
City of North English	15,450	24,498,178	24,498,178	100.00%	15,450
City of North Liberty	40,130,000	1,138,922,287	1,138,922,287	100.00%	40,130,000
City of Olin	260,554	13,132,234	13,132,234	100.00%	260,554
City of Oxford	1,156,950	29,944,178	29,944,178	100.00%	1,156,950
City of Oxford Junction	125,000	7,367,265	7,367,265	100.00%	125,000
City of Palo	2,405,000	57,593,538	57,593,538	100.00%	2,405,000
City of Riverside	435,000	109,723,417	109,723,417	100.00%	435,000
City of Robins	4,240,000	232,491,746	232,491,746	100.00%	4,240,000
City of Shellsburg	1,970,000	33,423,374	33,423,374	100.00%	1,970,000
City of Shueyville	1,380,000	55,489,014	55,489,014	100.00%	1,380,000
City of Solon	1,611,000	154,276,702	154,276,702	100.00%	1,611,000
City of Springville	1,410,000	\$39,974,027	39,974,027	100.00%	1,410,000
City of Tiffin	16,750,000	234,293,037	234,293,037	100.00%	16,750,000
City of Tipton	3,310,000	127,991,872	127,991,872	100.00%	3,310,000
City of University Heights	1,525,000	104,501,180	104,501,180	100.00%	1,525,000
City of Urbana	2,110,000	68,409,034	68,409,034	100.00%	2,110,000
City of Van Home	440,654	26,160,062	26,160,062	100.00%	440,654
City of Victor	364,000	26,119,497	26,119,497	100.00%	364,000
City of Vinton	4,965,000	171,069,164	171,069,164	100.00%	4,965,000
City of Walker	1,450,000	25,031,062	25,031,062	100.00%	1,450,000
City of Washington	10,970,000	258,062,915	258,062,915	100.00%	10,970,000
City of Wellman	986,130	47,841,224	47,841,224	100.00%	986,130
City of West Branch	6,672,000	162,313,384	162,313,384	100.00%	6,672,000

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2019 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
City of Williamsburg	14,020,000	160,262,262	160,262,262	100.00%	14,020,000
Clear Creek Amana CSD	85,095,000	1,414,678,279	1,414,678,279	100.00%	85,095,000
Clinton County	21,180,000	2,499,377,415	4,693,877	0.19%	39,776
College CSD	111,995,000	2,335,213,575	2,335,213,575	100.00%	111,995,000
Delaware County	7,094,999	1,361,291,854	42,979,686	3.16%	224,008
Dubuque County	31,226,024	5,579,818,084	673,773	0.01%	3,771
Highland CSD	3,900,000	324,926,878	324,926,878	100.00%	3,900,000
HLV CSD	2,240,000	177,226,170	177,226,170	100.00%	2,240,000
Iowa City CSD	181,415,000	7,248,667,366	7,248,667,366	100.00%	181,415,000
Iowa County	4,395,000	1,103,976,177	1,099,197,327	99.57%	4,375,975
Jefferson County	7,870,000	942,694,979	8,636,993	0.92%	72,105
Johnson County	3,570,000	9,758,784,514	9,752,468,704	99.94%	3,567,690
Keokuk County	1,590,000	706,209,411	83,613,614	11.84%	188,252
Linn County	58,845,000	12,584,140,700	12,584,140,700	100.00%	58,845,000
Linn-Mar CSD	78,665,000	2,393,677,632	2,393,677,632	100.00%	78,665,000
Lisbon CSD	8,985,000	189,095,373	189,095,373	100.00%	8,985,000
Lone Tree CSD	2,655,000	180,525,047	180,525,047	100.00%	2,655,000
Louisa County	996,980	737,684,818	4,467,375	0.61%	6,038
Marion Independent CSD	6,362,000	537,808,012	537,808,012	100.00%	6,362,000
Midland CSD	10,065,000	279,671,480	279,671,480	100.00%	10,065,000
Mid-Prairie CSD	6,705,000	524,231,081	524,231,081	100.00%	6,705,000
Monticello CSD	14,625,000	407,726,630	407,726,630	100.00%	14,625,000
Mount Vernon CSD	14,850,000	342,089,402	342,089,402	100.00%	14,850,000
North Cedar CSD	2,660,000	377,555,050	377,555,050	100.00%	2,660,000
North Linn CSD	1,145,000	243,949,388	243,949,388	100.00%	1,145,000
Poweshiek County	3,975,000	1,352,946,286	94,484,259	6.98%	277,598
Solon CSD	21,260,000	516,367,942	516,367,942	100.00%	21,260,000
Springville CSD	3,690,000	154,205,214	3,690,000	100.00%	3,690,000
Tama County	9,810,000	1,109,924,445	42,852,758	3.86%	378,752
Tipton CSD	3,940,000	330,334,995	330,334,995	100.00%	3,940,000
Vinton-Shellsburg CSD	4,210,000	552,945,057	552,945,057	100.00%	4,210,000
Washington County	22,620,000	1,344,241,607	1,199,509,865	89.23%	20,184,551
Washington CSD	1,140,000	503,815,041	503,815,041	100.00%	1,140,000
Williamsburg CSD	10,210,000	462,738,778	462,738,778	100.00%	10,210,000

1,604,483,328

(1) With respect to the City of Coralville, Iowa's debt, \$168,000,000 of the City's general obligation debt is issued subject to the right of non-appropriation, with the balance being issued without appropriation risk.

(2) \$3,935,000 of the obligations of the City of Tiffin are issued as "annual appropriation" obligations.

(3) Source: Thompson Reuters, Official Audits, EMMA, State of Iowa - Auditor of State Database, Iowa Department of Management - City Budgets

Source: Iowa Department of Management

## FINANCIAL SUMMARY

Actual Value of Property, 2019	46,765,957,311
Taxable Value of Property, 2019	28,627,085,453
Direct General Obligation Debt:	79,785,000
Plus Plant Fund Capital Loan Notes	23,930,000
Plus Lease Certificates	40,035,000
Plus Energy Management Notes	650,584
Plus Line of Credit	
Plus NJTP Certificates	46,250,000
Less	
<hr/>	
Total Debt Outstanding:	190,650,584
Less Self-Supported General Obligation Debt:	-61,955,000
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Net Direct Debt Outstanding:	128,695,584
Overlapping Debt:	1,604,483,328
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Net Direct & Overlapping Debt Outstanding:	1,733,178,912
Population, 2010 US Census:	442,534
Direct Debt per Capita:	430.82
Net Direct Debt per Capita	290.82
Total Net Debt per Capita:	3,916.49
Total Direct Debt to Taxable Valuation:	0.666%
Net Direct Debt to Taxable Valuation:	0.450%
Total Debt to Taxable Valuation:	6.054%
Total Direct Debt to Actual Valuation:	0.408%
Net Direct Debt to Actual Valuation:	0.275%
Total Debt to Actual Valuation:	3.706%
Actual Valuation per Capita:	105,678
Taxable Valuation per Capita:	64,689

Source: Iowa Department of Management

**APPENDIX B – FORM OF LEGAL OPINION**

\_\_\_\_\_, 2020

Kirkwood Community College  
Cedar Rapids, Iowa

Re: Kirkwood Community College, Iowa (Merged Area X) in the Counties of Benton, Black Hawk, Buchanan, Cedar, Clinton, Delaware, Dubuque, Iowa, Jackson, Jefferson, Johnson, Jones, Keokuk, Linn, Louisa, Poweshiek, Tama and Washington [\$8,340,000] General Obligation School Refunding Bonds, Series 2021A

We have acted as Bond Counsel in connection with the issuance by Kirkwood Community College (the “College”) of its [\$8,340,000] General Obligation School Refunding Bonds, Series 2021A (the “Bonds”). The Bonds are being issued pursuant to the Code of Iowa, 2020, as amended, Chapters 260C, 296 and 298 (the “Act”), and a Resolution adopted by the Board of Directors of the College on [\_\_\_\_\_] (the “Resolution”).

The Bonds are being issued for (a) the current refunding of the College’s outstanding General Obligation School Bonds, Series 2013A with an original principal amount of \$10,000,000 issued on May 15, 2013; and (b) to pay costs of issuance of the Bonds.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semiannually on the first day of June and December, in each year until maturity or prior redemption, as applicable, commencing June 1, 2021. The Bonds shall mature on June 1 in each of the years and in the principal amounts as follows:

**MATURITY SCHEDULE**

\*to be completed

The Bonds are not subject to optional redemption prior to maturity.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined (a) the proceedings authorizing the issuance of the Bonds (the “Authorization Proceedings”), (b) such matters of law, including, inter alia, the Act and the Internal Revenue Code of 1986, as amended (the “Code”); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we have deemed necessary.

We have assumed and relied upon the genuineness, accuracy and completeness of all the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied on the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation. We also call to your attention that the rights of the holders of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity and to the exercise of judicial discretion in appropriate cases.

Based upon the foregoing, and assuming that the Bonds and other documents and certificates are executed and delivered as instructed by us, we are of the opinion that:

1. The College is validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Authorization Proceedings show lawful authority for the authorization, issuance, sale and delivery of the Bonds pursuant to the Act.
3. The Bonds are valid and binding general obligations of the College.
4. All taxable property in the territory of the College is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the College is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent necessary funds are not provided from other sources.
5. The College has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income of interest on the Bonds for purposes of federal income taxation under the Code. Failure to comply with certain requirements

of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In our opinion, assuming continuing compliance by the College with its covenants, under existing statutes and court decisions, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under the Code and is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code.

6. Interest on the Bonds is not excluded from gross income for State of Iowa income tax purposes.

7. The Bonds have been deemed designated as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code.

For the purpose of rendering the opinion set forth in paragraph numbered 5 above, we have assumed compliance by the College with requirements of the Code that must be met subsequent to the issuance of the Bonds in order that interest thereon be and remain excluded from gross income for federal income tax purposes. Failure of the College to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The College has covenanted to comply with such requirements.

Except as stated in paragraphs 5 and 7 above, we express no opinion regarding any other federal tax consequences with respect to the Bonds.

We have not passed herein upon any matters related to the business, affairs or condition (financial or otherwise) of the College and no inference should be drawn that we have expressed any opinion on the ability of the College to perform its obligations under the contracts described herein.

We have not been engaged or undertaken to review the accuracy, adequacy or completeness of any offering material relating to the Bonds and we express no opinion relating thereto.

The opinions expressed herein are limited to the federal law of the United States and general corporate laws of the State of Iowa, as such exist on the date hereof and we do not undertake to advise you of any matters which may come to our attention subsequent to the date hereof and which may affect the legal opinions expressed herein.

This opinion is delivered to you for your use only and it may not be used or relied upon by, or published or communicated to, any third party for any purpose whatsoever without our prior written consent.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

Very truly yours,

## APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE, dated as of January \_\_, 2021 (this “Certificate”), is executed and delivered by Kirkwood Community College (Merged Area X), State of Iowa (the “Issuer”)

WITNESSETH:

WHEREAS, simultaneously with the execution and delivery of this Certificate, the Issuer issued its \$ ,000 General Obligation School Refunding Bonds, Series 2021A, issued pursuant to the Code of Iowa, 2020, as amended, Chapters 260C, 296 and 298 (the “Act”); and

WHEREAS, to provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Participating Underwriter (defined herein) in the primary offering of the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), the Issuer desires to execute and deliver this Certificate.

NOW, THEREFORE, in consideration of the promises and the covenants hereinafter contained, the Issuer certifies as follows:

### Section 1. Definitions and Exhibits

Terms used with initial capital letters but not defined herein shall have the meanings given such terms in the Authorizing Documents, unless the context hereof clearly requires otherwise. In addition, the following terms, when used herein, have the following respective meanings:

“Annual Filing” shall mean any audited financial statements provided by the Issuer pursuant to, and as described in, Section 4(c) of this Certificate.

“Authorizing Documents” shall mean all documentation executed by Issuer in connection with the authorization and issuance of the Bonds.

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

“Disclosure Information” shall mean Annual Filings and Listed Events required to be filed.

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

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system available at <http://emma.msrb.org>.

“Financial Obligation shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security of a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of either (i) or (ii).

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

“Listed Events” shall mean any of the events listed in Section 4(d) of this Certificate.

“Material Fact” shall mean a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing, a “Material Fact” is also an event that would be deemed “material” for purposes of the purchase, holding 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.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, 1300 I Street N.W., Suite 1000, Washington, D.C. 20005 or any successor to its functions.

“Official Statement” shall mean the Official Statement, dated \_\_\_\_\_, 2020, relating to the Bonds.

“Owner” shall mean, in respect of a Bond, the registered owner or owners thereof appearing in the register maintained by the Paying Agent or any Beneficial Owner thereof, if the Beneficial Owner provides to the Paying Agent evidence of such beneficial ownership in form and substance reasonably satisfactory to the Paying Agent.

“Participating Underwriter” shall mean \_\_\_\_\_, and other underwriters of the Bonds required to comply with the Rule in connection



with the primary offering of the Bonds.

“Paying Agent” shall mean UMB Bank, n.a., West Des Moines, Iowa, the entity serving as paying agent with respect to the Bonds, and its successors and assigns.

“Person” shall mean any individual, corporation, partnership, limited liability company, limited liability partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Rating Agency” shall mean any nationally recognized securities rating organization that is, as of the relevant date, maintaining a rating for the Bonds.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), as in effect and interpreted from time to time.

“SEC” shall mean the Securities and Exchange Commission or any successor to its functions governing state and municipal securities disclosure.

“State” shall mean the State of Iowa.

## Section 2. Representations

Each of the parties hereto represents and warrants to each other party that: (i) it has all requisite power and authority to execute, deliver and perform this Certificate under applicable law and any resolutions or other actions of such party now in effect; (ii) it has duly authorized the execution and delivery of this Certificate; (iii) the execution and delivery of this Certificate and performance of the terms hereof by such party do not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument to which it is a party or by which it is bound; and (iv) to its best knowledge, no litigation, proceeding or administrative matter is pending to which it is a party, or overtly threatened, contesting or questioning the legal existence of such party, its power and authority to enter into and perform this Certificate or its due authorization, execution and delivery of this Certificate.

The Issuer represents and warrants that it is the only “obligated person” in respect of the Bonds within the meaning of the Rule.

## Section 3. Appointment of Dissemination Agent as Agent; Resignation; Removal

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

The initial Dissemination Agent shall be Piper Sandler Companies.

The inability of the Dissemination Agent to undertake certain activities under this Certificate as provided in the immediately preceding paragraph shall not relieve or otherwise affect the responsibilities of the Issuer to file Disclosure Information directly on EMMA without the agency of the Dissemination Agent.

The Dissemination Agent may be removed by the Issuer hereunder as prescribed in the Dissemination Agent Agreement between the Issuer and the Dissemination Agent. The Dissemination Agent may at any time resign and be discharged of the duties and obligations imposed on it hereunder pursuant to the terms of the Dissemination Agent Agreement. The removal or resignation of the Dissemination Agent as agent hereunder shall not affect the covenants and certifications of the Issuer in this Certificate and is not a Listed Event. The Issuer shall either appoint another agent to perform the duties and obligations imposed on the Dissemination Agent hereunder or perform such duties and obligations itself.

## Section 4. Provision of Annual Filings; Content of Annual Filings; Reporting of Significant Events

(a) Not later than April 15 (the “Submission Deadline”) following the end of each fiscal year ending June 30, commencing with the fiscal year ending June 30, 2021, the Issuer shall file, or the Issuer shall cause the Dissemination Agent to file, on EMMA an electronic copy of the Annual Filing which is consistent with the requirements of this Section 4 in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Filing may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section 4;

(b) If an Annual Filing has not been filed by the Submission Deadline, in a timely manner thereafter, the Issuer directs that the Dissemination Agent shall file a notice on EMMA stating that there has been a failure to provide an Annual Filing on or before the Submission Deadline.

(c) The Issuer's Annual Filing shall contain or include by reference the following:

(1) The audited financial statements provided by the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as in effect from time to time as modified in accordance with the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such audited financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the audited financial statements are not available by the Submission Deadline, the Annual Filing shall contain unaudited financial information generally available to the Issuer but which does not have to be in a form similar to the audited financial statements and may include any annual filing information requirement by State law, and the audited financial statements shall be filed on EMMA when they become available.

(2) To the extent not included in the financial statements referred to in paragraph (1) hereof, the information for such respective fiscal year or the period most recently as set forth under the following headings

Property Valuations - Actual Valuation, Property Valuations - Taxable Valuation, Tax Rates, Tax Collection History, Debt Limit, Makeup of Obligations Subject to Debt Limit, Direct Debt – General Obligation Bonds, Direct Debt – Plant Fund Capital Loan Notes, Direct Debt – General Fund Lease Certificates, Direct Debt - Line of Credit (so long as outstanding), Direct Debt – Energy Management Capital Loan Notes (so long as outstanding), Direct Debt – New Job Training Certificates (so long as outstanding), Financial Summary

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer, which are available on EMMA or are filed with the SEC. If the document included by reference is a final official statement, it must be available on EMMA. Each such other document so included by reference shall be clearly identified.

If any part of the Annual Filing can no longer be generated because the operations of the Issuer have materially changed or been discontinued, such portion of the Annual Filing need no longer be provided if the Issuer includes in the Annual Filing a statement to such effect.

If the Annual Filing is changed or this Certificate is amended as permitted by this Section 4(c) or Section 11 hereof, then the Issuer shall include in the next Annual Filing with respect to the Issuer to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

The Issuer agrees to notify the Dissemination Agent promptly of any change in the fiscal year or accounting principles pursuant to which the audited financial statements are prepared. If the Issuer's fiscal year changes, the Dissemination Agent shall give notice of such change in the same manner as for a Listed Event under Section 4(d), and the Submission Deadline beginning with the subsequent fiscal year will become one year following the end of the changed fiscal year.

The Issuer agrees to provide, in a timely fashion, all requested or necessary information so the Dissemination Agent can complete the filing with EMMA.

(d) The Issuer shall also provide the Dissemination Agent 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 reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of Holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) The incurrence of a Financial Obligation, if material, or agreement to covenants, events or default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect the Holders, if material.
- (16) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties

If a Listed Event described in paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13), (14) or (15) above has occurred and the Issuer has determined that such Listed Event is a Material Fact, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause the Dissemination Agent to promptly file, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB.

(e) If a Listed Event described in paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11), (12) or (16) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file or cause the Dissemination Agent to promptly file a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in paragraph (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Authorizing Documents.

#### Section 5. Disclosure to Public

The Dissemination Agent is authorized and directed to file on EMMA the following information in a timely manner, in an electronic format:

- (a) the Annual Filing provided pursuant to Section 4(a) hereof;
- (b) any Listed Event reported to the Dissemination Agent by the Issuer under Section 4(d) hereof in the form provided by the Issuer;
- (c) the failure of the Issuer to provide the Disclosure Information required to be provided to the Dissemination Agent hereunder, after the cure period provided in Section 8 hereof;
- (d) any amendment of or supplement to this Certificate entered into in accordance with Section 11 hereof, together with a copy of such amendment or supplement and any explanation provided by the Issuer under Section 11 hereof; and
- (e) any change in fiscal year or accounting principles, in the form provided by the Issuer.

