

Eastern Iowa Community College District

Financial and Compliance Report

06.30.2006

McGladrey & Pullen
Certified Public Accountants

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Eastern Iowa Community College District

Officials

Name	Title	Term Expires
Board of Directors:		
Kirby Kleffmann	President	2007
Robert H. Gallagher	Vice-President	2008
Kendra Beck	Member	2007
Dr. Joseph D'Souza	Member	2007
Mary Lou Engler	Member	2008
John W. Frampton	Member	2009
Richard Haiston	Member	2009
Shirley Stewart	Member	2009
Bill Vetter	Member	2008
Community College:		
Dr. Patricia Keir	Chancellor	
Honey H. Bedell	Board Secretary	
Lana J. Dettbarn	Board Treasurer	

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Eastern Iowa Community College District
Davenport, Iowa

We have audited the accompanying basic financial statements of Eastern Iowa Community College District (District), as of and for the year ended June 30, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the discretely presented component units which represent 100% of the assets and revenues of the discretely presented component units. The financial statements of Muscatine Community College Foundation, Scott Community College Foundation, Eastern Iowa Community College District Foundation, and Paul B. Sharar Foundation for Clinton Campus, were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the reports of the other auditors.

We conducted our audit of the District in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Muscatine Community College Foundation, Paul B. Sharar Foundation for Clinton Campus and Scott Community College Foundation discretely presented component units were not audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that our audit and the reports of other auditors provide a reasonable basis for our opinions.

As described in Note 1 to the basic financial statements, Paul B. Sharar Foundation for Clinton Campus' financial statements are prepared on the income tax basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Muscatine Community College Foundation's financial statements are prepared on the modified cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of Eastern Iowa Community College District and its discretely presented component units as of June 30, 2006, and the respective changes in financial position and cash flows where applicable thereof for the year then ended on the basis of accounting described in Note 1 to the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2006 on our consideration of Eastern Iowa Community College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Budgetary Comparison Schedule of Expenditures are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. 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. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eastern Iowa Community College District's basic financial statements. The statements and schedules listed in the table of contents as supplementary information, as well as the accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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.

McGladrey & Pullen, LLP

Davenport, Iowa
October 27, 2006

Eastern Iowa Community College District

Management's Discussion and Analysis

Management of Eastern Iowa Community College District provides this Management's Discussion and Analysis of the District's annual financial statements. This narrative overview and analysis of the financial activities of Eastern Iowa Community College is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Eastern Iowa Community College District is a public, comprehensive community college district established by Iowa Code 260C.1 in 1966 that includes Clinton, Muscatine and Scott Community Colleges. The District encompasses all or part of seven counties, serving a population base of almost 280,000 citizens. Each year, the District serves 6,681 full-time equivalent credit students in approximately 60 arts and science and 80 career technology programs. Non-credit programming serves 54,089 participants each semester in areas such as adult basic education, job skills training, English as a Second Language, computer skills training, state-mandated training, community interest classes and developmental education. The District provides a variety of services and customized training for business and industry and offers more targeted training through its three technology centers, the Advanced Technology Environmental Education Center (ATEEC), the Graphic Arts Technology Center and the Eastern Iowa Manufacturing Technology Center.

The District is governed by a nine-member Board of Directors whose members are elected to three-year terms by voters within their individual districts. The EICCD colleges are accredited as a single district as part of the Higher Learning Commission/North Central Association's Academic Quality Improvement Project (AQIP), an alternative accreditation method based on the National Baldrige Education Criteria. EICCD was one of the first colleges in the nation to seek this type of accreditation, as a result of its strong commitment to continuous quality improvement.

In addition to its three main campuses in Bettendorf, Clinton and Muscatine, EICCD operates additional attendance sites in Clinton, Columbus Junction, Davenport and Maquoketa. The District has a strong emphasis on creating partnerships with area K-12 schools, other higher education institutions, local governments, and business and industry. These partnerships, along with a focused effort to secure grant funding, have allowed the District to continue to serve the needs of its communities, even in times of decreased state funding.

The District has the following discretely presented component units: Muscatine Community College Foundation, Paul B. Sharer Foundation for Clinton Campus, Scott Community College Foundation and Eastern Iowa Community College District Foundation (Foundations). The Foundations' purpose is to support the District through donations to provide scholarships to the students and for the enhancement and extension of facilities, equipment and services.

Financial Highlights

- District revenues totaled \$57,024,372 compared to \$52,069,214 for 2005.
- District operating expenses were \$53,902,797 compared to \$50,838,113 for 2005.
- The District's net assets increased \$2,840,340 or approximately 6.3% from fiscal year 2005. Fiscal year 2005 net assets increased \$923,721 from fiscal year 2004.

Eastern Iowa Community College District

Management's Discussion and Analysis

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 District'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 District as a whole and present an overall view of the District's finances. The District presents schedules of discretely presented component units' financial statements in separate presentations.

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

Supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, and the supplementary information provides detailed information about the individual funds of the District.

Reporting the District as a Whole

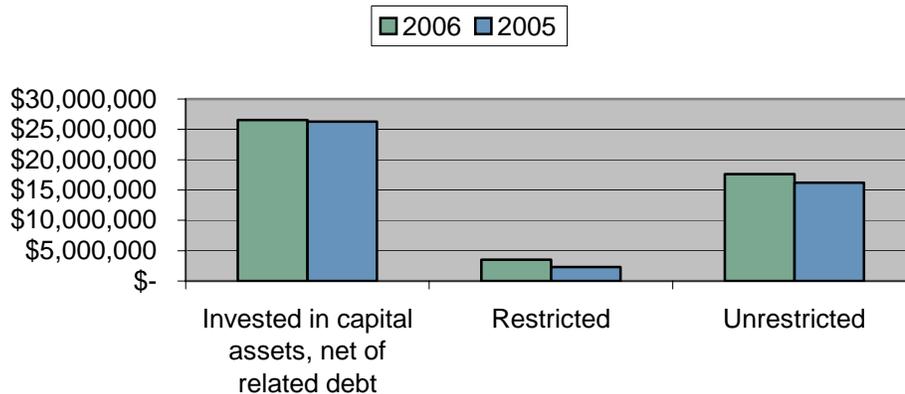
Statement of Net Assets: The statement of net assets presents the assets, liabilities, and net assets of the District as a whole, as of the end of the fiscal year June 30, 2006. The statement of net assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the District 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 District'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 District owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

Eastern Iowa Community College District

Management's Discussion and Analysis

Net Assets	June 30,	
	2006	2005
Current and other assets	\$ 74,571,432	\$ 68,388,118
Capital assets, net of accumulated depreciation	31,442,921	31,754,997
Total assets	106,014,353	100,143,115
Current liabilities	17,803,625	17,456,283
Noncurrent liabilities	40,551,029	37,867,473
Total liabilities	58,354,654	55,323,756
Net assets:		
Invested in capital assets, net of related debt	26,530,787	26,297,863
Restricted	3,500,436	2,307,614
Unrestricted	17,628,476	16,213,882
Total net assets	\$ 47,659,699	\$ 44,819,359

Comparison of Net Assets



The largest portion of the District's net assets (56%) for 2006 and (59%) for 2005 is the invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the invested in capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (7%) for 2006 and (5%) for 2005 includes resources that are subject to external restrictions. The remaining net assets (37%) for 2006 and (36%) for 2005 are the unrestricted net assets that can be used to meet the District's obligations as they come due.

Eastern Iowa Community College District

Management's Discussion and Analysis

Statement of Revenues, Expenses and Changes in Net Assets: Changes in total net assets as presented on 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 received by the District, both operating and nonoperating, and the expenses paid by the District, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the District.

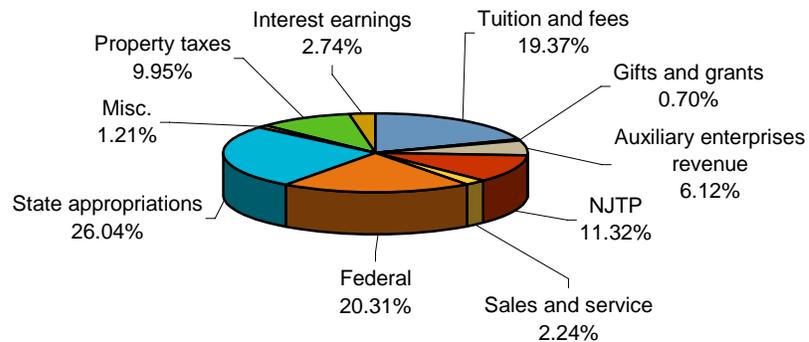
In general, a public college, such as Eastern Iowa Community College District, will report an operating loss since financial reporting model classifies state appropriations and property taxes as nonoperating revenues. Operating revenues are received for providing goods and services to the various students, customers and constituencies of the District. 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 District. Nonoperating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets	Year Ended June 30,	
	2006	2005
Revenues:		
Tuition and fees	\$ 11,045,804	\$ 10,958,599
Federal appropriations	11,581,712	11,807,181
Iowa Industrial New Jobs Training Program	6,452,851	4,356,323
Auxiliary enterprises revenue	3,487,273	3,125,896
Gifts and grants	401,146	97,531
Sales and service	1,279,648	998,841
Miscellaneous	691,341	539,731
State appropriations	14,848,484	13,772,428
Property taxes	5,675,994	5,507,975
Interest earnings	1,560,119	904,709
Total revenues	57,024,372	52,069,214
Total operating expenses	53,902,767	50,838,113
Interest on indebtedness	281,265	307,380
Total expenses	54,184,032	51,145,493
Increase in net assets	2,840,340	923,721
Net assets:		
Beginning	44,819,359	43,895,638
Ending	\$ 47,659,699	\$ 44,819,359

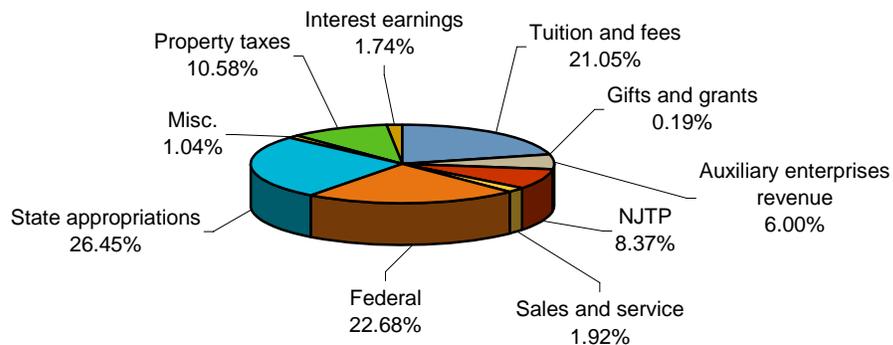
Total Revenue by Source

The statement of revenues, expenses and changes in net assets reflects positive years for both 2006 and 2005, with an increase in the net assets of \$2,840,340 and \$923,721, respectively.

