

**IOWA LAKES COMMUNITY COLLEGE
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS
JUNE 30, 2010**

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**IOWA LAKES COMMUNITY COLLEGE
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Trustees		
(Term of October 1, 2009 to September 30, 2010)		
Jan Lund	President	2011
Jim Miller	Vice President	2011
Howard Kyle*	Trustee	2011
David Gottsche**	Trustee	2011
Bob Jennings	Trustee	2013
Patrick Kibbie	Trustee	2013
Mike Prior	Trustee	2013
Susan Zulk	Trustee	2011

Community College
(As of June 30, 2010)

Valerie Newhouse	President
Thomas Brotherton	Executive Dean of Emmetsburg Campus
Jane Campbell	Executive Director of Marketing
Judith Cook	Executive Dean of Instruction and Development
Delaine Hiney	Executive Director of Facilities Management
Robert L'Heureux	Chief Financial Officer
Clark Marshall	Executive Director of Continuing Education & Economic Development
Darin Moeller	Executive Dean of Estherville Campus
Jolene Rogers	Executive Director of Institutional Advancement
Julie Williams	Dean of Students

*Resigned effective May 19, 2010

**Replaced Howard Kyle effective May 20, 2010

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Iowa Lakes Community College
Estherville, Iowa

We have audited the accompanying financial statements and its aggregate discretely presented component units, listed as exhibits in the table of contents of this report, of Iowa Lakes Community College, Estherville, Iowa, as of and for the year ended June 30, 2010. These financial statements are the responsibility of the Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Iowa Lakes Community College and its aggregate discretely presented component units at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2010, on our consideration of Iowa Lakes Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 9 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Lakes Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2009 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 14, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Williams & Company, P.C.

Certified Public Accountants

Spencer, Iowa
December 6, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

This section of Iowa Lakes Community College's annual financial report presents a discussion and analysis of the financial performance of the college during the fiscal year ended June 30, 2010, with comparative information presented for the fiscal year ended June 30, 2009. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the financial statement and notes. This discussion and analysis consists of comments just for Iowa Lakes Community College and does not contain comments about the Component Units. The financial statements, notes, and this discussion are the responsibility of management.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Assets

The Statement of Net Assets presents the financial position of the college at the end of the fiscal year and includes all assets and liabilities of the college. The difference between total assets and total liabilities – net assets – is an indicator of the current financial condition of the college. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historic cost less allowance for depreciation.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the college's equity in property, plant and equipment owned by the college. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditures by the college but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution.

Net Assets

	June 30, 2010	June 30, 2009
Current and Other Assets	\$ 21,211,619	\$ 18,115,912
Capital Assets, Net of Accumulated Depreciation	28,324,537	28,675,745
Total Assets	<u>49,536,156</u>	<u>46,791,657</u>
Current Liabilities	10,998,535	10,910,198
Non-current Liabilities	8,950,684	8,416,732
Total Liabilities	<u>19,949,219</u>	<u>19,326,930</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	22,784,537	23,915,745
Restricted		
Non-Expendable	1,000,000	1,000,000
Expendable	1,063,221	1,005,074
Unrestricted	4,739,179	1,543,908
Total Net Assets	<u>\$ 29,586,937</u>	<u>\$ 27,464,727</u>

- Current Assets increased by \$3,967,000. There were a number of categories which recorded substantial changes from the previous year. Those which had substantial increases were: Cash and Investments - \$3,288,000, Receivables - \$265,000, Due from Other Governments – \$118,000, and Inventories - \$390,000. Those which had a substantial decrease were: Prepaid Expenses - \$69,000 and Due from Iowa Lakes Community College Foundation - \$30,000.
- Non-current assets decreased \$1,222,000. The only category that increased was Bond Issue Costs of \$50,000. Those categories that decreased were: Pooled Investments - \$503,000, Endowment Investments - \$400,000 and Capital Assets - \$351,000.
- Total assets increased \$2,744,000.
- Current liabilities increased \$88,000.
- The non-current liabilities had an increase of \$534,000.
- The change in Total Net Assets for the year was an increase of \$2,122,000. The major changes were: increases in Unrestricted Funds of \$3,195,000 and Restricted Expendable of \$58,000 and decrease in Invested in Capital Assets of \$1,131,000.

The Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present the operating results of the college, as well as the non-operating revenues and expenses. Annual state general aid appropriations, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

Changes in Net Assets

	Year Ended June 30, 2010	Year Ended June 30, 2009
Revenues:		
Operating Revenues:		
Tuition and Fees net of scholarships	\$ 6,054,750	\$ 6,007,169
Federal Appropriations	9,751,266	5,961,190
Iowa Industrial New Jobs Training Program	345,424	728,455
Gifts & Grants	601,010	651,753
Auxiliary Enterprises	5,382,859	5,023,911
Miscellaneous	3,056,130	2,455,249
Total Operating Revenues	<u>25,191,439</u>	<u>20,827,727</u>
Total Operating Expenses	<u>34,600,848</u>	<u>33,435,791</u>
Operating Loss	(9,409,409)	(12,608,064)
Non-Operating Revenues (Expenses)		
State Appropriations	8,144,289	9,977,097
Property Taxes	3,492,238	3,260,386
Donated Capital Assets	66,273	513,300
Interest Income from Investments	288,460	315,037
Interest Income from Student Loans	7	195
(Loss) on Sale of Capital Assets	(52,769)	(4,905)
Interest on Indebtedness	(406,879)	(467,217)
Net Non-Operating Revenues	<u>11,531,619</u>	<u>13,593,893</u>
Increase in Net Assets	2,122,210	985,829
Net assets Beginning of Year	27,464,727	26,478,898
Net Assets Ending of Year	<u>\$ 29,586,937</u>	<u>\$ 27,464,727</u>

The increase in net assets for FY 10 was \$2,122,000 compared to \$986,000 for the previous year.

Revenues

- There was an increase in operating revenues of \$4,364,000. Categories which increases were: Federal Appropriations \$3,790,000, Miscellaneous \$601,000, Auxiliary Enterprises \$359,000, and Tuition and Fees \$48,000. Categories which experienced a decrease: Iowa Industrial New Jobs Training Program \$383,000 and Gifts and Grant \$51,000. It is important to note that Iowa Lakes received federal stimulus funds in the amount of \$949,000 during FY 10, which was not available in FY 09.

Non-Operating Revenues (Expenses)

- The net Non-operating revenue decreased by \$2,066,000. Categories of increases were: Property Taxes \$232,000 and Interest on Indebtedness Expenses decreased \$60,000. Major categories of decreases were: State Appropriations \$1,833,000 and Donated Capital Assets \$447,000.

Operating Expenses

	Year Ended June 30, 2010	Year Ended June 30, 2009
Education and Support:		
Liberal Arts and Sciences	\$ 6,817,944	\$ 6,252,697
Vocational Technical	4,331,859	4,119,445
Adult Education	828,914	813,259
Cooperative Services	1,355,780	1,557,901
General Administration	2,586,983	2,547,986
Student Services	1,667,684	1,676,399
Learning Resources	1,164,503	1,359,353
Physical Plant	1,306,610	1,645,654
General Institution	6,790,722	6,471,485
Sub-total	26,850,999	26,444,179
Auxiliary Enterprises	5,517,621	4,923,667
Scholarships and Grants	781,363	605,068
Administrative and Collection Costs	1,169	2,572
Depreciation Expense	1,449,696	1,460,305
Total	\$ 34,600,848	\$ 33,435,791

Operating Expenses

- Operating expenses increased by \$1,165,000 from the previous year which is an increase of 3.48%.
- The college's functional areas include Liberal Arts and Sciences, Vocational Technical, Adult Education, Cooperative Services, General Administration, Student Services, Learning Resources, Physical Plant and General Institutional. The college's utilization of funds by functional area demonstrates its financial commitment to its basic mission and defines the scope of instructional programs and support services. These functional area expenses increased 1.54% from the previous year, and increased in FY 09 from FY 08 .95%. Typically the increases were in the 8 – 9% range in years before FY08.

The Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also assists users in assessing the college's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Cash Flows

	Year Ended June 30, 2010	Year Ended June 30, 2009
Cash and Pooled Investments Provided (Used) by:		
Operating Activities:		
Revenues	\$ 27,890,086	\$ 21,539,905
Expenditures	34,090,980	32,047,477
Net Operating Activities	(6,200,894)	(10,507,572)
Non-Capital Financing Activities	11,232,455	12,940,663
Capital and Related Financing Activities	(1,061,032)	(2,103,885)
Investing Activities	1,454,173	1,427,947
Net Increase in Cash and Pooled Investments	5,424,702	1,757,153
Cash and Pooled Investments at Beginning of Year	6,742,824	4,985,671
Cash and Pooled Investments at End of Year	\$ 12,167,526	\$ 6,742,824

- There was a change in Net Cash (Used) by Operating Activities in the amount of \$4,307,700, with revenues over expenses. There was a dramatic increase in revenues from the previous year of \$6,350,000, with expenses increasing \$2,043,000. This was the best net increase in revenues in the last 5 years. Some of the increase is due to the increase in enrollment and the receipt of the federal stimulus funds.
- There was a decrease in Cash Flows from Non-Capital Financing Activities in the amount of \$1,708,000. State appropriations decreased \$1,833,000 and property taxes increased \$232,000. There was a decrease in Certificates Issued for Iowa Industrial New Jobs Training projects in the amount of \$395,000. Principal paid on debt increased by \$130,000.
- There was a major reduction in Cash Flows from Capital and Related Financing Activities from the previous year in the amount of \$1,043,000. There was an increase in receipts from Proceeds from New Debt Issued from the previous year of \$1,210,000. This came from the issuance of Dormitory Revenue Bonds of \$1,570,000. There was an increase in funds spent for Purchase of Capital Assets in the amount of \$322,000.
- There was not a significant change in the total of Cash Flows from Investing Activities. But there was a significant increase in both the sale and purchase of investments for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the College had approximately \$46.4M invested in capital assets, without applying an accumulated depreciation of approximately \$18.0M. The net of depreciation value is an increase of 1.22% or \$351,000 from a year ago. Depreciation charges totaled \$1,449,696 for fiscal year 2010. Details of capital assets are shown below:

Capital Assets, Net, at Year-End

	June 30, 2010	June 30, 2009
Land	\$ 1,388,941	\$ 1,388,941
Buildings	21,587,619	21,587,462
Other Structures and Improvements	1,906,499	2,051,247
Furniture and Equipment	2,694,151	3,153,250
Construction in Progress	747,327	494,845
Total Capital Assets	<u>\$ 28,324,537</u>	<u>\$ 28,675,745</u>

The financial reports presented in the Management's Discussion and Analysis show some significant changes from a year ago. The only borrowing that was done was that of Dormitory Revenue Bonds and Iowa Industrial New Jobs Training program bonds. More detailed information about the college's capital assets is presented in Note 6 to the financial statements.