At the written request of the Issuer the Dissemination Agent shall also promptly file on EMMA a copy of any other information provided by the Issuer for such dissemination.

#### Section 6. Disclosure to Holders, Participating Underwriters and Rating Agencies

The Dissemination Agent is further authorized, upon receipt of written request therefor, to forward in an appropriate manner to any Rating Agency then maintaining a rating on the Bonds, any information filed on EMMA under Section 5 hereof, at the time of such filing or, if such information is filed with a subsequent time of release, at the time such information is to be released. Nothing in this Certificate is intended to limit the ability of the Dissemination Agent to communicate with the Holders in such manner and at such times as it shall deem appropriate in the Authorizing Documents. The Dissemination Agent shall not be required to file on EMMA or forward to the Participating Underwriter or any Rating Agency such communication under this Section 6, unless and only to the extent it is specifically described in Section 5 hereof. The Issuer acknowledges and agrees that the Dissemination Agent may, in its discretion, however, file on EMMA or forward to the Participating Underwriter or any Rating Agency any communication with Holders, unless the Dissemination Agent determines that such disclosure would adversely affect the security or interests of the Holders.

#### Section 7. Costs, Expenses and Indemnification of Dissemination Agent

The Issuer will pay reasonable compensation of the Dissemination Agent for, and all costs and expenses of the Dissemination Agent incurred in, performing the services required of it under this Certificate, whether as agent for the Issuer or otherwise. The Issuer hereby acknowledges and certifies that such compensation, costs and expenses constitute an item for which the Issuer is to make additional payments under the Authorizing Documents.

The Issuer will indemnify and hold harmless the Dissemination Agent and its officers, directors, employees, and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including reasonable attorneys' fees and expenses) which such indemnified party incurs by reason of the Dissemination Agent's disclosure of information pursuant to this Certificate; provided that the Issuer shall not be required to indemnify the Dissemination Agent for any claims, damages, losses, liabilities, costs or expenses to the extent,

but only to the extent, caused by the willful misconduct or gross negligence of the Dissemination Agent in such disclosure of information hereunder. The provisions contained in this Section 7 shall survive termination of the other provisions of this Certificate or the resignation or removal of the Dissemination Agent.

#### Section 8. Defaults and Remedies

Failure of the Issuer to comply with any provisions of this Certificate shall constitute a default hereunder and any party aggrieved thereby (excluding the Dissemination Agent, which is acting as agent of the Issuer, but including the Participating Underwriter and the Holders as third-party beneficiaries hereof), may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained herein, including an action for specific performance. Indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this Certificate constitute a default or an Event of Default under the Bonds or the Authorizing Documents.

In addition to the foregoing remedies, in the event the Issuer breaches its covenant to provide the Disclosure Information to the Dissemination Agent under Section 4 hereof by the date therein specified, and such breach continues for a period of thirty (30) days, then the Dissemination Agent shall promptly file on EMMA notice of the failure of the Issuer to provide such Disclosure Information. The Dissemination Agent will use its best efforts to notify the Issuer promptly following the date the Disclosure Information is to have been provided by the Issuer under Section 4 hereof if it has failed to receive such information, but any failure by the Dissemination Agent to so notify the Issuer shall not affect the obligation of the Dissemination Agent under this Section 8 to file notice on EMMA if such default persists for thirty days as provided in the immediately preceding sentence.

#### Section 9. Binding Effect; Holders and Participating Underwriter as Third-Party Beneficiaries

This Certificate shall be binding upon the Issuer; provided, however, that in the event another Person succeeds to the obligations and agreements of the Issuer under this Certificate and the Issuer is released from its obligations under the Authorizing Documents, (i) the Issuer which has been succeeded by another Person shall be released from all further covenants and agreements contained herein, and (ii) the Disclosure Information may be modified to the extent permitted by Section 11 hereof. In addition, this Certificate shall constitute a third-party beneficiary contract for the benefit of the Participating Underwriter and the Holders from time to time of the outstanding Bonds. Said third-party beneficiaries shall be entitled to enforce performance and observance by the parties of the respective agreements and covenants herein contained as fully and completely as if said third-party beneficiaries were parties hereto; provided that this Certificate (other than this Section 9) may be amended or supplemented from time to time without notice to or the consent of such third-party beneficiaries. Nothing in this Certificate, express or implied, shall give to any Person any benefit or other legal or equitable right, remedy or claim under this Certificate, other than the parties hereto and their respective successors and permitted assigns as provided herein and the Holders of the outstanding Bonds.

#### Section 10. Effect of Headings

The Section headings herein are for convenience only and shall not affect the construction hereof.

#### Section 11. Amendments

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

- (a)
  - (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
  - (ii) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver either (1) is approved by the Holders in the same manner as provided in the Authorizing Documents for amendments to the Authorizing Documents with the consent of Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners; or
- (b) the amendment or waiver is necessary to comply with modifications to or interpretations of the provisions of the Rule as announced by the SEC.

If the Disclosure Information is amended pursuant to this Section 11, the Issuer shall provide to the Dissemination Agent, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

In the event of any amendment or waiver of a provision of this Certificate, the Issuer shall describe such amendment in the next Annual Filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data of the Issuer.

## APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER

This Appendix contains the entire 2020 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer, which can be found at the following link <https://www.auditor.iowa.gov/reports/audit-reports>

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**Financial & Compliance  
Report  
June 30, 2020**

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**Kirkwood Community College  
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
<b>Board of Trustees</b>		
James Mollenhauer	Chair	2021
Tracy Pearson	Vice Chair	2023
John Swanson	Trustee	2021
Dr. Keith Stamp	Trustee	2021
Joel Thys	Trustee	2021
Lorraine Williams	Trustee	2023
Alan Jensen	Trustee	2023
Steven Ovel	Trustee	2023
Rose Rennekamp	Trustee (Resigned – September 2020)	2020
Margaret (Peggy) Doerge	Trustee (Appointed – October 2020)	2021
<b>Community College</b>		
Dr. Lori Sundberg	President	
Jim Choate	Board Treasurer, V.P. and Chief Financial/Operating Officer	
Carrie Anderson	Board Secretary	
Kris Riley	Executive Director of Finance	



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Kirkwood Community College  
Cedar Rapids, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of Kirkwood Community College (the College), and its aggregate discretely presented component units as of and for the year ended June 30, 2020, and the related notes to the 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 audits. We did not audit the financial statements of the discretely presented component unit Kirkwood Community College Foundation discussed in Note 1, which represents 99.9%, 99.9%, and 90.2%, respectively, of the assets, net position, and operating revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to Kirkwood Community College Foundation, is based solely on the report of the other auditors. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the component unit Kirkwood Community College Foundation were not audited in accordance with *Government 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, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Kirkwood Community College and its aggregate discretely presented component units as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 16, and schedules of College's proportionate share of the net pension liability, College contributions, College's early retirement liability, and changes in College's total OPEB liability, related ratios and notes on pages 51 through 55 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 and the other auditors 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 third paragraph of this report, the financial statements for the four years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the five years ended June 30, 2015 (none of which are presented herein) were audited by other auditors, in accordance with the standards referred to in the third paragraph of this report, whose report dated November 19, 2015, stated they expressed unmodified opinions on those financial statements. The other supplementary information included in Schedules 1 through 11, including the schedule of expenditures of federal awards required by Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2020, 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 solely 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 the effectiveness of the College's 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 17, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Kirkwood Community College (the College) provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

Kirkwood Community College is a public comprehensive community college district established by Iowa Code 260C.1 in 1966 that encompasses all or part of seven counties serving a population base of nearly a half million people. The College is governed by a nine-member Board of Trustees whose members are elected to staggered four year terms within each trustee's district. The College serves approximately 12,000 FTE credit students and approximately 75,000 non-credit participants. In addition to the main campus in Cedar Rapids, Iowa, the College operates a campus in Iowa City, regional sites in the counties of Jones, Linn, Washington and Johnson, and additional sites in Cedar, Benton and Iowa counties.

### **USING THIS ANNUAL REPORT**

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

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

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

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

Required Supplementary Information presents the College's proportionate share of the net pension liability and related contributions and the College's early retirement liability, as well as presenting the changes in the College's total OPEB liability, related ratios, and notes.

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 various federal programs benefiting the College. In addition, detailed information on credit and contact hours enrollment, tax and intergovernmental revenue and current fund revenue by source and expenditures by function is provided.

## **FINANCIAL HIGHLIGHTS AND ECONOMIC INDICATORS**

Kirkwood Community College continued to improve its financial position during the current fiscal year. While the current condition of the economy in the state continues to be a concern for College officials, the College has executed sound financial management strategies in recent years to offset the impact of declining enrollment. Financial highlights of 2020 and some of the realities, which may potentially become challenges for the College to meet, are:

- State General Aid (SGA) increased in FY20 by 3.0% as compared to a minor increase of 1.0% in the prior year. Administration anticipates SGA funding will remain flat for the foreseeable future due to the economic impacts of COVID-19.
- Local unemployment in the service area of the College was 3.6% in March 2020 and, due to the COVID-19 impacts on the economy, raised to a high of 12.8% in April 2020 before settling to 4.3% in September 2020. While high levels of unemployment would typically result in increased enrollment for the College, the uncertainty due to the COVID-19 pandemic has resulted in a 13% decline in enrollment for the Fall 2020 term. The College anticipated this reduction and budgeted accordingly. Strong financial performance in prior fiscal periods will allow the College to weather this decline in enrollment.
- There have not been any significant new or dislocated companies within the College's service area and property tax valuations continue to increase at acceptable levels.
- On August 10, 2020, the College and its service area were effected by a Derecho wind storm. The area was effected for approximately 45 minutes with sustained winds exceeding 100 mph with gusts over 140 mph. The main campus was the only College site to sustain significant structural damage to three building roofs. The repair process began immediately and no facilities were taken off line for more than two weeks. Insurance proceeds of approximately \$2.5 million were received covering all repairs. Due to the timing of the storm and widespread area damage in the College's service area, the 2020-2021 school year start was delayed one week.

College leadership is proactively planning for flat credit hour enrollment and making appropriate adjustments to operating expenditures as needed.

## **REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES**

### *The Statement of Net Position*

The Statement of Net Position as of June 30, 2020 can be found at pages 18 and 19 of this report. The Statement of Net Position presents financial information on all of the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources and net position. Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net position. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets which can be used to satisfy those liabilities.

**REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (continued)**

**Statement of Net Position**

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Current and other assets	\$158,983,141	\$125,540,119
Capital assets, net of accumulated depreciation	<u>240,616,031</u>	<u>233,320,817</u>
Total assets	<u>399,599,172</u>	<u>358,860,936</u>
Deferred outflows of resources	<u>6,480,458</u>	<u>5,990,906</u>
Current liabilities	34,408,894	35,405,703
Noncurrent liabilities	<u>226,084,875</u>	<u>192,571,773</u>
Total liabilities	<u>260,493,769</u>	<u>227,977,476</u>
Deferred inflows of resources	<u>36,969,835</u>	<u>32,409,250</u>
Net position		
Net investment in capital assets	120,423,421	168,546,061
Restricted	2,720,725	8,307,666
Unrestricted	<u>(14,528,120)</u>	<u>(72,388,611)</u>
Total net position	<u>\$108,616,026</u>	<u>\$104,465,116</u>

*Statement of Revenues, Expenses and Changes in Net Position*

The Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2020 can be found at page 20 of this report. Changes in total net position presented in the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned by the College, both operating and nonoperating, the expenses incurred by the College, both operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the College.

In general, a public college, such as Kirkwood Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as 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.

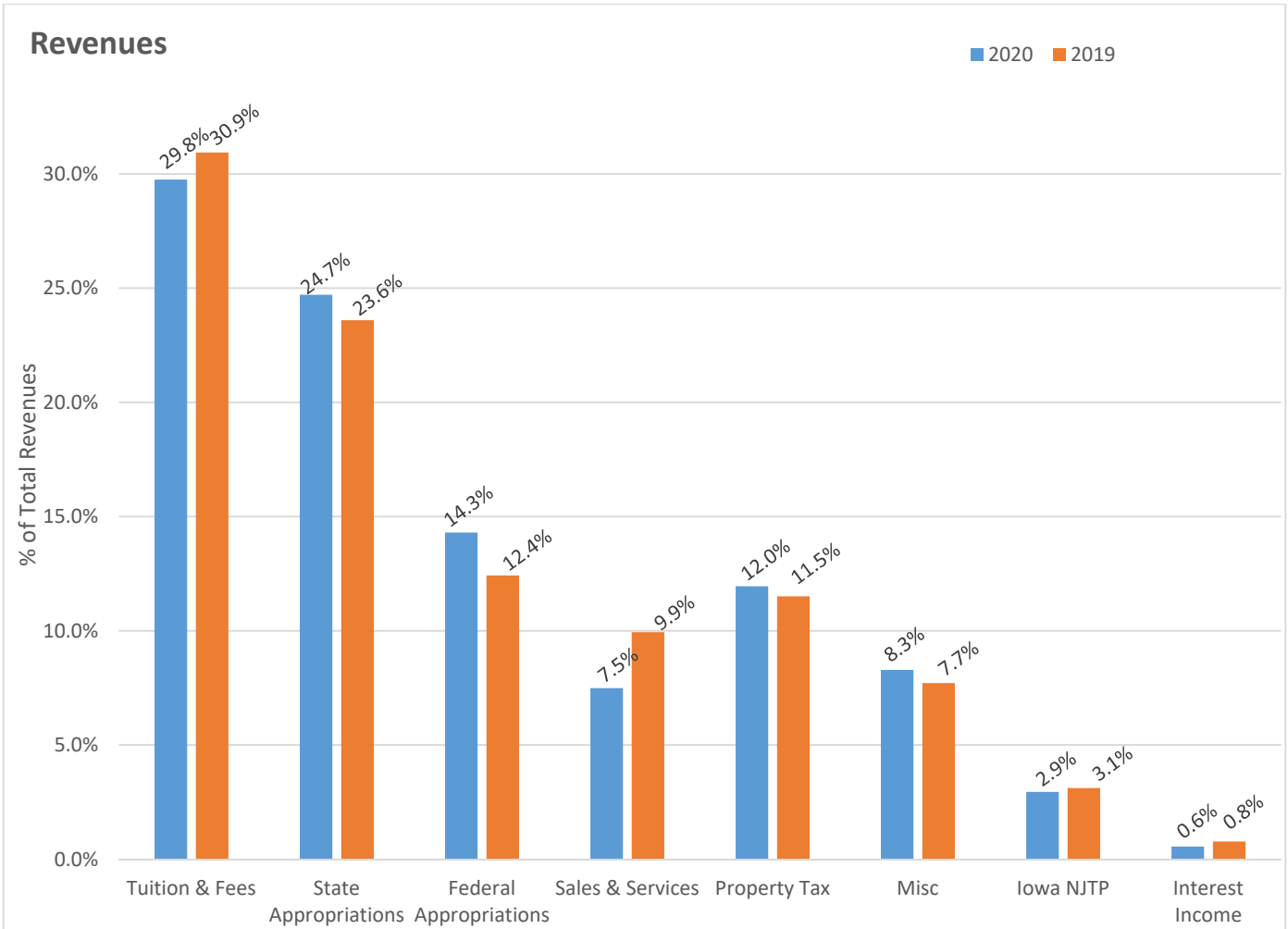
**REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (continued)**

**Statement of Revenues, Expenses and Changes in Net Position**

	<u>Year ended June 30</u>	
	<u>2020</u>	<u>2019</u>
Operating revenues		
Tuition and fees, net	\$ 25,641,438	\$ 28,883,892
Federal appropriations	23,696,851	20,681,669
Sales and services	5,502,362	8,294,387
Iowa Industrial New Jobs Training Program	4,884,534	5,187,388
Auxiliary enterprises	7,145,936	8,524,214
Miscellaneous	<u>9,997,419</u>	<u>8,855,140</u>
Total operating revenues	76,868,540	80,426,690
Total operating expenses	<u>145,896,058</u>	<u>143,352,225</u>
Operating loss	<u>(69,027,518)</u>	<u>(62,925,535)</u>
 Nonoperating revenues (expenses)		
State appropriations	40,940,817	39,288,629
Property tax	31,978,096	31,086,956
Interest and investment income	1,139,404	1,705,222
Net contributions and expense reimbursements from Kirkwood Community College Foundation and Kirkwood Facilities Foundation	1,593,405	1,619,186
Gain (loss) on disposal of capital assets	3,384,192	(32,259)
Interest expense	<u>(5,631,969)</u>	<u>(4,394,091)</u>
Net nonoperating revenues	<u>73,403,945</u>	<u>69,273,643</u>
 Transfers to agency fund	<u>(225,517)</u>	<u>(97,543)</u>
Increase in net position	<u>4,150,910</u>	<u>6,250,565</u>
 Net position		
Beginning	<u>104,465,116</u>	<u>98,214,551</u>
Ending	<u>\$108,616,026</u>	<u>\$104,465,116</u>

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

**REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (continued)**

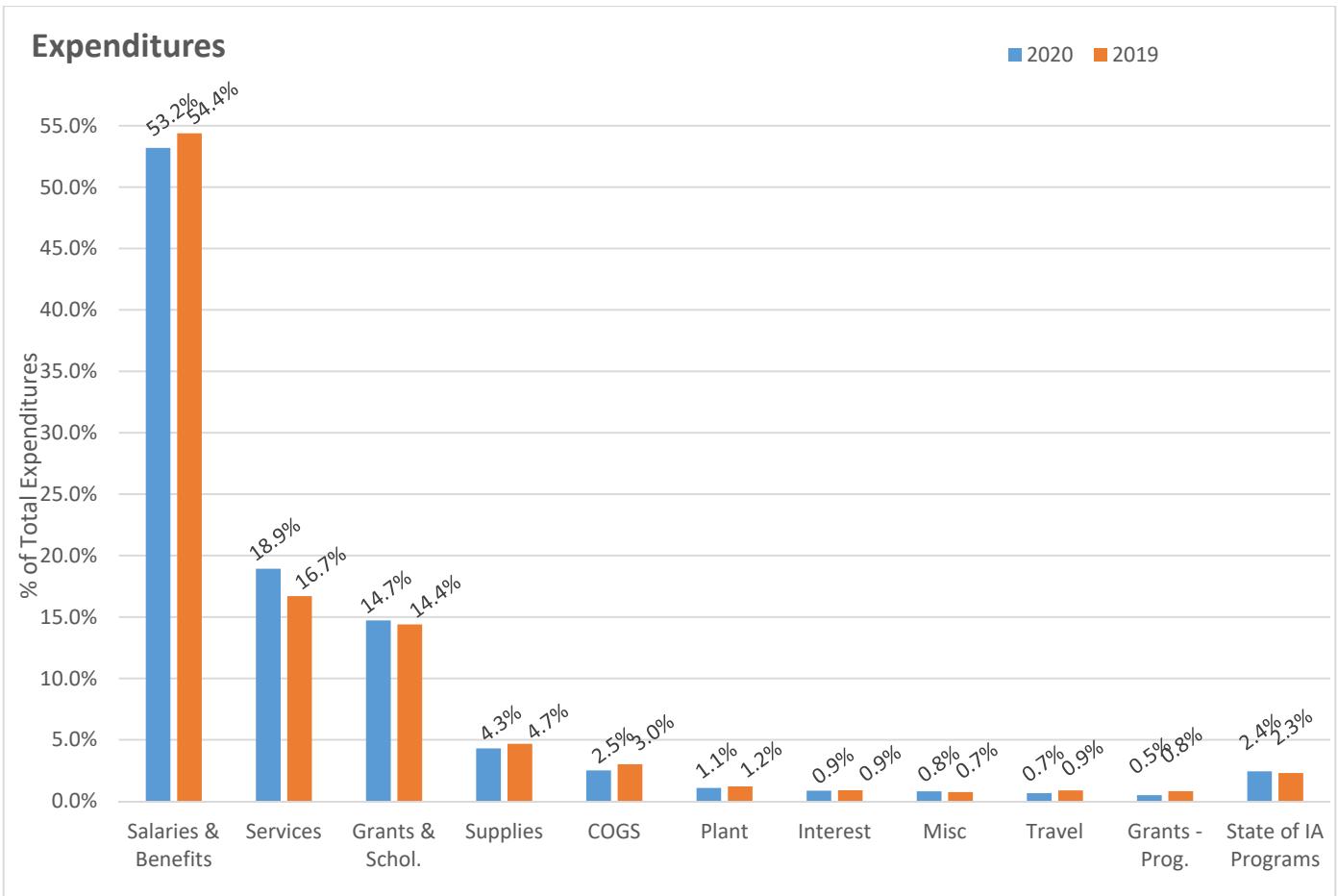


	<u>2020</u>	<u>2019</u>	<u>Change \$</u>	<u>Change %</u>
Tuition & Fees	\$ 49,298,963	\$ 51,517,156	\$ (2,218,193)	-4.3%
State Appropriations	40,940,817	39,288,629	1,652,188	4.2%
Federal Appropriations	23,696,851	20,681,669	3,015,182	14.6%
Sales & Services	12,405,758	16,548,966	(4,143,208)	-25.0%
Property Tax	19,799,862	19,157,767	642,095	3.4%
Misc.	13,733,517	12,838,263	895,254	7.0%
Iowa NJTP	4,884,534	5,187,388	(302,854)	-5.8%
Interest Income	918,368	1,294,324	(375,956)	-29.0%
<b>Total</b>	<b><u>\$ 165,678,670</u></b>	<b><u>\$ 166,514,162</u></b>	<b><u>\$ (835,492)</u></b>	<b><u>-0.5%</u></b>

The revenue decrease of approximately 0.5% in total revenue was primarily a result of the following:

- Tuition revenue declined \$2.2M due to a 1.8% decrease in enrollment for the academic.
- Sales & Services revenues declined \$4.1M due primarily to the impacts of the COVID-19 pandemic on The Hotel at Kirkwood being closed for business from March through June 2020.
- Funds received from the federal 2020 CARES Act totaling \$6.2M contributed to the increase in federal appropriations for the fiscal year.

**REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (continued)**



	<u>2020</u>		<u>2019</u>		<u>Change \$</u>	<u>Change %</u>
Salaries & Benefits	\$ 85,517,082	\$	85,524,142	\$	(7,060)	0.0%
Services	30,420,783		26,253,593		4,167,190	15.9%
Grants & Scholarships	23,657,525		22,633,264		1,024,261	4.5%
Supplies	6,920,543		7,352,115		(431,572)	-5.9%
Cost of Goods Sold	4,041,806		4,744,497		(702,691)	-14.8%
Plant	1,741,206		1,894,758		(153,552)	-8.1%
Interest	1,387,882		1,412,503		(24,621)	-1.7%
Misc.	1,304,493		1,166,741		137,752	11.8%
Travel	1,060,376		1,387,811		(327,435)	-23.6%
Grants - Programmatic	798,211		1,282,555		(484,344)	-37.8%
State of Iowa Programs	3,907,948		3,606,258		301,690	8.4%
<b>Total</b>	<b><u>\$ 160,757,855</u></b>		<b><u>\$ 157,258,237</u></b>		<b><u>\$ 3,499,618</u></b>	<b><u>2.2%</u></b>



The expenditure increase of approximately 2.2% was primarily a result of the following:

- Services increased \$4.2M or 15.9% driven by increases in equipment, insurance, and COVID-related PPE and safety expenditures.
- Grants & Scholarships increased by \$1.0M or 4.5% driven by federal CARES Act Higher Education Emergency Relief awards for students.
- Reductions in other expense categories in the fiscal year aligned with credit hour enrollment adjustments and remote learning/work transitions as a result of the COVID-19 pandemic. Supplies, COGS, and travel in particular reflect little to no activity as a result of campus closure beginning in March 2020.

#### *Statement of Cash Flows*

The Statement of Cash Flows for the year ended June 30, 2020 can be found at pages 21 and 22 of this report. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, noncapital financing, capital and related financing and investing activities.

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

Unrestricted cash and cash equivalents decreased for the year ended June 30, 2020 by \$1,174,666.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### *Capital Assets*

At June 30, 2020, the College had approximately \$240.6 million invested in capital assets, net of accumulated depreciation of approximately \$155.7 million.

Depreciation expense totaled \$12,295,796 for fiscal year 2020. Details of capital assets are shown in Note 4 to the financial statements.

Planned capital expenditures for the fiscal year ending June 30, 2021 and beyond includes the maintenance and major mechanical replacements on various College facilities.

#### *Debt*

At June 30, 2020, the College had approximately \$176.3 million of debt outstanding excluding unamortized premium and discount, early retirement payable, compensated absences, other post-employment benefits and net pension liability, an increase of approximately \$17.4 million from June 30, 2019. More detailed information about the College's outstanding debt is presented in Note 5 to the financial statements.

## COMPOSITE FINANCIAL INDEX

The composite financial index (CFI) is a measure of financial health used widely throughout higher education and the Higher Learning Commission during their accreditation process. The CFI combines four core ratios to determine an overall financial health for the College. The ratios are the primary reserve ratio, the viability ratio, the return on net assets ratio, and the net operating revenues ratio. Each ratio has been assigned a weighting and strength factor as defined and calculated below. To determine the CFI factor, the calculated ratio is divided by the respective strength factor and then multiplied by the respective weighting factor. All amounts and adjustments come directly from the audited financial statements and supplementary schedules contained within the College's reports.

### *Adjustments to Unrestricted Net Assets*

The College has made 3 adjustments to the unrestricted net assets as presented in the Statement of Net Position. Each of these adjustments has been made to reflect the true current operating and fund position of the College to meet its current operating needs and long term debt obligations.

**GASB Adjustment –** Over the past four years, the College's unrestricted net assets have been negatively impacted by cumulative GASB adjustments of (\$29,991,777). This amount reflects the opening net position restatements related to the implementation of Governmental Accounting Standards Board (GASB) Statements No. 68, 71, 73, and 75. None of these GASBs impact current or future cash needs of the College, yet the recording reflects a reduction of current assets. In addition, any amounts payable currently or in the future related to these GASBs, should there be any, are funded in entirety by Iowa Code authorized tax levies, so there is no possible future financial impact to the current fund. The unrestricted net assets per the Statement of Net Position have been increased by \$29,991,777 due to this adjustment.

**Plant Fund Due To/From –** The College financial statements (Schedule 2) indicate the Due to other funds liability directly offsets the Unrestricted net assets account, resulting in an overall impact of \$0 to the Plant fund. This value reflects the cumulative amount of plant and construction related expenditures that have been paid from our General Fund cash account. When an invoice is paid, the transaction reduces the cash account in Fund 11 (the General Fund) and increases an expense account within Fund 17 (the Plant Fund). The Colleague accounting system will automatically record a due to/due from transaction between Funds 11 and 17. All cash, regardless of source, resides in Fund 11. As a result, cumulative transaction activity will continue to impact the due to/due from balances between these funds. The unrestricted net assets per the Statement of Net Position has been increased by \$116,156,881 due to this cumulative adjustment.

**Future Property Tax Receivable –** Note 5 to the financial statements provides detailed information on the College's total long term debt obligations, facility and non-facility related. At June 30, 2020, the College had \$193,409,064 of issued long term outstanding debt, of which \$148,363,304 or 76.7% was 100% guaranteed by local property taxes authorized under Iowa Code. Since these amounts and all future amounts related to this debt have been approved by the voters or approved by Iowa Code, the unrestricted net assets should include these future amounts to properly reflect the financial resources available to meet current obligations and future debt requirements. The unrestricted net assets per the Statement of Net Position has been increased by \$148,363,304, which represents the property tax to be received in future years related to this debt.

The following table summarizes the 3 adjustments defined previously.

Institution unrestricted net assets	\$ (14,528,120)
Adjustments:	
GASB	\$ 29,991,777
Plant Due To/From	\$ 116,156,881
Property Tax Receivable	\$ 148,363,304
Institution unrestricted net assets adjusted	<u>\$ 279,983,842</u>

*Primary Reserve Ratio (PRR)*

The PRR indicates the financial strength and flexibility of the College by measuring how long the College could sustain operations without further net asset creation. The PRR represents 35 percent of the CFI and measures the College's health by comparing accumulated reserves to annual operating demands. It is calculated by dividing expendable resources at the end of the fiscal year by the operating expenses incurred during that fiscal year. By comparing the two, it is possible to determine how long the College could conduct operations if no new revenues were being generated.

Primary Reserve Ratio		Strength	Ratio
Institution unrestricted net assets	\$ 279,983,842		
Institution expendable restricted net assets	\$ 2,720,725		
Component Unit (C.U.) unrestricted net assets	\$ 33,657,098		
C.U. temporary restrict net assets	\$ 519,071		
Numerator Total	<u>\$ 316,880,736</u>		
Institution operating expenses	\$ 145,896,058		
Institution nonoperating expenses	\$ 7,588,279		
C.U. total expenses	\$ 4,148,526		
Denominator Total	<u>\$ 157,632,863</u>		
Primary reserve ratio - Strength 0.133 Weight 35%		2.01	10.00
		0.350	3.500

At June 30, 2020, the College had \$36,473,481 in current fund unrestricted cash and investments which equates to 134 days of general fund operating reserves.

*Viability Ratio (VR)*

The VR also represents 35 percent of the CFI and is an outcome of the PRR. The VR determines the amount of debt that could be repaid just from reserves. Expendable resources are divided by the total amount of debt and other obligations related to facilities.

Viability ratio calculation		Strength	Ratio
Numerator - Expendable net assets	\$ 316,880,736		
Institution long term debt	\$ 155,078,472		
Denominator - Total Long term + C.U. debt	<u>\$ 155,078,472</u>		
Viability ratio - Strength .417 Weight 35%		2.04	4.90
			1.715

**Return on Net Assets Ratio (RNAR)**

The RNAR represents 20 percent of the CFI and measures whether the College is better off at the end of a period than at the beginning. The change in total net assets for the period is divided by the beginning net assets for the period.

Return on Net Assets ratio calculation		Strength	Ratio
Change in net assets plus C.U. change in net assets	\$ 4,204,991		
Divided by total net assets + C.U. total net assets (BOY)	\$ 138,587,204		
Return on Net Assets ratio - Strength .02 Weight 20%	0.03	1.52	0.304

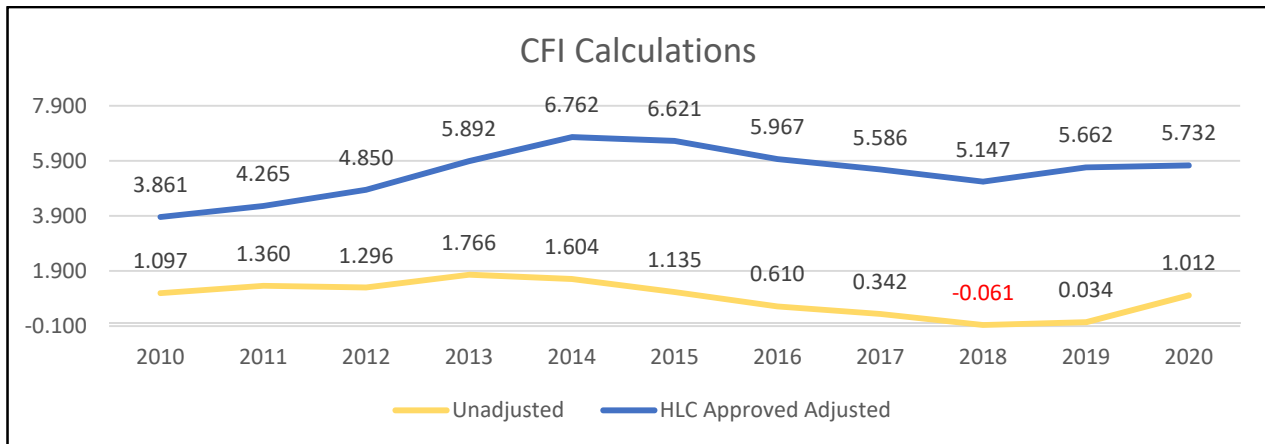
**Net Operating Revenues Ratio (NORR)**

The NORR represents 10 percent of the CFI and measures whether the College was able to conduct operating activities by using just the operating revenues generated during the period. The net operating revenues (operating revenues less operating expenses) are divided by the operating revenues.

Net Operating Reserve Ratio Calculation		Strength	Ratio
Institution operating income (loss)	\$ (69,027,518)		
Institution net nonoperating revenues	\$ 73,403,945		
C.U. change in unrestricted net assets	\$ 95,610		
Numerator Total	\$ 4,472,037		
Institution operating revenues	\$ 76,868,540		
Institution nonoperating revenues	\$ 80,992,224		
C.U. total unrestricted revenues	\$ 3,592,823		
Denominator Total	\$ 161,453,587		
Net Operating Revenue ratio - Strength .013 Weight 10%	0.03	2.12	0.212

**Composite Financial Index (CFI)**

The CFI score for the College for the year ended June 30, 2020 is 5.732 (3.500+1.715+0.304+0.212). A score of one represents minimal financial health and higher scores indicate that the College has a stronger financial health. The graph that follows shows the CFI for the past 10 years as stated and adjusted for the items noted above.



## **CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT**

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

**BASIC FINANCIAL STATEMENTS**

**Kirkwood Community College  
STATEMENT OF NET POSITION  
June 30, 2020**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>College</u>	<u>Component Units</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 98,731,236	\$ 2,561,383
Receivables		
Accounts receivable, net of allowance for uncollectible accounts of \$4,238,835	4,907,026	1,048
Property tax, succeeding year	33,381,820	-
Pledges, at net present value, less allowance for doubtful pledges	-	46,150
Due from component units	754,395	-
Due from primary government	-	292
Due from other governments	2,403,296	-
Inventories	2,335,401	-
Prepaid expenses	<u>1,556,502</u>	<u>51,336</u>
Total current assets	<u>144,069,676</u>	<u>2,660,209</u>
<b>Noncurrent Assets</b>		
Receivables, Iowa Industrial New Jobs Training Program	10,682,595	-
Pledges, at net present value, less allowance for doubtful pledges of \$400	-	28,200
Investments, unrestricted	-	32,811,665
Investments, restricted	4,030,870	-
Cash value of life insurance	-	350,615
Other long-term assets	200,000	394,481
Capital assets, nondepreciable	30,907,270	-
Capital assets, depreciable, net	<u>209,708,761</u>	<u>-</u>
Total noncurrent assets	<u>255,529,496</u>	<u>33,584,961</u>
Total assets	<u>399,599,172</u>	<u>36,245,170</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
IPERS related deferred outflows	3,540,262	-
Early retirement related deferred outflows	1,597,096	-
OPEB related deferred outflows	<u>1,343,100</u>	<u>-</u>
Total deferred outflows of resources	<u>6,480,458</u>	<u>-</u>

## Exhibit A (continued)

**Kirkwood Community College**  
**STATEMENT OF NET POSITION (continued)**  
**June 30, 2020**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>College</u>	<u>Component Units</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 4,318,750	\$ 19,997
Salaries and benefits payable	5,878,675	-
Due to primary government	-	754,687
Due to other agency	-	1,231,415
Annuities payable	-	11,300
Interest payable	484,376	-
Unearned revenue	6,022,099	10,102
Early retirement payable	1,217,593	-
Compensated absences	2,391,382	-
Certificates payable, current portion	5,290,000	-
Notes payable, current portion	3,058,135	-
Bonds payable, current portion	4,500,000	-
Certificates of participation, current portion	570,000	-
Deposits held in custody for others	677,884	-
Total current liabilities	<u>34,408,894</u>	<u>2,027,501</u>
<b>Noncurrent Liabilities</b>		
Annuities payable	-	41,500
Other long-term liabilities	200,000	-
Net other postemployment benefits obligation	17,655,702	-
Early retirement liability	13,380,713	-
Net pension liability	14,857,531	-
Certificates payable	24,912,457	-
Notes payable	27,284,422	-
Bonds payable	83,318,290	-
Certificates of participation	44,475,760	-
Total noncurrent liabilities	<u>226,084,875</u>	<u>41,500</u>
Total liabilities	<u>260,493,769</u>	<u>2,069,001</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable property tax revenue	33,381,820	-
IPERS related deferred inflows	2,169,892	-
OPEB related deferred inflows	1,418,123	-
Total deferred inflows of resources	<u>36,969,835</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	<u>120,423,421</u>	<u>-</u>
Restricted		
Temporarily restricted	-	519,071
Expendable		
New Jobs Training Program	2,612,301	-
Employee benefits	(2,700,060)	-
Equipment replacement	285,315	-
Other	2,523,169	-
Total restricted	<u>2,720,725</u>	<u>519,071</u>
Unrestricted		
Unrestricted	(14,528,120)	1,743,950
Unrestricted, board designated	-	2,525,654
Unrestricted, donor advised	-	29,387,494
Total unrestricted	<u>(14,528,120)</u>	<u>33,657,098</u>
Total net position	<u>\$108,616,026</u>	<u>\$34,176,169</u>

See Notes to Financial Statements.