2006



2005



In fiscal year 2006, the major fluctuations in revenues were a result of the following changes:

- Iowa Industrial New Jobs Training Program increased by approximately \$2,097,000 due to more companies participating than in the previous year.
- State appropriations increased due to an increase in state general aid.

Eastern Iowa Community College District

Management's Discussion and Analysis

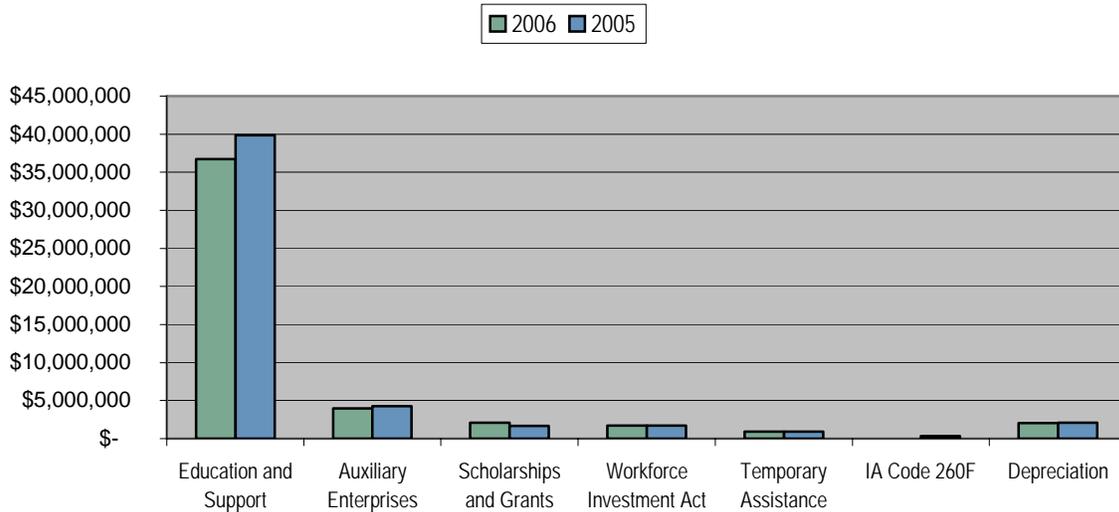
In fiscal year 2005, the major fluctuations in revenues were a result of the following changes:

- Iowa Industrial New Jobs Training Program decreased by approximately \$1,359,000 due to less companies participating than in the previous year.
- Miscellaneous revenue decreased due to contributions from the Foundations in the prior year.

Operating Expenses

	Year Ended June 30,	
	2006	2005
Education and support:		
Liberal arts and sciences	\$ 8,709,961	\$ 8,063,882
Vocational technical	8,441,438	8,008,796
Adult education	3,698,905	3,499,812
Cooperative services	733,664	1,211,921
General administration	2,159,832	2,707,116
Student services	3,219,628	2,949,678
Learning resources	870,587	991,620
Physical plant	3,976,857	3,679,035
General institution	4,912,977	4,889,308
Auxiliary enterprises	3,960,827	4,270,350
Scholarships and grants	2,073,998	1,665,710
Workforce Investment Act	1,716,970	1,697,500
Temporary Assistance for Needy Families	924,383	921,681
Iowa Industrial New Jobs Training Program	6,434,582	4,198,570
Depreciation	2,068,158	2,083,134
Total operating expenses	\$ 53,902,767	\$ 50,838,113

Total Expenses



In fiscal year 2006, the major fluctuation in operating expenses was a result of the following factor:

- Iowa Industrial New Jobs Training Program expenditures increased approximately \$2,236,000 due to more companies participating than in the previous year.

In fiscal year 2005, the major fluctuations in operating expenses were a result of the following factors:

- Cooperative services and scholarships and grants fluctuated as a result of a change in classification of the GASB Statement No. 35 adjusting entry.
- Physical plant decreased by approximately \$695,000, which is mainly attributable to large construction projects in the prior year.

Eastern Iowa Community College District

Management's Discussion and Analysis

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

Cash Flows	Year Ended June 30,	
	2006	2005
Cash provided by (used in):		
Operating activities	\$ (20,343,362)	\$ (17,871,636)
Noncapital financing activities	23,960,648	25,555,508
Capital and related financing activities	(2,591,066)	(3,598,517)
Investing activities	901,144	(4,157,018)
Net increase (decrease) in cash	1,927,364	(71,663)
Cash:		
Beginning	24,576,928	24,648,591
Ending	\$ 26,504,292	\$ 24,576,928

Cash used for operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by noncapital financing activities includes state appropriations and local property taxes received by the District. 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 earned.

Capital Assets

As of June 30, 2006, the District has \$31,442,921 invested in capital assets, net of accumulated depreciation of \$28,999,416. Depreciation charges totaled \$2,068,158 for fiscal year 2006. As of June 30, 2005, the District has \$31,754,997 invested in capital assets, net of accumulated depreciation of \$27,192,928. Depreciation charges totaled \$2,083,134 for fiscal year 2005. Details of the capital assets are shown below.

Capital Assets	June 30,	
	2006	2005
Land	\$ 2,316,127	\$ 2,285,974
Buildings	49,417,832	48,388,111
Other structures and improvements	3,669,874	3,264,809
Furniture and equipment	5,038,504	5,009,031
Totals	\$ 60,442,337	\$ 58,947,925

More detailed information about the District's capital assets is presented in Note 3 to the basic financial statements.

Eastern Iowa Community College District

Management's Discussion and Analysis

Debt

As of June 30, 2006, the District had \$42,657,500 in debt outstanding, excluding compensated absences of \$1,307,732, an increase of \$1,515,000 from 2005. The majority of the increase is due to an increase in certificates payable issued. As of June 30, 2005, the District had \$41,142,500 in debt outstanding, excluding compensated absences of \$1,184,973, an increase of \$5,870,000 from 2004. The majority of the increase is due to an increase in certificates payable issued.

Outstanding Debt	June 30,	
	2006	2005
Capital loan notes	\$ 2,800,000	\$ 3,280,000
Certificates payable	37,850,000	35,790,000
Note payable	137,500	162,500
Revenue bonds payable	1,870,000	1,910,000
	<u>\$ 42,657,500</u>	<u>\$ 41,142,500</u>

More detailed information about the District's outstanding debt is presented in Note 4 to the basic financial statements.

Economic Factors

Eastern Iowa Community College District 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 District officials. Some of the realities that may potentially become challenges for the District to meet are:

- Expenses will increase as the number of students increases. The costs associated with serving students will continue to rise, but not more than the expected increase in tuition income.
- Facilities at the District require constant maintenance and upkeep, but these expenditures will be funded through the Plant Fund.

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

Contacting the District'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 District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Eastern Iowa Community College District, 306 West River Drive, Davenport, Iowa 52801.

Eastern Iowa Community College District

Statement of Net Assets - Primary Institution
June 30, 2006

Assets

Current Assets:	
Cash and cash equivalents	\$ 26,504,292
Investments	23,966,748
Receivables:	
Property taxes	5,931,573
Due from other governments	2,391,577
Other, net of allowance for uncollectible accounts of \$5,497	2,013,563
Prepaid expenses	2,474
Inventories	808,178
Total current assets	<u>61,618,405</u>
Noncurrent Assets:	
Due from Iowa Industrial New Jobs Training Program	12,953,027
Capital assets:	
Land	2,316,127
Buildings	49,417,832
Other structures and improvements	3,669,874
Furniture and equipment	5,038,504
Accumulated depreciation	(28,999,416)
Total noncurrent assets	<u>44,395,948</u>
Total assets	<u>\$ 106,014,353</u>

Liabilities and Net Assets

Current Liabilities:	
Accounts payable	\$ 2,240,691
Salaries and benefits payable	2,216,823
Accrued interest payable	179,508
Deferred revenue	7,700,184
Assets held in custody for others	1,078,804
Compensated absences	27,615
Certificates payable	3,785,000
Notes and bonds payable	575,000
Total current liabilities	<u>17,803,625</u>
Noncurrent Liabilities:	
Salaries and benefits payable	973,412
Compensated absences	1,280,117
Certificates payable	34,065,000
Notes and bonds payable	4,232,500
Total noncurrent liabilities	<u>40,551,029</u>
Total liabilities	<u>58,354,654</u>
Net Assets:	
Invested in capital assets, net of related debt	26,530,787
Restricted for:	
Education and support	3,095,968
Property taxes cash reserve	404,468
Unrestricted	17,628,476
Total net assets	<u>47,659,699</u>
Total liabilities and net assets	<u>\$ 106,014,353</u>

See Notes to Basic Financial Statements.

Eastern Iowa Community College District

Statement of Revenues, Expenses and Changes in Net Assets - Primary Institution
Year Ended June 30, 2006

Operating revenues:	
Tuition and fees, net of scholarship allowances of \$4,228,465	\$ 11,045,804
Federal appropriations	11,581,712
Iowa Industrial New Jobs Training Program	6,452,851
Auxiliary enterprises revenue, net of allowances of \$1,321,916	3,487,273
Gifts and grants	401,146
Sales and services	1,279,648
Miscellaneous	691,341
Total operating revenues	<u>34,939,775</u>
Operating expenses:	
Education and support:	
Liberal arts and sciences	8,709,961
Vocational technical	8,441,438
Adult education	3,698,905
Cooperative services	733,664
General administration	2,159,832
Student services	3,219,628
Learning resources	870,587
Physical plant	3,976,857
General institution	4,912,977
Auxiliary enterprises	3,960,827
Scholarships and grants	2,073,998
Workforce Investment Act	1,716,970
Temporary Assistance for Needy Families	924,383
Iowa Industrial New Jobs Training Program	6,434,582
Depreciation expense	2,068,158
Total operating expenses	<u>53,902,767</u>
Operating (loss)	<u>(18,962,992)</u>
Nonoperating revenues (expenses):	
State appropriations	14,848,484
Property taxes	5,675,994
Investment earnings	1,560,119
Interest on indebtedness	(281,265)
Net nonoperating revenues	<u>21,803,332</u>
Increase in net assets	2,840,340
Net assets:	
Beginning	44,819,359
Ending	<u>\$ 47,659,699</u>

See Notes to Basic Financial Statements.

Eastern Iowa Community College District

Statement of Cash Flows - Primary Institution

Year Ended June 30, 2006

Cash Flows from Operating Activities:	
Tuition and fees	\$ 11,045,804
Federal appropriations	10,860,153
Iowa Industrial New Jobs Training Program	3,898,249
Payments to employees for salaries and benefits	(29,732,361)
Payments to suppliers for goods and services	(15,078,188)
Scholarships	(7,419,500)
Auxiliary enterprise	3,487,273
Other receipts	2,595,208
Net cash (used in) operating activities	<u>(20,343,362)</u>
Cash Flows from Noncapital Financing Activities:	
State appropriations	14,848,484
Property taxes	6,718,815
Proceeds from certificates payable	6,195,000
Payments on certificates payable	(4,135,000)
Miscellaneous Agency Fund receipts	1,553,649
Miscellaneous Agency Fund disbursements	(1,220,300)
Net cash provided by noncapital financing activities	<u>23,960,648</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(1,769,098)
Principal paid on notes and bonds payable	(545,000)
Interest paid on notes and bonds payable	(276,968)
Net cash (used in) capital and related financing activities	<u>(2,591,066)</u>
Cash Flows from Investing Activities:	
Interest on investments	1,560,119
Purchase of investments	(658,975)
Net cash provided by investing activities	<u>901,144</u>
Net increase in cash and cash equivalents	1,927,364
Cash and cash equivalents:	
Beginning	24,576,928
Ending	<u>\$ 26,504,292</u>
Reconciliation of operating (loss) to net cash (used in) operating activities:	
Operating (loss)	<u>\$ (18,962,992)</u>
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Depreciation	2,068,158
Loss on disposal of capital assets	13,016
Changes in assets and liabilities:	
(Increase) in due from other governments	(721,559)
Decrease in other receivables	223,073
(Increase) in prepaid expenses	(1,045)
(Increase) in inventories	(93,600)
(Increase) in due from Iowa Industrial New Jobs Training Program	(2,554,602)
Increase in accounts payable	172,418
(Decrease) in salaries and benefits payable	(608,988)
Increase in compensated absences	122,759
Total adjustments	<u>(1,380,370)</u>
Net cash (used in) operating activities	<u>\$ (20,343,362)</u>

See Notes to Basic Financial Statements.

Eastern Iowa Community College District

Statement of Net Assets - Discretely Presented Component Units

	June 30, 2006	August 30, 2005	December 31, 2005	
	Muscatine Community College Foundation		Paul B. Sharar Foundation for Clinton Campus	Scott Community College Foundation
Assets				
Current Assets:				
Cash and cash equivalents	\$ 223,172	\$ 181,120	\$ 217,687	\$ 213,367
Investments	-	2,062,315	1,483,439	194,995
Receivables	-	-	2,700	73,332
Total current assets	223,172	2,243,435	1,703,826	481,694
Noncurrent Assets:				
Note receivable	137,500	-	-	159,470
Investments	6,409,221	-	-	-
Capital assets	-	-	-	268,504
Total noncurrent assets	6,546,721	-	-	427,974
Total assets	\$ 6,769,893	\$ 2,243,435	\$ 1,703,826	\$ 909,668
Liabilities and Net Assets				
Current Liabilities:				
Obligation payable	\$ 1,428	\$ -	\$ -	\$ -
Notes payable	-	-	-	12,311
Total current liabilities	1,428	-	-	12,311
Noncurrent Liabilities, other	1,414	-	-	188,991
Total liabilities	2,842	-	-	201,302
Net Assets:				
Invested in capital assets, net of related debt	-	-	-	268,504
Restricted for scholarships and grants	6,752,370	2,204,185	1,563,001	714,078
Unrestricted	14,681	39,250	140,825	(274,216)
Total net assets	6,767,051	2,243,435	1,703,826	708,366
Total liabilities and net assets	\$ 6,769,893	\$ 2,243,435	\$ 1,703,826	\$ 909,668

See Notes to Basic Financial Statements.

Eastern Iowa Community College District

Statement of Revenues, Expenses and Changes in Net Assets - Discretely Presented Component Units

	Year Ended June 30, 2006	Year Ended August 30, 2005	Year Ended December 31, 2005	
	Muscatine Community College Foundation	Paul B. Sharar Foundation for Clinton Campus	Scott Community College Foundation	Eastern Iowa Community College District Foundation
Revenues:				
Operating revenue, gifts and grants	\$ 398,600	\$ 612,571	\$ 338,281	\$ 169,220
Expenses:				
Operating expenses:				
Scholarships and grants	183,831	180,651	468,364	-
Miscellaneous expense	7,777	4,562	19,002	33,555
Total operating expenses	191,608	185,213	487,366	33,555
Operating income (loss)	206,992	427,358	(149,085)	135,665
Nonoperating revenues (expenses):				
Transfer of property interest	-	-	-	(2,954,266)
Interest expense				(13,301)
Investment earnings	242,130	77,305	68,551	27,129
Total nonoperating revenues (expenses)	242,130	77,305	68,551	(2,940,438)
Increase (decrease) in net assets	449,122	504,663	(80,534)	(2,804,773)
Net assets:				
Beginning	6,317,929	1,738,772	1,784,360	3,513,139
Ending	\$ 6,767,051	\$ 2,243,435	\$ 1,703,826	\$ 708,366

See Notes to Basic Financial Statements.

Eastern Iowa Community College District

Statement of Cash Flows - Discretely Presented Component Units

	Year Ended June 30, 2006	Year Ended August 30, 2005	Year Ended December 31, 2005	
	Muscatine Community College Foundation	Paul B. Sharar Foundation for Clinton Campus	Scott Community College Foundation	Eastern Iowa Community College District Foundation
Cash Flows from Operating Activities:				
Gifts and grants	\$ 398,600	\$ 612,571	\$ 338,281	\$ 149,220
Payments to suppliers for goods and services	(8,056)	(4,562)	(19,002)	(33,555)
Scholarships and grants	(183,831)	(180,651)	(468,364)	-
Net cash provided by (used in) operating activities	206,713	427,358	(149,085)	115,665
Cash Flows from Capital and Related Financing Activities:				
Interest paid	-	-	-	(13,301)
Principal payment on note payable	-	-	-	(10,698)
Net cash (used in) capital and related financing activities	-	-	-	(23,999)
Cash Flows from Investing Activities:				
Proceeds from note receivable	25,000	-	-	49,245
Interest received	270,758	-	-	34,280
Purchase of investments	(353,285)	(297,523)	-	-
Proceeds from sale or maturity of investments	-	-	51,893	-
Net cash provided by (used in) investing activities	(57,527)	(297,523)	51,893	83,525
Net increase (decrease) in cash	149,186	129,835	(97,192)	175,191
Cash:				
Beginning	73,986	51,285	314,879	38,176
Ending	<u>\$ 223,172</u>	<u>\$ 181,120</u>	<u>\$ 217,687</u>	<u>\$ 213,367</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 206,992	\$ 427,358	\$ (149,085)	\$ 135,665
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities, changes in assets and liabilities, increase in dividend payable	(279)	-	-	(20,000)
Net cash provided by (used in) operating activities	\$ 206,713	\$ 427,358	\$ (149,085)	\$ 115,665
Schedule of Noncash Investing Activities,				
net appreciation (depreciation) on investments	\$ (28,628)	\$ 374,828	\$ (21,398)	\$ (7,151)

See Notes to Basic Financial Statements.

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 1. Financial Reporting Entity and Significant Accounting Policies

Financial reporting entity:

Eastern Iowa Community College District (District) is a publicly-supported post-secondary two-year institution established and operated by Merged Area IX under the provisions of Chapter 260C of the Code of Iowa.

In fulfilling the responsibilities assigned to it by law, Eastern Iowa Community College District offers a comprehensive educational program and support services to serve local and state needs. The District offers arts and science courses, career education, adult education, and cooperative programs as its curriculum. In addition, the District acts as an agency for the State of Iowa in connection with the Workforce Investment Act. The Eastern Iowa Community College District maintains campuses in Bettendorf, Clinton and Muscatine and has its administrative offices in Davenport. The Eastern Iowa Community College District is governed by a Board of Directors whose members are elected from each district within Merged Area IX.

Accounting principles generally accepted in the United States of America require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In addition, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include (1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District or its constituents, (2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the District, and (3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District.

The District is considered to be a primary government and has included Muscatine Community College Foundation, Scott Community College Foundation, Paul B. Sharar Foundation for Clinton Campus, and Eastern Iowa Community College District Foundation as discretely presented component units in their basic financial statements in the current year with the adoption of GASB Statement No. 39 due to the nature of their relationship with the District.

The District Foundations are non-profit corporations, governed by a separate Board of Directors. The Foundations' purpose is to support the District through donations to provide scholarships to students, and for the enhancement and extension of facilities, equipment and services. The Foundations operate on the following fiscal year-ends:

Muscatine Community College Foundation	June 30, 2006
Paul B. Sharar Foundation for Clinton Campus	August 30, 2005
Scott Community College Foundation	December 31, 2005
Eastern Iowa Community College District Foundation	December 31, 2005

Separately issued financial statements for the discretely presented component units can be obtained at Eastern Iowa Community College District, 306 West River Drive, Davenport, Iowa 52801.

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 1. Financial Reporting Entity and Significant Accounting Policies (Continued)

The Scott Community College Foundation and the Eastern Iowa Community College District Foundation are presented on the accrual basis of accounting. The Muscatine Community College Foundation prepares its financial statements on the basis of modified cash receipts and disbursements which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Paul B. Sharar Foundation for Clinton Campus prepares its financial statements on the income tax basis which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Significant accounting policies:

Financial statement presentation: The basic financial statements (i.e., the statements of net assets, revenues, expenses and changes in net assets, and cash flows) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

Measurement focus and basis of accounting: For financial reporting purposes, the District 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 District 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 taxes are 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.

Accounting standards: The District follows Governmental Accounting Standards Board (GASB) pronouncements as well as following all Financial Accounting Board Statements and Interpretations, Accounting Principles Board Opinion and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

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

Property taxes receivable: Property taxes receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Directors to the appropriate County Auditors. Current year delinquent property tax receivable represents unpaid taxes from the current year. 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 March 15 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.

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 1. Financial Reporting Entity and Significant Accounting Policies (Continued)

Due from Iowa Industrial New Jobs Training Program (NJTP): This receivable represents the total amount to be remitted to the District for training projects entered into between the District and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on NJTP project expenditures incurred through June 30, 2006, plus interest incurred on NJTP certificates, less reimbursements received to date.

Due from other governments: This asset represents state aid, grants and reimbursements due from the State of Iowa, and grants and reimbursements due from the federal government.

Inventories: Inventories are stated at the lower of cost or market (first-in, first-out) method. As of June 30, 2006, inventories are as follows:

	Unrestricted Current Funds
Bookstore	\$ 787,059
Parts	21,119
	<u>\$ 808,178</u>

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. No interest costs were capitalized since there were no qualifying assets.

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

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

	Years
Buildings and other structures and improvements	25
Furniture and equipment	7

The District does not capitalize or depreciate their library book collection. This collection is unencumbered, held for public education, protected, cared for, and preserved and the proceeds from the sale of library books, if any, are not material to the District.

Salaries and benefits payable: Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Expenditures for employees who have elected and been approved for early retirement are also accrued in this liability.

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 1. Financial Reporting Entity and Significant Accounting Policies (Continued)

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

Compensated absences: District employees accumulate a limited amount of earned but unused vacation for subsequent use. Earned but unused vacation is paid to the employee upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as compensated absences. These liabilities have been computed based on rates of pay in effect as of June 30, 2006.

Accrued interest payable: Interest on long-term bonded indebtedness is recorded as a liability when the interest is payable.

Net assets: Net assets are classified according to restrictions or availability of assets for satisfaction of District obligations. Invested in capital assets, net of related debt represents the net value of capital assets less the debt incurred to acquire or construct the assets and the borrowed resources not yet expended, but restricted for capital purchases. Restricted net assets represent the amounts segregated for specific purposes as allowed by the Code of Iowa, bond covenants, donors, or outside agencies. All remaining net assets are unrestricted for legal purposes, but may be designated for specific purposes. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Auxiliary enterprises revenues and expenses: Auxiliary enterprises revenues and expenses primarily represent revenues generated and expenses associated with bookstore, cafeteria, daycare, parts, and printing.

Summer session: The District operates summer sessions. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year.

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

Operating and nonoperating 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. Nonoperating activities include state appropriations, property tax, interest earnings and interest on indebtedness.

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

Scholarship allowances and student aid: Financial aid to students is reported in the financial statements, 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 revenue. 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.

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 2. Deposits and Investments

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits operating funds portfolio to maturities of less than 397 days.

As of June 30, 2006, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Bonds	\$ 5,879,311	\$ 5,879,311	\$ -	\$ -	\$ -

Credit risk: The District 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. However, the District's investment policy additionally limits investments in commercial paper to obligations that mature within 270 days and that is rated within the two highest classifications, as established by at least one of the standard rating services, with no more than 5% at the time of purchase placed in the second highest classification. At the time of purchase, no more than 10% of the investment portfolio can be in these investments and no more than 5% of the investment portfolio can be invested in the securities of a single issuer.

As of June 30, 2006, the District's investments were not subject to nationally recognized statistical ratings.

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

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. It is the District's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default.

As of June 30, 2006, the carrying amount of the District's deposits excluding \$8,150 of petty cash totaled \$44,583,579, with a bank balance of \$46,654,978.

The District's deposits and investments were not exposed to custodial credit risk as of June 30, 2006.

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 3. Capital Assets

Capital assets activity for the year ended June 30, 2006 is as follows:

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Capital assets not being depreciated, land	\$ 2,285,974	\$ 30,153	\$ -	\$ 2,316,127
Capital assets being depreciated:				
Buildings	48,388,111	1,029,721	-	49,417,832
Other structures and improvements	3,264,809	405,065	-	3,669,874
Furniture and equipment	5,009,031	304,159	274,686	5,038,504
Total capital assets being depreciated	56,661,951	1,738,945	274,686	58,126,210
Less accumulated depreciation for:				
Buildings	22,082,157	1,571,389	-	23,653,546
Other structures and improvements	1,623,058	113,905	-	1,736,963
Furniture and equipment	3,487,713	382,864	261,670	3,608,907
Total accumulated depreciation	27,192,928	2,068,158	261,670	28,999,416
Total capital assets being depreciated, net	29,469,023	(329,213)	13,016	29,126,794
Total capital assets, net	\$ 31,754,997	\$ (299,060)	\$ 13,016	\$ 31,442,921

Furniture and equipment of \$195,682 is restricted for the Workforce Investment Act, Temporary Assistance for Needy Families, and other training programs, including \$10,769 of additions. Capital assets above include agency fund capital assets of \$104,634.

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 4. Noncurrent Liabilities

A summary of changes in noncurrent liabilities for the year ended June 30, 2006 is as follows:

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Amount Due Within One Year
Certificates payable	\$ 35,790,000	\$ 6,195,000	\$ 4,135,000	\$ 37,850,000	\$ 3,785,000
Capital loan notes	3,280,000	-	480,000	2,800,000	505,000
Note payable	162,500	-	25,000	137,500	25,000
Dormitory revenue bonds	1,910,000	-	40,000	1,870,000	45,000
Compensated absences	1,184,973	1,307,732	1,184,973	1,307,732	27,615
	<u>\$ 42,327,473</u>	<u>\$ 7,502,732</u>	<u>\$ 5,864,973</u>	<u>\$ 43,965,232</u>	<u>\$ 4,387,615</u>

In accordance with agreements dated between June 30, 1993 and June 30, 2006, the District issued certificates with a June 30, 2006 outstanding balance of \$37,850,000 and with interest rates ranging from 3.00% to 8.30% per annum. These certificates were issued to finance the development and training costs incurred relative to implementing the 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 on the certificates is payable semiannually, while the principal matures annually. The certificates are to be retired from the proceeds of withholding taxes remitted by the State of Iowa, incremental property taxes, budgeted reserves, and in the case of default, from standby property taxes collected.

The future debt service requirements on these certificates are as follows:

Year ending June 30:	Principal	Interest	Total
2007	\$ 3,785,000	\$ 1,383,579	\$ 5,168,579
2008	4,530,000	1,319,956	5,849,956
2009	4,175,000	1,195,261	5,370,261
2010	4,510,000	1,096,114	5,606,114
2011	4,165,000	943,091	5,108,091
2012-2016	16,685,000	2,053,049	18,738,049
	<u>\$ 37,850,000</u>	<u>\$ 7,991,050</u>	<u>\$ 45,841,050</u>

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 4. Noncurrent Liabilities (Continued)

Pursuant to a loan agreement entered into on May 15, 2000, the District issued capital loan notes with a June 30, 2006 balance of \$2,800,000. Rates range from 5.35% to 5.50%. Interest is accrued semiannually with principal and interest payments due annually in varying amounts through 2011. These notes were issued primarily to finance the purchase of grounds, construction of buildings, payment of debts contracted for the construction of buildings, purchase of buildings, equipment for buildings, and for the purpose of maintaining, remodeling, improving and expanding the District.

The capital loan notes will be repaid from the future receipt of installments of the tax levy of 20 ¼ cents per thousand dollars of assessed value authorized by the voters of Eastern Iowa Community College at the election held September 14, 1999, pursuant to authority granted by Section 260C.22 of the Code of Iowa.

The note payable consists of a note due to Muscatine Community College Foundation which was entered into on November 10, 1999. As of June 30, 2006, the note has a balance of \$137,500. It is a noninterest bearing, unsecured note. Principal is due in full as of December 31, 2010.

Bond payable consists of dormitory revenue bonds, Series 2001 of \$1,870,000 as of June 30, 2006. Rates range from 5.00% to 5.85%. Interest is due semiannually and principal is due annually in varying amounts through 2022. The proceeds of the bond were used for the construction of college apartments. Revenues earned by the project will be pledged for repayment of the bond payable. The bond is collateralized by a mortgage on the dormitory property.

Future maturities and interest of the notes and bonds payable as of June 30, 2006 are as follows:

	Principal	Interest	Total
Year ending June 30:			
2007	\$ 575,000	\$ 255,860	\$ 830,860
2008	605,000	226,593	831,593
2009	645,000	195,738	840,738
2010	675,000	162,778	837,778
2011	732,500	127,938	860,438
2012-2016	525,000	397,237	922,237
2017-2021	840,000	215,616	1,055,616
2022	210,000	12,285	222,285
	<u>\$ 4,807,500</u>	<u>\$ 1,594,045</u>	<u>\$ 6,401,545</u>

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 5. Retirement System

Eastern Iowa Community College District 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 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$750,643, \$736,134 and \$723,729, respectively, equal to the required contributions for each year.

Note 6. Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF)

Eastern Iowa Community College District contributes to the TIAA-CREF retirement program which is a defined contribution plan. TIAA administers the retirement plan for the District. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible District 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 3.70% and the District is required to contribute 5.75%. The District and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2006 were \$437,057 and \$281,228, respectively.

Note 7. Operating Leases

The District has leased various facilities, land and vehicles under operating leases. The leases expire on various dates through 2009 and require various minimum annual rentals. Some of the leases also require the payment of normal maintenance and insurance on the properties.

The following is a schedule, by year, of the future minimum rentals due under these operating leases:

Year ending June 30:	
2007	\$ 190,524
2008	129,803
2009	113,028
2010	100,889
2011	67,455
	<u>\$ 601,699</u>

Rental payments made during the year ended June 30, 2006 for all operating leases totaled approximately \$242,895.

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 8. Risk Management Program

The District is a member in 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 members include Iowa Community Colleges. IMPACC was incorporated in May 1988 for the purpose of managing and funding insurance for its members and to provide general liabilities, automobile liability, automobile physical damage, public official bonds, property and inland marine, errors and omissions and School Board legal liability, workers' compensation and employers liability, crime insurance, fiduciary bonds, and boiler and machinery insurance coverage for its member colleges. There have been no reductions in insurance coverage from prior years.

The members' annual contributions are to fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund IMPACC's general and administrative expenses, claims, claim expenses and reinsurance expenses due and payable in the current year. The District's contributions to the risk-sharing pool are recognized as expenditures at the time of payment. The District's total contributions to IMPACC for the year ended June 30, 2006 were \$264,358.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$200,000 per property/liability, \$100,000 for error/omissions, and \$200,000 for workers' compensation. The policy limit per occurrence is \$800,000 for property/liability, \$900,000 for errors/omissions, and \$150,000 for workers' compensation. Excess insurance for workers' compensation is for statutory limits. Excess for all other lines is \$10,000,000 per occurrence. Property is insured with excess coverage over the self-insured retention of up to \$50,000,000 for boiler and machinery and up to \$250,000,000 for other property. Stop gap loss protection is provided above the member's loss fund.

In the event any claim or series of claims exceed the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The District does not report a liability for losses in excess of reinsurance unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2006, no liability has been recorded by the District. Settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

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

The District also carries commercial insurance purchased from other insurers for coverage associated with the Workforce Investment Act and for employee health claims. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 9. Contingency Liability, Early Retirement and Commitments

The District approved an Early Retirement Incentive Plan (ERIP) effective April 21, 2003.

To be eligible for ERIP, an employee must be employed full-time and be 55 years of age with 10 or more years of consecutive service with the District. Retirement is to begin at the end of the academic year for instructional staff and the end of the fiscal year for administration, professional, and support staff. Participation must be approved by the administrative office.

An employee approved for participation in the program will receive the following incentives:

1. Early Retirement Incentive lump-sum cash severance amount of 50-65% of the final contract salary based upon years of service.
2. The employee's single deductible health insurance premium at the time of retirement shall be paid on a monthly basis until the retired employee becomes Medicare eligible or until their death.

The employee receives the cash benefits in two installments. The first half of the benefit is paid in the fiscal year of the retirement. The second half of the benefit is paid in the fiscal year following the year of retirement. The lump-sum payment liability is \$266,592.

The current year cost to the District was \$602,917, including 17 participants in the health insurance plan. The liability for the participation in the health plan is \$1,246,189 and will be paid over the next nine years. The liability was calculated using the District's share of health premiums at the time of retirement to estimate costs.

A summary of the changes in the early retirement liability for the year ended June 30, 2006 is as follows:

Balance, June 30, 2005	\$ 1,661,612
Additions	369,758
Reductions	518,589
Balance, June 30, 2006	<u>\$ 1,512,781</u>
Due within one year	<u>\$ 973,412</u>

The early retirement liability is included in salaries and benefits payable on the statement of net assets.

As of June 30, 2006, the potential liability of the District, if all eligible employees accepted early retirement, is approximately \$4,812,500.

The District entered into two agreements with contractors in May 2006 for the mechanical and electrical upgrade of Muscatine and Clinton Community Colleges totaling approximately \$1,894,000. The contracts had approximately \$1,465,000 remaining at June 30, 2006.

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 10. New Jobs Training Programs

The District administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IX 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 District to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves, and in the case of default, from standby property taxes. The District is currently administering 132 projects receiving project funding or in the repayment stage. In cases where projects exceed the budgeted amounts, the District intends to obtain additional withholding revenue from the companies.

The District also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area IX in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a state administered fund. The District is currently administering 65 projects receiving project funding or in the repayment stage.

Note 11. Accounting Change

For the year ended June 30, 2006, the District implemented the following Governmental Accounting Standards:

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB 35. This Statement establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation.

Statement No. 47, *Accounting for Termination Benefits*. This Statement establishes accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (early retirement incentives) when the offer is accepted and the amount can be estimated. A liability for involuntary termination benefits (severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees and the amount can be estimated.

These Statements had no effect on the District in the current year.

Eastern Iowa Community College District

Notes to Basic Financial Statements

Note 12. New Pronouncements

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

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, issued April 2004, will be effective for the District beginning with its year ending June 30, 2008. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supercedes existing guidance.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other than Pensions*, issued June 2004, will be effective for the District beginning with its year ending June 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and if applicable, required supplementary information in the financial reports.

Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, will be effective for the District beginning with its year ending June 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

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

Note 13. Discretely Presented Component Unit Note Receivable

Muscatine Community College Foundation loaned Muscatine Community College \$250,000 during fiscal year ended June 30, 2000. The amount outstanding as of June 30, 2006 is \$137,500. The note is noninterest bearing and was loaned in support of the new childcare facility. The loan proceeds were to be consistent with Braunworth Fund stipulations. The loan is to be repaid within ten years based on a signed contract with Eastern Iowa Community College District. Under the terms of the agreement, utilization of the facility is restricted to classrooms and childcare for as long as there is a balance due.

Eastern Iowa Community College District

Required Supplementary Information
 Budgetary Comparison Schedule of Expenditures
 Year Ended June 30, 2006

Funds/Levy	Original Budget	Final Budget	Actual	Variance Between Actual and Final Budget
Unrestricted	\$ 37,329,964	\$ 37,329,964	\$ 32,575,654	\$ 4,754,310
Restricted	\$ 12,922,722	\$ 12,922,722	\$ 9,596,070	\$ 3,326,652
Unemployment	38,838	38,838	7,713	31,125
Insurance	294,235	294,235	321,802	(27,567)
Early retirement	54,772	54,772	602,917	(548,145)
Equipment replacement	1,555,427	1,555,427	746,392	809,035
Standby	41,141	41,141	40,656	485
Total restricted	\$ 14,907,135	\$ 14,907,135	\$ 11,315,550	\$ 3,591,585
Plant	\$ 4,514,369	\$ 4,514,369	\$ 2,922,393	\$ 1,591,976

See Note to Required Supplementary Information.

Eastern Iowa Community College District

Note to Required Supplementary Information
Budgetary Reporting
Year Ended June 30, 2006

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the District on a basis consistent with accounting principles generally accepted in the United States of America. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of 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 statutory prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Investment Act accounts, Temporary Assistance for Needy Families, Iowa Code 260F Jobs Training, scholarships and grants account, Loan Funds, and Agency Funds.

Eastern Iowa Community College District

Balance Sheet June 30, 2006

	Current Funds	
	Unrestricted	Restricted
Assets		
Cash and cash equivalents	\$ 17,477,348	\$ 1,513,651
Investments	-	23,966,748
Receivables:		
Property taxes	1,939,093	2,005,604
Due from other governments	523,987	1,217,067
Other, net of allowance for uncollectible accounts of \$5,497	946,702	555,959
Due from other funds	-	4,476,700
Prepaid expenses	-	2,474
Inventories	808,178	-
Due from Iowa Industrial New Jobs Training Program	-	12,953,027
Capital assets:		
Land	-	-
Buildings	-	-
Other structures and improvements	-	-
Furniture and equipment	-	-
Accumulated depreciation	-	-
Total assets	\$ 21,695,308	\$ 46,691,230
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 877,568	\$ 819,026
Salaries and benefits payable	1,645,390	1,544,845
Accrued interest payable	21,030	158,478
Due to other funds	4,706,458	-
Deferred revenue	3,074,383	2,614,602
Assets held in custody for others	-	-
Compensated absences	1,103,889	203,843
Certificates payable	-	37,850,000
Notes and bonds payable	-	-
Total liabilities	11,428,718	43,190,794
Fund Balances:		
Invested in capital assets, net of related debt	-	-
Restricted for:		
Education and support	-	3,095,968
Property tax cash reserve	-	404,468
Unrestricted	10,266,590	-
Total fund balances	10,266,590	3,500,436
Total liabilities and fund balances	\$ 21,695,308	\$ 46,691,230

See Note to Supplementary Information.

Loan Funds	Plant Funds	Agency Funds	Adjustments	Total
\$ 500	\$ 7,512,793	\$ -	\$ -	\$ 26,504,292
-	-	-	-	23,966,748
-	1,986,876	-	-	5,931,573
-	153,791	496,732	-	2,391,577
-	226,858	284,044	-	2,013,563
35,644	720	193,394	(4,706,458)	-
-	-	-	-	2,474
-	-	-	-	808,178
-	-	-	-	12,953,027
-	2,316,127	-	-	2,316,127
-	49,332,399	85,433	-	49,417,832
-	3,660,668	9,206	-	3,669,874
-	5,028,509	9,995	-	5,038,504
-	-	-	(28,999,416)	(28,999,416)
\$ 36,144	\$ 70,218,741	\$ 1,078,804	\$ (33,705,874)	\$ 106,014,353
\$ -	\$ 544,097	\$ -	\$ -	\$ 2,240,691
-	-	-	-	3,190,235
-	-	-	-	179,508
-	-	-	(4,706,458)	-
-	2,011,199	-	-	7,700,184
-	-	1,078,804	-	1,078,804
-	-	-	-	1,307,732
-	-	-	-	37,850,000
-	4,807,500	-	-	4,807,500
-	7,362,796	1,078,804	(4,706,458)	58,354,654
-	55,530,203	-	(28,999,416)	26,530,787
-	-	-	-	3,095,968
-	-	-	-	404,468
36,144	7,325,742	-	-	17,628,476
36,144	62,855,945	-	(28,999,416)	47,659,699
\$ 36,144	\$ 70,218,741	\$ 1,078,804	\$ (33,705,874)	\$ 106,014,353

Eastern Iowa Community College District

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006

	Current Funds	
	Unrestricted	Restricted
Revenues:		
General:		
Tuition and fees	\$ 14,785,741	\$ 488,479
Property taxes	1,938,379	1,796,474
State appropriations	13,782,961	704,674
Federal appropriations	1,247,093	10,380,611
Gifts and grants	107,378	-
Sales and services	581,618	2,070,071
Interest	801,966	574,135
Iowa Industrial New Jobs Training Program	-	6,452,851
Miscellaneous	70,677	112,699
	<u>33,315,813</u>	<u>22,579,994</u>
Auxiliary enterprises:		
Sales and services	4,809,189	-
Miscellaneous	322,689	-
	<u>5,131,878</u>	<u>-</u>
Total revenues	<u>38,447,691</u>	<u>22,579,994</u>
Expenditures:		
Education and support:		
Liberal arts and sciences	8,764,488	-
Vocational technical	6,967,516	1,728,076
Adult education	3,545,307	179,812
Cooperative services	783,555	1,129,965
General administration	1,557,625	602,917
Student services	3,263,672	-
Learning resources	877,963	-
Physical plant	2,367,313	321,802
General institution	4,166,950	918,396
Workforce Investment Act	-	1,727,739
Temporary Assistance for Needy Families	-	924,383
Iowa Industrial New Jobs Training Program	-	6,434,582
Depreciation expense	-	-
	<u>32,294,389</u>	<u>13,967,672</u>
Auxiliary enterprises	3,960,827	-
Scholarships and grants	-	7,419,500
Plant asset acquisitions	-	-
Interest on indebtedness	281,265	-
	<u>4,242,092</u>	<u>7,419,500</u>
Total expenditures	<u>\$ 36,536,481</u>	<u>\$ 21,387,172</u>

Loan Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ 49	\$ -	\$ -	\$ -	\$ (4,228,465)	\$ 11,045,804
-	1,941,141	-	-	-	5,675,994
-	366,525	-	-	(5,676)	14,848,484
-	-	-	-	(45,992)	11,581,712
-	293,768	-	-	-	401,146
-	-	-	-	(1,372,041)	1,279,648
-	184,018	-	-	-	1,560,119
-	-	-	-	-	6,452,851
-	185,276	-	-	-	368,652
49	2,970,728	-	-	(5,652,174)	53,214,410
-	-	-	-	(1,321,916)	3,487,273
-	-	-	-	-	322,689
-	-	-	-	(1,321,916)	3,809,962
49	2,970,728	-	-	(6,974,090)	57,024,372
-	-	-	-	(54,527)	8,709,961
-	-	-	-	(254,154)	8,441,438
-	-	-	-	(26,214)	3,698,905
-	-	-	-	(1,179,856)	733,664
-	-	-	-	(710)	2,159,832
-	-	-	-	(44,044)	3,219,628
-	-	-	-	(7,376)	870,587
-	1,807,968	-	-	(520,226)	3,976,857
-	-	-	-	(172,369)	4,912,977
-	-	-	-	(10,769)	1,716,970
-	-	-	-	-	924,383
-	-	-	-	-	6,434,582
-	-	-	-	2,068,158	2,068,158
-	1,807,968	-	-	(202,087)	47,867,942
-	-	-	-	-	3,960,827
-	-	-	-	(5,345,502)	2,073,998
-	1,114,425	-	-	(1,114,425)	-
-	-	-	-	-	281,265
-	1,114,425	-	-	(6,459,927)	6,316,090
\$ -	\$ 2,922,393	\$ -	\$ -	\$ (6,662,014)	\$ 54,184,032

(Continued)

Eastern Iowa Community College District

Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
 Year Ended June 30, 2006

	Current Funds	
	Unrestricted	Restricted
Excess of revenues over expenditures	\$ 1,911,210	\$ 1,192,822
Other additions (deductions):		
Expended for plant assets	-	-
Retirement of indebtedness	(545,000)	-
Disposal of plant assets	-	-
Total other additions (deductions)	(545,000)	-
Net change in fund balances	1,366,210	1,192,822
Fund balances:		
Beginning	8,900,380	2,307,614
Ending	<u>\$ 10,266,590</u>	<u>\$ 3,500,436</u>

See Note to Supplementary Information.

Loan Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ 49	\$ 48,335	\$ -	\$ -	\$ (312,076)	\$ 2,840,340
-	-	-	1,769,098	(1,769,098)	-
-	-	-	545,000	-	-
-	-	-	(274,686)	274,686	-
-	-	-	2,039,412	(1,494,412)	-
49	48,335	-	2,039,412	(1,806,488)	2,840,340
36,095	7,277,407	-	53,490,791	(27,192,928)	44,819,359
\$ 36,144	\$ 7,325,742	\$ -	\$ 55,530,203	\$ (28,999,416)	\$ 47,659,699

Eastern Iowa Community College District

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Unrestricted Current Funds
 Education and Support
 Year Ended June 30, 2006

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Revenues:				
Tuition:				
Resident	\$ 8,201,717	\$ 2,407,117	\$ 1,782,595	\$ 389,234
Non-resident	755,270	482,173	-	-
Refunds	(6,162)	(361)	(1,806)	-
Fees	498,071	214,450	60,285	-
Property taxes	-	-	-	-
State appropriations	5,725,784	5,182,103	2,852,095	-
Federal appropriations	-	4,261	452,345	395,139
Gifts and grants	19,685	85,076	-	-
Sales and services	28,804	360,380	15,803	-
Interest	-	-	-	-
Miscellaneous	14,280	22,400	2,000	26
	<u>15,237,449</u>	<u>8,757,599</u>	<u>5,163,317</u>	<u>784,399</u>
Allocation of support services revenues	1,456,211	1,307,538	609,300	-
Total revenues	<u>16,693,660</u>	<u>10,065,137</u>	<u>5,772,617</u>	<u>784,399</u>
Expenditures:				
Salaries and benefits	7,414,692	6,083,588	2,304,705	657,595
Services	1,219,448	407,828	921,084	94,455
Materials and supplies	76,905	362,863	263,628	28,289
Travel	53,443	70,586	55,890	3,216
Expended for plant assets	-	42,651	-	-
Retirement of indebtedness	-	-	-	-
Interest on indebtedness	-	-	-	-
Miscellaneous	-	-	-	-
	<u>8,764,488</u>	<u>6,967,516</u>	<u>3,545,307</u>	<u>783,555</u>
Allocation of support services expenditures	5,627,370	5,052,843	2,354,575	-
Total expenditures	<u>14,391,858</u>	<u>12,020,359</u>	<u>5,899,882</u>	<u>783,555</u>
Net change in fund balances	<u>\$ 2,301,802</u>	<u>\$ (1,955,222)</u>	<u>\$ (127,265)</u>	<u>\$ 844</u>

Fund balances:

 Beginning

 Ending

See Note to Supplementary Information.

Support						
General Admini- stration	Student Services	Learning Resources	Physical Plant	General Institution	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,780,663
-	-	-	-	-	-	1,237,443
-	-	-	-	-	-	(8,329)
-	3,158	-	-	-	-	775,964
1,938,379	-	-	-	-	-	1,938,379
5,676	17,303	-	-	-	-	13,782,961
193,270	193,705	8,373	-	-	-	1,247,093
-	-	1,936	681	-	-	107,378
163,755	340	4,542	7,589	405	-	581,618
801,966	-	-	-	-	-	801,966
2,651	2,853	5,200	19,260	2,007	-	70,677
3,105,697	217,359	20,051	27,530	2,412	-	33,315,813
(3,105,697)	(217,359)	(20,051)	(27,530)	(2,412)	-	-
-	-	-	-	-	-	33,315,813
1,169,168	3,112,709	712,210	987,313	2,380,251	-	24,822,231
253,711	88,215	62,167	847,547	1,678,483	-	5,572,938
32,565	43,738	95,516	162,562	43,080	-	1,109,146
94,424	19,010	2,925	1,131	65,136	-	365,761
-	-	5,145	368,760	-	-	416,556
-	-	-	520,000	-	-	520,000
-	-	-	281,265	-	-	281,265
7,757	-	-	-	-	-	7,757
1,557,625	3,263,672	877,963	3,168,578	4,166,950	-	33,095,654
(1,557,625)	(3,263,672)	(877,963)	(3,168,578)	(4,166,950)	-	-
-	-	-	-	-	-	33,095,654
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	220,159

3,711,659
\$ 3,931,818

Eastern Iowa Community College District

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Unrestricted Current Funds
 Auxiliary Enterprises
 Year Ended June 30, 2006

	Cafeteria	Bookstore	Daycare	Parts	Printing
Revenues:					
Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Federal appropriation	-	-	16,591	-	-
Sales and services	22,989	3,567,432	234,986	87,628	140,828
Miscellaneous, primarily gifts	1,011	-	-	-	-
Total revenues	24,000	3,567,432	251,577	87,628	140,828
Expenditures:					
Salaries and benefits	-	291,948	210,222	13,394	19,689
Services	8,681	100,957	1,737	-	71,859
Materials and supplies	2,712	12,002	12,007	1,052	28,362
Merchandise purchased for sale	2,275	2,520,837	2,232	82,049	-
Travel	-	129	-	-	95
Retirement of indebtedness	-	-	25,000	-	-
Miscellaneous	459	229,428	-	-	-
Total expenditures	14,127	3,155,301	251,198	96,495	120,005
Net change in fund balances	9,873	412,131	379	(8,867)	20,823
Fund balances:					
Beginning	127,704	1,796,117	1,956	20,650	448,235
Ending	\$ 137,577	\$ 2,208,248	\$ 2,335	\$ 11,783	\$ 469,058

See Note to Supplementary Information.

