

SAMPLE COMMUNITY COLLEGE
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

Office of
**AUDITOR
OF STATE**
State Capitol Building • Des Moines, Iowa



David A. Vaudt, CPA
Auditor of State





OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA

Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Fellow CPAs:

This sample report is presented by the Office of Auditor of State as required by Chapter 11.6 of the Code of Iowa. In developing this report, we have made every effort to ensure the highest professional standards have been followed while attempting to provide meaningful and useful information to the citizens, our ultimate client.

Audits of community colleges should be performed in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and, if applicable, the Single Audit Act Amendments of 1996 and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

This sample report has been prepared in conformity with U.S. generally accepted accounting principles and conforms to guidelines provided in Governmental Accounting and Financial Reporting Standards published by the Governmental Accounting Standards Board.

The format displays the basic financial statements, required and other supplementary information and the Schedule of Findings and Questioned Costs which are necessary to meet the requirements of this office. The detail presented in the financial statements and supplementary information is the minimum breakdown that will be acceptable subject, of course, to materiality considerations. If the auditor and the community college feel more detail is necessary to provide a fair presentation, this of course will be welcome. A sample such as this cannot present all situations which you may encounter, so the auditor's professional judgment must be used in determining the additional information to be shown as well as the footnotes to be presented.

Community colleges with \$500,000 or more of federal expenditures are required to receive a Single Audit in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Any questions concerning Single Audit requirements should be directed to the Iowa Department of Education or the U.S. Department of Education:

Iowa Department of Education
Division of Community Colleges
Grimes Building
400 East 14th Street
Des Moines, IA 50319-0146
(515) 281-4729

Office of Inspector General
United States Department of Education
8930 Ward Parkway, Suite 2401
Kansas City, MO 64114-3302
(816) 268-0500

In accordance with OMB Circular A-133, the reporting package and Data Collection Form shall be submitted to the central clearinghouse the earlier of 30 days after issuance of the audit report or 9 months after the reporting period. The Office of Management and Budget has designated the United States Department of Commerce, Bureau of the Census as the Single Audit Clearinghouse. The Data Collection Form and reporting package must be submitted using the Clearinghouse's Internet Data Entry System at <http://harvester.census.gov/sac>. The system requires the reporting package be uploaded in a single PDF file. Both the auditee and auditor contacts receive automated emails from the Federal Audit Clearinghouse as verification of the submission. In addition, reporting packages or notifications of audit should be submitted to grantor pass-through entities in accordance with the filing requirements of the Circular.

In December 2008, the Securities and Exchange Commission adopted an amendment to its Rule 15c2-12 governing ongoing disclosure by municipalities to the bond markets. The amendment was effective July 1, 2009 and widened those issuers subject to the ongoing filing requirements and now virtually any municipality which issues more than one million dollars of securities per issue is subject to an ongoing filing responsibility. The amendment requires, in part, all continuing disclosure submissions must be provided to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. In addition, submissions must be in an electronic format (PDF) and, effective January 1, 2010, such filings must be in a word-searchable PDF (not scanned) format.

The findings on compliance, items IV-A-11 through IV-I-11, detail those items which are to be included regardless of whether there are any instances of non-compliance or not. Any instances of non-compliance in other areas should also be reported.

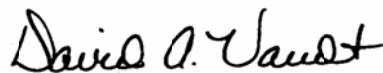
We have also included a page for listing the staff actually performing the audit. Although we have found this page to be helpful, you are not required to use it.

The results of the audit of the community college student enrollment Schedule of Credit and Contact Hours (Schedule 8) is required to be submitted to the Iowa Department of Education by November 1, 2011. The results may be submitted to the department as part of the released audit or, if the audit has not been completed and released, with a letter certifying the results of the audit procedures performed.

As required by Chapter 11 of the Code of Iowa, the news media are to be notified of the issuance of the audit report by the CPA firm, unless the firm has made other arrangements with the community college for the notification. We have developed a standard news release to be used for this purpose. The news release may be completed by the community college and a copy should be sent to this office with two copies of the audit report sent by the CPA firm. Report filing requirements are detailed on the attached listing. We will make a copy of the audit report and news release available to the news media in this office.

In accordance with Chapter 11 of the Code of Iowa, this office is to be notified immediately regarding any suspected embezzlement or theft.

Finally, I would like to express my appreciation to all CPA firms who are providing audit or other services to community colleges. Together, we are able to provide a significant benefit to all taxpayers in the State.



DAVID A. VAUDT, CPA
Auditor of State

Office of Auditor of State
Report Filing Requirements

Paper Copy Submission

Two paper copies of the audit report, including the management letter(s) if issued separately, are required to be filed with this Office upon release to the Community College within nine months following the end of the fiscal year subject to audit. In addition to the copies of the audit report, a copy of the CPA firm's per diem audit billing, including total cost and hours, and a copy of the news release or media notification should be sent to:

Office of Auditor of State
State Capitol Building
Room 111
1007 East Grand Avenue
Des Moines, Iowa 50319-0001

Electronic Submission

The Community College or CPA firm must also e-mail a PDF copy of the audit report to the Auditor of State's Office at:

SubmitReports@auditor.state.ia.us

If you are unable to e-mail the file, you may mail a CD containing the PDF file to this Office. You may direct any questions about submitting the electronic copy of the audit report to the above e-mail address.

An electronic (PDF format) copy of the audit report, including the management letter(s) if issued separately, should also be filed with the Iowa Department of Education.

Filing Fee Submission

The filing fee should be mailed separately to:

Office of Auditor of State
PO Box 333
Des Moines, Iowa 50302-0333

The designated budget strata and applicable filing fees are as follows:

<u>Budgeted Expenditures in Millions of Dollars</u>	<u>Filing Fee Amount</u>
Under 1	\$100.00
At least 1 but less than 3	\$175.00
At least 3 but less than 5	\$250.00
At least 5 but less than 10	\$425.00
At least 10 but less than 25	\$625.00
25 and over	\$850.00

Sample Community College

Outline of Major Changes

- A. Revised the Iowa Public Employees Retirement System (IPERS) note disclosure (Note 8) and the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) note disclosure (Note 9) for changes in contribution rates effective July 1, 2010.
- B. Revised the Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 for implementation of SAS No. 117.
- C. Revised the Other Postemployment Benefits (OPEB) note disclosure (Note 10) and the Schedule of Funding Progress for the Retiree Health Plan Required Supplementary Information for third year reporting under GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.
- D. Removed the allocation of support services from Schedule 4, Schedule of Revenues, Expenditure and Changes in Fund Balance, Unrestricted Fund Education and Support since the allocation is no longer required by the Iowa Department of Education.

Additional Notes

- 1. Also attached are a sample Corrective Action Plan for Federal Audit Findings (See **Sample A**) and a sample Summary Schedule of Prior Federal Audit Findings (See **Sample B**). These are provided for illustrative purposes only and are not required to be bound in the regular audit or filed with our office.
- 2. The attached sample Corrective Action Plan refers the user to the College’s response to the auditor’s comment for the detailed corrective action planned. If the College’s response to the auditor’s comment does not include the details of its planned corrective action, this information should be included in the Corrective Action Plan itself.
- 3. If the College has deposits in credit unions at June 30, 2011, Note 2 should be modified to indicate whether the deposits were covered by federal depository insurance, collateralized with securities or letters of credit held by the College or the College’s agent in the College’s name or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.
- 4. If the College participates in the Iowa School Cash Anticipation Program (ISCAP), an example footnote is included in the Sample Community School District sample report.
- 5. Following is an example footnote for an early retirement or other benefit plan or policy which meets the definition of a “termination benefit” as defined by GASB Statement No. 47.

Sample Note – Termination Benefits

The College offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least fifteen years of full-time service to the College and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Directors and no more than five employees per year will be granted benefits under the policy.

Early retirement benefits are equal to 60% of the employee's regular contractual salary in effect during the employee's last year of employment, with a maximum retirement benefit of \$30,000.

Early retirement benefits will be paid in three equal installments in January following the start of retirement. The second payment will be paid the following July and the third and final payment shall be paid during July of the next year.

At June 30, 2011, the College has obligations to ten participants with a total liability of \$171,285. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$125,534.

Additional Notes (continued)**Sample A**

Sample Entity

Corrective Action Plan for Federal Audit Findings

Year Ended June 30, 2011

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
III-A-11	Unsupported Expenditures	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Tom Claim, Sample Entity Administrator, (515) YYY-XXXX	Documentation to support expenditures will be maintained effective immediately. The questioned costs were returned to the Iowa Department of Economic Development on October 14, 2011.
III-B-11	Segregation of Duties over Federal Revenues	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Julie Ledger, Sample Entity Treasurer, (515) YYY-XXXX	October 31, 2011
III-C-11	Financial Reporting	As noted in our response to the auditor's comment, we have implemented an independent review process which requires review by the Sample Entity Program Director, effective immediately. In addition, beginning with the December, 2011 quarterly report, we will submit federal financial reports within the required time frame.	Joe Smith, Program Director, (515) YYY-XXXX	Review procedures have been implemented. Timely report filing will begin with the quarter ending December, 2011.

Sample B**Additional Notes (continued)**

Sample Entity

Summary Schedule of Prior Federal Audit Findings

Year ended June 30, 2011

Comment Reference	Comment Title	Status	If not corrected, provide planned corrective action or other explanation
III-C-08 III-B-09 III-B-010	Minority Business Enterprise/ Women Business Enterprise (MBE/WBE)	No longer valid; does not warrant further action.	Over two years have passed since the reporting of this audit finding. The Grantor Agency has not followed up on this finding, nor has a management decision been issued on its part.
III-A-09 III-A-10	Segregation of Duties over Federal Revenues	Not corrected.	Plan to segregate duties for custody, recordkeeping and reconciling among Sample Entity staff.
III-C-09 III-C-10	Capital Assets	Corrective action taken.	
III-D-10	Financial Reporting	Partially corrected.	Review procedures have been implemented. Timely report filing will begin with the quarter ending December, 2011.



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NEWS RELEASE

Contact:

FOR RELEASE _____

Auditor of State David A. Vaudt today released an audit report on Sample Community College in Premium City, Iowa.

The College's primary government operating revenues totaled \$_____ for the year ended June 30, 2011, a(n) _ % increase (decrease) from the prior year, and included \$_____ from tuition and fees, \$_____ from the federal government and \$_____ from auxiliary enterprises.

Operating expenses for the year totaled \$_____, a(n) _ % increase (decrease) from the prior year, and included \$_____ for salaries and benefits, \$_____ for services and \$_____ for materials and supplies.

Non-operating revenues totaled \$_____, including \$_____ from the state, \$_____ from property tax and \$_____ from interest income. Non-operating expenses totaled \$_____, consisting primarily of interest on indebtedness of \$_____. The College's net assets increased \$_____ during the year.

This report contains recommendations to the Community College Board of Directors and other College officials. For example, _____
_____. The College has responded
_____.

A copy of the audit report is available for review in the Board Secretary's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.

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SAMPLE COMMUNITY COLLEGE

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JUNE 30, 2011

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Sample Community College

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Directors		
Marsha P. Edberg	President	2011
Joseph Dijon	Vice President	2013
C. Barrett Cheltsey	Member	2011
Duncan Delancy	Member	2011
Nicole E. Redmon	Member	2011
Jessica Valens	Member	2011
Diana S. Dante	Member	2013
Sandra D. Jamison	Member	2013
Davis S. Townsend	Member	2013

Community College

Dr. Elizabeth A. Rosecranz	President
Morris Cody	Business Manager and Board Secretary
William G. Whaley	Board Treasurer

Sample Community College



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Board of Directors of
Sample Community College:

We have audited the accompanying financial statements of Sample Community College, Premium City, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2011, which collectively comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of Sample Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component units of the Community College discussed in note 1, which represent 100% of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to those units, is based on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. The financial statements of the component units were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Sample Community College and its aggregate discretely presented component units at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2011 on our consideration of Sample Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 38 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sample Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DAVID A. VAUDT, CPA
Auditor of State

September 22, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sample Community 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, 2011. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- ◆ Operating revenues increased less than 1%, or approximately \$36,000, over fiscal year 2010. Tuition and fees and auxiliary enterprises revenues increased and federal appropriations decreased.
- ◆ Operating expenses were 1%, or approximately \$154,000, more in fiscal year 2011 than in fiscal year 2010. Liberal arts and sciences, vocational technical, adult education and auxiliary enterprises increased, while cooperative services decreased.
- ◆ The College's net assets increased 23.9%, or approximately \$1,250,000, from June 30, 2010.

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 Assets, a Statement of Revenues, Expenses and Changes in Net Assets and a Statement of Cash Flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

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

Required Supplementary Information presents a Schedule of Funding Progress for the Retiree Health Plan.

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

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities and net assets of the College as a whole at the end of the fiscal year. The Statement of Net Assets 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 Assets includes year-end information concerning current and noncurrent assets, current and noncurrent liabilities and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. 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.

Net Assets

	June 30	
	2011	2010
Current and other assets	\$ 14,896,038	14,498,146
Capital assets, net of accumulated depreciation/amortization	11,381,466	10,644,548
Total assets	26,277,504	25,142,694
Current liabilities	8,157,349	7,742,743
Noncurrent liabilities	11,636,889	12,166,216
Total liabilities	19,794,238	19,908,959
Net assets:		
Invested in capital assets, net of related debt	4,565,405	3,063,487
Restricted	583,018	580,926
Unrestricted	1,334,843	1,589,322
Total net assets	\$ 6,483,266	5,233,735

Comparison of Net Assets

The largest portion of the College's net assets (70%) is invested in capital assets (e.g., land, buildings, intangibles and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (9%) includes resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The remaining net assets (21%) are the unrestricted net assets which can be used to meet the College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Assets

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

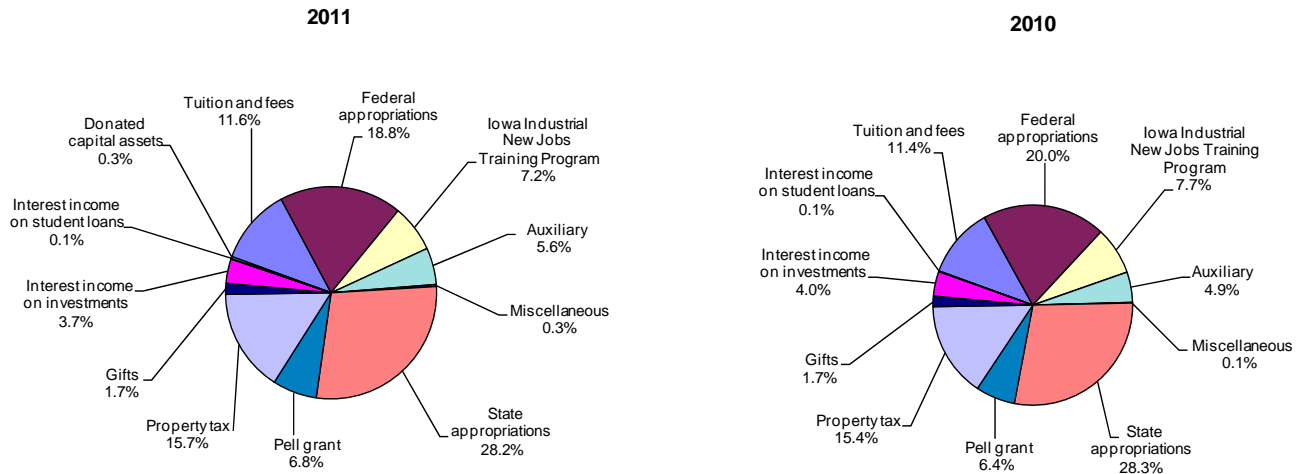
In general, a public college, such as Sample Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and 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. Non-operating both 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/amortization, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets

	Year ended June 30,	
	2011	2010
Operating revenues:		
Tuition and fees	\$ 2,028,326	1,968,263
Federal appropriations	3,297,372	3,444,981
Iowa Industrial New Jobs Training Program	1,256,690	1,322,532
Auxiliary	988,698	836,789
Miscellaneous	51,277	13,360
Total operating revenues	7,622,363	7,585,925
Total operating expenses	15,096,059	14,941,994
Operating loss	(7,473,696)	(7,356,069)
Non-operating revenues (expenses):		
State appropriations	4,949,771	4,882,394
Pell grant	1,197,307	1,100,000
Property tax	2,751,806	2,641,482
Gifts	289,662	287,993
Interest income on investments	642,905	684,335
Interest income on student loans	17,371	15,972
Donated capital assets	50,416	-
Loss on sale of capital assets	(5,766)	(10,247)
Interest expense	(1,170,245)	(1,492,628)
Net non-operating revenues	8,723,227	8,109,301
Increase in net assets	1,249,531	753,232
Net assets beginning of year	5,233,735	4,480,503
Net assets end of year	\$ 6,483,266	5,233,735

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in net assets at the end of the fiscal year.

Total Revenues by Source



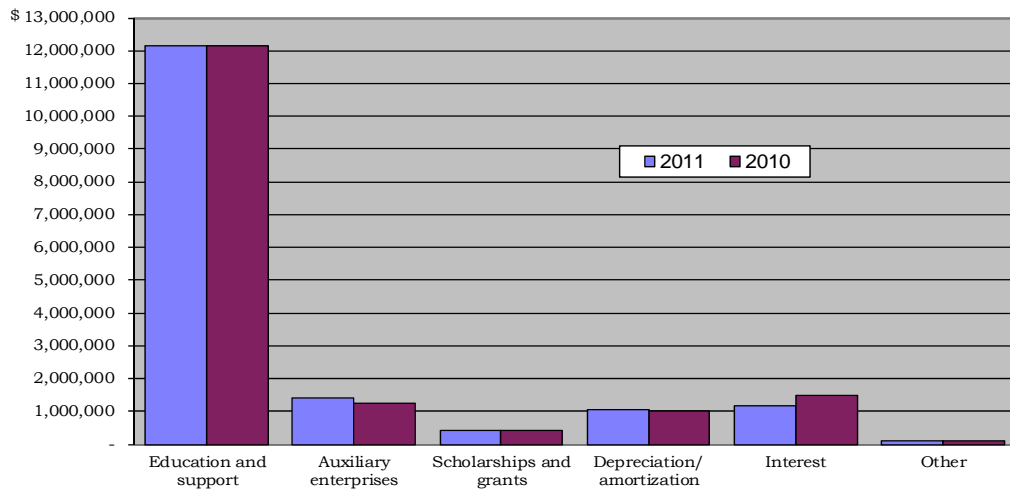
In fiscal year 2011, operating revenues increased approximately \$36,000 (.5%). The increase was a result of the following changes:

- ◆ Tuition and fees increased approximately \$60,000 due to a slight increase in the number of students.
- ◆ Although federal student financial aid programs increased due to the increase in students, federal appropriations overall decreased approximately \$148,000.
- ◆ Revenues from auxiliary enterprises increased approximately \$152,000, due partially to additional students purchasing books and supplies. The bookstore was expanded during the year to offer items for resale.

Operating Expenses

	Year ended June 30,	
	2011	2010
Education and support:		
Liberal arts and sciences	\$ 1,176,557	1,059,276
Vocational technical	3,485,928	3,595,175
Adult education	1,073,134	1,000,211
Cooperative services	3,061,181	3,267,636
Administration	519,564	493,400
Student services	673,346	666,437
Learning resources	159,018	149,990
Physical plant	1,233,831	1,235,648
General institution	724,163	682,082
Auxiliary enterprises	1,417,534	1,243,969
Scholarships and grants	434,681	422,924
Loan cancellations and bad debts	15,348	18,479
Administrative and collection costs	90,397	94,791
Depreciation/amortization	1,031,377	1,011,976
Total	<u>\$ 15,096,059</u>	<u>14,941,994</u>

Total Expenses



In fiscal year 2011, operating expenses increased approximately \$154,000 (1%). The following factors explain some of the changes:

- ◆ Liberal arts and sciences, vocational technical and adult education, the three functions relating to student instruction, increased approximately \$81,000. This was due to increases in the number of students, personal services and expenses for postemployment benefits.
- ◆ Cooperative services decreased approximately \$206,000 as a result of smaller payments made to the companies participating in the Iowa Industrial New Jobs Training Program. These expenses are dependent on the needs of the participating companies.
- ◆ Expenses for auxiliary enterprises increased approximately \$174,000 due to the expansion of the bookstore and the number of students.

Statement of Cash Flows

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

Cash Flows

	Year ended June 30,	
	2011	2010
Cash provided (used) by:		
Operating activities	\$ (5,749,245)	(5,192,287)
Non-capital financing activities	8,897,372	8,301,982
Capital and related financing activities	(2,967,835)	(3,478,337)
Investing activities	660,276	698,326
Net increase in cash	840,568	329,684
Cash beginning of year	4,241,589	3,911,905
Cash end of year	\$ 5,082,157	4,241,589

Cash used by operating activities includes tuition, fees, operating grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, pell grant, 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the College had approximately \$11.4 million invested in capital assets, net of accumulated depreciation/amortization of approximately \$6.7 million. Depreciation expense/amortization totaled \$1,031,377 for fiscal year 2010. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30,	
	2011	2010
Land	\$ 374,635	374,635
Buildings	7,106,990	6,978,255
Construction in progress	1,246,089	446,089
Other structures and improvements	343,855	328,895
Intangible assets	45,000	50,000
Equipment and vehicles	2,264,897	2,466,674
Total	<u>\$ 11,381,466</u>	<u>10,644,548</u>

Planned capital expenditures for the fiscal year ending June 30, 2012 and beyond includes the completion of the new academic building. The College will spend approximately \$125,000 on computer equipment and technology upgrades for the computer lab. The College also plans to repair/replace roofs on campus buildings at an estimated cost of \$75,000. More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

Debt

At June 30, 2011, the College had approximately \$13.9 million in debt outstanding, a decrease of \$513,538 from June 30, 2010. The table below summarizes these amounts by type.

Outstanding Debt

	June 30,	
	2011	2010
Anticipatory warrants payable	\$ 2,662,000	2,375,538
Capital lease payable	356,061	425,736
Certificates payable	4,082,000	4,117,000
Notes payable	1,310,000	1,750,000
Bonds payable	5,850,000	6,175,000
Total	<u>\$ 14,260,061</u>	<u>14,843,274</u>

More detailed information about the College's outstanding debt is presented in Notes 5 and 6 to the financial statements.

ECONOMIC FACTORS

Sample Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities which may potentially become challenges for the College to meet are:

- ◆ State aid for fiscal year 2012 was increased 2% from fiscal year 2011.
- ◆ Expenses will continue to increase. As the number of students increases, the costs associated with serving them continue to increase.
- ◆ Facilities at the College require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

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 Sample Community College, 5555 Main Street, Premium City, Iowa 55555.

Sample Community College

Basic Financial Statements

Sample Community College

Statement of Net Assets

June 30, 2011

	Primary Government	Component Units
Assets		
Current assets:		
Cash and investments:		
Cash and pooled investments	\$ 5,082,157	678,508
Receivables:		
Accounts, net of allowance for doubtful accounts of \$6,922	223,341	36,549
Pledges, net of allowance for doubtful pledges of \$19,215	-	237,992
Accrued interest	-	1,654
Property tax:		
Delinquent	126,000	-
Succeeding year	2,612,000	-
Notes, net of allowance for doubtful accounts of \$9,221	69,215	-
Iowa Industrial New Jobs Training Program	657,446	-
Due from Sample Community College Facilities Foundation	11,662	-
Due from other governments	2,195,789	-
Prepaid expenses	21,792	3,775
Inventories	339,163	-
Total current assets	<u>11,338,565</u>	<u>958,478</u>
Noncurrent assets:		
Pooled investments	450,752	522,162
Endowment investments	52,128	-
Receivables:		
Pledges, net of allowance for doubtful pledges of \$50,945	-	495,235
Notes, net of allowance for doubtful notes of \$77,736	217,031	-
Iowa Industrial New Jobs Training Program	2,837,562	-
Capital assets, net of accumulated depreciation/amortization	11,381,466	496,598
Total noncurrent assets	<u>14,938,939</u>	<u>1,513,995</u>
Total assets	<u>26,277,504</u>	<u>2,472,473</u>

Sample Community College

Statement of Net Assets

June 30, 2011

	Primary Government	Component Units
Liabilities		
Current liabilities:		
Accounts payable	539,855	228,247
Salaries and benefits payable	277,077	-
Due to Sample Community College	-	11,662
Contracts payable	210,870	-
Accrued interest payable	18,667	1,890
Anticipatory warrants payable	2,662,000	-
Accrued interest payable on anticipatory warrants	147,018	-
Deferred revenue:		
Succeeding year property tax	2,612,000	-
Other	276,664	4,621
Compensated absences payable	126,454	-
Deposits held in custody for others	241,530	-
Capital lease payable	70,214	-
Certificates payable	210,000	-
Notes payable	440,000	16,410
Bonds payable	325,000	-
Total current liabilities	8,157,349	262,830
Noncurrent liabilities:		
Compensated absences payable	10,523	-
Capital lease payable	285,847	-
Certificates payable	3,872,000	-
Notes payable	870,000	35,010
Bonds payable	5,525,000	-
Net OPEB liability	792,100	-
Refundable advances on student loans	281,419	-
Total noncurrent liabilities	11,636,889	35,010
Total liabilities	19,794,238	297,840
Net assets		
Invested in capital assets, net of related debt	4,565,405	445,178
Restricted:		
Nonexpendable:		
Scholarships and fellowships	52,128	501,239
Expendable:		
Scholarships and fellowships	1,106	254,139
Loans	17,963	-
Debt service	195,948	-
Cash reserve	263,719	-
Other	52,154	153,954
Unrestricted	1,334,843	820,123
Total net assets	\$ 6,483,266	2,174,633

See notes to financial statements.

Exhibit B

Sample Community College
Statement of Revenues, Expenses and
Changes in Net Assets

Year ended June 30, 2011

	<u>Primary Government</u>	<u>Component Units</u>
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$922,625	\$ 2,028,326	-
Federal appropriations	3,297,372	-
Iowa Industrial New Jobs Training Program	1,256,690	-
Auxiliary enterprises, net of scholarship allowances of \$346,247	988,698	-
Contributions and pledges, net of doubtful pledges of \$48,553	-	598,423
Rental income and facility management	-	156,332
Royalties and commissions	-	86,559
Miscellaneous	51,277	2,642
Total operating revenues	<u>7,622,363</u>	<u>843,956</u>
Operating expenses:		
Education and support:		
Liberal arts and sciences	1,176,557	-
Vocational technical	3,485,928	-
Adult education	1,073,134	-
Cooperative services	3,061,181	-
Administration	519,564	-
Student services	673,346	-
Learning resources	159,018	-
Physical plant	1,233,831	-
General institution	724,163	-
Auxiliary enterprises	1,417,534	-
Scholarships and grants	434,681	-
Loan cancellations and bad debts	15,348	-
Administrative and collection costs	90,397	-
Facility operations	-	76,550
Program expenses	-	69,221
Management and general expenses	-	35,910
Fund raising expenses	-	32,910
Depreciation/amortization	1,031,377	22,869
Total operating expenses	<u>15,096,059</u>	<u>237,460</u>
Operating income (loss)	<u>(7,473,696)</u>	<u>606,496</u>

Sample Community College
Statement of Revenues, Expenses and
Changes in Net Assets

Year ended June 30, 2011

	Primary Government	Component Units
Non-operating revenues (expenses):		
State appropriations	4,949,771	-
Pell grant	1,197,307	-
Property tax	2,751,806	-
Gifts from Sample Community College Facilities		
Foundation and Sample Community College Foundation	289,662	-
Additions to permanent endowment	-	32,000
Interest income on investments	642,905	21,286
Interest income on student loans	17,371	-
Other non-operating revenues	-	1,269
Gifts to Sample Community College	-	(289,662)
Donated capital assets	50,416	-
Gain (loss) on sale of capital assets	(5,766)	2,369
Interest on indebtedness	(1,170,245)	(1,965)
Net non-operating revenues (expenses)	<u>8,723,227</u>	<u>(234,703)</u>
Change in net assets	1,249,531	371,793
Net assets beginning of year	<u>5,233,735</u>	<u>1,802,840</u>
Net assets end of year	<u><u>\$ 6,483,266</u></u>	<u><u>2,174,633</u></u>

See notes to financial statements.

Exhibit C

Sample Community College

Statement of Cash Flows

Year ended June 30, 2011

Cash flows from operating activities:	
Tuition and fees	\$ 1,976,768
Federal appropriations	3,336,036
Iowa Industrial New Jobs Training Program	1,608,813
Payments to employees for salaries and benefits	(7,853,035)
Payments to suppliers for goods and services	(3,222,243)
Payments to NJTP recipients	(903,791)
Scholarships	(434,681)
Payments to subrecipients	(1,243,191)
Loans issued to students	(98,000)
Loan collections from students	57,031
Auxiliary enterprises	975,771
Other receipts	51,277
Net cash used by operating activities	<u>(5,749,245)</u>
Cash flows from non-capital financing activities:	
State appropriations	4,949,771
Pell grant	1,197,307
Property tax	2,744,264
Gifts	287,066
Federal direct lending receipts	984,677
Federal direct lending disbursements	(984,677)
Proceeds from issuance of debt	140,000
Principal paid on debt	(175,000)
Interest paid on debt	(362,726)
Agency receipts	386,842
Agency disbursements	(270,152)
Net cash provided by non-capital financing activities	<u>8,897,372</u>
Cash flows from capital and related financing activities:	
Proceeds from issuance of debt	2,317,587
Proceeds from sale of capital assets	5,436
Acquisition of capital assets	(1,618,211)
Principal paid on debt and lease	(2,865,800)
Interest paid on debt and lease	(806,847)
Net cash used by capital and related financing activities	<u>(2,967,835)</u>
Cash flows from investing activities:	
Interest on investments	<u>660,276</u>
Net increase in cash	840,568
Cash and cash equivalents beginning of year	<u>4,241,589</u>
Cash and cash equivalents end of year	<u>\$ 5,082,157</u>

Sample Community College

Statement of Cash Flows

Year ended June 30, 2011

**Reconciliation of operating loss to net cash
used by operating activities:**

Operating loss	\$ (7,473,696)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation/amortization	1,031,377
Provisions for doubtful accounts	15,348
Changes in assets and liabilities:	
(Increase) in accounts receivable	(64,485)
(Increase) in notes receivable	(40,969)
Decrease in NJTP receivable	352,123
(Increase) in due from other governments	(26,549)
(Increase) in prepaid expenses	(3,254)
(Increase) in inventories	(25,316)
(Decrease) in accounts payable	(47,641)
Increase in salaries payable	13,194
Increase in deferred revenue	65,213
Increase in compensated absences payable	3,236
Increase in other postemployment benefits	380,600
Increase in early retirement payable	27,450
Increase in refundable advances on student loans	44,124
Total adjustments	<u>1,724,451</u>
Net cash used by operating activities	<u>\$ (5,749,245)</u>

Noncash, capital and related financing activities:

The College received donated capital assets with a fair market value of \$50,416.

See notes to financial statements.

Sample Community College

Statement of Net Assets
Component Units

June 30, 2011

	Sample Community College Facilities Foundation	Sample Community College Foundation	Total
Assets			
Current assets:			
Cash and investments:			
Cash and pooled investments	\$ 256,945	421,563	678,508
Receivables:			
Accounts	36,549	-	36,549
Pledges, net of allowance for doubtful pledges of \$19,215	-	237,992	237,992
Accrued interest	1,654	-	1,654
Prepaid expenses	1,256	2,519	3,775
Total current assets	<u>296,404</u>	<u>662,074</u>	<u>958,478</u>
Noncurrent assets:			
Cash and pooled investments	-	522,162	522,162
Pledges, net of allowance for doubtful pledges of \$50,945	-	495,235	495,235
Capital assets, net of accumulated depreciation	496,598	-	496,598
Total noncurrent assets	<u>496,598</u>	<u>1,017,397</u>	<u>1,513,995</u>
Total assets	<u>793,002</u>	<u>1,679,471</u>	<u>2,472,473</u>
Liabilities			
Current liabilities:			
Accounts payable	14,985	213,262	228,247
Due to Sample Community College	11,662	-	11,662
Accrued interest payable	1,890	-	1,890
Deferred revenue	4,621	-	4,621
Notes payable	16,410	-	16,410
Total current liabilities	<u>49,568</u>	<u>213,262</u>	<u>262,830</u>
Noncurrent liabilities:			
Notes payable	35,010	-	35,010
Total liabilities	<u>84,578</u>	<u>213,262</u>	<u>297,840</u>
Net assets			
Invested in capital assets, net of related debt	445,178	-	445,178
Restricted:			
Nonexpendable:			
Scholarships and fellowships	-	501,239	501,239
Expendable:			
Scholarships and fellowships	-	254,139	254,139
Other	-	153,954	153,954
Unrestricted	263,246	556,877	820,123
Total net assets	<u>\$ 708,424</u>	<u>1,466,209</u>	<u>2,174,633</u>

See notes to financial statements.

Sample Community College
Statement of Revenues, Expenses and
Changes in Net Assets
Component Units

Year ended June 30, 2011

	Sample Community College Facilities Foundation	Sample Community College Foundation	Total
Operating revenues:			
Contributions and pledges, net of doubtful pledges of \$48,553	\$ -	598,423	598,423
Rental income and facility management	156,332	-	156,332
Royalties and commissions	86,559	-	86,559
Miscellaneous	2,642	-	2,642
Total operating revenues	<u>245,533</u>	<u>598,423</u>	<u>843,956</u>
Operating expenses:			
Facility operations	76,550	-	76,550
Program expenses	-	69,221	69,221
Management and general expenses	16,220	19,690	35,910
Fund raising expenses	-	32,910	32,910
Depreciation	22,869	-	22,869
Total operating expenses	<u>115,639</u>	<u>121,821</u>	<u>237,460</u>
Operating income	<u>129,894</u>	<u>476,602</u>	<u>606,496</u>
Non-operating revenues (expenses):			
Interest income on investments	8,621	12,665	21,286
Other non-operating revenues	-	1,269	1,269
Gain on sale of capital assets	2,369	-	2,369
Gifts to Sample Community College	(50,000)	(239,662)	(289,662)
Remittances to Sample Community College Facilities Foundation	-	(75,000)	(75,000)
Reimbursements from Sample Community College Foundation	75,000	-	75,000
Interest on indebtedness	(1,965)	-	(1,965)
Net non-operating revenues (expenses)	<u>34,025</u>	<u>(300,728)</u>	<u>(266,703)</u>
Income before additions to permanent endowments	163,919	175,874	339,793
Additions to permanent endowments	-	32,000	32,000
Change in net assets	<u>163,919</u>	<u>207,874</u>	<u>371,793</u>
Net assets beginning of year	544,505	1,258,335	1,802,840
Net assets end of year	<u>\$ 708,424</u>	<u>1,466,209</u>	<u>2,174,633</u>

See notes to financial statements.

Sample Community College

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

Sample Community College is a publicly supported school established and operated by Merged Area XX under the provisions of Chapter 260C of the Code of Iowa. Sample Community College offers programs of adult and continuing education, lifelong learning, community education and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Sample Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Sample Community College maintains campuses in Premium City and Studentsville, Iowa, and has its administrative offices in Premium City. Sample Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area XX.

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

A. Reporting Entity

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

These financial statements present Sample Community College (the primary government) and its component units. The 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 and a report has been issued under separate cover. The audited financial statements are available at the College.

Discrete Component Units

Sample Community College 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 Sample Community College. The Facilities Foundation is governed by a Board of Directors who are appointed by the College. Although the College does not control the timing or amount of receipts from the Facilities Foundation, the majority of the resources held are used for the benefit of Sample Community College and its students.

Sample Community College Foundation is a legally separate, tax-exempt foundation. The Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Sample Community College. The Foundation is governed by a Board of Directors who are appointed by the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources held are used for the benefit of Sample Community College and its students.

B. Basis of 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 asset categories/components:

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

Restricted Net Assets:

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

Expendable – Net assets 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 Assets: Net assets not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the College.

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements 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.

C. Measurement Focus and Basis of Accounting

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

The College applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Assets, Liabilities and Net Assets

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

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

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

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

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

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2011 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements, intangibles, 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. No interest costs were capitalized since there were no qualifying assets.

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

<u>Asset Class</u>	<u>Amount</u>
Land, buildings and improvements	\$ 25,000
Intangible assets	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	20-50
Intangibles	2-20
Equipment	2-20
Vehicles	3-10

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

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

Deferred Revenue – Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets have not been spent for their intended purpose. Deferred revenue consists of unspent grant proceeds, succeeding year property tax receivable, and advanced student tuition.

Compensated Absences – College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2011.

Refundable Advances on Student Loans – The Perkins Federal Loan program requires a return of federal capital contribution if the United States Government terminates the program.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, word processing, central stores and athletics.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.

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.

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

E. Scholarship Allowances and Student Aid

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

(2) Cash and Pooled Investments

The College's deposits in banks at June 30, 2011 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 College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2011, the College had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. Treasury Note	<u>\$ 502,880</u>	December 2010

At June 30, 2011, the College had investments in the Iowa Schools Joint Investment Trust, as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ 297,463
Direct Government Obligations Portfolio	<u>113,211</u>
Total	<u>\$ 410,674</u>

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

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

Credit risk - The College's investments in the Iowa Schools Joint Investment Trust at June 30, 2011 were rated Aaa by Moody's Investors Service.

(3) Inventories

The College's inventories at June 30, 2011 are as follows:

Type	Amount
Supplies and materials	\$ 63,118
Work in process	44,983
Merchandise held for resale	231,062
Total	<u>\$ 339,163</u>

(4) Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated/amortized:				
Land	\$ 374,635	-	-	374,635
Construction in progress	446,089	1,950,000	1,150,000	1,246,089
Total capital assets not being depreciated/amortized	820,724	1,950,000	1,150,000	1,620,724
Capital assets being depreciated/amortized:				
Buildings	10,252,767	336,791	-	10,589,558
Improvements other than buildings	549,463	42,618	-	592,081
Intangibles	100,000	-	-	100,000
Equipment and vehicles	4,782,519	600,088	249,771	5,132,836
Total capital assets being depreciated/amortized	15,684,749	979,497	249,771	16,414,475
Less accumulated depreciation/amortization for:				
Buildings	3,274,512	208,056	-	3,482,568
Intangibles	50,000	5,000	-	55,000
Improvements other than buildings	220,568	27,658	-	248,226
Equipment and vehicles	2,315,845	790,663	238,569	2,867,939
Total accumulated depreciation/amortization	5,860,925	1,031,377	238,569	6,653,733
Total capital assets being depreciated/amortized, net	9,823,824	(51,880)	11,202	9,760,742
Capital assets, net	\$ 10,644,548	1,898,120	1,161,202	11,381,466

Equipment and vehicles includes \$420,000 of assets acquired under a capital lease.

(5) Anticipatory Warrants

Anticipatory warrants are warrants which are legally drawn on College funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented for redemption.

During the year ended June 30, 2011, the College issued \$2,317,587 of anticipatory warrants at 4.25% interest per annum for building construction.

Anticipatory warrant activity for the year ended June 30, 2011 is as follows:

Fund	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year
Unrestricted	\$ 2,375,538	2,317,587	2,031,125	2,662,000

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Capital Lease	Certificates Payable	Notes Payable	Bonds Payable	Net OPEB Liability	Total
Balance beginning of year	\$ 425,736	4,117,000	1,750,000	6,175,000	411,500	12,879,236
Additions	-	140,000	-	-	380,600	520,600
Reductions	69,675	175,000	440,000	325,000	-	1,009,675
Balance end of year	\$ 356,061	4,082,000	1,310,000	5,850,000	792,100	12,390,161
Due within one year	\$ 70,214	210,000	440,000	325,000	-	1,045,214

Capital Lease

The College entered into an agreement to lease data processing equipment. The agreement is for a period of twelve years at an interest rate of 4.50% per annum. The lease expires in 2020 and also requires the payment of normal maintenance charges.

The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments under the agreement described above in effect at June 30, 2011:

Year Ending June 30,	Amount
2012	\$ 76,294
2013	76,294
2014	76,294
2015	65,412
2016	32,770
2017-2020	147,465
Total minimum lease payments	474,529
Less amount representing interest	(118,468)
Present value of net minimum lease payments	\$ 356,061

Payments under this agreement for the year ended June 30, 2011 totaled \$76,294.

Certificates Payable

In accordance with agreements dated between May 15, 2003 and March 11, 2011, the College issued certificates totaling \$5,642,000 with interest rates ranging from 3.75% to 7.80% per annum. The debt was incurred to fund the development and training costs related to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding tax, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 210,000	262,393	472,393
2013	256,000	246,118	502,118
2014	342,000	225,638	567,638
2015	398,000	197,423	595,423
2016	398,000	142,844	540,844
2017-2021	1,880,000	357,323	2,237,323
2022-2023	598,000	42,996	640,996
Total	\$ 4,082,000	1,474,735	5,556,735

Notes Payable

The College issued notes dated July 1, 2004 for the purchase and construction of College properties as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2011 notes payable indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	4.00%	\$ 440,000	53,270	493,270
2013	4.10	440,000	35,670	475,670
2014	4.10	430,000	17,630	447,630
Total		\$ 1,310,000	106,570	1,416,570

Bonds Payable

The College issued bonds dated July 1, 2007 for the construction of the Career Technologies Building as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2011 bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	4.60%	\$ 325,000	379,325	704,325
2013	4.60	330,000	348,125	678,125
2014	4.70	330,000	316,445	646,445
2015	4.70	330,000	284,435	614,435
2016	4.80	340,000	252,425	592,425
2017-2021	4.80	1,500,000	1,068,040	2,568,040
2022-2026	4.80	1,375,000	488,570	1,863,570
2027-2031	4.80	1,170,000	57,250	1,227,250
2032-2035	4.80-5.30	150,000	8,725	158,725
Total		\$ 5,850,000	3,203,340	9,053,340

(7) Operating Leases

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2012 and 2015 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 or remaining non-cancelable lease terms in excess of one year as of June 30, 2011:

Year Ending June 30,	Amount
2012	\$ 132,543
2013	125,543
2014	125,543
2015	114,291
Total	\$ 497,920

Rents for the year ended June 30, 2011 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$132,543.

(8) Iowa Public Employees Retirement System (IPERS)

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

Plan members are required to contribute 4.50% of their annual covered salary and the College is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$250,572, \$238,640 and \$226,457, respectively, equal to the required contributions for each year.

(9) Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF)

The College contributes to the TIAA-CREF retirement program which is a defined contribution plan. TIAA administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.50% and the College is required to contribute 6.95%. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2011 were \$62,023 and \$39,883, respectively.

(10) Other Postemployment Benefits (OPEB)

Plan Description - The College operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 200 active and 12 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 507,500
Interest on net OPEB obligation	20,575
Adjustment to annual required contribution	<u>(16,475)</u>
Annual OPEB cost	511,600
Contributions made	<u>(131,000)</u>
Increase in net OPEB obligation	380,600
Net OPEB obligation beginning of year	<u>411,500</u>
Net OPEB obligation end of year	<u>\$ 792,100</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the College contributed \$131,000 to the medical plan. Plan members eligible for benefits contributed \$124,500, or 49% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 307,400	20.6%	\$ 244,000
2010	507,500	18.9%	411,500
2011	511,600	25.6%	792,100

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$3.273 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.273 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,000,000 and the ratio of the UAAL to covered payroll was 36.4%. As of June 30, 2011, there were no trust fund assets.

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

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

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the College's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2009.

Projected claim costs of the medical plan are \$823 per month for retirees less than age 65 and \$283 per month for retirees who have attained age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Risk Pool

The College is a member of the Insurance Management Program for Area Community Colleges (IMPACC), as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a risk-sharing pool whose six members are Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance for its members. The Program provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials bonds, property and inland marine, errors and omission and College Board legal liability, workers compensation and employers liability, crime insurance and fiduciary bonds and boiler and machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual contributions to the Program fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Program's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year.

The College's contributions to the risk pool are recorded as prepaid expense from its operating funds at the time of payment to the risk pool. The College amortizes the expense over the periods for which the pool is expected to provide coverage.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self insured retention of \$200,000 per claim, except for errors and omissions which has a retention of \$100,000. Excess insurance for all lines is \$800,000 per occurrence, except for errors and omissions which is \$900,000 and workers compensation which is \$300,000. There is additional excess above that for another \$9,000,000 per member. Property is insured with excess coverage over the self insured retention of up to \$250,000,000. Flood and earthquake exposures are covered in the property program each having \$16,000,000 limits. Also covered is employee fidelity up to \$1,000,000 and boiler and machinery coverage up to \$100,000,000. Stop gap loss protection is provided above the member's loss fund.

The Program's intergovernmental contract with its members provides that in the event any claim or series of claims exceeds 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 such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the College's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

Members agree to continue membership in the Program for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the By-laws, may withdraw from the Program. Upon withdrawal, payments for all claims and claims expenses for the years of membership continue until all claims for those years are settled.

The College also carries commercial insurance purchased from other insurers for coverage associated with catastrophic, accidental death and dismemberment, and underground storage tanks. 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.

(12) New Jobs Training Programs

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area XX 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 tax. Since inception, the Community College has administered twenty-five projects with six currently receiving project funding. The remaining nineteen projects have been completed, of which six are in repayment process and thirteen have been fully repaid.

(13) Subsequent Events

Anticipatory Warrants – On July 14, 2011, the College issued anticipatory warrants for \$2,345,000. The debt was incurred as allowed by Chapter 74 of the Code of Iowa and must be repaid by July 13, 2012.

Iowa Industrial New Jobs Training Program (NJTP) – On August 18, 2011, the College issued certificates totaling \$810,000 for a NJTP project at Attorneysville, Iowa. The debt was incurred as allowed by Chapter 260E of the Code of Iowa and will mature beginning on August 17, 2012.

Required Supplementary Information

Sample Community College

Schedule of Funding Progress
for the Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 3,011	3,011	0.0%	\$ 8,599	35.0%
2010	Jul 1, 2008	-	3,011	3,011	0.0	8,756	34.4
2011	Jul 1, 2010	-	3,273	3,273	0.0	9,000	36.4

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

See accompanying independent auditor's report.

Other Supplementary Information

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 Educational 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.

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

Endowment Funds – The Endowment Funds are used to account for resources, the principal of which is maintained inviolate to conform with restrictions by donors or other outside agencies. Generally, only the income from these funds may be used.

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

Sample Community College
 Budgetary Comparison Schedule of Expenditures –
 Budget to Actual

Year ended June 30, 2011

Funds/Levy	Original Budget	Amended Budget	Actual	Variance between Actual and Amended Budget
Unrestricted	\$ 9,256,623	9,863,721	9,374,620	489,101
Restricted	2,986,536	2,986,536	1,567,210	1,419,326
Unemployment	27,000	27,000	7,945	19,055
Insurance	34,000	34,000	23,976	10,024
Early Retirement	104,000	104,000	98,700	5,300
Equipment Replacement	110,000	110,000	-	110,000
Total Restricted	3,261,536	3,261,536	1,697,831	1,563,705
Plant	1,846,358	1,846,358	1,222,291	624,067

Note to Budgetary Reporting:

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

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

For the year ended June 30, 2011, the College's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report.

Sample Community College

Balance Sheet
All Funds

June 30, 2011

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Assets			
Cash and investments:			
Cash and pooled investments	\$ 2,795,423	1,531,053	13,201
Receivables:			
Accounts (less allowance of \$6,922)	126,932	49,814	-
Property tax:			
Delinquent	30,000	7,000	-
Succeeding year	685,000	162,000	-
Notes (less allowance of \$77,736)	-	-	286,246
Iowa Industrial New Jobs Training Program	-	3,495,008	-
Due from other funds	29,825	-	-
Due from Sample Community College Facilities Foundation	11,662	-	-
Due from other governments	1,628,067	324,228	-
Prepaid expenses	21,792	-	-
Inventories	339,163	-	-
Capital assets:			
Land	-	-	-
Buildings	-	-	-
Construction in progress	-	-	-
Improvements other than buildings	-	-	-
Intangibles	-	-	-
Equipment and vehicles	-	-	-
Accumulated depreciation/amortization	-	-	-
Total assets	\$ 5,667,864	5,569,103	299,447

Endowment Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unex- pended	Retirement of Indebtedness	Investment in Plant			
52,128	1,043,844	140,615	-	8,773	-	5,585,037
-	46,595	-	-	-	-	223,341
-	15,000	74,000	-	-	-	126,000
-	245,000	1,520,000	-	-	-	2,612,000
-	-	-	-	-	-	286,246
-	-	-	-	-	-	3,495,008
-	-	-	-	-	(29,825)	-
-	-	-	-	-	-	11,662
-	-	-	-	243,494	-	2,195,789
-	-	-	-	-	-	21,792
-	-	-	-	-	-	339,163
-	-	-	374,635	-	-	374,635
-	-	-	10,589,558	-	-	10,589,558
-	-	-	1,246,089	-	-	1,246,089
-	-	-	592,081	-	-	592,081
-	-	-	100,000	-	-	100,000
-	-	-	5,132,836	-	-	5,132,836
-	-	-	-	-	(6,653,733)	(6,653,733)
52,128	1,350,439	1,734,615	18,035,199	252,267	(6,683,558)	26,277,504

Sample Community College

Balance Sheet
All Funds

June 30, 2011

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 363,820	169,895	65
Salaries and benefits payable	244,357	28,058	-
Accrued interest payable	-	-	-
Anticipatory warrants payable	2,266,000	396,000	-
Accrued interest payable on anticipatory warrants	121,250	25,768	-
Due to other funds	-	29,825	-
Deferred revenue:			
Succeeding year property tax	685,000	162,000	-
Other	-	276,664	-
Compensated absences payable	55,063	81,914	-
Contracts payable	-	-	-
Deposits held in custody for others	-	-	-
Capital lease payable	-	-	-
Certificates payable	-	4,082,000	-
Notes payable	-	-	-
Bonds payable	-	-	-
Net OPEB liability	-	-	-
Refundable advances on student loans	-	-	281,419
Total liabilities	<u>3,735,490</u>	<u>5,252,124</u>	<u>281,484</u>
Fund balances:			
Invested in capital assets, net of related debt	-	-	-
Restricted:			
Nonexpendable:			
Scholarships and fellowships	-	-	-
Expendable:			
Scholarships and fellowships	-	1,106	-
Loans	-	-	17,963
Debt service	-	-	-
Cash reserve	-	263,719	-
Other	-	52,154	-
Unrestricted	1,054,198	-	-
Auxiliary enterprises	878,176	-	-
Total fund balances	<u>1,932,374</u>	<u>316,979</u>	<u>17,963</u>
Total liabilities and fund balances	<u>\$ 5,667,864</u>	<u>5,569,103</u>	<u>299,447</u>

See accompanying independent auditor's report.

Endowment Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unex- pended	Retirement of Indebtedness	Investment in Plant			
-	-	-	-	6,075	-	539,855
-	-	-	-	4,662	-	277,077
-	-	18,667	-	-	-	18,667
-	-	-	-	-	-	2,662,000
-	-	-	-	-	-	147,018
-	-	-	-	-	(29,825)	-
-	245,000	1,520,000	-	-	-	2,612,000
-	-	-	-	-	-	276,664
-	-	-	-	-	-	136,977
-	210,870	-	-	-	-	210,870
-	-	-	-	241,530	-	241,530
-	-	-	356,061	-	-	356,061
-	-	-	-	-	-	4,082,000
-	-	-	1,310,000	-	-	1,310,000
-	700,000	-	5,150,000	-	-	5,850,000
-	-	-	-	-	792,100	792,100
-	-	-	-	-	-	281,419
-	1,155,870	1,538,667	6,816,061	252,267	762,275	19,794,238
-	-	-	11,219,138	-	(6,653,733)	4,565,405
52,128	-	-	-	-	-	52,128
-	-	-	-	-	-	1,106
-	-	-	-	-	-	17,963
-	-	195,948	-	-	-	195,948
-	-	-	-	-	-	263,719
-	-	-	-	-	-	52,154
-	194,569	-	-	-	(751,365)	497,402
-	-	-	-	-	(40,735)	837,441
52,128	194,569	195,948	11,219,138	-	(7,445,833)	6,483,266
52,128	1,350,439	1,734,615	18,035,199	252,267	(6,683,558)	26,277,504

Sample Community College
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances
 All Funds

Year ended June 30, 2011

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Revenues:			
General:			
State appropriations	\$ 4,615,534	334,237	-
Tuition and fees	2,950,951	-	-
Property tax	679,795	267,744	-
Federal appropriations	872,363	3,362,392	44,124
Interest on investments	188,425	53,951	1,546
Interest on student loans	-	-	17,371
Iowa Industrial New Jobs Training Program	-	1,256,690	-
Increase in plant investment due to donated plant assets	-	-	-
Increase in plant investment due to plant expenditures (including \$549,672 in current fund expenditures)	-	-	-
Increase in plant investment due to retirement of debt	-	-	-
Miscellaneous	150,448	91,977	3,179
	9,457,516	5,366,991	66,220
Auxiliary enterprises:			
Sales and services	1,509,308	-	-
Miscellaneous	71,569	-	-
	1,580,877	-	-
Total revenues	11,038,393	5,366,991	66,220

Endowment Funds	Plant Funds			Adjustments	Total
	Unex- pended	Retirement of Indebtedness	Investment in Plant		
-	-	-	-	-	4,949,771
-	-	-	-	(922,625)	2,028,326
-	242,179	1,562,088	-	-	2,751,806
-	215,800	-	-	-	4,494,679
-	383,395	15,588	-	-	642,905
-	-	-	-	-	17,371
-	-	-	-	-	1,256,690
-	-	-	50,416	-	50,416
-	-	-	1,729,081	(1,729,081)	-
-	-	-	860,101	(860,101)	-
5,056	135,447	-	-	(45,168)	340,939
5,056	976,821	1,577,676	2,639,598	(3,556,975)	16,532,903
-	-	-	-	(592,179)	917,129
-	-	-	-	-	71,569
-	-	-	-	(592,179)	988,698
5,056	976,821	1,577,676	2,639,598	(4,149,154)	17,521,601

Sample Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
All Funds

Year ended June 30, 2011

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Expenditures:			
Education and support:			
Liberal arts and sciences	1,206,348	-	-
Vocational technical	3,662,522	-	-
Adult education	1,040,887	-	-
Cooperative services	160,802	3,000,311	-
Administration	399,315	106,645	-
Student services	668,430	-	-
Learning resources	203,142	-	-
Physical plant	1,194,084	23,976	-
General institution	744,534	131,393	-
Total education and support	9,280,064	3,262,325	-
Auxiliary enterprises	1,504,607	-	-
Scholarships and grants	-	1,635,549	-
Loan cancellations and bad debts	-	-	15,348
Administrative and collection costs	-	-	47,515
Plant asset acquisitions	-	-	-
Retirement of indebtedness	-	-	-
Disposal of plant assets	-	-	-
Interest on indebtedness	94,556	388,494	-
Depreciation	-	-	-
Loss on sale of capital assets	-	-	-
Total expenditures	10,879,227	5,286,368	62,863
Excess (deficiency) of revenues over (under) expenditures	159,166	80,623	3,357
Transfers:			
Mandatory transfers	(7,787)	-	7,787
Non-mandatory transfers	93,516	(115,166)	-
Total transfers	85,729	(115,166)	7,787
Net	244,895	(34,543)	11,144
Fund balances beginning of year	1,687,479	351,522	6,819
Fund balances end of year	\$ 1,932,374	316,979	17,963

See accompanying independent auditor's report.

Endowment Funds	Plant Funds			Adjustments	Total
	Unex- pended	Retirement of Indebtedness	Investment in Plant		
-	-	-	-	(29,791)	1,176,557
-	-	-	-	(176,594)	3,485,928
-	-	-	-	32,247	1,073,134
-	-	-	-	(99,932)	3,061,181
-	-	-	-	13,604	519,564
-	-	-	-	4,916	673,346
-	-	-	-	(44,124)	159,018
-	-	-	-	15,771	1,233,831
-	-	-	-	(151,764)	724,163
-	-	-	-	(435,667)	12,106,722
-	-	-	-	(87,073)	1,417,534
-	-	-	-	(1,200,868)	434,681
-	-	-	-	-	15,348
-	42,882	-	-	-	90,397
-	1,179,409	-	-	(1,179,409)	-
-	-	860,101	-	(860,101)	-
-	-	-	249,771	(249,771)	-
-	-	687,195	-	-	1,170,245
-	-	-	-	1,031,377	1,031,377
-	-	-	-	5,766	5,766
-	1,222,291	1,547,296	249,771	(2,975,746)	16,272,070
5,056	(245,470)	30,380	2,389,827	(1,173,408)	1,249,531
-	-	-	-	-	-
-	21,650	-	-	-	-
-	21,650	-	-	-	-
5,056	(223,820)	30,380	2,389,827	(1,173,408)	1,249,531
47,072	418,389	165,568	8,829,311	(6,272,425)	5,233,735
52,128	194,569	195,948	11,219,138	(7,445,833)	6,483,266

Sample Community College

Schedule of Revenues, Expenditures and Changes in Fund Balances
Unrestricted Fund
Education and Support

Year ended June 30, 2011

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Coopera- tive Services
Revenues:				
State appropriations	\$ 932,172	2,370,866	1,105,239	-
Tuition and fees	987,486	1,515,624	223,798	116,580
Property tax	-	-	-	-
Federal appropriations	43,847	554,897	215,138	-
Interest on investments	-	-	-	-
Miscellaneous	-	34,108	-	48,111
Total revenues	1,963,505	4,475,495	1,544,175	164,691
Expenditures:				
Salaries and benefits	1,047,814	3,024,089	796,432	148,084
Services	38,663	115,178	138,499	2,274
Materials and supplies	43,663	203,197	48,689	1,582
Travel	19,242	22,545	39,258	8,862
Plant asset acquisitions	52,324	292,340	9,729	-
Interest on indebtedness	-	-	-	-
Miscellaneous	4,642	5,173	8,280	-
Total expenditures	1,206,348	3,662,522	1,040,887	160,802
Excess (deficiency) of revenues over (under) expenditures	757,157	812,973	503,288	3,889
Transfers:				
Mandatory transfers	-	-	-	-
Non-mandatory transfers	-	73,068	-	-
Total transfers	-	73,068	-	-
Net	\$ 757,157	886,041	503,288	3,889

Fund balances beginning of year

Fund balances end of year

See accompanying independent auditor's report.