Long-Term Debt

At June 30, 2010, the College had \$9.155M in debt outstanding. The table below summarizes debt balance for two fiscal years by category.

	Year Ended <u>June 30, 2010</u>	Year Ended <u>June 30, 2009</u>
Certificate Payable	\$ 3,615,000	\$ 4,150,000
Bonds & Capital Loan Notes Payable	5,540,000	4,760,000
ISCAP Warrants	-	1,843,000
Total	<u>\$ 9,155,000</u>	<u>\$ 10,753,000</u>

More detailed information about the College's outstanding debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS

Iowa Lakes Community College finds itself in an economic situation that might be completely different than a lot of businesses. We find ourselves in a similar situation that we were in during the last two recessions. A lot of people who are unemployed have enrolled in courses which would lead them to a skilled labor position. Since fiscal year 2008, we have seen steady increases in enrollment. Enrollment is the engine which drives the institution. We have also had an increase in enrollment for the current fiscal year (2011). Our net assets have increased over \$3M during the last two fiscal years, where we experienced a decrease in FY 08 from FY 07. The current trend has been going in the right direction. We have a balance of \$5.0M in the unrestricted fund at the end of FY 10, compared to a balance of \$816,000 at the end of FY 08. Measures were taken by the administration during FY 09 to strengthen the financial condition of the college. The State of Iowa has been experiencing financial difficulties during the past several years. In October 2009, the governor ordered an across-the-board reduction in state funding of 10%. Our reduction was \$784,000. This reduction was in addition to the planned reduction in state aid of \$1.068M from the FY 09 amount. As mentioned earlier, we did receive federal stimulus funds in the amount of \$949,000. Listed below are some challenges which we face:

- State General Aid is of concern. The financial condition of the state has a bearing on the financial condition of the college. If state tax receipts for the state are not in line with anticipated receipts, deductions in state general aid is a very real possibility.
- Facilities will require constant maintenance and upkeep.
- There was a substantial increase in enrollment for FY 09 and FY 10 from the previous fiscal years. Prognosticators in the Iowa Department of Education have indicated that we can expect to see a decline in enrollment of close to 10% for next year.
- Change in the leadership of the governor and legislature might change the landscape for the community colleges in Iowa.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Lakes Community College, 19th South 7th Street, Estherville, IA 51334.

Basic Financial Statements

**IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Primary Government	Component Units
ASSETS		
Current Assets		
Cash and Investments:		
Cash and Cash Equivalents	\$ 12,167,526	\$ 297,450
Pooled Investments	747,816	1,718,663
Endowment Investments	537,354	-
Receivables:		
Due from Others, net of Allowance for Uncollectible Accounts of \$379,743	1,231,902	-
Accrued Interest	33,648	9,815
Property Tax - Succeeding Year	3,738,263	-
Nursing Loans	5,388	-
Iowa Industrial New Jobs Training Program	482,801	-
Due From Iowa Lakes Community College Foundation	109,645	-
Due From Other Governments	902,506	-
Inventories	912,624	-
Prepaid Expenses	111,473	20
Bond Issue Costs	3,293	-
Total Current Assets	20,984,239	2,025,948
Noncurrent Assets		
Pooled Investments	142,000	724,732
Deferred Compensation	35,787	-
Bond Issue Costs	49,593	-
Capital Assets		
Land	1,388,941	17,000
Construction in Progress	747,327	-
Buildings	33,869,595	-
Other Structures and Improvements	3,195,290	72,635
Furniture and Equipment	7,170,287	-
Accumulated Depreciation	(18,046,903)	(72,635)
Total Noncurrent Assets	28,551,917	741,732
TOTAL ASSETS	\$ 49,536,156	\$2,767,680

IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,131,704	\$ 8,228
Salaries and Benefits Payable	543,169	-
Deferred Compensation	35,787	-
Accrued Interest	54,501	-
Deferred Revenue:		
Succeeding Year Property Tax	3,738,263	-
Other	1,216,507	-
Compensated Absences Payable	86,545	-
Early Retirement Payable	541,178	-
Deposits Held in Custody for Others	795,222	-
Due to Others	17,822	-
Due to Iowa Lakes Community College	-	109,645
Reported and Unreported Insurance Claims Payable	1,545,337	-
Certificates Payable	615,000	-
Bonds and Other Long-Term Debt	677,500	-
	10,998,535	117,873
Total Current Liabilities		
Noncurrent Liabilities		
Deferred Revenue - Other	454,227	-
Early Retirement Payable	622,169	-
Certificates Payable	3,000,000	-
Bonds and Other Long-Term Debt	4,862,500	-
Net OPEB Liability	11,788	-
	8,950,684	-
Total Noncurrent Liabilities		
	19,949,219	117,873
TOTAL LIABILITIES		
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	22,784,537	17,000
Restricted:		
Nonexpendable:		
Endowment	1,000,000	2,098,813
Expendable:		
Scholarships	481,167	533,994
Loans	14,806	-
Debt Service	281,218	-
Cash Reserve	286,030	-
Unrestricted	4,739,179	-
	\$ 29,586,937	\$ 2,649,807
TOTAL NET ASSETS		

See Accompanying Notes to Financial Statements

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IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2010

	Primary Government	Component Units
REVENUES		
Operating Revenues:		
Tuition and Fees, net of scholarship allowances of \$ 5,262,758	\$ 6,054,750	\$ -
Federal Appropriations	9,751,266	-
Iowa Industrial New Jobs Training Program	345,424	-
Gifts and Grants	601,010	320,627
Auxiliary Enterprises Revenue, net of scholarship allowances of \$1,509,516	5,382,859	-
Miscellaneous	3,056,130	120,460
	<u>25,191,439</u>	<u>441,087</u>
EXPENSES		
Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences	6,817,944	-
Vocational Technical	4,331,859	-
Adult Education	828,914	-
Cooperative Services	1,355,780	-
General Administration	2,586,983	-
Student Services	1,667,684	-
Learning Resources	1,164,503	-
Physical Plant	1,306,610	-
General Institution	6,790,722	-
Auxiliary Enterprises	5,517,621	-
Scholarships and Grants	781,363	193,349
Administrative and Collection Costs	1,169	39,955
Services, Materials and Cost of Goods Sold	-	132,562
Depreciation Expense	1,449,696	-
	<u>34,600,848</u>	<u>365,866</u>
Total Operating Expenses		
	<u>(9,409,409)</u>	<u>75,221</u>
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	8,144,289	-
Property Taxes	3,492,238	-
Gifts from Iowa Lakes Community College Foundation	66,273	-
Interest Income from Investments	288,460	77,160
Interest Income from Student Loans	7	-
Unrealized Gain/Loss on Investments	-	114,419
Gifts to Iowa Lakes Community College	-	(66,273)
Loss on Sales of Capital Assets	(52,769)	-
Interest on Indebtedness	(406,879)	-
	<u>11,531,619</u>	<u>125,306</u>
Net Non-Operating Revenues		
	<u>2,122,210</u>	<u>200,527</u>
Increase in Net Assets		
Net Assets Beginning of Year	27,464,727	2,962,260
Prior Year Adjustment	-	(512,980)
Net Assets Beginning of Year - Restated	<u>27,464,727</u>	<u>2,449,280</u>
Net Assets End of Year	<u>\$ 29,586,937</u>	<u>\$ 2,649,807</u>

See Accompanying Notes to Financial Statements

**IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010**

Cash Flows from Operating Activities:	
Tuition and Fees	\$ 11,741,250
Grants and Contracts	10,260,479
Iowa Industrial New Jobs Training Program	388,633
Payments to Employees	(18,901,705)
Payments to Suppliers	(14,998,813)
Payments to NJTP Recipients	(190,462)
Collection of Loans to Students	269
Auxiliary Enterprise Net Activity	744,773
Other Receipts	<u>4,754,682</u>
Net Cash (Used) by Operating Activities	<u>(6,200,894)</u>
Cash Flows from Non-Capital Financing Activities:	
State Appropriations	8,143,629
Property Taxes	3,492,238
Principal Paid on Debt	(765,000)
Certificates Issued	230,000
Miscellaneous Agency Fund Receipts	1,890,272
Miscellaneous Agency Fund Disbursements	<u>(1,758,684)</u>
Net Cash Provided from Non-Capital Financing Activities	<u>11,232,455</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	82,681
Purchases of Capital Assets	(1,473,258)
Proceeds from New Debt Issued	1,570,000
Principal Paid on Debt and Leases	(790,000)
Interest Paid on Debt and Leases	(443,956)
Proceeds and Interest on ISCAP Activity	1,872,181
Principal and Interest Paid on ISCAP Activity	<u>(1,878,680)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,061,032)</u>
Cash Flows from Investing Activities:	
Proceeds from Sales and Maturities of Investments	1,538,797
Purchase of Investments	(375,362)
Interest on Investments	<u>290,738</u>
Net Cash Provided by Investing Activities	<u>1,454,173</u>
Net Increase in Cash	5,424,702
Cash at Beginning of Year	<u>6,742,824</u>
Cash at End of Year	<u><u>\$ 12,167,526</u></u>

**IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010**

**Reconciliation of Operating Loss to Net Cash
(Used) by Operating Activities:**

Operating Loss	\$ (9,409,409)
Adjustments to Reconcile Operating Loss to Net Cash (Used) by Operating Activities:	
Depreciation	1,449,696
Changes in Assets and Liabilities:	
Decrease in Due From Others	76,944
Decrease in Nursing Loans Receivable	269
(Increase) in Due From Other Governments	(91,797)
(Increase) in Inventories	(130,853)
Decrease in Prepaid Expenses	37,328
Increase in Accounts Payable	643,941
(Decrease) in Salaries and Benefits Payable	(54,471)
(Decrease) in Compensated Absences	(7,659)
Increase in Deferred Revenue	401,890
Increase in Deposits Held in Custody	6,815
Increase in Early Retirement Payable	149,098
Increase in Due to Others	3,186
Increase in Reported and Unreported Insurance Claims Payable	<u>724,128</u>
 Total Adjustments	 <u>3,208,515</u>
 Net Cash (Used) by Operating Activities	 <u>\$ (6,200,894)</u>

Noncash, Capital and Related Financing Activities:

The College received donated capital assets with a fair market value of \$163,773.

**IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF NET ASSETS - COMPONENT UNITS
JUNE 30, 2010**

	Iowa Lakes Community College Scholarship Foundation	Iowa Lakes Community College Foundation	Total
ASSETS			
Current Assets			
Cash and Investments:			
Cash and Pooled Investments	\$ 42,180	\$ 255,270	\$ 297,450
Pooled Investments	855,100	863,563	1,718,663
Receivables:			
Accrued Interest	9,651	164	9,815
Prepaid Expenses	-	20	20
Total Current Assets	<u>906,931</u>	<u>1,119,017</u>	<u>2,025,948</u>
Noncurrent Assets			
Pooled Investments	724,732	-	724,732
Capital Assets			
Land	-	17,000	17,000
Other Structures and Improvements	-	72,635	72,635
Accumulated Depreciation	-	(72,635)	(72,635)
Total Noncurrent Assets	<u>724,732</u>	<u>17,000</u>	<u>741,732</u>
TOTAL ASSETS	<u><u>\$ 1,631,663</u></u>	<u><u>\$ 1,136,017</u></u>	<u><u>\$ 2,767,680</u></u>
LIABILITIES			
Current Liabilities			
Accounts Payable	1,372	6,856	8,228
Due to Iowa Lakes Community College	-	109,645	109,645
Total Current Liabilities	<u>1,372</u>	<u>116,501</u>	<u>117,873</u>
TOTAL LIABILITIES	<u>1,372</u>	<u>116,501</u>	<u>117,873</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	17,000	17,000
Restricted:			
Nonexpendable:			
Endowment	1,096,297	1,002,516	2,098,813
Expendable:			
Scholarships	533,994	-	533,994
TOTAL NET ASSETS	<u><u>\$ 1,630,291</u></u>	<u><u>\$ 1,019,516</u></u>	<u><u>\$ 2,649,807</u></u>

IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - COMPONENT UNITS
YEAR ENDED JUNE 30, 2010

	Iowa Lakes Community College Scholarship Foundation	Iowa Lakes Community College Foundation	Total
REVENUES			
Operating Revenues:			
Gifts and Contributions	\$ 15,985	\$ 304,642	\$ 320,627
Sales and Service	-	79,631	79,631
Miscellaneous	-	40,829	40,829
	<u>15,985</u>	<u>425,102</u>	<u>441,087</u>
EXPENSES			
Operating Expenses:			
Scholarships	78,612	114,737	193,349
Salaries and Benefits	-	38,474	38,474
Services	1,024	68,847	69,871
Materials and Supplies	-	18,183	18,183
Travel	-	1,465	1,465
Cost of Goods Sold	-	44,508	44,508
Miscellaneous	-	16	16
	<u>79,636</u>	<u>286,230</u>	<u>365,866</u>
Total Operating Expenses	<u>79,636</u>	<u>286,230</u>	<u>365,866</u>
Operating Income (Loss)	<u>(63,651)</u>	<u>138,872</u>	<u>75,221</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income from Investments	72,359	4,801	77,160
Unrealized Gain on Investments	18,392	96,027	114,419
Gifts to Iowa Lakes Community College	-	(66,273)	(66,273)
	<u>90,751</u>	<u>34,555</u>	<u>125,306</u>
Net Non-Operating Revenues	<u>90,751</u>	<u>34,555</u>	<u>125,306</u>
Increase in Net Assets	27,100	173,427	200,527
Net Assets Beginning of Year	1,669,102	1,293,158	2,962,260
Prior Year Adjustment	(65,911)	(447,069)	(512,980)
Net Assets Beginning of Year - Restated	<u>1,603,191</u>	<u>846,089</u>	<u>2,449,280</u>
Net Assets End of Year	<u>\$ 1,630,291</u>	<u>\$ 1,019,516</u>	<u>\$ 2,649,807</u>

See Accompanying Notes to Financial Statements

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 -- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

A. Reporting Entity

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

These financial statements present Iowa Lakes Community College (the primary government) and its component units. The component units discussed below are included in Iowa Lakes Community College's reporting entity because of the significance of their operational or financial relationships with the Community College. Additional financial information of the individual component units can be obtained from its administrative office.

Iowa Lakes Community College Scholarship Foundation is a non-profit corporation whose purpose is to operate exclusively for the educational purpose of receiving gifts and property and expending the same for the benefit of Iowa Lakes Community College and its students through grants, scholarships and loans. Upon dissolution of the foundation, its remaining assets will be distributed to Iowa Lakes Community College.

Iowa Lakes Community College Foundation is a non-profit corporation whose purpose is to maintain, develop, increase and extend the facilities and services of Iowa Lakes Community College and to provide broader educational service opportunities to its students, faculty, staff and residents of the geographical area.

B. Basis of Presentation

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

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 -- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Restricted Net Assets:

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

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

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

GASB Statement No. 35 also requires the Statement of Net Assets, Revenues, Expenses, and Changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheets:

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

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

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 -- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Inventories -- Inventories are valued at lower of cost (first-in, first-out method) or market, except for the livestock and grain from the farm, which is valued at market value. Inventories consist of supplies and materials held for consumption, livestock and merchandise held for resale. The cost is recorded as an expenditure at the time individual inventory items are consumed or sold.

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

Receivable for Iowa Industrial New Jobs Training Program (NJTP) -- This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2010 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets -- Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the College), are reported. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful live in excess of two years. The College defines reportable capital assets as individual assets above \$ 5,000.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Other Structures and improvements	10 - 65
Furniture and Equipment	3 - 10

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

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1 -- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Bond Interest Payable -- Interest on long-term bonded indebtedness is recorded as a liability when the interest is due.

Deferred Revenue -- When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue. Deferred revenue consists of succeeding year property tax receivable, tuitions deposits, tuition and fees for a portion of summer classes, fees and registration for fall, and unearned revenue on 260E and F projects.

Compensated Absences -- College employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2010.

Auxiliary Enterprise Revenues -- Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, wellness center, farm, athletics, residence halls, aviation, parts, printing, vehicles, wind turbine, and gateway north.

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

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

E. Scholarship Allowances and Student Aid

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

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 2 -- CASH AND POOLED INVESTMENTS

The College's deposits in banks at June 30, 2010, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

At June 30, 2010, the Community College had the following investments:

Endowment Current Investments	\$ 537,354
Current Pooled Investments	747,816
Long-Term Pooled Investments	142,000
	<u>\$ 1,427,170</u>

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1 to 5
Certificates of Deposit	<u>\$ 1,427,170</u>	<u>\$ 1,285,170</u>	<u>\$ 142,000</u>

At June 30, 2010, the Community College had the following investments in the Iowa Schools Joint Investment Trust:

Diversified Portfolio	<u>\$ 444</u>
-----------------------	---------------

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

The Community College had Deferred Compensation Plan investments with a carrying and market value of \$35,000, at June 30, 2010, that are not subject to risk categorization.

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

Credit risk- The College's investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Concentration of credit risk- The Community College places a 5% limit on the amount that may be invested in any one user at the time of purchase.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 2 -- **CASH AND POOLED INVESTMENTS** (Continued)

At June 30, 2010, the Iowa Lakes Community College Foundation had the following investments:

Current Pooled Investments		\$	<u>863,563</u>
Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1 to 5
Stocks	\$ 83,243	N/A	N/A
International Equities	223,768	N/A	N/A
Mixed Assets	<u>556,552</u>	<u>N/A</u>	<u>N/A</u>
	<u>\$ 863,563</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk- The Iowa Lakes Community College Foundation's investments in stocks consist of investment in Exxon Mobil Corp, which is rated AAA by Standard & Poor's, Pepsico Inc, which is rated A by Standard & Poor's, and Wells Fargo & Co, which is rated AA- by Standard & Poor's. The international equities were given a rating of 4 by Morningstar and the mixed assets were given a rating of 1 by Morningstar.

At June 30, 2010, the Iowa Lakes Community College Scholarship Foundation had the following investments:

Current Pooled Investments		\$	855,100
Long-Term Pooled Investments			<u>724,732</u>
			<u>\$ 1,579,832</u>
Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1 to 5
Mututal Funds	\$ 237,238	N/A	
Stocks	177,588	N/A	
Certificates of Deposit	<u>1,165,006</u>	<u>440,274</u>	<u>724,732</u>
	<u>\$ 1,579,832</u>	<u>\$ 440,274</u>	<u>\$ 724,732</u>

Credit risk- The Scholarship Foundation's investment in mutual funds was given a rating of 4 by Morningstar. The Iowa Lakes Community College Scholarship Foundation's investments in stocks consist of investment in IShares, which is rated BBB+ by Standard & Poor's and Wells Fargo & Co, which is rated AA- by Standard & Poor's.

Note 3 -- **DEFERRED COMPENSATION PLAN**

The Community College and one of its former College Presidents entered into an agreement to form a nonqualified deferred compensation plan, whereby the President could defer his wages into a trust, to be known as the Iowa Lakes Community College RABBI Trust. The assets of the trust shall be available as a supplemental benefit to the President once he reaches retirement age.

After the President reaches retirement age and upon termination, retirement, or death, payments of benefits shall be structured by joint agreement between Iowa Lakes Community College or its successor and the employee or beneficiary.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 3 -- DEFERRED COMPENSATION PLAN (Continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are, until made available to the participant or other beneficiary, solely the property and rights of the Community College, without being restricted to the provision of benefits under the plan, subject only to the claims of the Community College's general creditors.

The Community College is responsible for due care in managing the investments and the participant or beneficiary assumes the risk of loss from decreases in the value of plan assets. At June 30, 2010, plan assets consisted of money market accounts and certificate of deposits.

The Community College records the plan assets and the related liability to the plan participant in an agency fund.

Note 4 -- IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP)

The Community College participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants which mature as noted below. The warrant sizing of each participating entity is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program.

The Community College pledges its current unrestricted fund receipts as security for warrants issued. Repayments must be made when current unrestricted fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the Community College must repay the outstanding withdrawal from its current unrestricted fund receipts. In addition, the Community College must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount.

A summary of the College's ISCAP activity for the year ended June 30, 2010 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2009-10A	6/25/2009	6/23/2010	\$ 1,843,000	\$ 1,843,000	\$ (3,686,000)	\$ -

Note 5 -- INVENTORIES

The Community College's inventories at June 30, 2010 are as follows:

Bookstore	\$ 447,812
Food Service	18,637
Farm	114,095
Parts Store	28,945
Wind Energy	259,500
Other	43,635
	<u>912,624</u>
	<u>\$ 912,624</u>

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 6 -- CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital Assets Not Being Depreciated:				
Land	\$ 1,388,941	\$ -	\$ -	\$ 1,388,941
Construction in Progress	494,845	747,327	(494,845)	747,327
Total Capital Assets Not Being Depreciated	<u>1,883,786</u>	<u>747,327</u>	<u>(494,845)</u>	<u>2,136,268</u>
Capital Assets Being Depreciated:				
Buildings	33,050,025	819,570	-	33,869,595
Other Structures and Improvements	3,195,290	-	-	3,195,290
Furniture and Equipment	6,796,988	528,186	(154,887)	7,170,287
Total Capital Assets Being Depreciated	<u>43,042,303</u>	<u>1,347,756</u>	<u>(154,887)</u>	<u>44,235,172</u>
Less Accumulated Depreciation for:				
Buildings	(11,462,563)	819,413	-	(12,281,976)
Other Structures and Improvements	(1,144,043)	144,748	-	(1,288,791)
Furniture and Equipment	(4,010,038)	485,535	(19,437)	(4,476,136)
Total Accumulated Depreciation	<u>(16,616,644)</u>	<u>1,449,696</u>	<u>(19,437)</u>	<u>(18,046,903)</u>
Total Capital Assets Being Depreciated, Net	<u>26,425,659</u>	<u>(101,940)</u>	<u>(135,450)</u>	<u>26,188,269</u>
Capital Assets, Net	<u>\$ 28,309,445</u>	<u>\$ 645,387</u>	<u>\$ (630,295)</u>	<u>\$ 28,324,537</u>

Furniture and Equipment of \$12,500 is included in the Unrestricted Fund.

On June 30, 2010, the Community College has future construction commitments of \$664,001.

Reconciliation of Investment in Capital Assets, Net of Related Debt follows:

Land	\$ 1,388,941
Buildings	33,869,595
Construction in Progress	747,327
Other Structures and Improvements	3,195,290
Furniture and Equipment	7,170,287
Accumulated Depreciation	<u>(18,046,903)</u>
Capital Assets (Net of Accumulated Depreciation)	28,324,537
Less: Bonds Payable	<u>(5,540,000)</u>
Investment in Capital Assets, Net of Related Debt	<u><u>\$ 22,784,537</u></u>

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 6 -- **CAPITAL ASSETS** (Continued)

Capital Assets for Iowa Lakes Community College Foundation, a component unit, for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital Assets Not Being Depreciated:				
Land	\$ 17,000	\$ -	\$ -	\$ 17,000
Capital Assets Being Depreciated:				
Other Structures and Improvements	<u>72,635</u>	<u>-</u>	<u>-</u>	<u>72,635</u>
Less Accumulated Depreciation for:				
Other Structures and Improvements	<u>(72,635)</u>	<u>-</u>	<u>-</u>	<u>(72,635)</u>
Capital Assets, Net	<u>\$ 17,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,000</u>

Note 7 -- **LONG-TERM DEBT**

A summary of changes in long-term debt for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Early Retirement Payable	\$ 1,014,249	\$ 635,964	\$ (486,866)	\$ 1,163,347	\$ 541,178
Certificates Payable	4,150,000	230,000	(765,000)	3,615,000	615,000
Bonds Payable & Other					
Long Term Debt	4,760,000	1,570,000	(790,000)	5,540,000	655,000
Net OPEB Liability	5,894	5,894	-	11,788	-
Total Primary Government	<u>\$ 9,930,143</u>	<u>\$ 2,441,858</u>	<u>\$ (2,041,866)</u>	<u>\$ 10,330,135</u>	<u>\$ 1,811,178</u>

Certificates Payable

In accordance with agreements dated between September 1, 1996 and June 30, 2010, the Community College issued certificates totaling \$10,165,000 with interest rates ranging from 3.25% to 7.70%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semi-annually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves, and, in the case of default, from standby property taxes. During 2010, Iowa Lakes Community College recorded \$232,798 of interest expense from the certificates payable.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 7 -- **LONG-TERM DEBT** (Continued)

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 615,000	\$ 202,752	\$ 817,752
2012	685,000	169,096	854,096
2013	625,000	130,779	755,779
2014	545,000	95,944	640,944
2015	410,000	65,605	475,605
2016-2020	<u>735,000</u>	<u>83,172</u>	<u>818,172</u>
Total	<u>\$ 3,615,000</u>	<u>\$ 747,348</u>	<u>\$ 4,362,348</u>

Bonds Payable & Other Long-Term Debt

On April 1, 1998, the Community College issued \$1,600,000 in refunding revenue bonds, as allowed by Section 260C.19 of the Code of Iowa, to advance refund the 1992 dormitory bonds and to retire a bank note secured by the Estherville four-plex used to house students. The revenue bonds and interest shall be payable from the net revenues of the College Dormitory System and other auxiliary enterprises. Principal payments are due annually on June 1 and interest payments are due semi-annually on June 1 and December 1. The bonds mature June 1, 2014. The balance of this bond issue at June 30, 2010 is \$515,000.

On May 22, 2001, Iowa Lakes Community College issued \$3,000,000 capital loan note to finance the construction of various projects, including the addition to Spirit Lake, remodel of the Spencer Campus, construction of a technology education center, and expansion of the Estherville Student Center. The capital loan is secured by the College facilities. Annual principal payments began June 1, 2003. Interest payments are due semi-annually each June and December. The capital loan note will mature June 2012. The balance of the capital loan note at June 30, 2010, was \$715,000.

On June 1, 2005, Iowa Lakes Community College issued \$1,200,000 of lease purchase certificates of participation to finance the purchase of Gateway North Mall. Annual principal payments began June 1, 2006. Interest payments are due semi-annually each June and December. The certificates will mature in 2017. The balance of the certificates at June 30, 2010 was \$1,005,000.

On July 1, 2005, Iowa Lakes Community College issued \$1,000,000 capital loan note to finance the purchase of equipment. Annual principal payments began June 1, 2006. Interest payments are due semi-annually each June and December. The bond matured in 2010.

On March 1, 2006, Iowa Lakes Community College issued \$1,735,000 of dormitory revenue bonds to finance the construction of residence halls in Estherville and Spencer. Annual principal payments began June 1, 2007. Interest payments are due semi-annually each June and December. The bonds will mature in 2021. The balance of the bonds at June 30, 2010 was \$1,375,000.

On November 17, 2008, Iowa Lakes Community College borrowed \$360,000 through a Rural Economic Development Grant in order to finance remodeling and expanding the existing Wind Energy and Turbine Technology center in Estherville. Monthly principal payments begin November 1, 2010. The note will mature in 2019. The balance of the note at June 30, 2010 was \$360,000.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 7 -- LONG-TERM DEBT (Continued)

On April 1, 2010, Iowa Lakes Community College issued \$1,570,000 of dormitory revenue bonds to finance the construction of residence halls in Estherville. Annual principal payments began June 1, 2011. Interest payments are due semi-annually each June and December. The bonds will mature in 2030. The balance of the bonds at June 30, 2010 was \$1,570,000.

Details of the Community College's June 30, 2010 bonded indebtedness maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 677,500	\$ 297,260	\$ 974,760
2012	730,000	248,626	978,626
2013	375,000	215,048	590,048
2014	400,000	198,956	598,956
2015	265,000	181,408	446,408
2016-2020	1,907,500	631,219	2,538,719
2021-2025	580,000	312,331	892,331
2026-2030	605,000	135,731	740,731
Total	<u>\$ 5,540,000</u>	<u>\$ 2,220,579</u>	<u>\$ 7,760,579</u>

Note 8 -- IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

Plan members are required to contribute 4.30% of their annual covered salary and Iowa Lakes Community College is required to contribute 6.65% of annual covered salary. Contribution requirements are established by state statute. Iowa Lakes Community College's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$337,508, \$352,348, and \$332,480, respectively, equal to the required contribution for each year.

Note 9 -- TEACHERS INSURANCE AND ANNUITY ASSOCIATION -- COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for Iowa Lakes Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.30% and Iowa Lakes Community College is required to contribute 6.65%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2010, were \$478,921 and \$309,678, respectively.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 10- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description- The College operates a single-employer retiree benefit plan which provides medical/prescription drug/dental benefits for retirees and their dependents under certain conditions. There are 219 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug/dental coverage is provided through a fully-insured (or self-insured) plan. Retirees under age 65 pay the same premium for the medical/prescription drug/dental benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

The following table shows the components of the College’s annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the College’s net OPEB obligation:

Annual Required Contribution	\$ 17,338
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	17,338
Expected Contributions Made	(11,444)
Decrease in Net OPEB Obligation	5,894
Net OPEB Obligation Beginning of Year	5,894
Expected Net OPEB Obligation End of Year	\$ 11,788

The College’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 17,338	66.01%	\$ 11,788

Funded Status and Funding Progress- As of January 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$131,359, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$131,359. The covered payroll (annual payroll of active employees covered by the plan) was \$8,985,390 and the ratio of the UAAL to covered payroll was 1.5%. As of June 30, 2010, there were no trust fund assets.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 10- OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

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

As of the January 1, 2009 actuarial valuation date, the Projected Unit Credit Actuarial Cost Method was used. The actuarial value of assets is to be equal to the fair market value of assets. The actuarial assumptions include a 4.25% investment return. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Mortality Table, applied on a gender-specific basis. The salary increase rate was assumed to be 4.5% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Note 11 -- RISK POOL

The Community College has secured insurance purchased from commercial insurance carriers to provide coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials bonds, property and inland marine, errors and omissions and School Board legal liability, workers compensation and employers liability, crime insurance and fiduciary bonds, boiler and machinery, activities involving Federal programs, student nursing programs, computer equipment, workers compensation, surety bond coverage, farm buildings, livestock and crops, student athletics, and the aviation program. There have been no reductions in insurance coverage from prior years. Settled claims resulting from the risks have not exceeded commercial insurance coverage in any of the past three years.

Note 12 -- NEW JOBS TRAINING PROGRAMS

Iowa Lakes Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Merged Area III 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 Community College 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 tax. Since inception, the Community College has administered 82 projects. Of these projects, 43 have been completed and the certificates have been paid.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 12 -- **NEW JOBS TRAINING PROGRAMS** (Continued)

Iowa Lakes Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Merged Area III 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 Community College has administered a total of 179 retraining projects under Chapter 260F. Of these 186 projects, 7 were performed during fiscal year 2010.

Note 13 -- **SELF-FUNDED HEALTH INSURANCE PROGRAM**

During fiscal year 1995, the Community College implemented a self-funded health insurance program. Iowa Lakes Community College pays the actual claims and has a stop-loss arrangement whereby the total losses cannot exceed the contractual maximum liability with the insurer, which is \$4,086,960.

The Community College's monthly contributions to the program fund current operations and provide capital for future claims. Monthly operating contributions are those amounts necessary to fund, on a cash basis, the programs general and administrative expenses and claims. The College uses reinsurance to reduce its exposure for losses that carries an aggregate stop loss of \$80,000 per employee covered and an aggregate stop loss of 125% of total estimated claims. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR).

The changes in the aggregate liabilities for claims included in Reported and Unreported Insurance Claims Payable for the year ended June 30, 2010 are as follows:

Medical Reserve Fund Balance, Beginning of Year	\$ 821,209
Claims Recognized	5,136,309
Claim Payments	<u>(4,425,668)</u>
Medical Reserve Fund Balance, End of Year	<u>\$ 1,531,850</u>

Note 14 -- **EARLY RETIREMENT PROGRAM**

On December 15, 2009, the Board of Trustees passed a one-time Voluntary Early Retirement Plan. All full-time staff that were 55 years of age by July 1, 2010 and who had at least 10 years of full-time service with the Community College were eligible for early retirement remuneration. Early retirement was effective at the end of the employee's contract or June 30, 2010. A retiring employee had the opportunity of choosing between two options. The first benefit was equal to their base salary at the time of retirement. A staff member who accepted this early retirement option received total payment on July 30th, if the benefit amount was \$12,000 or less. If the retirement amount exceeded \$12,000, payment was made in two equal payments, the first payment as earlier stated, and the second payment to be issued January 30th following disbursement of the first payment. The second benefit option involved the purchase of medical insurance for the employee at the premium rate at the time of the retirement until the participant is eligible for Medicare. Subsequent annual increases in premium are the responsibility of the participant.

On November 11 2008, the Board of Trustees passed a one-time Voluntary Early Retirement Plan in which the College offered one-time cash payments, which have subsequently been paid, and no cost medical coverage to participants and spouses until age 65. At June 30, 2010 there were six participants receiving medical coverage under this plan.

On September 18, 2007, the Board of Trustees passed a one-time Voluntary Early Retirement Plan in which the College offered one-time cash payments, which have subsequently been paid, and no cost medical coverage to participants and spouses until age 65. At June 30, 2010 there were six participants receiving medical coverage under this plan.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 14 -- **EARLY RETIREMENT PROGRAM** (Continued)

On November 15, 2005, the Board of Trustees passed a one-time Voluntary Early Retirement Plan in which the College offered one-time cash payments, which have subsequently been paid and no cost medical coverage to participants and spouses until age 65. At June 30, 2010 there were three participants receiving medical coverage under this plan.

At June 30, 2010, there were twenty-two participants receiving medical coverage under these plans, with a total liability of payments and medical coverage of \$1,163,347. The liability is calculated based on unadjusted premium amounts to be paid over the term of each participant's involvement in the plan. The Community College's early retirement expense for the year ended June 30, 2010 was \$619,887.

Note 15 – **SUBSEQUENT EVENT**

On October 28, 2010, the board of directors accepted and approved purchase of building and related property adjacent to the Iowa Lake Estherville Campus for \$350,000.

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Required Supplementary Information

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2009	January 1, 2009	\$ -	\$ 131,359	\$ 131,359	0.0%	\$ 8,985,390	1.5%
2010	January 1, 2009	\$ -	\$ 131,359	\$ 131,359	0.0%	\$ 8,985,390	1.5%

See Note 10 to the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, and the funded status and funding progress.

Other Supplementary Information

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO OTHER SUPPLEMENTARY INFORMATION
JUNE 30, 2010**

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

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

Unrestricted Fund -- The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College.

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

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

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

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

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

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

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

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

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

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

Schedules presented in other supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The statement of revenues, expenditures and changes in fund balances is a 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.

**IOWA LAKES COMMUNITY COLLEGE
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2010**

Funds/Levy	Original Budget	Actual	Variance between Actual and Budget
Unrestricted	<u>\$ 21,931,790</u>	<u>\$ 22,907,495</u>	<u>\$ (975,705)</u>
Restricted	9,560,000	3,835,968	5,724,032
Early Retirement	-	619,887	(619,887)
Unemployment	15,000	13,577	1,423
Tort Liability	214,000	228,361	(14,361)
Insurance	685,000	697,960	(12,960)
Equipment Replacement	410,000	233,983	176,017
Standby	77,000	77,000	-
Total Restricted	<u>10,961,000</u>	<u>5,706,736</u>	<u>5,254,264</u>
Plant	<u>5,660,000</u>	<u>2,208,723</u>	<u>3,451,277</u>
 Total	 <u>\$ 38,552,790</u>	 <u>\$ 30,822,954</u>	 <u>\$ 7,729,836</u>

See Accompanying Independent Auditor's Report

**IOWA LAKES COMMUNITY COLLEGE
NOTE TO BUDGETARY REPORTING
JUNE 30, 2010**

While the College reports financial position, results of operation and changes in net assets on the basis of generally accepted accounting principles (GAAP), the Board of Trustees annually prepares a budget designating the proposed expenditures for operation of the Community College on a budgetary basis that is accrual basis with the exception of capital outlay and debt service payments. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Trustees certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures. There were no budget amendments during the year.

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

The major differences between the budget basis and GAAP are as follows:

Schedule of Expenditures

	<u>Total Funds</u>
Budget Basis	\$ 30,822,954
Adjustments:	
Capital Outlay	(1,524,877)
Debt Service Payments	(750,000)
Depreciation Expense	1,449,696
Loss on Sale of Asset	52,769
Other Eliminations	<u>(297,803)</u>
GAAP Basis	<u>\$ 29,752,739</u>

**IOWA LAKES COMMUNITY COLLEGE
COMBINING BALANCE SHEET
JUNE 30, 2010**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
ASSETS:			
Cash and Pooled Investments:			
Cash and Pooled Investments	\$ 5,030,923	\$ 4,371,153	\$ 2,079
Deferred Compensation	-	-	-
Receivables:			
Due from Others	978,154	150,838	3,881
Accrued Interest	4,546	43	-
Property Taxes - Succeeding Year	968,846	1,800,571	-
Nursing Loans	-	-	5,388
Iowa Industrial New Jobs Training Program	-	482,801	-
Due From Iowa Lakes Community College Foundation	-	109,645	-
Due From Other Governments	93,909	794,873	3,458
Inventories	652,714	-	-
Prepaid Expenses	107,631	2,563	-
Bond Issue Costs	-	12,256	-
Capital Assets:			
Land	-	-	-
Buildings	-	-	-
Other Structures and Improvements	-	-	-
Furniture and Equipment	12,500	-	-
Construction in Progress	-	-	-
Accumulated Depreciation	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 7,849,223</u>	<u>\$ 7,724,743</u>	<u>\$ 14,806</u>

SCHEDULE 2

Endowment and Similar Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant			
\$ 1,000,000	\$ 2,145,141	\$ 314,218	\$ -	\$ 731,182	\$ -	\$ 13,594,696
-	-	-	-	35,787	-	35,787
-	-	-	-	99,029	-	1,231,902
-	28,993	-	-	66	-	33,648
-	-	968,846	-	-	-	3,738,263
-	-	-	-	-	-	5,388
-	-	-	-	-	-	482,801
-	-	-	-	-	-	109,645
-	10,266	-	-	-	-	902,506
-	410	-	259,500	-	-	912,624
-	-	-	-	1,279	-	111,473
-	40,630	-	-	-	-	52,886
-	-	-	1,388,941	-	-	1,388,941
-	-	-	33,869,595	-	-	33,869,595
-	-	-	3,195,290	-	-	3,195,290
-	-	-	7,157,787	-	-	7,170,287
-	-	-	747,327	-	-	747,327
-	-	-	-	-	(18,046,903)	(18,046,903)
<u>\$ 1,000,000</u>	<u>\$ 2,225,440</u>	<u>\$ 1,283,064</u>	<u>\$ 46,618,440</u>	<u>\$ 867,343</u>	<u>\$ (18,046,903)</u>	<u>\$ 49,536,156</u>

**IOWA LAKES COMMUNITY COLLEGE
COMBINING BALANCE SHEET
JUNE 30, 2010**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
LIABILITIES AND FUND EQUITY:			
Liabilities:			
Accounts Payable	\$ 917,887	\$ 112,758	\$ -
Salaries and Benefits Payable	542,535	634	-
Deferred Compensation	-	-	-
Accrued Interest	4,605	16,896	-
Deferred Revenue:			
Succeeding Year Property Tax	968,846	1,800,571	-
Other	1,099,421	566,813	-
Compensated Absences Payable	82,111	4,434	-
Early Retirement Payable	48,335	1,115,012	-
Deposits Held in Custody for Others	73,303	-	-
Due to Others	13,744	-	-
Reported and Unreported Insurance Claims Payable	1,545,337	-	-
Certificates Payable	-	3,615,000	-
Bonds and Other Long-Term Debt	-	-	-
Net OPEB Liability	11,788	-	-
	<u>5,307,912</u>	<u>7,232,118</u>	<u>-</u>
Total Liabilities			
Fund Balance:			
Invested in Capital Assets, Net of Related Debt	12,500	-	-
Fund Balances:			
Restricted:			
Nonexpendable:			
Scholarships	-	-	-
Expendable:			
Scholarships	-	481,167	-
Loans	-	-	14,806
Debt Service	-	-	-
Cash Reserve	-	286,030	-
Other	-	(274,572)	-
Unrestricted	2,322,219	-	-
Auxiliary Enterprises	206,592	-	-
	<u>2,541,311</u>	<u>492,625</u>	<u>14,806</u>
Total Fund Balance			
	<u>\$ 7,849,223</u>	<u>\$ 7,724,743</u>	<u>\$ 14,806</u>
Total Liabilities and Fund Balance			

SCHEDULE 2

Endowment and Similar Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant			
\$ -	\$ -	\$ -	\$ -	\$ 101,059	\$ -	\$ 1,131,704
-	-	-	-	-	-	543,169
-	-	-	-	35,787	-	35,787
-	-	33,000	-	-	-	54,501
-	-	968,846	-	-	-	3,738,263
-	-	-	-	4,500	-	1,670,734
-	-	-	-	-	-	86,545
-	-	-	-	-	-	1,163,347
-	-	-	-	721,919	-	795,222
-	-	-	-	4,078	-	17,822
-	-	-	-	-	-	1,545,337
-	-	-	-	-	-	3,615,000
-	-	-	5,540,000	-	-	5,540,000
-	-	-	-	-	-	11,788
-	-	1,001,846	5,540,000	867,343	-	19,949,219
-	-	-	40,818,940	-	(18,046,903)	22,784,537
1,000,000	-	-	-	-	-	1,000,000
-	-	-	-	-	-	481,167
-	-	-	-	-	-	14,806
-	-	281,218	-	-	-	281,218
-	-	-	-	-	-	286,030
-	-	-	-	-	-	(274,572)
-	2,225,440	-	259,500	-	-	4,807,159
-	-	-	-	-	-	206,592
1,000,000	2,225,440	281,218	41,078,440	-	(18,046,903)	29,586,937
<u>\$ 1,000,000</u>	<u>\$ 2,225,440</u>	<u>\$ 1,283,064</u>	<u>\$ 46,618,440</u>	<u>\$ 867,343</u>	<u>\$ (18,046,903)</u>	<u>\$ 49,536,156</u>

**IOWA LAKES COMMUNITY COLLEGE
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 OTHER CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2010**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
REVENUES AND OTHER ADDITIONS:			
General:			
State Appropriations and Grants	\$ 7,377,928	\$ 765,701	\$ -
Tuition and Fees	11,317,508	-	-
Property Taxes	909,009	1,674,220	-
Federal Appropriations and Grants	1,411,535	8,339,731	-
Gifts and Grants	-	739,783	-
Interest on Investments	-	80,484	-
Interest on Student Loans	-	-	7
Iowa Industrial New Jobs Training Program	-	345,424	-
Increase in Plant Investments Due to Donated Assets	-	-	-
Expended for Plant Facilities (Including \$905,499 charged to current funds)	-	-	-
Principal Retired	-	-	-
Proceeds from Sale of Bonds	-	-	-
Miscellaneous	2,558,889	579,922	-
	<u>23,574,869</u>	<u>12,525,265</u>	<u>7</u>
Auxiliary Enterprises			
Tuition and Fees	883,355	-	-
Sales and Services	5,184,482	-	-
Interest on Investments	84,788	-	-
Federal Grants and Contracts	36,693	-	-
Miscellaneous	1,184,357	-	-
	<u>7,373,675</u>	<u>-</u>	<u>-</u>
 Total Revenues and Other Additions	 <u>\$ 30,948,544</u>	 <u>\$ 12,525,265</u>	 <u>\$ 7</u>

SCHEDULE 3

Endowment and Similar Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,143,629
-	-	-	-	(5,262,758)	6,054,750
-	530,265	378,744	-	-	3,492,238
-	-	-	-	-	9,751,266
-	25,000	-	-	-	764,783
-	121,977	1,211	-	-	203,672
-	-	-	-	-	7
-	-	-	-	-	345,424
-	-	-	(97,500)	-	(97,500)
-	-	-	1,637,031	(1,637,031)	-
-	-	-	790,000	(790,000)	-
-	1,570,000	-	-	-	1,570,000
-	-	-	-	(82,681)	3,056,130
-	<u>2,247,242</u>	<u>379,955</u>	<u>2,329,531</u>	<u>(7,772,470)</u>	<u>33,284,399</u>
-	-	-	-	-	883,355
-	-	-	-	(1,743,987)	3,440,495
-	-	-	-	-	84,788
-	-	-	-	-	36,693
-	-	-	-	(161,381)	1,022,976
-	-	-	-	(1,905,368)	5,468,307
\$ -	\$ <u>2,247,242</u>	\$ <u>379,955</u>	\$ <u>2,329,531</u>	\$ <u>(9,677,838)</u>	\$ <u>38,752,706</u>

**IOWA LAKES COMMUNITY COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
OTHER CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2010**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and Support:			
Liberal Arts and Sciences	\$ 6,862,449	\$ -	\$ -
Vocational Technical	4,456,540	-	-
Adult Education	843,913	-	-
Cooperative Services	1,170,703	190,462	-
Administration	1,028,055	1,559,784	-
Student Services	1,731,116	-	-
Learning Resources	1,166,906	-	-
Physical Plant	1,966,021	139,580	-
General Institution	2,931,043	3,089,111	-
Total Education and Support	<u>22,156,746</u>	<u>4,978,937</u>	<u>-</u>
Auxiliary Enterprises	5,767,824	-	-
Scholarships and Grants	-	7,553,637	-
Administration and Collection Costs	-	-	247
Plant Asset Acquisitions	-	-	-
Retirement of Indebtedness	-	-	-
Disposal of Plant Assets	-	-	-
Loss on Sale of Capital Assets	-	-	-
Interest on Indebtedness	-	232,798	-
Issuance of Long-Term Debt	-	-	-
Depreciation	-	-	-
Total Expenditures and Other Deductions	<u>27,924,570</u>	<u>12,765,372</u>	<u>247</u>
Excess (Deficiency) of Revenues and Other Additions Over (Under) Expenditures and Other Deductions	3,023,974	(240,107)	(240)
TRANSFERS:			
Mandatory Transfers	(414,995)	(110,501)	-
Non-mandatory Transfers	<u>(825,783)</u>	<u>8,476</u>	<u>-</u>
Total Transfers	<u>(1,240,778)</u>	<u>(102,025)</u>	<u>-</u>
Net Increase (Decrease) for the Year	1,783,196	(342,132)	(240)
Fund Balance - June 30, 2009	<u>758,115</u>	<u>834,757</u>	<u>15,046</u>
Fund Balance - June 30, 2010	<u>\$ 2,541,311</u>	<u>\$ 492,625</u>	<u>\$ 14,806</u>

SCHEDULE 3

Endowment and Similar Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ -	\$ -	\$ -	\$ -	\$ (44,505)	\$ 6,817,944
-	-	-	-	(124,681)	4,331,859
-	-	-	-	(14,999)	828,914
-	-	-	-	(5,385)	1,355,780
-	-	-	-	(856)	2,586,983
-	-	-	-	(63,432)	1,667,684
-	-	-	-	(2,403)	1,164,503
-	-	-	-	(798,991)	1,306,610
-	806,464	-	-	(35,896)	6,790,722
-	806,464	-	-	(1,091,148)	26,850,999
-	-	-	-	(250,203)	5,517,621
-	-	-	-	(6,772,274)	781,363
-	514	408	-	-	1,169
-	731,532	-	-	(731,532)	-
-	-	750,000	-	(750,000)	-
-	-	-	154,887	(154,887)	-
-	-	-	-	52,769	52,769
-	-	174,081	-	-	406,879
-	-	-	1,570,000	-	1,570,000
-	-	-	-	1,449,696	1,449,696
-	1,538,510	924,489	1,724,887	(8,247,579)	36,630,496
-	708,732	(544,534)	604,644	(1,430,259)	2,122,210
-	-	525,496	-	-	-
-	672,322	144,985	-	-	-
-	672,322	670,481	-	-	-
-	1,381,054	125,947	604,644	(1,430,259)	2,122,210
1,000,000	844,386	155,271	40,473,796	(16,616,644)	27,464,727
<u>\$ 1,000,000</u>	<u>\$ 2,225,440</u>	<u>\$ 281,218</u>	<u>\$ 41,078,440</u>	<u>\$ (18,046,903)</u>	<u>\$ 29,586,937</u>

**IOWA LAKES COMMUNITY COLLEGE
CURRENT UNRESTRICTED FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
EDUCATION AND SUPPORT
YEAR ENDED JUNE 30, 2010**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
REVENUES:				
State Appropriations and Grants	\$ -	\$ -	\$ -	\$ -
Tuition and Fees	6,910,591	2,880,871	501,608	755,561
Property Taxes	-	-	-	-
Federal Grants and Contracts	-	274,141	92,776	-
Miscellaneous	1,904,489	36,030	12,471	24,526
	<u>8,815,080</u>	<u>3,191,042</u>	<u>606,855</u>	<u>780,087</u>
Allocation of Support Services	5,149,957	4,590,976	440,872	-
	<u>13,965,037</u>	<u>7,782,018</u>	<u>1,047,727</u>	<u>780,087</u>
Total Revenues	13,965,037	7,782,018	1,047,727	780,087
EXPENDITURES:				
Salaries and Benefits	5,007,201	3,954,566	654,187	1,106,648
Services	1,751,030	184,814	149,679	18,489
Materials and Supplies	42,292	193,248	19,041	8,641
Travel	61,926	104,599	13,935	9,102
Expended for Plant Facilities	-	13,957	-	-
Miscellaneous	-	5,356	7,071	27,823
	<u>6,862,449</u>	<u>4,456,540</u>	<u>843,913</u>	<u>1,170,703</u>
Allocation of Support Services	4,462,745	3,978,354	382,042	-
	<u>11,325,194</u>	<u>8,434,894</u>	<u>1,225,955</u>	<u>1,170,703</u>
Total Expenditures	11,325,194	8,434,894	1,225,955	1,170,703
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,639,843	(652,876)	(178,228)	(390,616)
TRANSFERS:				
Non-mandatory Transfers	-	-	220,000	83,340
	<u>-</u>	<u>-</u>	<u>220,000</u>	<u>83,340</u>
Total Transfers	-	-	220,000	83,340
Net Increase (Decrease) for the Year	<u>\$ 2,639,843</u>	<u>\$ (652,876)</u>	<u>\$ 41,772</u>	<u>\$ (307,276)</u>

Note: The support services allocations are based on the percentage of contact hours reported.

SCHEDULE 4

Support					
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	Support Total
\$ -	\$ -	\$ 215	\$ 535	\$ 7,377,178	\$ 7,377,928
-	-	120	-	268,757	11,317,508
-	-	-	-	909,009	909,009
-	-	-	4,025	1,040,593	1,411,535
10	-	564	40,532	540,267	2,558,889
10	-	899	45,092	10,135,804	23,574,869
(10)	-	(899)	(45,092)	(10,135,804)	-
-	-	-	-	-	23,574,869
935,806	1,501,550	920,031	1,182,850	1,811,915	17,074,754
54,773	122,857	92,924	292,793	868,128	3,535,487
7,659	25,416	143,815	169,398	60,516	670,026
29,817	81,293	10,136	24,453	49,014	384,275
-	-	-	294,315	-	308,272
-	-	-	2,212	141,470	183,932
1,028,055	1,731,116	1,166,906	1,966,021	2,931,043	22,156,746
(1,028,055)	(1,731,116)	(1,166,906)	(1,966,021)	(2,931,043)	-
-	-	-	-	-	22,156,746
-	-	-	-	-	1,418,123
16,660	-	(60,000)	-	(690,749)	(430,749)
16,660	-	(60,000)	-	(690,749)	(430,749)
\$ 16,660	\$ -	\$ (60,000)	\$ -	\$ (690,749)	987,374
Fund Balance June 30, 2009					1,334,845
Fund Balance June 30, 2010					<u>\$ 2,322,219</u>

**IOWA LAKES COMMUNITY COLLEGE
CURRENT UNRESTRICTED FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISES
YEAR ENDED JUNE 30, 2010**

	Bookstore	Food Services	Wellness Center	Farm	Athletics	Residence Halls
REVENUES:						
Sales and Services	\$ 1,941,619	\$ 1,214,039	\$ 122,986	\$ 266,069	\$ -	\$ 1,145,954
Interest on Investments	-	-	48,636	-	-	-
Tuition and Fees	-	-	10,638	35,954	29,866	-
Federal Grants and Contracts	-	3,686	15,539	-	-	-
Miscellaneous	-	11,805	107,776	59,047	64,788	14,512
Total Revenues	1,941,619	1,229,530	305,575	361,070	94,654	1,160,466
EXPENDITURES:						
Salaries and Benefits	195,444	506,843	220,049	1,526	1,306	253,225
Services	55,596	56,097	4,975	96,233	66,290	184,592
Materials and Supplies	3,401	27,292	18,980	148,110	106,664	57,673
Travel	619	3,228	1,275	4,409	191,864	15
Expended for Plant Facilities	-	-	-	8,775	-	-
Cost of Goods Sold	1,489,128	305,863	1,260	-	19,200	-
Miscellaneous	-	-	-	-	-	-
Total Expenditures	1,744,188	899,323	246,539	259,053	385,324	495,505
Excess (Deficiency) of Revenues Over (Under) Expenditures	197,431	330,207	59,036	102,017	(290,670)	664,961
TRANSFERS:						
Mandatory Transfers	-	-	-	-	-	(383,887)
Non-mandatory Transfers	(1,800)	(291,644)	(32,576)	-	291,644	(139,929)
Total Transfers	(1,800)	(291,644)	(32,576)	-	291,644	(523,816)
Net Increase (Decrease) for the Year	195,631	38,563	26,460	102,017	974	141,145
Fund Balance (Deficit) June 30, 2009	81,632	338,549	12,827	(72,485)	7,770	(873,343)
Fund Balance (Deficit) June 30, 2010	<u>\$ 277,263</u>	<u>\$ 377,112</u>	<u>\$ 39,287</u>	<u>\$ 29,532</u>	<u>\$ 8,744</u>	<u>\$ (732,198)</u>

SCHEDULE 5

Aviation	Parts	Printing	Vehicles	Wind Turbine	Gateway North	Miscellaneous	Total
\$ -	\$ 214,639	\$ 79,798	\$ -	\$ -	\$ 176,624	\$ 22,754	\$ 5,184,482
-	-	-	-	-	2,090	34,062	84,788
143,091	-	-	-	45,513	-	618,293	883,355
-	-	-	-	13,988	3,480	-	36,693
56,586	25,000	2,203	161,063	156,405	370,434	154,738	1,184,357
199,677	239,639	82,001	161,063	215,906	552,628	829,847	7,373,675
32,023	57,020	30,095	-	45,036	34,052	12,836	1,389,455
3,950	10,683	466	374	26,155	387,705	217,335	1,110,451
70,896	2,114	44,476	57,778	3,937	8,078	230,994	780,393
598	639	-	11,247	-	1,690	13,150	228,734
-	-	-	-	-	-	103,379	112,154
102	180,918	13,295	-	-	-	1,819	2,011,585
-	-	-	-	-	134,130	922	135,052
107,569	251,374	88,332	69,399	75,128	565,655	580,435	5,767,824
92,108	(11,735)	(6,331)	91,664	140,778	(13,027)	249,412	1,605,851
(31,108)	-	-	-	-	-	-	(414,995)
-	-	61,688	-	(4,053)	-	(278,364)	(395,034)
(31,108)	-	61,688	-	(4,053)	-	(278,364)	(810,029)
61,000	(11,735)	55,357	91,664	136,725	(13,027)	(28,952)	795,822
(166,102)	(7,196)	(255,342)	92,198	(546,402)	199,037	612,127	(576,730)
<u>\$ (105,102)</u>	<u>\$ (18,931)</u>	<u>\$ (199,985)</u>	<u>\$ 183,862</u>	<u>\$ (409,677)</u>	<u>\$ 186,010</u>	<u>\$ 583,175</u>	<u>\$ 219,092</u>

**IOWA LAKES COMMUNITY COLLEGE
CURRENT RESTRICTED FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2010**

	Scholarships and Grants	Equipment Replacement
REVENUES:		
State Appropriations	\$ 273,672	\$ -
Property Taxes	-	404,004
Federal Appropriations and Grants	5,991,629	-
Scholarships, Grants, and Gifts	557,398	-
Interest on Investments	7,790	-
Iowa Industrial New Jobs Training Program	-	-
Miscellaneous	313,854	-
Total Revenues and Other Additions	7,144,343	404,004
EXPENDITURES AND OTHER DEDUCTIONS:		
Salaries and Benefits	-	-
Services	-	-
Materials and Supplies	-	122,147
Travel	-	-
Expended for Plant Facilities	-	17,433
Interest on Indebtedness	-	-
Federal Pell Grant Program	5,780,662	-
Federal Supplemental Educational Opportunity Grant	81,642	-
Iowa College Student Aid Commission	124,737	-
Private Scholarships	1,566,596	-
Miscellaneous	-	-
Total Expenditures and Other Deductions	7,553,637	139,580
Excess (Deficiency) of Revenues and Other Additions Over (Under) Expenditures and Other Deductions	(409,294)	264,424
TRANSFERS:		
Mandatory Transfers	-	(110,501)
Non-mandatory Transfers	402,413	-
Total Transfers	402,413	(110,501)
Net Increase (Decrease) for the Year	(6,881)	153,923
Fund Balance (Deficit) June 30, 2009	488,048	230,209
Fund Balance (Deficit) June 30, 2010	\$ 481,167	\$ 384,132

Insurance	Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Miscellaneous	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 492,029	\$ 765,701
778,104	14,987	400,084	-	77,041	-	1,674,220
-	-	-	-	-	2,348,102	8,339,731
-	-	-	-	-	182,385	739,783
-	-	-	-	1,666	71,028	80,484
-	-	-	-	345,424	-	345,424
56,382	-	-	-	-	209,686	579,922
834,486	14,987	400,084	-	424,131	3,303,230	12,525,265
139,599	13,577	309,462	-	-	1,299,058	1,761,696
786,721	-	310,425	-	190,462	421,885	1,709,493
-	-	-	-	-	546,152	668,299
-	-	-	-	-	159,949	159,949
-	-	-	-	-	467,640	485,073
-	-	-	-	232,798	-	232,798
-	-	-	-	-	-	5,780,662
-	-	-	-	-	-	81,642
-	-	-	-	-	-	124,737
-	-	-	-	-	123,925	1,690,521
-	-	-	-	-	70,502	70,502
926,320	13,577	619,887	-	423,260	3,089,111	12,694,870
(91,834)	1,410	(219,803)	-	871	214,119	(240,107)
-	-	-	-	-	-	(110,501)
-	-	-	-	-	(393,937)	8,476
-	-	-	-	-	(393,937)	(102,025)
(91,834)	1,410	(219,803)	-	871	(179,818)	(342,132)
176,253	1,216	(991,035)	286,030	-	644,036	834,757
\$ 84,419	\$ 2,626	\$ (1,210,838)	\$ 286,030	\$ 871	\$ 464,218	\$ 492,625

**IOWA LAKES COMMUNITY COLLEGE
AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS
YEAR ENDED JUNE 30, 2010**

	Iowa Small Business New Jobs Training Program	Student Organizations	Emmetsburg Scholarship Fund	ACCES
Balance June 30, 2009	\$ 27,757	\$ 180,732	\$ 290,794	\$ 163,228
ADDITIONS:				
State Appropriations and Grants	147,327	-	-	-
Tuition and Fees	-	77,056	-	-
Interest on Investments	-	-	5,224	-
Miscellaneous	-	126,229	32,432	1,303,292
Total Additions	147,327	203,285	37,656	1,303,292
DEDUCTIONS:				
Salaries and Benefits	-	10,590	-	-
Services	146,961	46,287	38,975	900,298
Materials and Supplies	-	45,944	-	-
Travel	-	84,153	-	-
Cost of Sales	-	12,641	-	-
Miscellaneous	28,123	-	38,900	348,264
Total Deductions	175,084	199,615	77,875	1,248,562
Balance June 30, 2010	\$ -	\$ 184,402	\$ 250,575	\$ 217,958

Miscellaneous	Total
\$ 56,641	\$ 719,152
-	147,327
(2,325)	74,731
6	5,230
<u>217,928</u>	<u>1,679,881</u>
<u>215,609</u>	<u>1,907,169</u>
-	10,590
72,566	1,205,087
26,586	72,530
104,079	188,232
35	12,676
<u>-</u>	<u>415,287</u>
<u>203,266</u>	<u>1,904,402</u>
<u>\$ 68,984</u>	<u>\$ 721,919</u>

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM
YEAR ENDED JUNE 30, 2010**

Project Name	Project Costs			Subtotal
	Training and Wages	Administration	Legal and Issue Costs	
Institutional Equipment	\$ -	\$ -	\$ -	\$ -
Veridian Limited	-	-	-	-
GKN Armstrong	-	-	-	-
Eaton Corp. II	-	-	-	-
Rosenboom Machinery	-	-	-	-
Pure Fishing	-	-	-	-
Pharmacists Mutual	-	-	-	-
Midwest Grain Processors	-	-	350	350
GKN Armstrong	-	-	-	-
AFECO, Inc.	-	-	-	-
KLM Acquisition Corp.	-	-	-	-
Merkel Fruedenburg	-	-	-	-
Polaris VI	-	-	-	-
Pure Fishing	-	-	350	350
Quality Processing	-	-	350	350
Shine Brothers	-	-	-	-
Country Maid Inc	-	-	-	-
Pharmacists Mutual II	-	-	-	-
GKN Armstrong V	-	-	-	-
Pure Fishing V	-	-	-	-
Voyager Ethanol	8,528	-	350	8,878
GKN Armstrong VI	-	-	-	-
Hydrogen Engine	-	-	-	-
KLM Acquisition Corp.	-	-	-	-
Pharmacist Mutual III	-	-	-	-
Pure Fishing VI	2,225	-	350	2,575
East Fork Biodiesel	-	-	-	-
Easy Energy Systems	-	-	-	-
Eaton Corp II	823	-	400	1,223
Pharmacists Mutual IV	50,784	-	-	50,784
Snap On Logistics Comp	-	-	-	-
Superior Ethanol	-	-	-	-
Art's Way	1,125	-	-	1,125
Farmers Coop	33,561	-	400	33,961
GKN Armstrong	-	-	-	-
Voyager Ethanol	-	-	-	-
Shine Brothers II	-	-	-	-
Country Maid	45,466	2,300	78,006	125,772
Total	\$ 142,512	\$ 2,300	\$ 80,556	\$ 225,368

SCHEDULE 8

Retirement Costs		Total	Less: Non-	Cumulative	Total	
Debt	Interest	Current Year	Budgeted	Prior Period	Budgeted	Budget
		Expenditures	Expenditures	Expenditures	Expenditures	
\$ 10,000	\$ 706	\$ 10,706	\$ 10,706	\$ 49,260	\$ 49,260	\$ 75,000
15,000	1,059	16,059	16,059	49,356	49,356	105,000
20,000	1,412	21,412	21,412	350	350	140,000
30,000	2,118	32,118	32,118	-	-	205,000
30,000	2,468	32,468	32,468	93,064	93,064	215,000
25,000	1,765	26,765	26,765	124,792	124,792	190,000
15,000	2,969	17,969	17,969	118,853	118,853	120,000
25,000	5,294	30,644	30,294	225,649	225,999	225,000
20,000	4,644	24,644	24,644	198,087	198,087	200,000
15,000	3,314	18,314	18,314	74,261	74,261	130,000
10,000	2,348	12,348	12,348	76,912	76,912	80,000
20,000	5,008	25,008	25,008	146,804	146,804	190,000
50,000	13,280	63,280	63,280	489,005	489,005	485,000
10,000	2,968	13,318	12,968	104,872	105,222	105,000
35,000	12,056	47,406	47,056	366,141	366,491	365,000
10,000	2,847	12,847	12,847	85,350	85,350	85,000
-	1,330	1,330	1,330	44,856	44,856	45,000
15,000	4,057	19,057	19,057	126,121	126,121	130,000
15,000	4,839	19,839	19,839	151,505	151,505	155,000
20,000	5,858	25,858	25,858	194,376	194,376	195,000
20,000	5,880	34,758	25,880	156,057	164,935	190,000
15,000	4,864	19,864	19,864	143,342	143,342	145,000
15,000	5,894	20,894	20,894	148,196	148,196	160,000
25,000	9,495	34,495	34,495	207,021	207,021	290,000
20,000	6,921	26,921	26,921	202,695	202,695	205,000
40,000	14,359	56,934	54,359	446,397	448,972	450,000
25,000	13,955	38,955	38,955	98,455	98,455	275,000
20,000	12,231	32,231	32,231	130,563	130,563	235,000
35,000	16,245	52,468	51,245	325,289	326,512	325,000
15,000	7,256	73,040	22,256	88,818	139,602	140,000
20,000	8,673	28,673	28,673	56,207	56,207	175,000
25,000	14,253	39,253	39,253	88,328	88,328	275,000
10,000	3,869	14,994	13,869	44,885	46,010	75,000
45,000	14,317	93,278	59,317	24,701	58,662	280,000
25,000	7,019	32,019	32,019	95,919	95,919	140,000
15,000	4,386	19,386	19,386	139,459	139,459	85,000
5,000	2,312	7,312	7,312	27,995	27,995	45,000
-	882	126,654	882	-	125,772	230,000
<u>\$ 765,000</u>	<u>\$ 233,151</u>	<u>\$ 1,223,519</u>	<u>\$ 998,151</u>	<u>\$ 5,143,941</u>	<u>\$ 5,369,309</u>	<u>\$ 7,160,000</u>

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
IOWA JOBS TRAINING PROGRAM
YEAR ENDED JUNE 30, 2010**

Project Name	Project Costs			Subtotal
	Training and Wages	Administration	Legal and Issue Costs	
Prior Year Projects				
Pure Fishing/Jarden Corporation	\$ 20,500	\$ 4,500	\$ -	\$ 25,000
Sbemco International, Inc.	2,757	-	-	2,757
Current Year Projects				
Architectural Arts, Inc.	20,500	4,500	-	25,000
Holiday Express Corporation	20,400	4,600	-	25,000
Ferguson Manufacturing Co.	20,400	4,600	-	25,000
All Star Pro Golf, