

**KIWR-FM Radio**  
**(A Public Telecommunications Entity Operated by**  
**Iowa Western Community College,**  
**Council Bluffs, Iowa)**

**FINANCIAL REPORT**

**June 30, 2018 and 2017**

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Iowa Western Community College  
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
<b>Board of Trustees</b>		
Doug Goodman	President	2019
Connie Hornbeck	Vice President	2019
Brent Siegrist	Member	2021
Larry Winum	Member	2019
Randy Pash	Member	2021
Scott Robinson	Member	2021
Greg Connell	Member	2019
Kirk Madsen	Member	2021
Kathy Rieger	Member	2021
<b>Community College</b>		
Dr. Dan Kinney	President	
Edwin Holtz	Board Treasurer	
Erin McKee	Board Secretary	



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Iowa Western Community College  
Council Bluffs, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of KIWR-FM Radio (a public telecommunications entity operated by Iowa Western Community College, Council Bluffs, Iowa) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise KIWR-FM Radio's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 KIWR-FM Radio'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 KIWR-FM Radio's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KIWR-FM Radio as of June 30, 2018 and 2017, and the changes in financial position and cash flows for the years 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 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 audits were conducted for the purpose of forming an opinion on KIWR-FM Radio's basic financial statements. The accompanying schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of KIWR-FM Radio'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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of functional expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2019, on our consideration of KIWR-FM Radio'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 KIWR-FM Radio'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 KIWR-FM Radio's internal control over financial reporting and compliance.

  
DENMAN & COMPANY, LLP

West Des Moines, Iowa  
January 3, 2019

**KIWR-FM Radio**  
**Iowa Western Community College**  
**Council Bluffs, Iowa**  
(A Public Telecommunications Entity Operated by Iowa Western Community College,  
Council Bluffs, Iowa)

**Management's Discussion and Analysis**  
**Years Ended June 30, 2018 and 2017 (Unaudited)**

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**INTRODUCTION AND REPORTING ENTITY**

The following discussion and analysis is an overview of the financial position and activities of KIWR-FM Radio (the Radio Station) for the years ended June 30, 2018 and 2017. Management of the Radio Station (Station management) has prepared the following discussion and it should be read with the financial statements and related footnotes which follow this section.

The Radio Station is operated by Iowa Western Community College (IWCC).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements of the Radio Station consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – For Public Colleges and Universities*. Statement No. 35 established standards for external financial reporting for all public colleges and universities, which includes the basic financial statements noted above. Statement No. 35 also requires the classification of net position into three categories – investment in capital assets; restricted; and unrestricted.

The Statements of Net Position include Assets, Liabilities and Net Position of the Radio Station as of June 30, 2018 and 2017. These statements are classified into Current Assets, Capital Assets, and Current Liabilities, with Net Position classified into the applicable categories as noted above. The Statements of Revenues, Expenses and Changes in Net Position depict the Operating Revenues and Expenses resulting in an Operating Loss for fiscal years 2018 and 2017, which is then combined with Nonoperating Revenue to provide the total Change in Net Position. The Statements of Cash Flows show the sources and uses of cash flows from operating activities, cash flows from non-capital financing activities, and cash flows from capital and related financing activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

## **FINANCIAL HIGHLIGHTS**

Net Position of the Radio Station remained the same for the years ended June 30, 2018 (fiscal year 2018) and 2017 (fiscal year 2017). The Radio Station continues its strong position in the marketplace as local and regional businesses work with 89.7 The River (KIWR's station name) to reach the 18-34 year old demographic. With an improving economy, the demand for concerts is also improving, but ticket price levels have been slow to increase.

In fiscal year 2018, the Radio Station's Operating Revenues totaled \$1,126,494, while Operating Expenses were \$1,126,772. The Net Operating Loss for fiscal year 2018 was (\$278). Donated professional services and programs (donated support) totaled \$396,759 for fiscal year 2018, which represents indirect administration support from IWCC. The amount of donated support is reflected as revenues in the accompanying statements of revenues, expenses and changes in net position. As expenses of an equivalent amount are also recognized, there is no impact on total net position.

In fiscal year 2017, the Radio Station's Operating Revenues totaled \$1,060,516, while Operating Expenses were \$1,060,538. The Net Operating Loss for fiscal year 2017 was (\$22). Donated professional services and programs (donated support) totaled \$336,491 for fiscal year 2017, which represents indirect administration support from IWCC.

The Radio Station's capital assets, net of accumulated depreciation, totaled \$-0- at June 30, 2018 and 2017, respectively. The Radio Station had outstanding current liabilities of \$174,669 and \$95,161 at June 30, 2018 and 2017, respectively, including, salaries payable, payroll taxes payable, deferred revenue, and amounts due to IWCC. The Radio Station had no outstanding debt obligations as of June 30, 2018 and 2017.

## **FINANCIAL ANALYSIS OF THE STATEMENTS**

The Radio Station's condensed comparative financial statements are presented below for fiscal years 2018, 2017, and 2016.

Current Assets consist of investments, accounts receivables, and prepaid expenses. Capital Assets are presented net of accumulated depreciation of \$694,948 at June 30, 2018, 2017, and 2016. Liabilities consist of accounts payable, salaries payable, payroll taxes and employee benefits payable, deferred revenue, and an amount due to IWCC. Net Position is classified as investment in capital assets.

### **KIWR-FM Radio Condensed Statements of Net Position**

	<u>FY18</u>	<u>FY17</u>	<u>FY16</u>
Assets			
Current Asset	\$ 174,669	\$ 95,161	\$ 91,512
Capital Assets	<u>          —</u>	<u>          —</u>	<u>          —</u>
Liabilities			
Current Liabilities	<u>174,669</u>	<u>95,161</u>	<u>91,512</u>
Net position			
Investment in capital assets	\$ <u>          —</u>	\$ <u>          —</u>	\$ <u>          —</u>

Operating Revenues consist primarily of local support, Corporation for Public Broadcasting appropriations, college support, underwriting, rental income, fees for services and miscellaneous, and donated support. Operating expenses consist primarily of program services and support services. Nonoperating Revenues consist of interest income from investments.

**KIWR-FM Radio**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>FY18</u>	<u>FY17</u>	<u>FY16</u>
Local support	\$ 273,849	\$ 258,477	\$ 277,303
Corporation for Public Broadcasting	38,165	113,417	99,798
Iowa Western Community College support	10,164	80,079	8,370
Underwriting	203,008	178,756	215,358
Rental income	62,628	62,969	55,836
Fees for services and miscellaneous	141,921	30,327	160,566
Donated support	<u>396,759</u>	<u>336,491</u>	<u>374,444</u>
Total operating revenues	<u>1,126,494</u>	<u>1,060,516</u>	<u>1,191,675</u>
Program services	727,438	675,013	654,390
Support services	<u>399,334</u>	<u>385,525</u>	<u>544,281</u>
Total operating expenses	<u>1,126,772</u>	<u>1,060,538</u>	<u>1,198,671</u>
Operating (loss)	<u>(278)</u>	<u>(22)</u>	<u>(6,996)</u>
Nonoperating revenues			
Transfers	-	-	5,213
Interest on Investments	<u>278</u>	<u>22</u>	<u>22</u>
Net nonoperating revenues	<u>278</u>	<u>22</u>	<u>5,235</u>
Change in net position	-	-	(1,761)
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>1,761</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OTHER SIGNIFICANT MATTERS**

89.7 The River broadcasts its 100,000 watt signal from a tower height of 1,150 feet located in the Council Bluffs/Omaha metro area. The alternative rock format of the station appeals to key demographics from ages 18-34. The popularity of The River continues to provide a key marketing asset in the promotion of Iowa Western Community College to prospective students.

The regional economy has improved at a somewhat faster pace than the U.S. economy and that improvement has translated to the concert scene. Ticket prices have slowly started to rise as discretionary income has loosened due to lower oil prices. The Radio Station will continue to focus on smaller events for the immediate future.

Operating Revenues were up \$65,978 in fiscal year 2018 totaling \$1,126,494. Expenses in fiscal year 2018 increased to \$1,126,772 compared to \$1,060,538 in fiscal year 2017. Local Support increased 5.9% versus fiscal year 2017. Direct support from IWCC decreased to \$10,164 in fiscal year 2018 from \$80,079 in fiscal year 2017. CPB funding decreased by 66.3% or \$75,252. Underwriting revenues increased by 13.6% or \$24,252. Rental income decreased by 0.5% or \$341. Fees for services and miscellaneous increased by 368.0% or \$111,594. Finally, Donated Professional Services and Programs were higher due to increased costs of services provided by the College.

Operating Revenues were down \$131,159 in fiscal year 2017 totaling \$1,060,516. Expenses in fiscal year 2017 decreased to \$1,060,538 compared to \$1,198,671 in fiscal year 2016. Local Support decreased 6.8% versus fiscal year 2016. Direct support from IWCC increased to \$80,079 in fiscal year 2017 from \$8,370 in fiscal year 2016. CPB funding increased by 13.6% or \$13,619. Underwriting revenues decreased by 17.0% or \$36,602. Rental income increased by 12.8% or \$7,133. Fees for services and miscellaneous decreased by 81.1% or \$130,239. Finally, Donated Professional Services and Programs were lower due to decreased costs of services provided by the College.

The Board of Trustees and Administration of Iowa Western Community College continue to recognize the value the Radio Station provides to IWCC. With its popularity in the 18-34 year old demographic, IWCC benefits from the continued exposure provided during daily broadcasts. Secondly, IWCC broadcasting students receive “on-the-job live” experiences while working at the Radio Station.

The 89.7 The River station management will continue to be actively involved in the promotion and staging of local area concerts. Their involvement ranges from promoting relatively unknown startup bands at smaller local area venues to working in cooperation with national music promotions to host one or two major summer concerts. Station management will continue to monitor concert attendance trends and adjust its concert promotion strategies accordingly to control costs. As the economy improves and concert goers become willing to spend more dollars for tickets, the Radio Station revenue picture will continue to improve.

## **CONTACTING THE RADIO STATION’S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Radio Station’s constituents, taxpayers in the service district and KIWR creditors with a general overview of the Radio Station’s finances and to demonstrate KIWR’s accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Western Community College, 2700 College Road, Council Bluffs, IA 51503.

**KIWR-FM Radio**  
**(A Public Telecommunications Entity Operated by**  
**Iowa Western Community College, Council Bluffs, Iowa)**  
**STATEMENTS OF NET POSITION**

	<b>June 30</b>	
<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Investments	\$ 37,628	\$ 37,350
Accounts receivable	137,041	49,365
Prepaid expenses	—	8,446
Total current assets	174,669	95,161
<b>CAPITAL ASSETS</b>		
Buildings and fixed equipment	20,682	20,682
Other structure and improvements	166,248	166,248
Furniture, machinery and equipment	508,018	508,018
Total	694,948	694,948
Less accumulated depreciation	694,948	694,948
Capital assets, net	—	—
Total assets	174,669	95,161
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	—	780
Salaries payable	12,914	13,911
Payroll taxes and employee benefits payable	2,109	2,242
Deferred revenue	123,606	49,227
Due to Iowa Western Community College	36,040	29,001
Total current liabilities	174,669	95,161
<b>NET POSITION</b>		
Investment in capital assets	\$ —	\$ —

See Notes to Financial Statements.

**KIWR-FM Radio**  
**(A Public Telecommunications Entity Operated by**  
**Iowa Western Community College, Council Bluffs, Iowa)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<b>Year ended June 30</b>	
	<b>2018</b>	<b>2017</b>
<b>OPERATING REVENUES</b>		
Local support	\$ 273,849	\$ 258,477
Corporation for Public Broadcasting support	38,165	113,417
Iowa Western Community College support	10,164	80,079
Underwriting	197,848	173,576
Rental income	62,628	62,969
Fees for services	141,619	30,222
Miscellaneous	302	105
Underwriting, trade	5,160	5,180
Donated professional services and programs	<u>396,759</u>	<u>336,491</u>
Total operating revenues	<u>1,126,494</u>	<u>1,060,516</u>
<b>OPERATING EXPENSES</b>		
Program services		
Programming and production	275,799	217,370
Broadcasting	389,164	390,401
Program information	<u>62,475</u>	<u>67,242</u>
	<u>727,438</u>	<u>675,013</u>
Support services		
Management and general	133,763	123,683
Fundraising and membership development	75,020	84,487
Underwriting and grant solicitation	<u>190,551</u>	<u>177,355</u>
	<u>399,334</u>	<u>385,525</u>
Total operating expenses	<u>1,126,772</u>	<u>1,060,538</u>
<b>OPERATING LOSS</b>	<u>(278)</u>	<u>(22)</u>
<b>NONOPERATING REVENUE</b>		
Interest on investments	<u>278</u>	<u>22</u>
Net nonoperating revenue	<u>278</u>	<u>22</u>
<b>CHANGE IN NET POSITION</b>	-	-
<b>NET POSITION</b>		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**KIWR-FM Radio**  
**(A Public Telecommunications Entity Operated by**  
**Iowa Western Community College, Council Bluffs, Iowa)**  
**STATEMENTS OF CASH FLOWS**

	<b>Year ended June 30</b>	
	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Local support	\$ 273,849	\$ 258,477
Corporation for Public Broadcasting	38,165	113,417
Iowa Western Community College support	10,164	80,079
Underwriting	110,172	150,090
Rental income	137,007	64,301
Fees for services	141,619	30,222
Miscellaneous	302	105
Programming and production	(159,386)	(129,543)
Broadcasting	(266,135)	(270,791)
Program information	(47,640)	(54,764)
Management and general	(69,634)	(55,414)
Fundraising and membership development	(64,097)	(75,050)
Underwriting and grant solicitation	<u>(111,425)</u>	<u>(110,558)</u>
Net cash provided by (used in) operating activities	<u>(7,039)</u>	<u>571</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments and transfers to Iowa Western Community College	<u>7,039</u>	<u>(571)</u>
Net cash provided by (used in) capital and related financing activities	<u>7,039</u>	<u>(571)</u>
<b>NET CHANGE IN CASH</b>	-	-
<b>CASH</b>		
Beginning of year	<u>-</u>	<u>-</u>
End of year	\$ <u>-</u>	\$ <u>-</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ <u>(278)</u>	\$ <u>(22)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Changes in assets and liabilities		
Accounts receivable	(87,676)	(23,486)
Prepaid expenses	8,446	19,859
Accounts payable	(780)	6
Salaries payable	(997)	2,475
Payroll taxes and employee benefits payable	(133)	407
Deferred revenue	<u>74,379</u>	<u>1,332</u>
Total adjustments	<u>(6,761)</u>	<u>593</u>
Net cash provided by (used in) operating activities	<u>\$ (7,039)</u>	<u>\$ 571</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Interest income reinvested	\$ <u>278</u>	\$ <u>22</u>

See Notes to Financial Statements.

**KIWR-FM Radio**  
**(A Public Telecommunications Entity Operated by**  
**Iowa Western Community College, Council Bluffs, Iowa)**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

KIWR-FM Radio (the Radio Station) is a public, noncommercial radio station. The Radio Station operates with a power of 100,000 watts, reaching a potential audience of an 80-mile radius in western Iowa and eastern Nebraska. The Radio Station is operated by and its financial activity is included in the financial statements of Iowa Western Community College, Council Bluffs, Iowa (the College). The Radio Station is dependent upon support from the Corporation for Public Broadcasting, Iowa Western Community College, and the public.

**General**

In its accounting and financial reporting, the Radio Station follows accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The Radio Station follows the provisions of GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. GASB Statement No. 35 established standards for external financial reporting for all public colleges and universities, which includes a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows prepared on the direct method, as well as the notes to the financial statements. It requires the classification of net position into three categories - investment in capital assets, restricted and unrestricted.

**Basis of Accounting**

The financial statements of the Radio Station have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are reported when earned and expenses are recorded when materials and services are received.

**Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates and assumptions used in preparing the financial statements.

**Cash and Cash Equivalents**

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

**Investments**

Investments consist of nonnegotiable certificates of deposit which are stated at cost.

**Accounts Receivable**

Accounts receivable are presented net of an allowance for doubtful accounts. The allowance as of June 30, 2018 and 2017 was \$1,620.

**KIWR-FM Radio**  
**(A Public Telecommunications Entity Operated by**  
**Iowa Western Community College, Council Bluffs, Iowa)**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets**

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at fair market value at date of donation. The Radio Station's capitalization policy is to capitalize items greater than \$5,000. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings and fixed equipment	10-25 years
Other structure and improvements	10-25 years
Furniture, machinery and equipment	5-25 years

Management periodically reviews capital assets for impairment.

**Donated Materials, Contributed Services and Use of Facilities**

Donated facilities from Iowa Western Community College consist of office and studio space together with related occupancy costs and are recorded as revenues and expenses at estimated fair rental values. Administrative support from Iowa Western Community College consists of allocated financial and student development department costs and certain other expenses incurred by the College on behalf of the Radio Station.

Donated professional services and programs and donated materials and supplies are recorded as revenues and expenses at estimated fair values.

**Deferred Revenue**

Income from rental of tower space is deferred and recognized over the period covered by the lease agreement.

**NOTE 2 INVESTMENTS**

The Radio Station's deposits in banks at June 30, 2018 and 2017 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Radio Station 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 Iowa Western Community College 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.

The Radio Station had nonnegotiable certificates of deposit at June 30, 2018 and 2017 which are valued at cost of \$37,628 and \$37,350, respectively, which approximates market value.

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

**KIWR-FM Radio**  
**(A Public Telecommunications Entity Operated by**  
**Iowa Western Community College, Council Bluffs, Iowa)**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 is as follows:

	<u>July 1, 2017</u> <u>balance</u>	<u>Additions</u>	<u>June 30, 2018</u> <u>balance</u>
Buildings and fixed equipment	\$ 20,682	\$ —	\$ 20,682
Other structure and improvements	166,248	—	166,248
Furniture, machinery and equipment	<u>508,018</u>	<u>—</u>	<u>508,018</u>
Total capital assets being depreciated	<u>694,948</u>	<u>—</u>	<u>694,948</u>
Less accumulated depreciation			
Buildings and fixed equipment	20,682	—	20,682
Other structure and improvements	166,248	—	166,248
Furniture, machinery and equipment	<u>508,018</u>	<u>—</u>	<u>508,018</u>
Total accumulated depreciation	<u>694,948</u>	<u>—</u>	<u>694,948</u>
Capital assets, net	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Capital asset activity for the year ended June 30, 2017 is as follows:

	<u>July 1, 2016</u> <u>balance</u>	<u>Additions</u>	<u>June 30, 2017</u> <u>balance</u>
Buildings and fixed equipment	\$ 20,682	\$ —	\$ 20,682
Other structure and improvements	166,248	—	166,248
Furniture, machinery and equipment	<u>508,018</u>	<u>—</u>	<u>508,018</u>
Total capital assets being depreciated	<u>694,948</u>	<u>—</u>	<u>694,948</u>
Less accumulated depreciation			
Buildings and fixed equipment	20,682	—	20,682
Other structure and improvements	166,248	—	166,248
Furniture, machinery and equipment	<u>508,018</u>	<u>—</u>	<u>508,018</u>
Total accumulated depreciation	<u>694,948</u>	<u>—</u>	<u>694,948</u>
Capital assets, net	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

**KIWR-FM Radio**  
**(A Public Telecommunications Entity Operated by**  
**Iowa Western Community College, Council Bluffs, Iowa)**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 OPERATING LEASES**

The Radio Station has a lease agreement for the rental of equipment that expires in October 2019. The lease is classified as an operating lease and, accordingly, is charged to expense as incurred. Rental expense under this agreement was \$98,880 for the year ended June 30, 2018 and \$95,076 for the year ended June 30, 2017. The following is a schedule by year of future minimum rental payments required under this operating lease:

<u>Year ending June 30</u>	<u>Amount</u>
2019	\$ 102,836
2020	<u>34,724</u>
Total	<u>\$ 137,560</u>

**NOTE 5 RETIREMENT PLANS**

Radio Station employees may elect to participate in the Iowa Public Employees Retirement System (IPERS) or the Teachers Insurance and Annuity Association (TIAA). If no election is designated by the employee, the employee will automatically be enrolled in IPERS.

The Radio Station contributes to the Iowa Public Employees Retirement System which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117. Information and disclosures regarding the net pension liability, deferred outflows of resources, and deferred inflows of resources as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* attributed to the employees of the Radio Station are included as a component of these respective amounts as reported in the Iowa Western Community College June 30, 2018 financial statements. Sufficient information is not available to allow management of the Radio Station to estimate the net pension liability, deferred outflows of resources, and deferred inflows of resources attributable to its employees. Plan members are required to contribute 5.95% of their annual covered salary and the Radio Station is required to contribute 8.93% of annual payroll. Contribution requirements are established by State statute. The Radio Station's required and actual contributions to IPERS for the years ended June 30, 2018 and 2017 were \$11,632 and \$9,081, respectively.