General Adminis- tration	Support				Education and Support Total
	Student Services	Learning Resources	Physical Plant	General Institution	
207,257	-	-	-	-	4,615,534
-	101,259	-	6,204	-	2,950,951
679,795	-	-	-	-	679,795
-	58,481	-	-	-	872,363
188,425	-	-	-	-	188,425
59,389	-	3,607	-	5,233	150,448
█ 1,134,866 █	█ 159,740 █	█ 3,607 █	█ 6,204 █	█ 5,233 █	█ 9,457,516 █
305,384	540,186	115,366	476,700	395,938	6,849,993
49,945	70,553	8,587	503,752	292,986	1,220,437
14,347	40,638	28,985	195,636	25,286	602,023
25,351	6,092	-	-	11,563	132,913
2,491	10,961	50,204	9,353	15,624	443,026
94,556	-	-	-	-	94,556
1,797	-	-	8,643	3,137	31,672
█ 493,871 █	█ 668,430 █	█ 203,142 █	█ 1,194,084 █	█ 744,534 █	█ 9,374,620 █
640,995	(508,690)	(199,535)	(1,187,880)	(739,301)	82,896
(7,787)	-	-	-	-	█ (7,787) █
-	-	-	-	-	█ 73,068 █
(7,787)	-	-	-	-	65,281
633,208	(508,690)	(199,535)	(1,187,880)	(739,301)	148,177
					906,021
					<u>\$ 1,054,198</u>

Sample Community College

Schedule of Revenues, Expenditures and Changes in Fund Balances
Unrestricted Fund
Auxiliary Enterprises

Year ended June 30, 2011

	Bookstore	Food Services
Revenues:		
Sales and services	\$ 559,417	428,907
Miscellaneous:		
Student fee allocations	-	-
Total revenues	<u>559,417</u>	<u>428,907</u>
Expenditures:		
Salaries and benefits	21,401	111,885
Services	4,354	6,272
Materials and supplies	-	29,871
Travel	-	-
Plant asset acquisitions	14,213	12,839
Cost of goods sold	459,883	270,862
Total expenditures	<u>499,851</u>	<u>431,729</u>
Excess (deficiency) of revenues over (under) expenditures	59,566	(2,822)
Transfers:		
Non-mandatory transfers	(30,000)	-
Net	29,566	(2,822)
Fund balances beginning of year	237,544	127,138
Fund balances end of year	<u>\$ 267,110</u>	<u>124,316</u>

See accompanying independent auditor's report.

Word Processing	Central Stores	Athletics	Miscellaneous	Total
294,562	113,185	4,355	108,882	1,509,308
-	-	71,569	-	71,569
294,562	113,185	75,924	108,882	1,580,877
178,399	21,226	6,882	31,569	371,362
55,334	2,270	12,834	8,680	89,744
27,792	3,422	21,444	44,675	127,204
-	-	19,797	-	19,797
37,650	20,608	-	21,336	106,646
-	59,109	-	-	789,854
299,175	106,635	60,957	106,260	1,504,607
(4,613)	6,550	14,967	2,622	76,270
-	20,448	30,000	-	20,448
(4,613)	26,998	44,967	2,622	96,718
257,438	35,370	107,221	16,747	781,458
252,825	62,368	152,188	19,369	878,176

Sample Community College

Schedule of Revenues, Expenditures and Changes in Fund Balances
Restricted Fund

Year ended June 30, 2011

	Scholarships and Grants	Equipment Replacement	Insurance
Revenues:			
State appropriations	\$ 307,142	-	-
Property tax	-	103,018	49,738
Federal appropriations	1,288,556	-	-
Interest on investments	592	-	-
Iowa Industrial New Jobs Training Program	-	-	-
Miscellaneous	39,088	-	-
Total revenues	1,635,378	103,018	49,738
Expenditures:			
Salaries and benefits	-	-	-
Services	-	-	23,976
Materials and supplies	-	-	-
Travel	-	-	-
Interest on indebtedness	-	-	-
Awards to subrecipients	-	-	-
Federal Pell grant program	1,197,307	-	-
Federal supplemental educational opportunity grant	91,249	-	-
Iowa College Student Aid Commission	307,142	-	-
Private scholarships	39,851	-	-
Total expenditures	1,635,549	-	23,976
Excess (deficiency) of revenues over (under) expenditures	(171)	103,018	25,762
Transfers:			
Non-mandatory transfers	-	(115,166)	-
Net	(171)	(12,148)	25,762
Fund balances beginning of year	1,277	18,150	(20,181)
Fund balances end of year	\$ 1,106	6,002	5,581

See accompanying independent auditor's report.

Early Retirement	Unemployment Compensation	Cash Reserve	Workforce Investment Act	Temporary Assistance For Needy Families	Iowa Industrial New Jobs Training Program	Miscellaneous	Total
-	-	-	-	-	-	27,095	334,237
102,400	12,588	-	-	-	-	-	267,744
-	-	-	1,952,295	100,000	-	21,541	3,362,392
-	-	-	-	-	53,359	-	53,951
-	-	-	-	-	1,256,690	-	1,256,690
-	-	-	-	-	-	52,889	91,977
102,400	12,588	-	1,952,295	100,000	1,310,049	101,525	5,366,991
-	7,945	-	593,059	11,345	-	63,211	675,560
98,700	-	-	95,188	84,157	947,323	48,964	1,298,308
-	-	-	8,234	4,498	-	10,413	23,145
-	-	-	18,535	-	-	8,805	27,340
-	-	-	-	-	362,726	25,768	388,494
-	-	-	1,237,972	-	-	-	1,237,972
-	-	-	-	-	-	-	1,197,307
-	-	-	-	-	-	-	91,249
-	-	-	-	-	-	-	307,142
-	-	-	-	-	-	-	39,851
98,700	7,945	-	1,952,988	100,000	1,310,049	157,161	5,286,368
3,700	4,643	-	(693)	-	-	(55,636)	80,623
-	-	-	-	-	-	-	(115,166)
3,700	4,643	-	(693)	-	-	(55,636)	(34,543)
-	13,109	263,719	(6,941)	-	-	82,389	351,522
3,700	17,752	263,719	(7,634)	-	-	26,753	316,979

Schedule 7

Sample Community College
Schedule of Changes in Deposits Held in Custody for Others
Agency Funds

Year ended June 30, 2011

	Student Organizations	Iowa Small Business New Jobs Training Program	Federal Direct Student Loan Program	Miscel- laneous	Total
Balances beginning of year	\$ 97,485	26,647	-	-	124,132
Additions:					
State appropriations	-	48,628	-	-	48,628
Tuition and fees	96,443	-	-	-	96,443
Federal appropriations	-	-	984,677	-	984,677
Property tax	-	1,309	-	-	1,309
Sales and services	38,701	-	-	202,265	240,966
Interest on investments	-	1,630	-	-	1,630
Total additions	135,144	51,567	984,677	202,265	1,373,653
Deductions:					
Salaries and benefits	16,029	-	-	48,023	64,052
Services	11,857	21,002	984,677	45,598	1,063,134
Materials and supplies	16,846	-	-	20,201	37,047
Travel	9,201	-	-	-	9,201
Interest on indebtedness	-	3,752	-	-	3,752
Student fee allocations	71,569	-	-	-	71,569
Remittances to State treasury	-	7,500	-	-	7,500
Total deductions	125,502	32,254	984,677	113,822	1,256,255
Balances end of year	\$ 107,127	45,960	-	88,443	241,530

See accompanying independent auditor's report.

Sample Community College
 Schedule of Credit and Contact Hours
 Year ended June 30, 2011

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	85,491	-	85,491	1,956,153	-	1,956,153
Vocational Education	44,355	-	44,355	1,432,722	-	1,432,722
Adult Education/Continuing Education	-	-	-	1,067,266	44,913	1,112,179
Cooperative Programs/Services	-	-	-	-	41,308	41,308
Related Services and Activities	-	-	-	3,127	103,233	106,360
Total	129,846	-	129,846	4,459,268	189,454	4,648,722

See accompanying independent auditor's report.

Sample Community College
Schedule of Taxes and Intergovernmental Revenues
For the Last Ten Years

	2011	2010	2009	2008
Local (property tax)	\$ 2,751,806	2,641,482	2,508,530	2,488,621
State	4,949,771	4,882,394	4,772,624	4,683,635
Federal	4,494,679	4,426,620	4,190,615	3,968,594
Total	\$ 12,196,256	11,950,496	11,471,769	11,140,850

See accompanying independent auditor's report.

Years ended June 30,					
2007	2006	2005	2004	2003	2002
2,466,844	2,401,311	2,367,714	2,355,818	2,299,614	2,211,786
4,666,801	4,630,091	4,592,788	4,581,445	4,501,899	4,487,164
3,944,550	3,902,333	3,877,222	3,833,477	3,792,832	3,744,010
11,078,195	10,933,735	10,837,724	10,770,740	10,594,345	10,442,960

Sample Community College

Schedule of Current Fund Revenues by Source
and Expenditures by Function

For the Last Ten Years

	2011	2010	2009	2008
Revenues:				
State appropriations	\$ 4,949,771	4,882,394	4,772,624	4,683,635
Tuition and fees	2,950,951	2,862,156	2,752,112	2,213,656
Property tax	947,539	909,551	864,013	846,131
Federal appropriations	4,234,755	4,284,405	4,149,616	3,936,593
Interest on investments	242,376	215,321	196,211	198,542
Iowa Industrial New Jobs Training Program	1,256,690	1,322,532	1,102,136	1,022,356
Auxiliary enterprises	1,580,877	1,421,326	1,400,962	1,256,695
Miscellaneous	242,425	234,221	231,326	220,216
Total	<u>\$ 16,405,384</u>	<u>16,131,906</u>	<u>15,469,000</u>	<u>14,377,824</u>
Expenditures:				
Liberal arts and sciences	\$ 1,206,348	1,148,903	1,083,871	1,023,625
Vocational technical	3,662,522	3,521,156	3,400,859	3,200,125
Adult education	1,040,887	1,003,221	1,225,152	1,192,262
Cooperative services	3,161,113	3,343,697	3,112,209	3,079,947
Administration	505,960	500,221	500,895	498,621
Student services	668,430	658,441	675,899	654,229
Learning resources	203,142	200,995	198,549	196,526
Physical plant	1,218,060	1,300,226	1,209,869	1,203,551
General institution	875,927	869,552	870,221	865,293
Auxiliary enterprises	1,504,607	1,350,260	1,330,914	1,193,860
Scholarships and grants	1,635,549	1,603,479	1,556,776	1,526,251
Interest on indebtedness	483,050	480,225	478,554	460,215
Total	<u>\$ 16,165,595</u>	<u>15,980,376</u>	<u>15,643,768</u>	<u>15,094,505</u>

See accompanying independent auditor's report.

Years ended June 30,					
2007	2006	2005	2004	2003	2002
4,589,962	4,544,063	4,498,622	4,408,650	4,386,606	4,342,740
2,169,383	2,147,689	2,126,212	2,083,688	2,073,269	2,052,537
829,208	820,916	812,707	796,453	792,471	784,546
3,857,861	3,819,283	3,781,090	3,705,468	3,686,941	3,650,071
194,571	192,625	190,699	186,885	185,951	184,091
1,001,909	991,890	981,971	962,331	957,520	947,945
123,561	1,219,245	1,207,053	1,182,912	1,176,997	1,165,227
215,812	213,654	211,517	207,287	206,250	204,188
12,982,267	13,949,365	13,809,871	13,533,674	13,466,005	13,331,345
1,003,153	993,121	983,190	963,526	958,708	949,121
3,136,123	3,104,761	3,073,714	3,012,239	2,997,178	2,967,206
1,168,417	1,156,733	1,145,165	1,122,262	1,116,651	1,105,484
3,018,348	2,988,165	2,958,283	2,899,117	2,884,622	2,855,775
488,649	483,762	478,924	469,346	466,999	462,329
641,144	634,733	628,386	615,818	612,739	606,611
192,595	190,670	188,763	184,988	184,063	182,222
1,179,480	1,167,685	1,156,008	1,132,888	1,127,224	1,115,951
847,987	839,507	831,112	814,490	810,418	802,313
1,169,983	1,158,283	1,146,700	1,123,766	1,118,147	1,106,966
1,495,726	1,480,769	1,465,961	1,436,642	1,429,459	1,415,164
451,011	446,501	442,036	433,195	431,029	426,719
14,792,616	14,644,690	14,498,242	14,208,277	14,137,237	13,995,861

Schedule 11

Sample Community College

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Direct:				
National Science Foundation:				
Education and Human Resources	47.076		\$ 215,800	-
U.S. Department of Education:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational				
Opportunity Grants	84.007		91,249	-
Federal Work-Study Program	84.033		58,481	-
Federal Perkins Loan Program_Federal				
Capital Contributions	84.038		44,124	98,000
Federal Pell Grant Program	84.063		1,197,307	-
Federal Direct Student Loans	84.268		-	984,677
Total Student Financial Assistance Cluster			1,391,161	1,082,677
TRIO Cluster:				
TRIO_Student Support Services	84.042		42,036	-
TRIO_Upward Bound	84.047		23,352	-
Total TRIO Cluster			65,388	-
Total direct			1,672,349	1,082,677
Indirect:				
U.S. Department of Housing and Urban Development:				
Iowa Department of Economic Development:				
Community Development Block Grants/ Entitlement Grants	14.218	11-QJ-15	200,831	-
U.S. Department of Labor:				
Iowa Workforce Development:				
Employment Service/Wagner-Peyser				
Funded Activities	17.207		196,200	-
Workforce Investment Act (WIA) Cluster:				
WIA Adult Program	17.258		1,429,020	-
ARRA - WIA Adult Program	17.258		40,000	-
WIA Youth Activities	17.259		152,444	-
ARRA - Youth Activities	17.259		30,000	-
WIA Dislocated Workers	17.260		43,224	-
ARRA - WIA Dislocated Workers	17.260		10,000	-
Workforce Investment Act (WIA) Cluster			1,704,688	-
Iowa Department of Education:				
Mine Health and Safety Grants	17.600		1,405	-
U.S. Department of Education:				
Iowa Department of Education:				
Adult Education - Basic Grants to States	84.002		213,733	-
Title I Program for Neglected and Delinquent Children				
	84.013		124,361	-

Sample Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expend- itures	New Loans and New Loan Guarantees
Indirect (continued):				
U.S. Department of Education:				
Iowa Department of Education:				
Career and Technical Education -				
Basic Grants to States	84.048		361,943	-
Tech-Prep Education	84.243		18,593	-
ARRA - State Fiscal Stabilization Fund (SFSF) -				
Education State Grants, Recovery Act	84.394		150,000	-
U.S. Department of Health and Human Services:				
Iowa Workforce Development:				
Temporary Assistance for Needy Families	93.558		100,000	-
Total Indirect			3,071,754	-
Total			\$ 4,744,103	1,082,677

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

See accompanying independent auditor's report.

Sample Community College



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
Sample Community College:

We have audited the accompanying financial statements of Sample Community College, Premium City, Iowa, and the aggregate discretely presented component units as of and for the year ended June 30, 2011, which collectively comprise the College's basic financial statements listed in the table of contents, and have issued our report thereon dated September 22, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sample Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sample Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sample Community College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

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 a material misstatement of Sample Community College's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11 and II-B-11 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sample Community College's financial statements are free of 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 certain immaterial instances of noncompliance or other matters which are 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, 2011 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.

Sample Community College's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the College's responses, we did not audit Sample Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Sample Community College and other parties to whom Sample Community College may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sample Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

DAVID A. VAUDT, CPA
Auditor of State

September 22, 2011



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133

To the Board of Directors of
Sample Community College:

Compliance

We have audited Sample Community College's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Sample Community College's major federal programs for the year ended June 30, 2011. Sample Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Sample Community College's management. Our responsibility is to express an opinion on Sample Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Sample Community 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. Our audit does not provide a legal determination on Sample Community College's compliance with those requirements.

In our opinion, Sample Community College complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

The management of Sample Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Sample Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sample Community College's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance we consider to be material weaknesses.

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 non-compliance 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-11 and III-B-11 to be material weaknesses.

Sample Community College's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the College's responses, we did not audit Sample Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Sample Community College and other parties to whom Sample Community College may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

DAVID A. VAUDT, CPA
Auditor of State

September 22, 2011

Sample Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.048 – Career and Technical Education – Basic Grants to States
 - Clustered Programs:
 - WIA Cluster:
 - CFDA Number 17.258 – WIA Adult Program
 - CFDA Number 17.259 – WIA Youth Activities
 - CFDA Number 17.260 – WIA Dislocated Workers
 - Student Financial Assistance Cluster:
 - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grants
 - CFDA Number 84.033 – Federal Work-Study Program
 - CFDA Number 84.038 – Federal Perkins Loan Program – Federal Capital Contributions
 - CFDA Number 84.063 – Federal Pell Grant Program
 - CFDA Number 84.268 – Federal Direct Student Loans
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Sample Community College did not qualify as a low-risk auditee.

Sample Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Records of Accounts – The Administrative Office maintains all accounting records for the College, including the subsidiary records for receivables and payables. Certain receivables in the Unrestricted Fund were not recorded in the accounts receivable subsidiary ledger. The subsidiary ledger and supporting documentation should provide sufficient evidential matter to identify and support both the source and amount of the receivables.

Recommendation – For better accountability, financial and budgetary control, the financial activity and balances of all receivables should be recorded in the accounts receivable subsidiary ledger.

Response – The Administrative Office will implement procedures to ensure all receivables are included in the subsidiary ledger.

Conclusion – Response accepted.

II-B-11 Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Recommendation – The College should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the College's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Sample Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

**CFDA Number 84.063: Federal Pell Grant Program
Federal Award Year: 2010
U.S. Department of Education**

III-A-11 Federal Pell Grant Program – Five applicants of twenty-five tested did not have a final high school transcript or its equivalent based upon the file documentation and no other evidence of eligibility was available to support the awards, which totaled \$10,100.

Recommendation – The College should implement procedures to ensure required documentation is maintained. Also, the five instances cited should be reviewed with the U.S. Department of Education to determine an appropriate disposition.

Response and Corrective Action Planned – We will review procedures for records maintenance and contact the U.S. Department of Education regarding this matter.

Conclusion – Response accepted.

**CFDA Number 84.038: Federal Perkins Loan Program – Federal Capital Contributions
Federal Award Year: 2010
U.S. Department of Education**

III-B-11 Federal Perkins Loan Program – Ten applicants of twenty-five tested did not have a signed certification of registration with Selective Service based upon the file documentation and no other evidence of eligibility was available to support the awards, which totaled \$11,400.

Recommendation – The College should implement procedures to ensure required documentation is maintained. Also, the ten instances cited should be reviewed with the U.S. Department of Education to determine an appropriate disposition.

Response and Corrective Action Planned – We will review procedures for records maintenance and contact the U.S. Department of Education regarding this matter.

Conclusion – Response accepted.

Sample Community College

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011 did not exceed the amount budgeted.
- IV-B-11 Questionable Disbursements – No expenditures we believe did not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-11 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-11 Business Transactions – No business transactions between the College and College officials or employees were noted.
- IV-E-11 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-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-11 Publication – 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-H-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College’s investment policy were noted.
- IV-I-11 Credit and Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the College, except for an understatement of 200 credit hours, as shown below:

	Reported	Total per Supporting Documentation	Difference
Arts and Sciences:			
Credit Hours	85,491	85,541	(50)
Contact Hours	1,956,153	1,956,153	-
Vocational Education:			
Credit Hours	44,355	44,505	(150)
Contact Hours	1,432,722	1,432,722	-

Sample Community College

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

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.

Sample Community College

Staff

This audit was performed by:

Nicole S. Comstok, CPA, Manager
Camilla E. Chaves, CPA, Senior Auditor
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