**Kirkwood Community College**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Year ended June 30, 2020**

	<b>College</b>	<b>Component Units</b>
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship allowances of \$23,657,525	\$ 25,641,438	\$ —
Federal appropriations	23,696,851	—
Sales and services	5,502,362	—
Iowa Industrial New Jobs Training Program	4,884,534	—
Auxiliary enterprises	7,145,936	—
Contributions and pledges, including in-kind contributions of \$48,279	—	1,434,369
Rental income and facility management	—	137,227
Royalties and commissions	—	47,576
Contributions from primary government	—	1,956,310
Miscellaneous	<u>9,997,419</u>	<u>17,341</u>
Total operating revenues	<u>76,868,540</u>	<u>3,592,823</u>
<b>OPERATING EXPENSES</b>		
Education and support		
Liberal arts and sciences	23,559,593	—
Career and technical	27,511,273	—
Adult education	8,172,546	—
Cooperative services	7,609,098	—
Administration	16,323,153	—
Student services	10,095,165	—
Learning resources	2,236,053	—
Physical plant	12,406,342	—
General institution	17,763,250	—
Auxiliary enterprises	7,923,789	—
Distributions to Kirkwood Community College	—	2,936,569
Facility operations	—	10,383
Program services	—	502,723
Management and general	—	423,090
Fundraising	—	275,761
Depreciation	<u>12,295,796</u>	—
Total operating expenses	<u>145,896,058</u>	<u>4,148,526</u>
<b>OPERATING (LOSS)</b>	<u>(69,027,518)</u>	<u>(555,703)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	40,940,817	—
Property tax	31,978,096	—
Interest and investment income	1,139,404	759,733
Actuarial adjustment of annuities payable	—	(9,135)
Gifts from component units	3,549,715	—
Gifts to affiliates	—	(177,122)
Contributions to component units	(1,956,310)	—
Gain on sale of capital assets	3,384,192	—
Contributions to other nonprofit entities	—	(32,502)
Interest expense	(5,631,969)	—
Released from temporarily restricted	—	110,339
Total nonoperating revenues (expenses), net	<u>73,403,945</u>	<u>651,313</u>
<b>TRANSFERS TO AGENCY FUND</b>	<u>(225,517)</u>	<u>—</u>
<b>SUPPORT AND REVENUES, TEMPORARILY RESTRICTED</b>		
Contributions, pledges and cash, net	—	61,606
Investment income	—	7,204
Released from restriction	—	(110,339)
Total temporarily restricted support and revenues	<u>—</u>	<u>(41,529)</u>
<b>CHANGE IN NET POSITION</b>	4,150,910	54,081
<b>NET POSITION</b>		
Beginning of year	<u>104,465,116</u>	<u>34,122,088</u>
End of year	<u>\$108,616,026</u>	<u>\$34,176,169</u>

See Notes to Financial Statements.

**Kirkwood Community College  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2020**

	<b><u>Primary Government</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and fees	\$ 25,690,256
Federal appropriations	23,100,820
Iowa Industrial New Jobs Training Program (NJTP)	5,511,395
Payments to employees for salaries and benefits	(84,975,660)
Payments to suppliers for goods and services	(42,655,882)
Payments to NJTP subrecipients	(3,907,948)
Auxiliary enterprise receipts	7,145,936
Other receipts/payments	14,946,868
Net cash (used in) operating activities	<u>(55,144,215)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State appropriations	40,940,817
Property tax	31,978,096
Federal direct lending receipts	22,733,573
Federal direct lending disbursements	(22,732,556)
Miscellaneous Agency Fund receipts	2,122,797
Miscellaneous Agency Fund disbursements	(2,100,737)
Transfers to Agency Fund	(225,517)
Contributions paid to component units	(1,956,310)
Gifts from component units	3,335,436
Proceeds from issuance of certificates payable	3,630,000
Principal paid on certificates payable	(5,455,000)
Interest paid on certificates payable	(926,452)
Net cash provided by noncapital financing activities	<u>71,344,147</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from sale of capital assets	3,438,683
Acquisition of capital assets	(20,372,538)
Net change in line of credit	(4,500,000)
Proceeds from issuance of long-term debt	84,925,000
Bond premiums	14,777,249
Principal paid on long-term debt	(61,204,871)
Interest paid on long-term debt	(4,835,350)
Net cash provided by capital and related financing activities	<u>12,228,173</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and investment income	1,139,404
Purchases of investments	(121,615,024)
Proceeds from sale and maturities of investments	90,872,849
Net cash (used in) investment activities	<u>(29,602,771)</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,174,666)</b>
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning	<u>7,454,814</u>
Ending	<u>\$ 6,280,148</u>

See Notes to Financial Statements.

**Kirkwood Community College**  
**STATEMENT OF CASH FLOWS (continued)**  
Year ended June 30, 2020

	<u>Primary Government</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	
Operating loss	\$ <u>(69,027,518)</u>
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	12,295,796
Accretion, net of amortization	(601,192)
In-kind donations from component units	48,279
Changes in assets and liabilities	
Increase in accounts receivable	(1,813,394)
Decrease in NJTP receivable	626,861
Increase in due from other governments	(596,031)
Increase in inventories	(62,064)
Increase in prepaid expenses	(72,552)
Increase in accounts payable	754,559
Increase in salaries payable	276,413
Increase in unearned revenue	1,862,212
Increase in compensated absences	265,009
Increase in early retirement payable	482,845
Increase in OPEB payable	333,690
Increase in deferred outflows	(489,552)
Increase in deferred inflows	2,130,015
Decrease in net pension liability	<u>(1,557,591)</u>
Total adjustments	<u>13,883,303</u>
Net cash flows (used in) operating activities	\$ <u>(55,144,215)</u>
<b>RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO CASH AND INVESTMENTS STATEMENT OF NET POSITION</b>	
Per statement of net position	\$ 98,731,236
Less investments (Note 2)	<u>92,451,088</u>
Cash per statement of cash flows	\$ <u>6,280,148</u>

**Kirkwood Community College**  
**STATEMENT OF NET POSITION/NET ASSETS – DISCRETELY PRESENTED COMPONENT UNITS**  
**June 30, 2020**

<b>ASSETS</b>	<b>Kirkwood Facilities Foundation</b>	<b>Kirkwood Community College Foundation</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 31,939	\$ 2,529,444	\$ 2,561,383
Receivables			
Accounts	1,048	–	1,048
Pledges, at net present value, less allowance for doubtful pledges	–	46,150	46,150
Due from Kirkwood Community College	292	–	292
Prepaid expenses	–	51,336	51,336
Total current assets	<u>33,279</u>	<u>2,626,930</u>	<u>2,660,209</u>
<b>NONCURRENT ASSETS</b>			
Pledges, at net present value, less allowance for doubtful pledges of \$400	–	28,200	28,200
Investments	–	32,811,665	32,811,665
Cash value of life insurance	–	350,615	350,615
Other	–	394,481	394,481
Total noncurrent assets	<u>–</u>	<u>33,584,961</u>	<u>33,584,961</u>
Total assets	<u>33,279</u>	<u>36,211,891</u>	<u>36,245,170</u>
<b>LIABILITIES AND NET POSITION/NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	176	19,821	19,997
Due to Kirkwood Community College	–	163,209	163,209
Due to KCCCK-FM Radio	–	591,478	591,478
Due to other agency	–	1,231,415	1,231,415
Unearned revenue	10,102	–	10,102
Annuities payable	–	11,300	11,300
Total current liabilities	<u>10,278</u>	<u>2,017,223</u>	<u>2,027,501</u>
<b>NONCURRENT LIABILITIES</b>			
Annuities payable	–	41,500	41,500
Total noncurrent liabilities	<u>–</u>	<u>41,500</u>	<u>41,500</u>
Total liabilities	<u>10,278</u>	<u>2,058,723</u>	<u>2,069,001</u>
<b>NET POSITION/NET ASSETS</b>			
Net assets with donor restrictions	–	519,071	519,071
Unrestricted net position/Net assets without donor restrictions			
Undesignated	23,001	1,720,949	1,743,950
Board designated for endowment	–	2,525,654	2,525,654
Donor advised for endowment	–	29,387,494	29,387,494
Total net position/net assets	<u>\$ 23,001</u>	<u>\$34,153,168</u>	<u>\$34,176,169</u>

**Kirkwood Community College**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET**  
**POSITION/NET ASSETS – DISCRETELY PRESENTED COMPONENT UNITS**  
Year ended June 30, 2020

	<u>Kirkwood Facilities Foundation</u>	<u>Kirkwood Community College Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Contributions and pledges	\$ 161,170	\$ 877,135	\$ –	\$ 1,038,305
Contributions, in-kind	–	48,279	–	48,279
Rental income and facility management	137,227	–	–	137,227
Royalties and commissions	47,576	–	–	47,576
Contributions from Kirkwood Community College	–	2,390,521	(434,211)	1,956,310
Contributions to donor advised for endowment	–	347,785	–	347,785
Miscellaneous	7,128	10,213	–	17,341
Total operating revenues	<u>353,101</u>	<u>3,673,933</u>	<u>(434,211)</u>	<u>3,592,823</u>
<b>OPERATING EXPENSES</b>				
Distributions to Kirkwood Community College	–	2,936,569	–	2,936,569
Facility operations	10,383	–	–	10,383
Program services	–	502,723	–	502,723
Management and general	39,109	383,981	–	423,090
Fundraising	–	275,761	–	275,761
Total operating expenses	<u>49,492</u>	<u>4,099,034</u>	<u>–</u>	<u>4,148,526</u>
<b>OPERATING INCOME (LOSS)</b>	<u>303,609</u>	<u>(425,101)</u>	<u>(434,211)</u>	<u>(555,703)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	–	759,733	–	759,733
Actuarial adjustment of annuities payable	–	(9,135)	–	(9,135)
Gifts to affiliates	(177,122)	–	–	(177,122)
Gifts to Kirkwood Foundation	(434,211)	–	434,211	–
Contributions to other nonprofit entities	(22,850)	(9,652)	–	(32,502)
Released from restriction	–	110,339	–	110,339
Net nonoperating revenues (expenses)	<u>(634,183)</u>	<u>851,285</u>	<u>434,211</u>	<u>651,313</u>
<b>SUPPORT AND REVENUES, WITH DONOR RESTRICTIONS</b>				
Contributions, pledges and cash, net	–	61,606	–	61,606
Investment income	–	7,204	–	7,204
Released from restriction	–	(110,339)	–	(110,339)
Total support and revenues, with donor restrictions	<u>–</u>	<u>(41,529)</u>	<u>–</u>	<u>(41,529)</u>
<b>CHANGE IN NET POSITION/NET ASSETS</b>	(330,574)	384,655	–	54,081
<b>NET POSITION/NET ASSETS</b>				
Beginning	<u>353,575</u>	<u>33,768,513</u>	<u>–</u>	<u>34,122,088</u>
Ending	<u>\$ 23,001</u>	<u>\$34,153,168</u>	<u>\$ –</u>	<u>\$34,176,169</u>

See Notes to Financial Statements.

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS**

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

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.

**Financial Reporting Entity**

Accounting principles generally accepted in the United States of America (GAAP) require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In addition, the Governmental Accounting Standards Board (GASB) standards set forth additional criteria to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the College.

These financial statements present Kirkwood Community College (the primary government) and its discretely presented component units. The discretely presented component units discussed below are included in the College's reporting entity because of the significance of their operational or financial relationships with the College. Certain disclosures about the component units are not included because the component units have been audited separately for the year ended June 30, 2020, and their reports have been issued under separate cover. The audited financial statements are available at the College.

**Discrete Component Units**

Kirkwood Facilities Foundation (the Facilities Foundation) is a legally separate not-for-profit foundation. The Facilities Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Kirkwood Community College. The Facilities Foundation is governed by a board of directors who are elected by the existing Facilities Foundation board members from a listing of nominees from the board of trustees of the College. Although the College does not control the timing or amount of receipts from the Facilities Foundation, the majority of the resources held by the Facilities Foundation are used for the benefit of the College and its students. Because the College has the unilateral right to dissolve the Facilities Foundation, the Facilities Foundation's financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) that apply to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The audited financial statements are available at the College offices.

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**Discrete Component Units (continued)**

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

The Foundation is a not-for-profit organization that reports under the Not-for-Profit Entities Topic of the *FASB Accounting Standards Codification*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting for these differences. The Foundation reports net assets, which is equivalent to net position reported by the College. Complete financial statements of the Foundation can be obtained by calling the Foundation at (319) 398-5442.

**Financial Statement Presentation**

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

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

**Restricted Net Position**

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

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

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

GASB Statement No. 35 also requires the statements of net position, revenue, expenses, and changes in net position and cash flows be reported on a consolidated basis. These basic financial statements (the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows) report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**Measurement Focus and Basis of Accounting**

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

**Cash, Cash Equivalents, and Investments**

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

**Accounts Receivable**

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

**Property Taxes**

Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Trustees to the appropriate county auditors. The succeeding year property tax receivable represents taxes certified by the Board of Trustees to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify its budget to the County Auditor by 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.

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

This receivable represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2020, plus interest incurred on NJTP certificates, less revenues received to date.

**Due from Other Governments**

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



**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**Inventories**

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

**Capital Assets**

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

<b><u>Assets</u></b>	<b><u>Amount</u></b>
Land, buildings and improvements	\$25,000
Equipment and vehicles	5,000

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

<b><u>Assets</u></b>	<b><u>Years</u></b>
Buildings and improvements	10-30
Equipment	3-10
Vehicles	5

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

**Deferred Outflows of Resources**

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

**Salaries and Benefits Payable**

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

**Unearned Revenue**

Unearned revenue represents the amount of cash that has been received, but the related revenue has not been recognized since it has not been earned or the cash has not been spent for its intended purpose restriction.

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unrecognized items not yet charged pension and to OPEB expense, and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

**Pensions**

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

**Total Net OPEB Obligation**

For purposes of measuring the total net OPEB obligation, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the College's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Compensated Absences**

College employees accumulate vacation hours for subsequent use or for payment upon termination, death or retirement. No more than five days of vacation earned in a fiscal year can be banked for future use in a subsequent fiscal year. Unused, banked vacation entitlement may be cumulative to a maximum of 30 days effective July 1, 2014. Employees who had more than 30 vacation days banked as of July 1, 2014, will maintain that balance not to exceed the prior limit of 60 days. Amounts earned but unused are recorded as liabilities. These liabilities have been computed based on rates of pay in effect as of June 30, 2020.

**Bond Premiums and Discounts**

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

**Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding borrowings used for acquisition, construction, or improvement of those assets. The debt related to the sinking fund and reserve accounts totaling \$4,030,870 are not included in this category. Restricted net position represents the amounts segregated for specific purposes as restricted by the Code of Iowa, bond covenants, donors or outside agencies and amounts where there are limitations imposed on their use through enabling legislation. Restricted net position includes both expendable and nonexpendable funds. Expendable funds may be used by the College for their restricted purpose. Nonexpendable funds may not be used. All remaining net position (deficit) is unrestricted. The College first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**Auxiliary Enterprise Revenues and Expenses**

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

**Summer Session**

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

**Tuition and Fees**

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

**In-Kind Contributions and Collections**

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

**Miscellaneous Revenue**

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

**Operating and Nonoperating Activities**

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

**Income Tax Status**

The College is exempt from income tax as a local government unit. The Internal Revenue Service (IRS) has recognized the Foundations as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Certain Kirkwood Facilities Foundation transactions are subject to unrelated business income tax.

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**Use of Estimates**

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

**Student Aid**

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

**NOTE 2 CASH AND INVESTMENTS**

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

As of June 30, 2020, the College's cash and investments consist of the following:

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
Cash	\$ 6,280,148	\$ —	\$ 6,280,148
Investments	<u>92,451,088</u>	<u>4,030,870</u>	<u>96,481,958</u>
Totals	<u>\$98,731,236</u>	<u>\$ 4,030,870</u>	<u>\$102,762,106</u>

<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturity</b>
Cash equivalents	\$81,145,786	Less than 1 month
Iowa Schools Joint Investment Trust	9,768,027	Less than 1 month
Money Market Mutual Funds	4,030,870	Less than 1 month
U.S. Government Bonds		
FNMA	<u>1,537,275</u>	June 2021
Total	<u>\$96,481,958</u>	

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 2 CASH AND INVESTMENTS (continued)**

The College uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the U.S. Government Bonds of \$1,537,275 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

The investment in Iowa Schools Joint Investment Trust (ISJIT) is valued at an amortized cost. There were no limitations or restrictions on withdrawals for the ISJIT investments.

At June 30, 2020, the College had investments of \$15,956,917 in cash equivalents held by PMA. The investments are valued at an amortized cost. There were no limitations or restrictions on withdrawals for the PMA-held investments.

**Component Unit**

The Kirkwood Community College Foundation (the Foundation) categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Foundation has the following recurring fair value measurements as of June 30, 2020:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments Measured at NAV</u>
Investment					
Equities					
Large Cap	\$ 7,256,123	\$ 7,256,123	\$ -	\$ -	\$ -
Large Cap Global	5,318,241	5,318,241	-	-	-
Mid Cap	1,344,824	1,344,824	-	-	-
Small Cap	1,724,464	-	-	-	1,724,464
International	6,179,505	6,179,505	-	-	-
Real Assets	1,519,916	1,519,916	-	-	-
Fixed income					
Intermediate Term	<u>9,468,592</u>	<u>9,468,592</u>	-	-	-
Total	32,811,665	31,087,201	-	-	1,724,464
Beneficial Interest in Assets Held by Community Foundation	16,710	-	-	16,710	-
Beneficial Interest in Assets Held by Educational Trust	<u>377,771</u>	-	-	<u>377,771</u>	-
<b>Total</b>	<b><u>\$33,206,146</u></b>	<b><u>\$31,087,201</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 394,481</u></b>	<b><u>\$1,724,464</u></b>

The following table sets forth additional disclosure of the Foundation's investments whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of June 30, 2020:

	<u>Fair value</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Private Equity Fund, U.S. Small Cap Equity Fund (a)	<u>\$1,724,464</u>	None	Daily	Same Day

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 2 CASH AND INVESTMENTS (continued)**

**Component Unit (continued)**

(a) This fund invests in marketable equity securities that are all exchange traded in the United States of America (USA). These funds can be redeemed at NAV per share based on the fair value of the fund's securities and other assets, less liabilities at the close of business on any day the New York Stock Exchange is open. The fair value of this investment has been estimated using the NAV per share on the investments provided by the fund manager.

**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**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The College's investment policy limits investments in commercial paper to obligations that mature within 270 days and that are rated within the two highest classifications, as established by at least one of the standard rating services, with no more than 5% at the time of purchase placed in the second highest classification. At the time of purchase not more than 10% of the investment portfolio can be in prime bankers' acceptances and commercial paper and no more than 5% of the investment portfolio can be invested in the securities of a single issuer.

The investments in ISJIT were rated AAAm by Standard & Poor's Financial Services. The money market mutual funds are not rated. The U.S. Government Bonds are not subject to credit risk as they are backed by the full faith and credit of the federal government.

**Concentration of Credit Risk**

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

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 2 CASH AND INVESTMENTS (continued)**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. It is the College's policy to require that deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. As of June 30, 2020, the carrying amount of the College's deposits, excluding \$26,632 of petty cash, totaled \$6,253,516 with a bank balance of \$7,075,631. The College's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

**NOTE 3 INVENTORIES**

The College's inventories as of June 30, 2020 consisted of the following:

<u>Type</u>	<u>Amount</u>
Supplies and materials	\$ 263,520
Agricultural enterprises	489,747
Hotel inventory	363,357
Merchandise held for resale	<u>1,218,777</u>
Total	<u>\$2,335,401</u>

**NOTE 4 CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2020 is as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance end of year</u>
Capital assets not being depreciated					
Land	\$ 9,693,930	\$ -	\$ -	\$ -	\$ 9,693,930
Construction in progress	<u>15,581,591</u>	<u>18,662,904</u>	<u>(740,977)</u>	<u>(12,290,178)</u>	<u>21,213,340</u>
Total capital assets not being depreciated	<u>25,275,521</u>	<u>18,662,904</u>	<u>(740,977)</u>	<u>(12,290,178)</u>	<u>30,907,270</u>
Capital assets being depreciated					
Buildings	207,720,735	-	(27,987)	-	207,692,748
Improvements other than buildings	119,360,534	141,557	(130,701)	11,099,322	130,470,712
Equipment and vehicles	<u>24,963,654</u>	<u>1,597,973</u>	<u>(473,763)</u>	<u>1,190,856</u>	<u>27,278,720</u>
Total capital assets being depreciated	<u>352,044,923</u>	<u>1,739,530</u>	<u>(632,451)</u>	<u>12,290,178</u>	<u>365,442,180</u>
Less accumulated depreciation for					
Buildings	80,165,858	6,579,673	(7,205)	-	86,738,326
Improvements other than buildings	44,568,474	3,971,620	(107,942)	-	48,432,152
Equipment and vehicles	<u>19,265,295</u>	<u>1,744,503</u>	<u>(446,857)</u>	<u>-</u>	<u>20,562,941</u>
Total accumulated depreciation	<u>143,999,627</u>	<u>12,295,796</u>	<u>(562,004)</u>	<u>-</u>	<u>155,733,419</u>
Total capital assets being depreciated, net	<u>208,045,296</u>	<u>(10,556,266)</u>	<u>70,447</u>	<u>12,290,178</u>	<u>209,708,761</u>
Capital assets, net	<u>\$233,320,817</u>	<u>\$ 8,106,638</u>	<u>\$ (811,424)</u>	<u>\$ -</u>	<u>\$240,616,031</u>

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 5 CHANGES IN NONCURRENT LIABILITIES**

A summary of changes in noncurrent liabilities for the year ended June 30, 2020 is as follows:

	Early Retirement Payable (Note 12)	Compensated Absences	Net OPEB Obligation (Note 13)	Net Pension Liability (Note 7)	Line of Credit	Certificates Payable	Notes Payable	Bonds Payable	Certificates of Participation	Total
Balance, beginning of year	\$14,115,461	\$2,172,572	\$17,322,012	\$16,415,122	\$4,500,000	\$31,830,000	\$11,528,992	\$48,710,000	\$62,290,000	\$208,884,159
Additions	1,893,297	2,391,382	1,785,492	—	—	3,630,000	24,065,000	36,530,000	24,330,000	94,625,171
Reductions	(1,410,452)	(2,172,572)	(1,451,802)	(1,557,591)	(4,500,000)	(5,455,000)	(9,189,871)	(5,430,000)	(46,585,000)	(77,752,288)
	14,598,306	2,391,382	17,655,702	14,857,531	—	30,005,000	26,404,121	79,810,000	40,035,000	225,757,042
Plus net unamortized premium	—	—	—	—	—	197,457	3,938,436	8,008,290	5,010,760	17,154,943
Balance, end of year	<u>\$14,598,306</u>	<u>\$2,391,382</u>	<u>\$17,655,702</u>	<u>\$14,857,531</u>	<u>\$—</u>	<u>\$30,202,457</u>	<u>\$30,342,557</u>	<u>\$87,818,290</u>	<u>\$45,045,760</u>	<u>\$242,911,985</u>
Due within one year	<u>\$ 1,217,593</u>	<u>\$2,391,382</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,290,000</u>	<u>\$ 3,058,135</u>	<u>\$ 4,500,000</u>	<u>\$ 570,000</u>	<u>\$ 17,027,110</u>

**Line of Credit**

The College had a line of credit agreement with a financial institution with a total commitment available of \$4,500,000. During the year, the line of credit was paid in full and retired with no balance outstanding at June 30, 2020. During the year ended June 30, 2020, interest paid on the line of credit was \$118,224.

**Certificates Payable**

In accordance with agreements dated between May 6, 2011 and June 10, 2020, the College issued certificates totaling \$51,720,000 with interest rates ranging from 1.00% to 3.90% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). The NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax. During the year ended June 30, 2020, principal and interest paid were \$5,455,000 and \$926,452, respectively.

The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,290,000	\$ 732,789	\$ 6,022,789
2022	5,210,000	607,642	5,817,642
2023	4,670,000	486,017	5,156,017
2024	4,130,000	373,031	4,503,031
2025	3,840,000	270,613	4,110,613
2026-2030	<u>6,865,000</u>	<u>404,251</u>	<u>7,269,251</u>
Total	<u>\$30,005,000</u>	<u>\$2,874,343</u>	<u>\$32,879,343</u>



**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 5 CHANGES IN LONG-TERM LIABILITIES (continued)**

**Notes Payable**

The College has issued capital loan notes for the purchase and construction of College properties as allowed by Section 260C.19 of the Code of Iowa. Interest rates range from 1.39% to 2.25% per annum. Interest is due semiannually and principal is due annually in varying amounts through 2031. Collateral on the capital loan notes payable is the underlying capital assets that the proceeds were used for.

The College has entered into loan agreements (Iowa Energy Loans) to finance the construction of a wind turbine as allowed by Section 476.46 of the Code of Iowa. Interest rates for the loan agreements are 0.25% and 1.25% per annum. Interest and principal are due monthly in varying amounts through 2030.

During the year ended June 30, 2020, principal and interest paid were \$678,871 and \$439,132, respectively. In addition, during the year ended June 30, 2020, \$8,511,000 of notes payable outstanding were refinanced with the issuance of new notes payable in the amount of \$24,065,000.

Details of the College's June 30, 2020 notes payable indebtedness are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,058,135	\$ 983,812	\$ 4,041,947
2022	2,340,755	877,435	3,218,190
2023	2,077,035	801,298	2,878,333
2024	2,087,958	725,060	2,813,018
2025	2,164,938	645,880	2,810,818
2026-2030	12,135,300	1,929,008	14,064,308
2031	<u>2,540,000</u>	<u>101,600</u>	<u>2,641,600</u>
Total	<u>\$26,404,121</u>	<u>\$6,064,093</u>	<u>\$32,468,214</u>

**General Obligation School Bonds Payable**

The College has issued bonds for the construction and renovation of College facilities to accommodate anticipated enrollment levels. Interest rates range from 1.75% to 4.00% per annum. Interest is due semiannually and principal is due annually in varying amounts through 2032. During the year ended June 30, 2020, principal and interest paid were \$5,430,000 and \$1,530,253, respectively.

Details of the College's June 30, 2020 bonds payable indebtedness are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,500,000	\$ 2,658,320	\$ 7,158,320
2022	4,885,000	2,557,550	7,442,550
2023	5,335,000	2,407,050	7,742,050
2024	5,815,000	2,239,550	8,054,550
2025	6,295,000	2,088,387	8,383,387
2026-2030	34,795,000	7,110,650	41,905,650
2031-2032	<u>18,185,000</u>	<u>1,040,700</u>	<u>19,225,700</u>
Total	<u>\$79,810,000</u>	<u>\$20,102,207</u>	<u>\$99,912,207</u>

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 5 CHANGES IN LONG-TERM LIABILITIES (continued)**

**Certificates of Participation**

The College issued certificates of participation for the construction and expansion of College facilities to accommodate anticipated enrollment growth and expand the lodging management, restaurant management and culinary arts programs. Interest rates range from 2.08% to 4.125% per annum. Interest is due semiannually and principal is due annually in varying amounts through 2035. Collateral on the certificates of participation is the underlying capital assets that the proceeds were used for. During the year ended June 30, 2020, principal and interest paid were \$555,000 and \$2,747,741, respectively. In addition, during the year ended June 30, 2020, \$46,030,000 of certificates of participation outstanding were refinanced with the issuance of new certificates of participation in the amount of \$24,330,000 and proceeds from the issuance of bonds payable in the amount of \$36,530,000.

Details of the College's June 30, 2020 certificates of participation are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 570,000	\$ 1,481,616	\$ 2,051,616
2022	590,000	1,464,216	2,054,216
2023	605,000	1,446,291	2,051,291
2024	620,000	1,430,066	2,050,066
2025	635,000	1,415,516	2,050,516
2026-2030	4,315,000	6,748,116	11,063,116
2031-2035	<u>32,700,000</u>	<u>6,540,803</u>	<u>39,240,803</u>
Total	<u>\$40,035,000</u>	<u>\$20,526,624</u>	<u>\$60,561,624</u>

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

**Long-Term Debt**

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 13,418,135	\$ 5,856,537	\$ 19,274,672
2022	13,025,755	5,506,843	18,532,598
2023	12,687,035	5,140,656	17,827,691
2024	12,652,958	4,767,707	17,420,665
2025	12,934,938	4,420,396	17,355,334
2026-2030	58,110,300	16,192,025	74,302,325
2031-2035	<u>53,425,000</u>	<u>7,683,103</u>	<u>61,108,103</u>
Total	<u>\$176,254,121</u>	<u>\$49,567,267</u>	<u>\$225,821,388</u>

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 6 OPERATING LEASES**

The College has leased equipment and various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2021 and 2031 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial non-cancelable lease terms in excess of one year as of June 30, 2020:

<u>Year ending June 30</u>	<u>Amount</u>
2021	\$1,370,012
2022	1,340,963
2023	1,171,925
2024	813,958
2025	374,714
Thereafter	<u>126,000</u>
Total	<u>\$5,197,572</u>

Rents for the year ended June 30, 2020, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$961,448.

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

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

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

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

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

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 7 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (continued)**

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

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

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

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

In fiscal year 2020, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the College contributed 9.44% of covered payroll, for a total rate of 15.73%.

The College's contributions to IPERS for the year ended June 30, 2020 were \$1,948,808.

**Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2020, the College reported a liability of \$14,857,531 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the College's proportion was 0.256578%, which was a decrease of 0.002817% from its proportion measured as of June 30, 2018.

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 7 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (continued)**

For the year ended June 30, 2020, the College recognized pension expense of \$2,781,993. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ —	\$ 493,010
Changes in assumptions	1,591,454	—
Net difference between projected and actual earnings on IPERS' investments	—	1,674,265
Changes in proportion and difference between College contributions and the College's proportionate share of contributions	—	2,617
College contributions subsequent to the measurement date	<u>1,948,808</u>	<u>—</u>
Totals	<u>\$3,540,262</u>	<u>\$2,169,892</u>

An amount of \$1,948,808 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2021	\$ 371,415
2022	(282,279)
2023	(288,792)
2024	(324,417)
2025	<u>(54,365)</u>
Total	<u>\$ (578,438)</u>

There are no non-employer contributing entities to IPERS.

**Actuarial Assumptions** – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership groups.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 7 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	<u>3.0</u>	3.01
Total	<u>100.0%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the College will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

– The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
College's proportionate share of the net pension liability	<u>\$26,382,178</u>	<u>\$14,857,531</u>	<u>\$5,190,783</u>

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 7 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (continued)**

**IPERS' Fiduciary Net Position** – Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Payables to IPERS** – At June 30, 2020, the College reported payables to IPERS of \$215,932 for legally required College contributions and \$143,878 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

**NOTE 8 TEACHERS INSURANCE AND ANNUITY ASSOCIATION (TIAA)**

As required by Chapter 97B.42 of the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. In lieu of participating in IPERS, eligible employees may participate in the Iowa Association of Community College Trustees 403(a) plan, which is a defined contribution pension plan administered by the Teachers Insurance and Annuity Association (TIAA). The defined contribution retirement plan provides individual annuities for each plan participant.

Benefit terms, including contribution requirements, for TIAA are established and specified by the plan with TIAA and in accordance with the Code of Iowa. For each employee in the pension plan, the College is required to contribute 9.44% of annual salary, including overtime pay, to an individual employee account. Each employee is required to contribute 6.29%. Contributions made by both the College and employees vest immediately. For the year ended June 30, 2020, employee contributions totaled \$2,374,965 and the College recognized pension expense of \$3,564,334.

At June 30, 2020, the College reported payables to the TIAA of \$270,049 for legally required College contributions and \$179,938 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA.

**NOTE 9 RISK MANAGEMENT**

The College carries commercial insurance for coverage associated with general liability, automobile liability, automobile physical damage, property and inland marine, educator's legal liability, workers' compensation and employer's liability, crime insurance, and catastrophic and accidental death and dismemberment. The College also carries coverage for operating equipment protection insurance up to \$7.5 million of costs. The College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 10 METRO INTERAGENCY INSURANCE PROGRAM**

The College is a member of the Metro Interagency Insurance Program (MIIP). The program provides services necessary and appropriate for the establishment, operation and maintenance of an insurance program for employee health and medical claims for member institutions. Premiums billed to the participants are determined on an actuarial basis based on the institution's claim experience. The College's contribution to the program for the year ended June 30, 2020 was \$7,558,807.

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

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

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 10 METRO INTERAGENCY INSURANCE PROGRAM (continued)**

In the event any claim or series of claims exceed the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The College does not report a liability for losses in excess of reinsurance unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2020, no liability has been recorded by the College. Settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

MIIP issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Metro Interagency Insurance Program, 4401 Sixth Street SW, Cedar Rapids, Iowa 52404.

**NOTE 11 NEW JOBS TRAINING PROGRAMS**

Kirkwood Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area X in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property tax, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College has administered 611 projects, with 120 currently receiving project funding. The remaining 491 projects have been completed, of which 82 are in the repayment process and 409 have been fully repaid.

**NOTE 12 PENSION COSTS – EARLY RETIREMENT**

**Plan Description** – The College administers a Retirement Incentive Plan (Plan) providing a one-time cash benefit to retired employees under certain conditions. The College does not issue a separate report that includes financial statements and required supplementary information for the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

**Benefits Provided** – Full-time certified staff are eligible to receive a one-time cash benefit upon retirement if they are at least 55 years of age with ten or more years of consecutive service with the College. Upon initial eligibility, the employee has an eligibility period that ends after seven years. The benefit is an early retirement incentive cash severance amount of 5% per each year of service, not to exceed 100% of base salary. The severance amount is paid 50% on retirement and 50% the following January.

**Plan Membership** – As of June 30, 2020, Plan membership consisted of the following:

Inactive members currently receiving benefits	24
Active members	<u>725</u>
Total	<u>749</u>

**Funding Policy** – Payments under the Plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits.

**Total Early Retirement Liability** – The College's total early retirement liability of \$14,598,306 (\$1,217,593 reported as a current liability and \$13,380,713 reported as a noncurrent liability on the statement of net position) at June 30, 2020 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.



**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 12 PENSION COSTS – EARLY RETIREMENT (continued)**

**Early Retirement Expense and Deferred Outflows and Deferred Inflows of Resources** – For the year ended June 30, 2020, the College recognized early retirement expense related to the Plan of \$1,477,617. At June 30, 2020, the College reported \$1,597,096 of deferred outflows and no deferred inflows of resources related to pension costs – early retirement.

An amount of \$1,181,416 reported as part of deferred outflows related to early retirement resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the early retirement liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to early retirement will be recognized in early retirement expense as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2021	\$ 51,960
2022	51,960
2023	51,960
2024	51,960
2025	51,960
Thereafter	<u>155,880</u>
Total	<u>\$ 415,680</u>

**Actuarial Assumptions** – The total early retirement liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal level of pay actuarial cost method, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2019)	3.00% per annum.
Rates of salary increase (effective June 30, 2019)	4.00% per annum.
Discount rate (effective June 30, 2019)	3.50% per annum.

**Discount, Mortality, and Other Rates** – The discount rate used to measure the total early retirement liability was 3.50%, which reflects the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2019 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover rates are based on Scale T-8 of the Actuary's Pension Handbook.

<u>Changes in the Total Early Retirement Liability</u>	<u>Total Early Retirement Liability</u>
Total early retirement liability – beginning of year	\$14,115,461
Service cost	913,877
Interest	511,780
Difference between expected and actual experience	423,665
Changes of assumptions	43,975
Benefit payments	<u>(1,410,452)</u>
Net change in total early retirement liability	<u>482,845</u>
Total early retirement liability – end of year	<u>\$14,598,306</u>

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 12 PENSION COSTS – EARLY RETIREMENT (continued)**

**Sensitivity of the Total Early Retirement Liability to Changes in the Discount Rate** – The following presents the total early retirement liability, calculated using the current discount rate of 3.50%, as well as the total early retirement liability calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current rate:

	<b>1% Decrease 2.50%</b>	<b>Current Discount Rate 3.50%</b>	<b>1% Increase 4.50%</b>
Total early retirement liability	<u>\$15,299,224</u>	<u>\$14,598,306</u>	<u>\$13,931,518</u>

**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description** – The College administers a single-employer benefit plan which provides medical, prescription drug, dental, vision, and life benefits for employees, retirees and their eligible dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**OPEB Benefits** – Individuals who are employed by the College and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement if they are age 55 with 10 years of service. Coverage during retirement continues in the group health, dental, vision, and life plans. Employees covered by the plan make contributions toward the plan premiums, but employees participating in the early retirement program may have a single premium paid by the College.

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	110
Active employees	<u>725</u>
<b>Total</b>	<u><b>835</b></u>

**Total Net OPEB Obligation** – The College’s total net OPEB obligation of \$17,655,702 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** – The total net OPEB obligation in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	3.00% per annum.
Rates of salary increase (effective June 30, 2020)	4.00% per annum, including inflation.
Discount rate (effective June 30, 2020)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	5.00% per annum.

**Discount, Mortality, and Other Rates** – The discount rate used to measure the total net OPEB obligation was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2019 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**Changes in the Total Net OPEB Obligation**

	<b><u>Total Net OPEB Obligation</u></b>
Total net OPEB obligation, beginning of year	\$17,322,012
Changes for the year	
Service cost	931,125
Interest	621,600
Differences between expected and actual experiences	(897,870)
Changes of assumptions	78,628
Benefit payments	<u>(399,793)</u>
Net changes	<u>333,690</u>
Total net OPEB obligation, end of year	<u>\$17,655,702</u>

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2019 to 3.50% in fiscal year 2020.

**Sensitivity of the College's Total Net OPEB Obligation to Changes in the Discount Rate** – The following presents the total net OPEB obligation of the College, as well as what the College's total net OPEB obligation would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	<b>1% Decrease (2.50%)</b>	<b>Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Total net OPEB obligation	<u>\$18,747,015</u>	<u>\$17,655,702</u>	<u>\$16,643,025</u>

**Sensitivity of the College's Total Net OPEB Obligation to Changes in the Healthcare Cost Trend Rates** – The following presents the total net OPEB obligation of the College, as well as what the College's total net OPEB obligation would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	<b>1% Decrease (4.00%)</b>	<b>Healthcare Cost Trend Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Total net OPEB obligation	<u>\$16,300,094</u>	<u>\$17,655,702</u>	<u>\$19,201,209</u>

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2020, the College recognized OPEB expense of \$1,180,473. At June 30, 2020, the College reported deferred outflows and deferred inflows of resources related to OPEB from the following resources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 431,249	\$1,418,123
Changes in assumptions	<u>911,851</u>	<u>—</u>
Total	<u>\$1,343,100</u>	<u>\$1,418,123</u>

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

The amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2021	\$ 27,541
2022	27,541
2023	27,541
2024	27,541
2025	27,541
Thereafter	<u>(212,728)</u>
Total	<u>\$ (75,023)</u>

**NOTE 14 RELATED PARTY TRANSACTIONS**

The Kirkwood Community College Foundation and the Kirkwood Facilities Foundation provide services for the benefit of the College. In return, the College has provided the Foundations with certain staff, facilities and insurance coverage for its operations without charge. The College received contributions from the Foundations for scholarships and various amounts for programs conducted by the College, reimbursement for custodial services, and pledged funds for capital improvement projects, totaling \$3,113,691 for the year ended June 30, 2020. The College has recorded a receivable from the Foundations of \$754,395 as of June 30, 2020.

The Foundations received contributions to fund scholarships and facilities of \$2,006,525 from Kirkwood Community College during the year ended June 30, 2020.

The College has \$148,236 of receivables due from employees for computer purchases that are being paid through payroll deductions.

**NOTE 15 TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

**College Tax Abatements**

The College provides tax abatements for industrial new jobs training projects with the tax increment financing as provided for in section 403.19 of the Code of Iowa and/or state income tax withholding as provided for in section 260E.5 of the Code of Iowa. For those types of projects, the College enters into agreements with employers which require the College, after employers meet the terms of the agreements, to pay the employers for the costs of on-the-job training not to exceed 50% of the annual gross payroll costs for up to one year of the new jobs. No other commitments were made by the College as part of these agreements.

For the year ended June 30, 2020, the College had no abatements of property tax and \$4,884,534 of state income tax withholding under the projects.

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 15 TAX ABATEMENTS (continued)**

**Tax Abatements of Other Entities**

Other entities within the Community College also provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, some cities offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the College were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of tax abated</u>
Iowa County	Other tax abatement program	\$ 4,029
City of Anamosa	Other tax abatement program	790
City of Cedar Rapids	Other tax abatement program	121,107
City of Cedar Rapids	Urban revitalization tax abatements	80,478
City of Center Point	Other tax abatement program	1,211
City of Central City	Other tax abatement program	534
City of Clarence	Other tax abatement program	616
City of Coralville	Other tax abatement program	82,386
City of Ely	Other tax abatement program	15,550
City of Hiawatha	Other tax abatement program	30,181
City of Iowa City	Other tax abatement program	44,763
City of Kalona	Other tax abatement program	1,262
City of Lisbon	Other tax abatement program	762
City of Marengo	Other tax abatement program	6,195
City of Marengo	Urban Revitalization tax abatements	1,576
City of Marion	Other tax abatement program	107,431
City of Monticello	Other tax abatement program	7,872
City of North Liberty	Other tax abatement program	30,341
City of Solon	Other tax abatement program	147
City of Solon	Urban revitalization tax abatements	17
City of Tipton	Other tax abatement program	1,827
City of University Heights	Other tax abatement program	18,902
City of Urbana	Other tax abatement program	1,982
City of Vinton	Other tax abatement program	1,699
City of Walford	Other tax abatement program	207
City of Washington	Other tax abatement program	2,242
City of Washington	Urban Revitalization tax abatements	458
City of Wellman	Other tax abatement program	225
City of West Branch	Other tax abatement program	1,434

**Kirkwood Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 16 COMMITMENTS AND SUBSEQUENT EVENTS**

As of June 30, 2020, the College had construction commitments of approximately \$23,670,000 to complete the Student Center, Hotel renovation, and the Washington Hall renovation projects.

**NOTE 17 PROSPECTIVE ACCOUNTING CHANGE**

Governmental Accounting Standards Board has issued Statement No. 84, *Fiduciary Activities*. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Kirkwood Community College**  
**SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Iowa Public Employees' Retirement System**  
**For the Last Six Fiscal Years\***

**Required Supplementary Information**

	<u>Year ended June 30</u>					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportion of the net pension liability	0.256578%	0.259395%	0.261574%	0.244456%	0.248692%	0.259268%
College's proportionate share of the net pension liability	\$14,857,531	\$16,415,122	\$17,424,163	\$15,384,374	\$12,286,595	\$10,282,317
College's covered-employee payroll	\$19,843,388	\$19,467,024	\$19,382,590	\$19,429,752	\$17,485,378	\$17,025,958
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	74.87%	84.32%	89.90%	79.18%	70.27%	60.39%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

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

See accompanying independent auditor's report.



**Kirkwood Community College  
SCHEDULE OF COLLEGE CONTRIBUTIONS  
Iowa Public Employees' Retirement System  
For the Last Six Fiscal Years**

**Required Supplementary Information**

	Year ended June 30					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,873,215	\$ 1,837,687	\$ 1,730,865	\$ 1,735,077	\$ 1,561,445	\$ 1,520,418
Contributions in relation to the contractually required contribution	<u>(1,873,215)</u>	<u>(1,837,687)</u>	<u>(1,730,865)</u>	<u>(1,735,077)</u>	<u>(1,561,445)</u>	<u>(1,520,418)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
College's covered-employee payroll	<u>\$19,843,388</u>	<u>\$19,467,024</u>	<u>\$19,382,590</u>	<u>\$19,429,752</u>	<u>\$17,485,378</u>	<u>\$17,025,958</u>
Contributions as a percentage of covered employee payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

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

See accompanying independent auditor's report.

**Kirkwood Community College**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY**  
**Year ended June 30, 2020**

**CHANGES OF BENEFIT TERMS**

There are no significant changes in benefit terms.

**CHANGES OF ASSUMPTIONS**

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed the mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

**Kirkwood Community College**  
**SCHEDULE OF COLLEGE'S EARLY RETIREMENT LIABILITY**  
**Early Retirement**  
**For the Last Four Fiscal Years**

**Required Supplementary Information**

	<u>Year ended June 30</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total early retirement liability	\$14,598,306	\$14,115,461	\$14,058,264	\$17,710,834
College's covered-employee payroll	\$45,745,376	\$48,490,319	\$46,672,187	\$44,829,026
Total early retirement liability as a percentage of the covered-employee payroll	31.91%	29.11%	30.15%	39.51%

Note: GASB Statement No. 73 requires ten years of information to be presented in this table. However, until a full ten-year trend is completed, the College will present information for those years for which information is available.

See accompanying independent auditor's report.

**Kirkwood Community College**  
**SCHEDULE OF CHANGES IN COLLEGE'S TOTAL NET OPEB OBLIGATION,**  
**RELATED RATIOS AND NOTES**  
**For the Last Three Fiscal Years**

**Required Supplementary Information**

	<u>Year ended June 30</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 931,125	\$ 940,694	\$ 904,513
Interest cost	621,600	623,869	622,155
Changes in benefit terms	-	-	(515,492)
Differences between expected and actual experiences	(897,870)	(825,267)	658,223
Changes in assumptions	78,628	-	1,286,576
Benefit payments	<u>(399,793)</u>	<u>(631,474)</u>	<u>(592,764)</u>
Net change in total net OPEB obligation	333,690	107,822	2,363,211
Total net OPEB obligation, beginning of year	<u>17,322,012</u>	<u>17,214,190</u>	<u>14,850,979</u>
Total net OPEB obligation, end of year	<u>\$17,655,702</u>	<u>\$17,322,012</u>	<u>\$17,214,190</u>
Covered-employee payroll	\$45,745,376	\$48,490,319	\$46,622,187
Total net OPEB obligation as a percentage of covered-employee payroll	38.60%	35.72%	36.93%

**Notes to Schedule of Changes in the College's Total Net OPEB Obligation and Related Ratios**

**Changes in benefit terms**

There were no significant changes in benefit terms during the years ended June 30, 2020 or 2019.

Changes in benefit terms during the year ended June 30, 2018 reflect the effects of limiting the retiree life insurance benefit to \$50,000.

**Changes in assumptions or other inputs**

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	5.00%

See accompanying independent auditor's report.

**OTHER SUPPLEMENTARY INFORMATION**

**Kirkwood Community College**  
**NOTE TO OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2020**

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

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

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

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

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

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

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

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

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

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

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.

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

See accompanying independent auditor's report.

**Kirkwood Community College**  
**BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET TO ACTUAL**  
Year ended June 30, 2020

<u>Funds/Levy</u>	<u>Original and final budget</u>	<u>Actual</u>	<u>Over (under) budget</u>
Unrestricted	\$106,550,000	\$ 89,915,286	\$ (16,634,714)
Restricted	26,500,000	17,419,659	(9,080,341)
Unemployment	100,000	80,539	(19,461)
Tort liability	250,000	258,644	8,644
Insurance	9,050,000	16,147,168	7,097,168
Early retirement	1,325,000	1,939,029	614,029
Equipment replacement	<u>2,320,594</u>	<u>2,049,024</u>	<u>(271,570)</u>
Total restricted	<u>39,545,594</u>	<u>37,894,063</u>	<u>(1,651,531)</u>
Plant	4,105,000	15,713,539	11,608,539
Bonds and interest	<u>27,245,000</u>	<u>14,054,087</u>	<u>(13,190,913)</u>
Total operating expenditures	<u>\$177,445,594</u>	<u>\$157,576,975</u>	<u>\$ (19,868,619)</u>

See accompanying independent auditor's report.

**Kirkwood Community College**  
**NOTE TO BUDGETARY REPORTING**  
**Year ended June 30, 2020**

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

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

For the year ended June 30, 2020, the College's total expenditures did not exceed the budgeted amount.

See accompanying independent auditor's report.



Kirkwood Community College  
BALANCE SHEET – ALL FUNDS  
June 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>Current Funds</u>		<u>Plant Funds</u>	<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>				
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and investments	\$ 76,691,643	\$22,039,593	\$ –	\$ –	\$ –	\$ 98,731,236
Receivables						
Accounts (less allowance of \$4,238,835)	4,907,026	–	–	–	–	4,907,026
Property tax, succeeding year	5,303,992	15,773,941	12,303,887	–	–	33,381,820
Due from other funds	134,323,310	18,064,095	10,971,173	469,759	(163,828,337)	–
Due from component units	162,917	591,478	–	–	–	754,395
Due from other governments	2,403,296	–	–	–	–	2,403,296
Inventories	2,335,401	–	–	–	–	2,335,401
Prepaid expenses	1,529,749	26,753	–	–	–	1,556,502
Total current assets	<u>227,657,334</u>	<u>56,495,860</u>	<u>23,275,060</u>	<u>469,759</u>	<u>(163,828,337)</u>	<u>144,069,676</u>
<b>Noncurrent Assets</b>						
Receivables, Iowa Industrial New Jobs Training Program	–	10,682,595	–	–	–	10,682,595
Investments, restricted	4,030,870	–	–	–	–	4,030,870
Other long-term assets	200,000	–	–	–	–	200,000
Capital assets, net of accumulated depreciation	–	–	396,349,450	–	(155,733,419)	240,616,031
Total noncurrent assets	<u>4,230,870</u>	<u>10,682,595</u>	<u>396,349,450</u>	<u>–</u>	<u>(155,733,419)</u>	<u>255,529,496</u>
Total assets	<u>231,888,204</u>	<u>67,178,455</u>	<u>419,624,510</u>	<u>469,759</u>	<u>(319,561,756)</u>	<u>399,599,172</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
IPERS related deferred outflows	–	3,540,262	–	–	–	3,540,262
Early retirement related deferred outflows	–	1,597,096	–	–	–	1,597,096
OPEB related deferred outflows	–	1,343,100	–	–	–	1,343,100
Total deferred outflows of resources	<u>–</u>	<u>6,480,458</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,480,458</u>
Total assets and deferred outflows of resources	<u>\$231,888,204</u>	<u>\$73,658,913</u>	<u>\$419,624,510</u>	<u>\$ 469,758</u>	<u>\$(319,561,756)</u>	<u>\$406,079,630</u>

See accompanying independent auditor's report.

**Kirkwood Community College**  
**BALANCE SHEET – ALL FUNDS (continued)**  
**June 30, 2020**

	<u>Current Funds</u>		<u>Plant Funds</u>	<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>				
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 4,316,562	\$ 2,188	\$ –	\$ –	\$ –	\$ 4,318,750
Salaries and benefits payable	5,859,716	18,959	–	–	–	5,878,675
Due to other funds	28,832,682	19,046,899	116,156,881	(208,125)	(163,828,337)	–
Interest payable	429,035	55,341	–	–	–	484,376
Unearned revenue	5,535,522	486,577	–	–	–	6,022,099
Early retirement payable	1,217,593	–	–	–	–	1,217,593
Compensated absences	2,391,382	–	–	–	–	2,391,382
Certificates payable, current portion	–	5,290,000	–	–	–	5,290,000
Notes payable, current portion	3,058,135	–	–	–	–	3,058,135
Bonds payable, current portion	4,500,000	–	–	–	–	4,500,000
Certificates of participation, current portion	570,000	–	–	–	–	570,000
Deposits held in custody for others	–	–	–	677,884	–	677,884
Total current liabilities	<u>56,710,627</u>	<u>24,899,964</u>	<u>116,156,881</u>	<u>469,759</u>	<u>(163,828,337)</u>	<u>34,408,894</u>
<b>Noncurrent Liabilities</b>						
Other long-term liabilities	200,000	–	–	–	–	200,000
Net other postemployment benefits obligation	–	17,655,702	–	–	–	17,655,702
Early retirement liability	–	13,380,713	–	–	–	13,380,713
Net pension liability	–	14,857,531	–	–	–	14,857,531
Certificates payable	–	24,715,000	–	–	–	24,715,000
Notes payable	23,345,986	–	–	–	–	23,345,986
Bonds payable	75,310,000	–	–	–	–	75,310,000
Certificates of participation	39,465,000	–	–	–	–	39,465,000
Bond premium	–	197,457	17,009,887	–	–	17,207,344
Bond discount	–	–	(52,401)	–	–	(52,401)
Total noncurrent liabilities	<u>138,320,986</u>	<u>70,806,403</u>	<u>16,957,486</u>	<u>–</u>	<u>–</u>	<u>226,084,875</u>
Total liabilities	<u>195,031,613</u>	<u>95,706,367</u>	<u>133,114,367</u>	<u>469,759</u>	<u>(163,828,337)</u>	<u>260,493,769</u>

See accompanying independent auditor's report.

**Kirkwood Community College  
BALANCE SHEET – ALL FUNDS (continued)  
June 30, 2020**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (continued)	Current Funds		Plant Funds	Agency Funds	Adjustments	Total
	Unrestricted	Restricted				
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable property tax revenue	5,303,992	15,773,941	12,303,887	–	–	33,381,820
IPERS related deferred inflows	–	2,169,892	–	–	–	2,169,892
OPEB related deferred inflows	–	1,418,123	–	–	–	1,418,123
Total deferred inflows of resources	<u>5,303,992</u>	<u>19,361,956</u>	<u>12,303,887</u>	<u>–</u>	<u>–</u>	<u>36,969,835</u>
<b>FUND BALANCES</b>						
Net investment in capital assets	(103,235,124)	–	379,391,964	–	(155,733,419)	120,423,421
Restricted						
Expendable						
New Jobs Training Program	–	2,612,301	–	–	–	2,612,301
Employee benefits	–	(2,700,060)	–	–	–	(2,700,060)
Equipment replacement	–	285,315	–	–	–	285,315
Other	–	2,523,169	–	–	–	2,523,169
Unrestricted	130,331,469	(44,130,135)	(105,185,708)	–	–	(18,984,374)
Auxiliary enterprises	4,456,254	–	–	–	–	4,456,254
Total fund balances	<u>31,552,599</u>	<u>(41,409,410)</u>	<u>274,206,256</u>	<u>–</u>	<u>(155,733,419)</u>	<u>108,616,026</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$231,888,204</u>	<u>\$73,658,913</u>	<u>\$419,624,510</u>	<u>\$ 469,759</u>	<u>\$(319,561,756)</u>	<u>\$406,079,630</u>

See accompanying independent auditor's report.

**Kirkwood Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – ALL FUNDS**  
**Year ended June 30, 2020**

	Current Funds		Plant Funds		Agency Funds	Adjustments	Subtotal	Other Post-employment Benefits	IPERS Pension	Early Retirement Pension	Total
	Unrestricted	Restricted	Unexpended	Retirement of Indebtedness							
<b>REVENUES</b>											
General											
State appropriations	\$ 32,953,890	\$ 7,986,927	\$ -	\$ -	\$ -	\$ -	\$ 40,940,817	\$ -	\$ -	\$ -	\$ 40,940,817
Tuition and fees	49,734,216	(435,253)	-	-	-	(23,657,525)	25,641,438	-	-	-	25,641,438
Property tax	5,270,021	14,529,841	5,270,020	6,908,214	-	-	31,978,096	-	-	-	31,978,096
Federal appropriations	69,218	23,627,633	-	-	-	-	23,696,851	-	-	-	23,696,851
Sales and services	5,486,449	16,913	-	-	-	-	5,502,362	-	-	-	5,502,362
Interest on investments	552,117	347,785	239,402	-	-	-	1,139,404	-	-	-	1,139,404
Iowa Industrial New Jobs Training Program	-	4,884,534	-	-	-	-	4,884,534	-	-	-	4,884,534
Increase in plant investment due to plant expenditures	-	-	-	-	19,591,010	(19,591,010)	-	-	-	-	-
Increase in plant investment due to retirement of debt	-	-	-	-	60,661,000	(60,661,000)	-	-	-	-	-
Miscellaneous	1,461,673	12,047,770	37,691	-	-	-	13,547,134	-	-	-	13,547,134
Total general revenues	95,526,584	63,006,150	5,547,213	6,908,214	80,252,010	(103,909,535)	147,330,636	-	-	-	147,330,636
Auxiliary enterprises											
Sales and services	6,903,396	-	-	-	-	-	6,903,396	-	-	-	6,903,396
Interest on investments	18,466	-	-	-	-	-	18,466	-	-	-	18,466
Miscellaneous	224,074	-	-	-	-	-	224,074	-	-	-	224,074
Total auxiliary revenues	7,145,936	-	-	-	-	-	7,145,936	-	-	-	7,145,936
Total revenues	102,672,520	63,006,150	5,547,213	6,908,214	80,252,010	(103,909,535)	154,476,572	-	-	-	154,476,572
<b>EXPENDITURES</b>											
Education and support											
Liberal arts and sciences	24,500,774	454,114	-	-	-	(1,902,179)	23,052,709	279,502	233,799	(6,417)	23,559,593
Career and technical	25,481,522	3,250,891	-	-	-	(1,472,249)	27,260,164	215,395	227,016	(191,302)	27,511,273
Adult education	6,161,012	2,785,088	-	-	-	(663,403)	8,282,697	76,575	65,051	(251,777)	8,172,546
Cooperative services	3,020,308	4,689,088	-	-	-	(149,177)	7,560,219	33,064	25,848	(10,033)	7,609,098
Administration	4,573,812	12,001,139	-	-	-	(228,837)	16,346,114	251,692	52,910	(327,563)	16,323,153
Student services	5,481,608	4,969,096	-	-	-	(415,649)	10,035,055	96,865	57,217	(93,972)	10,095,165
Learning resources	1,437,263	925,926	-	-	-	(85,671)	2,277,518	25,456	19,529	(86,450)	2,236,053
Physical plant	8,268,069	1,414,576	3,176,679	-	-	(551,369)	12,307,955	59,728	38,659	-	12,406,342
General institution	10,994,880	7,404,145	-	-	-	(719,738)	17,679,287	142,196	88,504	(146,737)	17,763,250
Total education and support	89,919,248	37,894,063	3,176,679	-	-	(6,188,272)	124,801,718	1,180,473	808,533	(1,114,251)	125,676,473
Auxiliary enterprises											
Scholarships and grants	-	-	-	-	-	-	-	-	-	-	-
Plant asset acquisitions	-	23,657,525	-	-	-	-	(23,657,525)	-	-	-	-
Retirement of indebtedness	-	-	15,359,048	-	-	-	(15,359,048)	-	-	-	-
Disposal of plant assets	-	-	-	60,661,000	-	-	(60,661,000)	-	-	-	-
Interest on indebtedness	590,170	797,712	-	4,244,087	562,004	(562,004)	-	-	-	-	5,631,969
Contributions to component units	-	-	-	-	-	1,956,310	1,956,310	-	-	-	1,956,310
(Gain) loss on sale of capital assets	-	-	-	-	(3,384,192)	-	(3,384,192)	-	-	-	(3,384,192)
Depreciation	-	-	-	-	-	12,295,796	12,295,796	-	-	-	12,295,796
Total expenditures	98,408,555	62,349,300	18,535,727	64,905,087	(2,822,188)	(92,175,743)	149,200,738	1,180,473	833,185	(1,114,251)	150,100,145
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>4,263,965</u>	<u>656,850</u>	<u>(12,988,514)</u>	<u>(57,996,873)</u>	<u>83,074,198</u>	<u>(11,733,792)</u>	<u>5,275,834</u>	<u>(1,180,473)</u>	<u>(833,185)</u>	<u>1,114,251</u>	<u>4,376,427</u>
<b>TRANSFERS</b>											
Mandatory transfers	-	-	(57,996,873)	57,996,873	-	-	-	-	-	-	-
Nonmandatory transfers	(1,094,242)	(1,081,275)	1,950,000	-	-	-	(225,517)	-	-	-	(225,517)
Total transfers	(1,094,242)	(1,081,275)	(56,046,873)	57,996,873	-	-	(225,517)	-	-	-	(225,517)
<b>CHANGE IN FUND BALANCES</b>	3,169,723	(424,425)	(69,035,387)	-	83,074,198	(11,733,792)	5,050,317	(1,180,473)	(833,185)	1,114,251	4,150,910
<b>FUND BALANCES, beginning of year</b>	<u>28,382,876</u>	<u>3,234,111</u>	<u>(309,065,620)</u>	<u>-</u>	<u>569,233,065</u>	<u>(143,999,627)</u>	<u>147,784,805</u>	<u>(16,550,252)</u>	<u>(12,653,976)</u>	<u>(14,115,461)</u>	<u>104,465,116</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 31,552,599</u>	<u>\$ 2,809,686</u>	<u>\$(378,101,007)</u>	<u>\$ -</u>	<u>\$652,307,263</u>	<u>\$(155,733,419)</u>	<u>\$152,835,122</u>	<u>\$(17,730,725)</u>	<u>\$(13,487,161)</u>	<u>\$(13,001,210)</u>	<u>\$108,616,026</u>

See accompanying independent auditor's report.

Schedule 4

**Kirkwood Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - UNRESTRICTED FUND, EDUCATION AND SUPPORT**  
**Year ended June 30, 2020**

	Education				Support					Total
	Liberal Arts and Sciences	Career and Technical	Adult Education	Cooperative Services	General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
<b>REVENUES</b>										
State appropriations	\$14,683,759	\$12,660,663	\$ 5,406,050	\$ 158,674	\$ 44,744	\$ -	\$ -	\$ -	\$ -	\$32,953,890
Tuition and fees	25,825,598	15,409,689	4,990,115	3,508,714	100	-	-	-	-	49,734,216
Property tax	-	-	-	-	5,270,021	-	-	-	-	5,270,021
Federal appropriations	-	-	-	-	64,343	4,875	-	-	-	69,218
Sales and services	69,000	4,750,603	268,913	10,264	14,468	241,637	-	20,762	109,802	5,485,449
Interest on investments	-	22,530	-	-	529,587	-	-	-	-	552,117
Miscellaneous	15,044	1,056,954	18,753	6,523	80,068	135,059	650	137,891	10,731	1,461,673
Total revenues	<u>40,593,401</u>	<u>33,900,439</u>	<u>10,683,831</u>	<u>3,684,175</u>	<u>6,003,331</u>	<u>381,571</u>	<u>650</u>	<u>158,653</u>	<u>120,533</u>	<u>95,526,584</u>
<b>EXPENDITURES</b>										
Salaries and benefits	23,960,499	21,669,065	4,510,468	2,568,582	2,609,766	5,066,829	1,260,406	3,971,034	7,825,479	73,442,128
Services	199,525	1,654,102	1,119,556	131,477	1,115,755	244,020	47,541	3,595,510	2,244,468	10,351,954
Materials and supplies	186,125	1,888,078	391,816	284,845	14,607	76,341	127,646	368,955	670,063	4,008,476
Travel	153,605	171,500	112,831	35,404	100,684	72,931	1,459	17,858	69,496	735,768
Plant asset acquisitions	-	12,095	21,650	-	-	-	-	312,987	165,190	511,922
Interest on indebtedness	-	558,279	-	-	20,914	-	-	10,977	-	590,170
Miscellaneous	1,020	86,682	4,691	-	733,000	21,487	211	1,725	20,184	869,000
Total expenditures	<u>24,500,774</u>	<u>26,039,801</u>	<u>6,161,012</u>	<u>3,020,308</u>	<u>4,594,726</u>	<u>5,481,608</u>	<u>1,437,263</u>	<u>8,279,046</u>	<u>10,994,880</u>	<u>90,509,418</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>16,092,627</u>	<u>7,860,638</u>	<u>4,522,819</u>	<u>663,867</u>	<u>1,408,605</u>	<u>(5,100,037)</u>	<u>(1,436,613)</u>	<u>(8,120,393)</u>	<u>(10,874,347)</u>	<u>5,017,166</u>
<b>TRANSFERS</b>										
Nonmandatory transfers	(1,221,741)	(425,778)	-	-	(1,465,861)	50,000	-	-	(121,577)	(3,184,957)
Total transfers	<u>(1,221,741)</u>	<u>(425,778)</u>	<u>-</u>	<u>-</u>	<u>(1,465,861)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>(121,577)</u>	<u>(3,184,957)</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$14,870,886</u>	<u>\$ 7,434,860</u>	<u>\$ 4,522,819</u>	<u>\$ 663,867</u>	<u>\$ (57,256)</u>	<u>\$ (5,050,037)</u>	<u>\$ (1,436,613)</u>	<u>\$ (8,120,393)</u>	<u>\$ (10,995,924)</u>	1,832,209
<b>FUND BALANCE, beginning of year</b>										<u>25,264,136</u>
<b>FUND BALANCE, end of year</b>										<u>\$27,096,345</u>

See accompanying independent auditor's report.

**Kirkwood Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - UNRESTRICTED FUND, AUXILIARY ENTERPRISES**  
**Year ended June 30, 2020**

	<u>Retail Operations</u>	<u>Other Vocational</u>	<u>Equestrian Center</u>	<u>Workplace Development</u>	<u>Miscellaneous</u>	<u>Total</u>
<b>REVENUES</b>						
Sales and services	\$5,300,112	\$ 327,827	\$ 325,183	\$ 765,863	\$ 184,411	\$6,903,396
Interest on investments	-	-	-	18,466	-	18,466
Miscellaneous	<u>7,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,519</u>	<u>224,074</u>
Total revenues	<u>5,307,667</u>	<u>327,827</u>	<u>325,183</u>	<u>784,329</u>	<u>400,930</u>	<u>7,145,936</u>
<b>EXPENDITURES</b>						
Salaries and benefits	905,446	32,515	218,346	536,489	839,426	2,532,222
Services	147,148	10,017	14,661	93,842	167,598	433,266
Materials and supplies	14,736	33,517	10,665	661	178,170	237,749
Travel	5,823	-	2,084	15,658	148,554	172,119
Plant asset acquisitions	-	-	17,983	-	37,116	55,099
Cost of goods sold	4,002,436	2,234	37,136	-	-	4,041,806
Miscellaneous	<u>2,933</u>	<u>338,005</u>	<u>95</u>	<u>72,034</u>	<u>13,809</u>	<u>426,876</u>
Total expenditures	<u>5,078,522</u>	<u>416,288</u>	<u>300,970</u>	<u>718,684</u>	<u>1,384,673</u>	<u>7,899,137</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>229,145</u>	<u>(88,461)</u>	<u>24,213</u>	<u>65,645</u>	<u>(983,743)</u>	<u>(753,201)</u>
<b>TRANSFERS</b>						
Nonmandatory transfers	<u>640,460</u>	<u>4,488</u>	<u>78,829</u>	<u>197,905</u>	<u>1,169,033</u>	<u>2,090,715</u>
Total transfers	<u>640,460</u>	<u>4,488</u>	<u>78,829</u>	<u>197,905</u>	<u>1,169,033</u>	<u>2,090,715</u>
<b>CHANGE IN FUND BALANCES</b>	869,605	(83,973)	103,042	263,550	185,290	1,337,514
<b>FUND BALANCES</b> , beginning of year	<u>(742,428)</u>	<u>(302,530)</u>	<u>466,693</u>	<u>3,245,877</u>	<u>451,128</u>	<u>3,118,740</u>
<b>FUND BALANCES</b> , end of year	<u>\$ 127,177</u>	<u>\$ (386,503)</u>	<u>\$ 569,735</u>	<u>\$3,509,427</u>	<u>\$ 636,418</u>	<u>\$4,456,254</u>

See accompanying independent auditor's report.

**Kirkwood Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – RESTRICTED FUNDS**  
Year ended June 30, 2020

	Scholarships and Grants	Iowa Industrial New Jobs Training Program	Other Federal	State	Equipment Replacement	Tort Liability and Insurance
<b>REVENUES</b>						
State appropriations	\$ 3,175,511	\$ –	\$ –	\$4,811,416	\$ –	\$ –
Tuition and fees	–	–	(434,851)	–	–	–
Property tax	–	–	–	–	2,342,621	9,432,263
Federal appropriations	15,939,011	–	7,688,622	–	–	–
Sales and services	–	–	–	–	–	–
Interest on investments	–	347,785	–	–	–	–
Iowa Industrial New Jobs Training Program	–	4,884,534	–	–	–	–
Miscellaneous	<u>4,121,236</u>	<u>(92,538)</u>	<u>–</u>	<u>415</u>	<u>–</u>	<u>7,476,876</u>
Total revenues	<u>23,235,758</u>	<u>5,139,781</u>	<u>7,253,771</u>	<u>4,811,831</u>	<u>2,342,621</u>	<u>16,909,139</u>
<b>EXPENDITURES</b>						
Salaries and benefits	–	–	2,660,343	3,334,768	–	782,916
Services	–	–	3,152,569	745,635	3,344	15,622,896
Materials and supplies	–	–	821,493	272,901	1,554,240	–
Travel	–	–	70,344	78,224	–	–
Plant asset acquisitions	–	–	138,102	482,533	491,440	–
Interest on indebtedness	–	797,712	–	–	–	–
Miscellaneous	–	–	2,127	3,219	–	–
Federal Pell Grant Program	16,021,261	–	–	–	–	–
Federal Supplemental Educational Opportunity Grant	291,566	–	–	–	–	–
Iowa College Student Aid Commission	3,211,193	–	–	–	–	–
Private scholarships	4,133,505	–	–	–	–	–
Grants – programmatic	–	–	354,852	419,111	–	–
State of Iowa programs	–	3,907,948	–	–	–	–
Total expenditures	<u>23,657,525</u>	<u>4,705,660</u>	<u>7,199,830</u>	<u>5,336,391</u>	<u>2,049,024</u>	<u>16,405,812</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(421,767)</u>	<u>434,121</u>	<u>53,941</u>	<u>(524,560)</u>	<u>293,597</u>	<u>503,327</u>
<b>TRANSFERS</b>						
Nonmandatory transfers	–	21,069	214,950	(185,464)	(1,872,917)	3,768,309
Total transfers	<u>–</u>	<u>21,069</u>	<u>214,950</u>	<u>(185,464)</u>	<u>(1,872,917)</u>	<u>3,768,309</u>
<b>CHANGES IN FUND BALANCES</b>	(421,767)	455,190	268,891	(710,024)	(1,579,320)	4,271,636
<b>FUND BALANCES, beginning of year</b>	<u>564,696</u>	<u>2,157,111</u>	<u>(335,237)</u>	<u>742,986</u>	<u>1,864,635</u>	<u>(4,116,329)</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 142,929</u>	<u>\$2,612,301</u>	<u>\$ (66,346)</u>	<u>\$ 32,962</u>	<u>\$ 285,315</u>	<u>\$ 155,307</u>

See accompanying independent auditor's report.

## Schedule 6 (continued)

**Kirkwood Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – RESTRICTED FUNDS (continued)**  
Year ended June 30, 2020

	Early Retirement	Unemployment Compensation	Miscellaneous	Subtotal	Other Post- employment Benefits	IPERS Pension	Early Retirement Pension	Total
<b>REVENUES</b>								
State appropriations	\$ –	\$ –	\$ –	\$ 7,986,927	\$ –	\$ –	\$ –	\$ 7,986,927
Tuition and fees	–	–	(402)	(435,253)	–	–	–	(435,253)
Property tax	2,679,960	74,997	–	14,529,841	–	–	–	14,529,841
Federal appropriations	–	–	–	23,627,633	–	–	–	23,627,633
Sales and services	–	–	16,913	16,913	–	–	–	16,913
Interest on investments	–	–	–	347,785	–	–	–	347,785
Iowa Industrial New Jobs Training Program	–	–	–	4,884,534	–	–	–	4,884,534
Miscellaneous	–	–	541,781	12,047,770	–	–	–	12,047,770
Total revenues	<u>2,679,960</u>	<u>74,997</u>	<u>558,292</u>	<u>63,006,150</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>63,006,150</u>
<b>EXPENDITURES</b>								
Salaries and benefits	1,939,029	80,539	745,137	9,542,732	1,180,473	833,185	(1,114,251)	10,442,139
Services	–	–	111,119	19,635,563	–	–	–	19,635,563
Materials and supplies	–	–	25,684	2,674,318	–	–	–	2,674,318
Travel	–	–	3,921	152,489	–	–	–	152,489
Plant asset acquisitions	–	–	62,110	1,174,185	–	–	–	1,174,185
Interest on indebtedness	–	–	–	797,712	–	–	–	797,712
Miscellaneous	–	–	3,271	8,617	–	–	–	9,617
Federal Pell Grant Program	–	–	–	16,021,261	–	–	–	16,021,261
Federal Supplemental Educational Opportunity Grant	–	–	–	291,566	–	–	–	291,566
Iowa College Student Aid Commission	–	–	–	3,211,193	–	–	–	3,211,193
Private scholarships	–	–	–	4,133,505	–	–	–	4,133,505
Grants – programmatic	–	–	24,248	798,211	–	–	–	798,211
State of Iowa programs	–	–	–	3,907,948	–	–	–	3,907,948
Total expenditures	<u>1,939,029</u>	<u>80,539</u>	<u>975,490</u>	<u>62,349,300</u>	<u>1,180,473</u>	<u>833,185</u>	<u>(1,114,251)</u>	<u>63,248,707</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>740,931</u>	<u>(5,542)</u>	<u>(417,198)</u>	<u>656,850</u>	<u>(1,180,473)</u>	<u>(833,185)</u>	<u>1,114,251</u>	<u>(242,557)</u>
<b>TRANSFERS</b>								
Nonmandatory transfers	(4,858,605)	3	1,831,380	(1,081,275)	–	–	–	(1,081,275)
Total transfers	<u>(4,858,605)</u>	<u>3</u>	<u>1,831,380</u>	<u>(1,081,275)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,081,275)</u>
<b>CHANGES IN FUND BALANCES</b>	(4,117,674)	(5,539)	1,414,182	(424,425)	(1,180,473)	(833,185)	1,114,251	(1,323,832)
<b>FUND BALANCES, beginning of year</b>	1,417,614	230,173	708,462	3,234,111	(16,550,252)	(12,653,976)	(14,115,461)	(40,085,578)
<b>FUND BALANCES, end of year</b>	<u>\$ (2,700,060)</u>	<u>\$ 224,634</u>	<u>\$ 2,122,644</u>	<u>\$ 2,809,686</u>	<u>\$ (17,730,725)</u>	<u>\$ (13,487,161)</u>	<u>\$ (13,001,210)</u>	<u>\$ (41,409,410)</u>

See accompanying independent auditor's report.



**Kirkwood Community College**  
**SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS - AGENCY FUNDS**  
Year ended June 30, 2020

	<u>Student Activities</u>	<u>Other Agency Programs</u>	<u>Retraining Program</u>	<u>Direct Loan Program</u>	<u>International Studies</u>	<u>Total</u>
<b>BALANCE</b> , beginning of year	\$ 344,461	\$ 243,944	\$ 86,640	\$ (159,148)	\$ (124,448)	\$ 391,449
<b>ADDITIONS</b>						
State appropriations	-	-	344,721	-	-	344,721
Federal appropriations	-	-	-	22,733,573	-	22,733,573
Sales and services	94,768	-	-	-	305,073	399,841
Partnership loan program	-	853,374	-	-	-	853,374
Miscellaneous	118,889	-	-	-	-	118,889
Transfers	59,095	-	-	-	166,479	225,574
Total additions	<u>272,752</u>	<u>853,374</u>	<u>344,721</u>	<u>22,733,573</u>	<u>471,552</u>	<u>24,675,972</u>
<b>DEDUCTIONS</b>						
Salaries and benefits	14,214	-	-	-	456	14,670
Services	64,549	850,701	-	22,732,556	2,431	23,650,237
Materials and supplies	85,588	13,088	-	-	1,504	100,180
Travel	99,970	-	-	-	230,275	330,245
Miscellaneous	29,789	(16,633)	-	-	-	13,156
State of Iowa programs	-	-	281,049	-	-	281,049
Total deductions	<u>294,110</u>	<u>847,156</u>	<u>281,049</u>	<u>22,732,556</u>	<u>234,666</u>	<u>24,389,537</u>
<b>BALANCE</b> , end of year	\$ <u>323,103</u>	\$ <u>250,162</u>	\$ <u>150,312</u>	\$ <u>(158,131)</u>	\$ <u>112,438</u>	\$ <u>677,884</u>

See accompanying independent auditor's report.

**Kirkwood Community College**  
**SCHEDULE OF CREDIT AND CONTACT HOURS**  
For the period from August 26, 2019 to August 23, 2020

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	142,053	–	142,053	–	–	–
Career and Technical Education	117,611	–	117,611	–	–	–
Adult/Continuing Education	–	–	–	<u>653,308</u>	<u>119,525*</u>	<u>772,833</u>
Totals	<u>259,664</u>	<u>–</u>	<u>259,664</u>	<u>653,308</u>	<u>119,525</u>	<u>772,833</u>

\* Includes 240 adjustment of 14,819 hours and other adjustments for 4,740 hours.

See accompanying independent auditor's report.

**Kirkwood Community College**  
**SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES**  
**For the Last Ten Years**

	Year ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Local (property tax)	\$31,978,096	\$31,086,956	\$27,719,851	\$25,282,078	\$24,058,881	\$22,941,271	\$22,045,940	\$21,439,409	\$19,165,569	\$16,948,563
State	40,940,817	39,048,302	39,740,595	39,796,254	40,286,090	41,012,999	37,953,646	33,265,140	30,167,245	29,935,435
Federal	<u>23,696,851</u>	<u>20,611,802</u>	<u>22,837,805</u>	<u>23,275,040</u>	<u>23,833,123</u>	<u>25,925,125</u>	<u>27,543,181</u>	<u>32,202,315</u>	<u>37,141,478</u>	<u>38,439,167</u>
Total	<u>\$96,615,764</u>	<u>\$90,747,060</u>	<u>\$90,298,251</u>	<u>\$88,353,372</u>	<u>\$88,178,094</u>	<u>\$89,879,395</u>	<u>\$87,542,767</u>	<u>\$86,906,864</u>	<u>\$86,474,292</u>	<u>\$85,323,165</u>

See accompanying independent auditor's report.

**Kirkwood Community College**  
**SCHEDULE OF CURRENT FUND REVENUES BY SOURCE AND**  
**EXPENDITURES BY FUNCTION**  
**For the Last Ten Years**

	Year ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>REVENUES</b>										
State appropriations	\$40,940,817	\$ 39,048,302	\$ 39,740,595	\$ 39,796,254	\$ 40,286,090	\$ 40,612,999	\$ 37,520,312	\$ 32,460,615	\$ 19,628,398	\$ 29,401,047
Tuition and fees	49,298,963	58,895,848	50,429,277	49,356,715	49,105,381	48,593,786	48,993,853	52,797,801	53,874,766	52,501,781
Property tax	19,799,862	19,157,767	16,394,391	15,393,740	13,124,104	13,969,720	13,527,840	13,250,043	11,307,606	9,732,022
Federal appropriations	23,696,851	20,611,802	22,837,805	23,275,040	23,833,123	25,925,125	27,543,181	32,202,315	37,141,478	38,439,167
Sales and services	5,502,362	788,563	1,153,205	1,641,834	1,782,199	1,409,186	1,879,181	2,211,889	2,343,769	2,066,391
Interest on investments	899,902	1,268,606	477,668	164,921	162,736	24,514	16,534	18,087	313,208	133,262
Iowa Industrial New Jobs Training Program	4,884,534	5,187,388	5,575,285	5,950,820	6,541,684	7,912,423	6,189,122	6,861,240	5,382,812	5,342,554
Auxiliary enterprises	7,145,936	8,524,214	17,300,631	16,982,321	17,784,843	21,224,389	17,856,382	18,510,503	17,583,512	17,201,557
Miscellaneous	<u>13,509,443</u>	<u>13,027,522</u>	<u>10,766,035</u>	<u>11,262,695</u>	<u>12,216,319</u>	<u>9,260,417</u>	<u>7,276,538</u>	<u>5,839,317</u>	<u>4,474,374</u>	<u>7,248,846</u>
Total revenues	<u>\$165,678,670</u>	<u>\$166,510,012</u>	<u>\$164,674,892</u>	<u>\$163,824,340</u>	<u>\$164,836,479</u>	<u>\$168,932,559</u>	<u>\$160,802,943</u>	<u>\$164,151,810</u>	<u>\$162,049,923</u>	<u>\$162,066,627</u>
<b>EXPENDITURES</b>										
Liberal arts and sciences	\$24,954,888	\$ 25,139,398	\$ 26,386,659	\$ 26,409,078	\$ 26,201,653	\$ 25,565,991	\$ 23,947,638	\$ 25,054,832	\$ 25,451,646	\$ 25,287,854
Career and technical	28,732,413	31,331,716	23,704,356	22,833,949	23,047,614	22,863,316	24,714,350	23,788,750	22,986,533	27,726,823
Adult education	8,946,100	9,534,086	9,827,147	10,048,748	9,679,835	11,847,995	12,044,560	12,502,370	11,625,712	11,458,772
Cooperative services	7,709,396	7,181,802	7,095,922	8,460,856	9,966,472	9,489,596	7,658,180	6,686,954	4,943,222	5,251,854
Administration	16,574,951	16,093,358	15,492,826	18,393,863	15,347,005	14,083,996	10,877,271	9,356,765	10,446,607	7,886,751
Student services	10,450,704	6,710,529	7,147,235	6,678,270	6,385,239	6,153,874	6,216,880	6,128,533	6,428,849	5,338,610
Learning resources	2,363,189	2,061,460	2,105,378	2,112,763	2,035,238	1,916,771	2,562,656	2,581,651	2,652,484	3,135,268
Physical plant	9,682,645	9,384,628	9,122,972	8,551,101	8,440,980	7,984,411	8,377,634	7,538,140	9,015,356	11,889,788
General institution	18,399,025	17,074,539	21,068,529	21,545,330	20,454,697	19,623,483	17,875,638	17,110,784	16,521,865	13,251,962
Auxiliary enterprises	7,899,137	8,696,804	16,607,192	16,661,762	16,649,319	17,487,728	16,992,989	17,294,831	16,159,803	17,419,860
Scholarships and grants	23,657,525	22,633,264	22,545,931	22,459,865	23,480,927	24,618,421	25,153,792	28,364,453	30,565,374	31,657,078
Interest on indebtedness	<u>1,387,882</u>	<u>1,412,503</u>	<u>1,559,697</u>	<u>1,967,198</u>	<u>2,389,575</u>	<u>1,917,686</u>	<u>2,086,959</u>	<u>2,168,849</u>	<u>2,295,857</u>	<u>1,326,639</u>
Total expenditures	<u>\$160,757,855</u>	<u>\$157,254,087</u>	<u>\$162,663,844</u>	<u>\$166,122,783</u>	<u>\$164,078,554</u>	<u>\$163,563,268</u>	<u>\$158,508,547</u>	<u>\$158,576,912</u>	<u>\$159,093,308</u>	<u>\$161,631,259</u>

See accompanying independent auditor's report..

**Kirkwood Community College**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>New Loans and New Loan Guarantees</u>	<u>Amounts Provided to Subrecipients</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
SNAP Cluster:					
<b>Indirect through Iowa Department of Human Services</b>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ 120,624	\$ —	\$ —
Total SNAP Cluster			<u>120,624</u>	<u>—</u>	<u>—</u>
<b>Total U.S. Department of Agriculture</b>			<u>120,624</u>	<u>—</u>	<u>—</u>
<b>U.S. DEPARTMENT OF LABOR</b>					
<b>Indirect through Office of the Assistant Secretary for Veterans Employment and Training</b>					
Employment Service Cluster:					
Local Veterans' Employment Representative Program	17.804	N/A	4,875	—	—
Total Employment Service Cluster			<u>4,875</u>	<u>—</u>	<u>—</u>
<b>Indirect through Iowa Workforce Development</b>					
WIOA Cluster:					
WIOA Adult Program	17.258	17-W-10-WI-OA	137,837	—	—
WIOA Youth Activities	17.259	17-W-10-WI-OA	385,245	—	—
WIOA Dislocated Worker Formula Grants	17.278	17-W-10-WI-OA	327,102	—	—
Total WIOA Cluster			<u>850,184</u>	<u>—</u>	<u>—</u>
<b>Indirect through Iowa Workforce Development</b>					
Expanding Community College Apprenticeships (ECCA) Initiative Grants	17.285	N/A	11,597	—	—
<b>Indirect through American Association of Community Colleges</b>					
Expanding Community College Apprenticeships Initiative Grants	17.285	N/A	7,977	—	—
Total ECCA Initiative Grants			<u>19,574</u>	<u>—</u>	<u>—</u>
<b>Total U.S. Department of Labor</b>			<u>874,633</u>	<u>—</u>	<u>—</u>
<b>U.S. DEPARTMENT OF STATE</b>					
<b>Indirect through Northern Virginia Community College</b>					
Academic Exchange Programs – Undergraduate Programs	19.009	N/A	207,935	—	—
<b>Total U.S. Department of State</b>			<u>207,935</u>	<u>—</u>	<u>—</u>
<b>NATIONAL SCIENCE FOUNDATION</b>					
<b>Direct</b>					
Education and Human Resources	47.076	N/A	103,690	—	—
<b>Indirect through Iowa State University</b>					
Education and Human Resources	47.076	N/A	17,212	—	—
<b>Indirect through University of Iowa</b>					
Education and Human Resources	47.076	N/A	18,425	—	—
<b>Total National Science Foundation</b>			<u>139,327</u>	<u>—</u>	<u>—</u>

See accompanying independent auditor's report.

**Kirkwood Community College**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**Year ended June 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>New Loans and New Loan Guarantees</u>	<u>Amounts Provided to Subrecipients</u>
<b>U.S. SMALL BUSINESS ADMINISTRATION</b>					
<b>Indirect through Iowa State University</b>					
Small Business Development Centers	59.037	N/A	93,871	-	-
<b>Total U.S. Small Business Administration</b>			<u>93,871</u>	<u>-</u>	<u>-</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<b>Direct</b>					
Student Financial Assistance Programs Cluster:					
Federal Supplemental Educational Opportunity Grants	84.007	N/A	291,566	-	-
Federal Work-Study Program	84.033	N/A	264,368	-	-
Federal Pell Grant Program	84.063	N/A	16,021,261	-	-
Federal Direct Student Loans	84.268	N/A	-	22,732,556	-
<b>Total Student Financial Assistance Programs Cluster</b>			<u>16,577,195</u>	<u>22,732,556</u>	<u>-</u>
TRIO Cluster:					
TRIO-Student Support Services	84.042A	P042A150249	338,235	-	-
<b>Total TRIO Cluster</b>			<u>338,235</u>	<u>-</u>	<u>-</u>
CARES Act					
Kirkwood Community College Student Support Program	84.425E	N/A	2,823,860	-	-
Kirkwood Community College Institutional Fund	84.425F	N/A	991,811	-	-
<b>Total CARES Act awards</b>			<u>3,815,671</u>	<u>-</u>	<u>-</u>
<b>Total direct</b>			<u>20,731,101</u>	<u>22,732,556</u>	<u>-</u>
<b>Indirect through Iowa Department of Education</b>					
Adult Education – Basic Grants to States	84.002	G70026, G70041	442,213	-	-
Career and Technical Education – Basic Grants to States	84.048	G80188	873,105	-	-
<b>Indirect through Department of Corrections</b>					
Title I State Agency Programs for Neglected and Delinquent Children and Youth	84.013	N/A	95,000	-	-
<b>Indirect through Center for Cultural and Technical Interchange between East and West Inc.</b>					
Undergraduate International Studies and Foreign Language Programs	84.016A	HC13565	3,008	-	-
<b>Total indirect</b>			<u>1,413,326</u>	<u>-</u>	<u>-</u>
<b>Total U.S. Department of Education</b>			<u>22,144,427</u>	<u>22,732,556</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>Indirect through University of Iowa</b>					
Aging Research	93.866	N/A	6,370	-	-
<b>Total U.S. Department of Health and Human Services</b>			<u>6,370</u>	<u>-</u>	<u>-</u>
<b>Total Federal Awards Expended</b>			<u>\$23,587,187</u>	<u>\$22,732,556</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**Kirkwood Community College**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2020**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Kirkwood Community College (the College) under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the College.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

**NOTE 3 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, 2020.

See accompanying independent auditor's report.

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

Board of Trustees  
Kirkwood Community College  
Cedar Rapids, 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 Kirkwood Community College (the College), and its aggregate discretely presented component units, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2020. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, Kirkwood Community College Foundation, as described in our report on Kirkwood Community College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component unit, Kirkwood Community College Foundation, were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## **The College's Response to the Finding**

The College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
November 17, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Kirkwood Community College  
Cedar Rapids, Iowa

**Report on Compliance for Each Major Federal Program**

We have audited Kirkwood Community College's (the College) compliance with the types of compliance requirements described in the *OMB 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, 2020. The College's major federal programs are identified in Part I of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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, 2020.

## **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 audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

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

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

**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
November 17, 2020

**Kirkwood Community College**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended June 30, 2020**

**Part 1 – Summary of Independent Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

**Unmodified opinion**

Internal control over financial reporting:

- Material weakness(es) identified?                           Yes          **X**   No
- Significant deficiency(ies) identified?                       Yes          **X**   None Reported

Noncompliance material to financial statements noted?                           Yes          **X**   No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?                           Yes          **X**   No
- Significant deficiency(ies) identified?                  **X**   Yes               None Reported

Type of auditor’s report issued on compliance for major federal programs:

**Unmodified opinion**

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?                           Yes          **X**   No

Identification of major federal programs:

**CFDA Number 84.007, 84.033, 84.063, 84.268 - Student Financial Assistance Cluster**

**CFDA Number 84.425E - Kirkwood Community College Student Support Program**

**CFDA Number 84.425F - Kirkwood Community College Institutional Fund**

Dollar threshold used to distinguish between type A and type B programs:

**\$750,000**

Auditee qualified as low-risk auditee?                      **X**   Yes               No

**Kirkwood Community College**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**Year ended June 30, 2020**

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

**INTERNAL CONTROL DEFICIENCIES**

No matters were noted.

**INSTANCES OF NONCOMPLIANCE**

No matters were noted.

**Kirkwood Community College**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**Year ended June 30, 2020**

**Part III – Findings and Questioned Costs for Federal Awards**

**INTERNAL CONTROL DEFICIENCIES**

**CFDA Number 84.007, 84.033, 84.063, 84.268 – Student Financial Assistance Center**

**2020-001 Student Financial Assistance – Return of Funds Calculation**

**Condition**

During our testing of students who withdrew from the College, we noted four students for whom the initial return of funds amount did not match our calculated expectations.

**Criteria**

The Department of Education requires a return of funds calculation when a student who received student financial assistance withdraws from the institution.

**Cause**

Upon discussion with client personnel, it was noted that there was inconsistent treatment of these items at the enrollment level field within the Colleague software system used by the College, likely due to a system update/patch.

**Effect**

The system issue resulted in miscalculations of the return of funds amounts for a selection of students who withdrew from the College. The differences noted were immaterial.

**Recommendation**

Consider performing manual return of funds calculations and/or verifying the enrollment level field for a sample of students after a software system update/patch occurs.

**Response and Corrective Action Plan**

The return of funds amounts for the four students with initial differences noted were recalculated. Further review of the Colleague software system update/patch process will be performed to address this process.

**Conclusion**

Response accepted.

**INSTANCES OF NONCOMPLIANCE**

No matters were noted.

**Kirkwood Community College**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**Year ended June 30, 2020**

**Part IV – Other Findings Related to Required Statutory Reporting**

**IV-A-20 CERTIFIED BUDGET**

Expenditures for the year ended June 30, 2020 did not exceed the amount budgeted.

**IV-B-20 QUESTIONABLE DISBURSEMENTS**

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

**IV-C-20 TRAVEL EXPENSE**

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

**IV-D-20 BUSINESS TRANSACTIONS**

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

**IV-E-20 RESTRICTED DONOR ACTIVITY**

No transactions were noted between the College, College officials, College employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

**IV-F-20 BOND COVERAGE**

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

**IV-G-20 BOARD MINUTES**

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

**IV-H-20 PUBLICATION OF RECEIPTS AND DISBURSEMENTS**

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

**IV-I-20 DEPOSITS AND INVESTMENTS**

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

**Kirkwood Community College**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**Year ended June 30, 2020**

**Part IV – Other Findings Related to Required Statutory Reporting (continued)**

**IV-J-20 CREDIT AND CONTACT HOURS**

Eligible credit and contact hours reported to the Iowa Department of Education by the College for the year ended June 30, 2020 were supported by detailed records maintained by the College, except for an overstatement of 400 contact hours, as shown below:

	<u>Reported</u>	<u>Total per Supporting Documentation</u>	<u>Difference</u>
Arts and Sciences Credit hours	142,053	142,053	–
Career and Technical Education Credit hours	117,611	117,611	–
Contact hours	772,833	772,433	400

**Recommendation**

The College should develop procedures to ensure the report submitted to the Iowa Department of Education is supported by detailed records.

**Response**

The College will continue to monitor credit/contact hours to ensure all reports submitted are supported by the College's detailed records.

**Conclusion**

Response accepted.





**Kirkwood Community College  
CORRECTIVE ACTION PLAN  
For the year ended June 30, 2020**

<b>Comment Number</b>	<b>Comment Title</b>	<b>Corrective Action Plan</b>	<b>Contact Person, Title, Phone Number</b>	<b>Anticipated Date of Completion</b>
2020-001	Student Financial Assistance Assistance – Return of Funds Calculation	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Matthew Falduto, Financial Aid Director (319) 398-1252	June 30, 2021

Section 12. Governing Law; Construction

This Certificate shall be construed in accordance with the laws of the State without giving effect to the conflicts-of-law principles thereof. This Certificate is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

Section 13. Term

This Certificate shall remain in effect so long as any Bonds are Outstanding. The obligations under this Certificate shall terminate and be without further effect upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Dissemination Agent's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the Issuer to comply with this Certificate will not cause the Participating Underwriter or securities firms recommending the Bonds to prospective purchasers to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successor thereto or amendatory thereof.

IN WITNESS WHEREOF, the Issuer has caused this Certificate to be executed in their respective names, all as of the date first written above.  
Kirkwood Community College (Merged Area X), STATE OF Iowa

By: \_\_\_\_\_

By: \_\_\_\_\_