The Radio Station contributes to the TIAA retirement program which is a defined contribution plan. TIAA administers the retirement plan for the Radio Station. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Radio Station employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employees vest immediately. As specified by the contract with TIAA, and in accordance with the Code of Iowa, each employee is required to contribute 5.95% of their annual salary, including overtime pay, and the Radio Station is required to contribute 8.93%. The Radio Station's required and actual contributions to TIAA for the years ended June 30, 2018 and 2017 were \$21,716 and \$21,605, respectively. The employees' required and actual contributions to TIAA for the years ended June 30, 2018 and 2017 were \$15,234 and \$15,139, respectively.

**KIWR-FM Radio**  
**(A Public Telecommunications Entity Operated by**  
**Iowa Western Community College, Council Bluffs, Iowa)**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Iowa Western Community College administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for 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. Radio Station employees are eligible for these OPEB benefits administered by the College.

Individuals who are employed by the College, including those employed by the Radio Station, 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 and dental plans. Employees covered by the plan made contributions toward the plan premiums.

The College obtains an actuarial valuation in order to determine its total OPEB liability. Information and disclosures regarding the total OPEB liability and deferred outflows of resources as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* attributed to the employees of the Radio Station are included as a component of these respective amounts as reported in the Iowa Western Community College June 30, 2018 financial statements. Sufficient information is not available to allow management of the Radio Station to estimate the total OPEB liability and deferred outflows of resources attributable to its employees.

There were no benefit payments made under this plan to eligible Radio Station employees during the years ended June 30, 2018 and 2017.

**NOTE 7 RELATED PARTY ACTIVITY**

KIWR-FM Radio is included in the financial statements of Iowa Western Community College, Council Bluffs, Iowa. Indirect administration support from the College of \$396,759 and \$336,491 for the years ended June 30, 2018 and 2017, respectively, is included in revenues under donated professional services and programs. The expense is allocated among the program and support services.

Underwriting support from the College of \$144,000 and \$145,000 for the years ended June 30, 2018 and 2017, respectively, is included in revenues under local support. Additionally, direct support from the College of \$10,164 and \$80,079 for the years ended June 30, 2018 and 2017, respectively, is included in revenues under Iowa Western Community College support.

For the years ended June 30, 2018 and 2017, the Radio Station owed the College \$36,040 and \$29,001, respectively, for administration support.

**KIWR-FM Radio**  
**SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2018

	<u>Program services</u>				<u>Support services</u>					<u>Total</u>
	<u>Programming and production</u>	<u>Broadcasting</u>	<u>Program information</u>	<u>Total program services</u>	<u>Management and general</u>	<u>Fundraising and membership development</u>	<u>Underwriting and grant solicitation</u>	<u>Depreciation expense</u>	<u>Total support services</u>	
<b>OPERATING EXPENSES</b>										
Salaries, related payroll costs and fringe benefits	\$ 131,297	\$ 142,714	\$ 17,126	\$ 291,137	\$ 62,794	\$ 11,417	\$ 91,337	\$ —	\$ 165,548	\$ 456,685
Professional services	—	—	24,295	24,295	—	40,491	16,196	—	56,687	80,982
Memberships	344	—	—	344	147	—	—	—	147	491
Advertising	—	—	375	375	—	375	—	—	375	750
Printing and reproduction services	—	—	96	96	96	481	288	—	865	961
Communications	—	638	—	638	1,489	—	—	—	1,489	2,127
Utilities	—	14,167	—	14,167	3,542	—	—	—	3,542	17,709
Equipment rental	—	98,880	—	98,880	—	—	—	—	—	98,880
Postage	—	—	19	19	—	65	9	—	74	93
Group meeting	—	—	—	—	1,096	—	730	—	1,826	1,826
Other services	24,463	3,058	—	27,521	3,058	—	—	—	3,058	30,579
Materials and supplies	660	—	659	1,319	2,639	—	2,639	—	5,278	6,597
Building and construction materials	—	1,594	—	1,594	—	—	—	—	—	1,594
Vehicle supplies	—	131	17	148	16	—	—	—	16	164
Out of state travel	1,818	2,909	—	4,727	2,546	—	—	—	2,546	7,273
In state travel	1,085	1,085	271	2,441	271	—	—	—	271	2,712
Purchases for resale	—	—	5,288	5,288	—	12,339	—	—	12,339	17,627
Other expense	—	—	(549)	(549)	(549)	(1,099)	—	—	(1,648)	(2,197)
Indirect administration	114,068	123,988	14,878	252,934	54,554	9,919	79,352	—	143,825	396,759
Donated personal services of volunteers	<u>2,064</u>	<u>—</u>	<u>—</u>	<u>2,064</u>	<u>2,064</u>	<u>1,032</u>	<u>—</u>	<u>—</u>	<u>3,096</u>	<u>5,160</u>
Total operating expenses	<u>\$ 275,799</u>	<u>\$ 389,164</u>	<u>\$ 62,475</u>	<u>\$ 727,438</u>	<u>\$ 133,763</u>	<u>\$ 75,020</u>	<u>\$ 190,551</u>	<u>\$ —</u>	<u>\$ 399,334</u>	<u>\$1,126,772</u>

See accompanying independent auditor's report.

**KIWR-FM Radio**  
**SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES (continued)**  
Year ended June 30, 2017

	Program services				Support services					Total
	Programming and production	Broadcasting	Program information	Total program services	Management and general	Fundraising and membership development	Underwriting and grant solicitation	Depreciation expense	Total support services	
<b>OPERATING EXPENSES</b>										
Salaries, related payroll costs and fringe benefits	\$ 110,395	\$ 154,552	\$ 16,559	\$ 281,506	\$ 60,717	\$ 11,039	\$ 88,316	\$ —	\$ 160,072	\$ 441,578
Professional services	—	—	26,236	26,236	—	43,727	17,491	—	61,218	87,454
Memberships	513	—	—	513	220	—	—	—	220	733
Advertising	—	—	4,168	4,168	—	4,167	—	—	4,167	8,335
Printing and reproduction services	—	—	210	210	210	1,052	631	—	1,893	2,103
Communications	—	640	—	640	1,494	—	—	—	1,494	2,134
Utilities	—	14,865	—	14,865	3,716	—	—	—	3,716	18,581
Equipment rental	—	95,076	—	95,076	—	—	—	—	—	95,076
Postage	—	—	228	228	—	799	114	—	913	1,141
Group meeting	—	—	—	—	228	—	152	—	380	380
Other services	16,174	2,021	—	18,195	2,022	—	—	—	2,022	20,217
Materials and supplies	838	—	838	1,676	3,353	—	3,353	—	6,706	8,382
Periodicals	—	288	—	288	72	—	—	—	72	360
Building and construction materials	—	610	—	610	—	—	—	—	—	610
Vehicle supplies	—	20	3	23	3	—	—	—	3	26
Out of state travel	2,169	3,470	—	5,639	3,036	—	—	—	3,036	8,675
In state travel	1,086	1,087	272	2,445	272	—	—	—	272	2,717
Purchases for resale	—	—	6,110	6,110	—	14,255	—	—	14,255	20,365
Indirect administration	84,123	117,772	12,618	214,513	46,268	8,412	67,298	—	121,978	336,491
Donated personal services of volunteers	<u>2,072</u>	<u>—</u>	<u>—</u>	<u>2,072</u>	<u>2,072</u>	<u>1,036</u>	<u>—</u>	<u>—</u>	<u>3,108</u>	<u>5,180</u>
Total operating expenses	<u>\$ 217,370</u>	<u>\$ 390,401</u>	<u>\$ 67,242</u>	<u>\$ 675,013</u>	<u>\$ 123,683</u>	<u>\$ 84,487</u>	<u>\$ 177,355</u>	<u>\$ —</u>	<u>\$ 385,525</u>	<u>\$1,060,538</u>

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  
Iowa Western Community College  
Council Bluffs, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of KIWR-FM Radio (a public telecommunications entity operated by Iowa Western Community College, Council Bluffs, Iowa) as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated January 3, 2019.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
January 3, 2019