Student Housing	Video Consortium	Kahl Auxiliary	Other	Total
\$ -	\$ -	\$ -	\$ 1,860	\$ 1,860
-	-	-	-	16,591
263,285	72,346	290,779	128,916	4,809,189
-	-	-	303,227	304,238
263,285	72,346	290,779	434,003	5,131,878
47,780	65,299	-	-	648,332
75,008	1,930	-	-	260,172
7,224	2,191	-	2,457	68,007
-	-	-	-	2,607,393
139	-	-	-	363
-	-	-	-	25,000
146,673	-	-	-	376,560
276,824	69,420	-	2,457	3,985,827
(13,539)	2,926	290,779	431,546	1,146,051
1,204,693	1,281	991,414	596,671	5,188,721
\$ 1,191,154	\$ 4,207	\$ 1,282,193	\$ 1,028,217	\$ 6,334,772

Eastern Iowa Community College District

Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) -
 Restricted Current Funds
 Year Ended June 30, 2006

	Scholarships and Grants	Equipment Replacement	Insurance	Unemployment Compensation	Workforce Investment Act
Revenues:					
Tuition, resident	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	861,504	242,731	1,944	-
State appropriations	241,663	-	-	-	-
Federal appropriations	6,461,524	-	-	-	1,727,739
Sales and services	725,154	-	-	-	-
Interest	-	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	7,428,341	861,504	242,731	1,944	1,727,739
Expenditures:					
Salaries and benefits	-	-	-	7,713	699,928
Services	-	-	321,802	-	431,674
Materials and supplies	-	682,665	-	-	96,281
Travel	-	-	-	-	21,093
Expended for plant assets	-	63,727	-	-	10,768
Interest on indebtedness	-	-	-	-	-
Employer reimbursements	-	-	-	-	-
Federal Pell Grant Program	6,213,928	-	-	-	-
Federal Supplemental Educational Opportunity Grant (SEOG)	188,313	-	-	-	-
Other miscellaneous scholarships	1,017,259	-	-	-	-
Miscellaneous	-	-	-	-	467,995
Total expenditures	7,419,500	746,392	321,802	7,713	1,727,739
Net change in fund balances	8,841	115,112	(79,071)	(5,769)	-
Fund balances (deficits):					
Beginning	27,308	800,435	(19,063)	46,612	-
Ending	\$ 36,149	\$ 915,547	\$ (98,134)	\$ 40,843	\$ -

See Note to Supplementary Information.

Temporary Assistance for Needy Families	Iowa Industrial New Jobs Training Program	Economic Development	Other Federal Programs	Other Training	Other	Cash Reserve	Total
\$ -	\$ -	\$ 248,636	\$ 129,543	\$ 110,300	\$ -	\$ -	\$ 488,479
-	40,655	-	-	-	649,640	-	1,796,474
-	-	-	-	463,011	-	-	704,674
924,383	-	-	1,248,782	18,183	-	-	10,380,611
-	-	1,194,284	120,509	20,665	9,459	-	2,070,071
-	(58,924)	633,059	-	-	-	-	574,135
-	6,452,851	-	-	-	-	-	6,452,851
-	-	-	-	106,889	5,810	-	112,699
924,383	6,434,582	2,075,979	1,498,834	719,048	664,909	-	22,579,994
635,201	-	746,736	766,501	316,573	602,917	-	3,775,569
240,040	2,399,411	234,582	174,759	279,317	1,819	-	4,083,404
40,168	-	17,214	45,408	78,657	7,632	-	968,025
8,974	-	17,213	94,529	3,567	-	-	145,376
-	-	-	-	-	-	-	74,495
-	1,335,921	-	-	-	-	-	1,335,921
-	2,699,250	-	-	-	-	-	2,699,250
-	-	-	-	-	-	-	6,213,928
-	-	-	-	-	-	-	188,313
-	-	-	90,592	-	-	-	1,107,851
-	-	-	327,045	-	-	-	795,040
924,383	6,434,582	1,015,745	1,498,834	678,114	612,368	-	21,387,172
-	-	1,060,234	-	40,934	52,541	-	1,192,822
-	-	1,597,207	-	316,096	(865,449)	404,468	2,307,614
\$ -	\$ -	\$ 2,657,441	\$ -	\$ 357,030	\$ (812,908)	\$ 404,468	\$ 3,500,436

Eastern Iowa Community College District

Schedule of Changes in Assets Held in Custody for Others -
Agency Funds
Year Ended June 30, 2006

	Athletics	Clubs, Organizations, and Activities
Balance, beginning	\$ 9,578	\$ 401,433
Additions:		
Fees	-	446,400
State appropriations	-	-
Gifts and grants	1,620	18,016
Sales and services	28,900	52,365
Other	190,240	112,329
Total additions	220,760	629,110
Deductions:		
Salaries and benefits	12,095	50,315
Services	98,692	138,351
Materials and supplies	35,016	85,201
Merchandise purchased for sale	800	5,255
Travel	52,919	75,595
Scholarships	300	20,370
Other	568	205,765
Total deductions	200,390	580,852
Balance, ending	\$ 29,948	\$ 449,691

See Note to Supplementary Information.

Iowa Industrial New Jobs Training Program	Other	Total
\$ 323,744	\$ 10,700	\$ 745,455
-	-	446,400
417,583	-	417,583
-	-	19,636
-	-	81,265
-	286,196	588,765
417,583	286,196	1,553,649
-	17,079	79,489
153,674	266,711	657,428
-	1,594	121,811
-	-	6,055
-	-	128,514
-	-	20,670
-	-	206,333
153,674	285,384	1,220,300
\$ 587,653	\$ 11,512	\$ 1,078,804

Eastern Iowa Community College District

Note to Supplementary Information Year Ended June 30, 2006

Statements presented in the supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting, except for depreciation. The schedule of revenues, expenditures and changes in fund balance is the statement 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. In order to ensure observance of limitations and restrictions placed on the use of the resources available to the District, the accounts of the District are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions are accounted for and reported by fund group. Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated for specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary revenue derived from investments, receivables, and the like, is accounted for in the fund owning such assets.

The District utilizes the following fund groups:

Current Funds:

These funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the District. These include the following unrestricted and restricted subfunds:

Unrestricted: The Education and Support subgroup of the Unrestricted Current Funds accounts for the general operations of the District. All property taxes and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating costs, the fixed charges and the acquisition of plant assets that are not paid from other funds.

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

Restricted: The Restricted Current Funds are 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.

The Scholarships and Grants subgroup accounts for resources available for awards to students which are not in payment of services rendered to the District and which will not require repayment to the District.

The District has agreements with various businesses under the Iowa Industrial New Jobs Training Program (NJTP). The District administers the program, with the revenues and expenditures being restricted by the State for use in this program. The District is accounting for the activity of the NJTP in the Restricted Current Funds.

Eastern Iowa Community College District

Note to Supplementary Information
Year Ended June 30, 2006

Loan Funds:

These funds are used to account for student loan transactions.

Plant Funds:

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

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

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

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

Agency Funds:

The Agency Funds are used to account for assets held by the District in a custodial capacity or as an agent for others. Transactions of Agency Funds do not affect the schedule of revenues, expenditures and changes in fund balances.

Eastern Iowa Community College District

Schedule of Credit and Contact Hour Enrollment
 Year Ended June 30, 2006

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and sciences	94,251	-	94,251	2,010,770	-	2,010,770
Vocational education	66,097	-	66,097	1,805,480	-	1,805,480
Adult/continuing education	-	-	-	795,063	74,977 *	870,040
Cooperative programs/services	-	-	-	-	10,873	10,873
Related services and activities	-	-	-	-	179,100	179,100
	<u>160,348</u>	<u>-</u>	<u>160,348</u>	<u>4,611,313</u>	<u>264,950</u>	<u>4,876,263</u>

* Includes 240 hour adjustment of zero hours.

Eastern Iowa Community College District

Comparison of Taxes and Intergovernmental Revenues

	Year Ended June 30,			
	2006	2005	2004	2003
Local (property tax)	\$ 5,675,994	\$ 5,507,975	\$ 5,705,718	\$ 5,777,008
State	14,848,484	13,772,428	13,082,865	13,049,738
Federal	11,581,712	11,807,181	12,627,087	12,042,761
Total	\$ 32,106,190	\$ 31,087,584	\$ 31,415,670	\$ 30,869,507

Eastern Iowa Community College District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	New Loans
U.S. Department of Labor:				
Passed through Iowa Department of Workforce Development:				
Workforce Investment Act -				
Adult Program	17.258	1-W-09-FR-0	\$ 253,366	\$ -
Youth Activities	17.259	1-W-09-FR-0	636,230	-
Dislocated Workers	17.260	1-W-09-FR-0	534,029	-
Total Workforce Investment Act Cluster			1,423,625	-
Employment Service	17.207	1-W-09-FR-0	54,070	-
Disabled Veterans' Outreach Program	17.801	1-W-09-FR-0	4,709	-
Total Employment Services Cluster			58,779	-
Unemployment Insurance	17.225	1-W-09-FR-0	56,839	-
Trade Adjustment Assistance Workers	17.245	1-W-09-FR-0	3,279	-
Work Incentives Grant (Disability Navigator)	17.266	1-W-09-FR-0	5,191	-
One-Stop Career Center Initiative	17.257	1-W-09-FR-0	93,689	-
Passed through the Iowa Department of Education:				
Mine Health and Safety Grant	17.600	N/A	13,995	-
WIA Incentive Grants	17.267	N/A	75,000	-
Total U.S. Department of Labor			1,730,397	-
U.S. National Science Foundation:				
Direct Programs:				
Education and Human Resources	47.076	N/A	8,373	-
Education and Human Resources	47.076	N/A	21,610	-
Education and Human Resources	47.076	N/A	147,359	-
Integrating Advanced Environmental Technology Research Into The Classroom and Into The Community	47.076	N/A	12,706	-
			190,048	-
Passed through St. Ambrose University, Step with St. Ambrose	47.076	DUE-0431502	94,527	-
Passed through Century College, Investigative Sciences and Law Enforcement Technology (ISLET) Project	47.076	DUE-0501722	3,840	-
Passed through Hazardous Materials Training and Research Institute:				
Education and Human Resources	47.076	DUE-0302799	215,364	-
Total U.S. National Science Foundation			\$ 503,779	\$ -

(Continued)

Eastern Iowa Community College District

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	New Loans
U.S. Small Business Administration:				
Passed through Iowa State University, Small Business Development Center	59.037	N/A	\$ 81,702	\$ -
U.S. Environmental Protection Agency:				
Passed through Hazardous Materials Training and Research Institute, Brownfield Job Training Cooperative Agreements	66.815	CX 831259-01-0	96,662	-
U.S. Department of Education:				
Direct Programs:				
Student Financial Assistance:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	197,779	-
Federal Family Education Loans:				
Stafford Loans	84.032	N/A	-	10,320,586
PLUS Loans	84.032	N/A	-	76,524
Federal Work-Study Program	84.033	N/A	202,822	-
Federal Pell Grant Program	84.063	N/A	6,213,929	-
Total Student Financial Assistance Cluster			<u>6,614,530</u>	<u>10,397,110</u>
TRIO - Student Support Services	84.042	N/A	247,945	-
			<u>6,862,475</u>	<u>10,397,110</u>
Passed through Iowa Department of Education:				
Adult Education - State Grant Program	84.002	N/A	364,527	-
Vocational Education - Basic Grants to States	84.048	03-02-11-91	324,962	-
			<u>689,489</u>	<u>-</u>
Passed through Georgetown University, Cooperative Association of States for Scholarships (CASS)				
Scholarships (CASS)	84.000	EDH-A-00-03-00004-0	333,072	-
Total U.S. Department of Education			<u>\$ 7,885,036</u>	<u>\$ 10,397,110</u>

(Continued)

Eastern Iowa Community College District

Schedule of Expenditures of Federal Awards (Continued)
 Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	New Loans
U.S. Department of Health and Human Services:				
Passed through Iowa Workforce Development, Temporary Assistance for Needy Families	93.558	1-W-09-FR-0	\$ 924,383	\$ -
Passed through Office on Women's Health:				
Women's Health	93.XXX	N/A	2,000	-
Heart/Truth Fitness	93.XXX	N/A	770	-
Total U.S. Department of Health and Human Services			927,153	-
U.S. Department of Agriculture:				
Direct, Ag Learning Center	10.226	N/A	4,261	-
Passed through Iowa Department of Education, Child and Adult Care Food Program	10.558	5885NU11	10,057	-
Passed through Iowa Department of Workforce Development, State Administrative Matching Grants for Food Stamp Program	10.561	1-W-09-FR-0	1,239	-
Total U.S. Department of Agriculture			15,557	-
U.S. Department of State Bureau of Educational and Cultural Affairs:				
Direct, Thailand Educational Partnership Program	19.405	N/A	47,482	-
Professional Exchanges Annual Open Grant (India)	19.415	S-ECAPE-05-GR-123(JY)	41,947	-
Total U.S. Department of State Bureau of Educational and Cultural Affairs			89,429	-
Federal Mediation and Consolation Services:				
Passed through Iowa Department of Workforce Development, Labor Management Cooperation (Re-employment)	34.002	1-W-16-FR-0	6,468	-
National Foundation on the Arts and the Humanities:				
Passed through the Institute of Museum and Library Services, Institute of Museum and Library Services - National Leadership Grants	45.312	LG-30-04-0207-04	46,206	-
			\$ 11,382,389	\$ 10,397,110

See Notes to Schedule of Expenditures of Federal Awards.

Eastern Iowa Community College District

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District 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.

Note 2. Student Financial Assistance

The District is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program, and accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the District under this program as of June 30, 2006.

Eastern Iowa Community College District

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2006

The prior year single audit disclosed no significant findings and no significant uncorrected or unresolved findings existing from prior single audits.

McGladrey & Pullen

Certified Public Accountants

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
Eastern Iowa Community College District
Davenport, Iowa

We have audited the basic financial statements of Eastern Iowa Community College District as of and for the year ended June 30, 2006, and have issued our report thereon dated October 27, 2006. Our report was modified to include a reference to other auditors. We conducted our audit of the District in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Eastern Iowa Community College District Foundation as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Muscatine Community College Foundation, Paul B. Sharar Foundation for Clinton Campus and Scott Community College Foundation discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Eastern Iowa Community College District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Iowa Community College District'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 that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Eastern Iowa Community College District's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of Eastern Iowa Community College District. 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.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
October 27, 2006

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Directors
Eastern Iowa Community College District
Davenport, Iowa

Compliance

We have audited the compliance of Eastern Iowa Community College District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2006. Eastern Iowa Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Eastern Iowa Community College District's management. Our responsibility is to express an opinion on Eastern Iowa Community College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Eastern Iowa Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Eastern Iowa Community College District's compliance with those requirements.

In our opinion, Eastern Iowa Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Item 06-III-A.

Internal Control Over Compliance

The management of Eastern Iowa Community College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Eastern Iowa Community College District'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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
October 27, 2006

Eastern Iowa Community College District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? Yes X No
Reportable condition identified that is not
considered to be a material weakness? Yes X None Reported

Noncompliance material to financial statements
noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness identified? Yes X No
Reportable condition identified that is not
considered to be a material weakness? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Section 510(a)
of Circular A-133? X Yes No

Identification of major programs:

CFDA Number	Name of Federal Program
84.007	Federal Supplemental Educational Opportunity Grants (SEOG) Federal Family Education Loans (FFEL):
84.032	Stafford Loans
84.032	PLUS Loans
84.033	Federal Work-Study Program (FWS)
84.063	Federal Pell Grant Program

Eastern Iowa Community College District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

Dollar threshold used to distinguish between
type A and type B programs \$653,385

Auditee qualified as low-risk auditee? X Yes No

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Reportable Conditions in Internal Control

The audit of the financial statements of Eastern Iowa Community College District as of and for the year ended June 30, 2006 disclosed no matters involving the internal control over financial reporting and its operations that are considered to be material weaknesses.

B. Compliance Findings

The audit disclosed no instances of noncompliance, which are material to the financial statements of Eastern Iowa Community College District as of and for the year ended June 30, 2006.

III. Findings and Questioned Costs for Federal Awards

06-III-A

U.S. Department of Education
Student Financial Assistance Cluster,
Federal Family Education Loans (CFDA 84.032)

Federal Award Year: 2006

Finding: The District did not report withdrawn students to the National Student Clearinghouse within 60 days of when the District determined they withdrew.

Condition: The District is not reporting student withdrawals in the proper amount of time.

Questioned Costs: None

Criteria: Per 34 CFR 682.610 (c)(2), the institution must notify the guaranty agency or lender within 30 days unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days.

Cause: There was a violation of this regulation.

Effect: Lenders do not have accurate information to determine repayment schedules for these students.

Prevalence: Of the thirty students tested, three students' withdrawals were not reported to the National Student Clearinghouse within the required time frame.

Eastern Iowa Community College District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

Recommendation: We recommend that the District review the process used to collect and transmit dates to the National Student Clearinghouse.

Response and Corrective Action Plan: The District will timely report withdrawn students.

IV. Other Findings Related to Required Statutory Reporting

IV-A-06 Official Depositories

Official depositories have been adopted by the Board. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2006.

IV-B-06 Certified Budget

Disbursements during the year ended June 30, 2006 did not exceed the amounts budgeted in total.

IV-C-06 Questionable Expenditures

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

IV-D-06 Travel Expense

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

IV-E-06 Business Transactions

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

IV-F-06 Bond Coverage

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

IV-G-06 Board Minutes

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

IV-H-06 Publication

The District published a statement showing all receipts and disbursements of all funds for fiscal year 2006, 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.

Eastern Iowa Community College District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

IV-I-06 Deposits and Investments

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

IV-J-06 Credit/Contact Hours

Eligible credit and contact hours reported to the Iowa Department of Education by the District were supported by detailed records maintained by the District except for the misclassification of contact hours, as shown below:

	Contact Hours Reported	Total Per Supporting Documentation	Difference
Arts and Sciences - Arts and Sciences/Liberal Studies	4	2	2

Recommendation – The District should verify that the number of contact hours reported for each credit course agrees to the class schedule.

Response – The District will investigate discrepancies between course schedule and contact hours, which occurred during the District's switch to the Datatel software.

Conclusion – Response accepted.

Eastern Iowa Community College District

Corrective Action Plan
Year Ended June 30, 2006

Comment Number	Comment	Corrective Action Plan	Contact Person	Initial Date of Communication	Anticipated Date of Completion
Compliance Findings:					
06-III-A	Untimely notification of withdrawals	See corrective action plan at 06-III-A.	Jane Haugland, District Financial Aid Officer	October 2006	June 2007
Statutory Reporting:					
IV-J-06	Misclassification of contract hours	See corrective action plan at IV-J-06.	Lana Dettbarn, Executive Director of Administrative Services	October 2006	June 2007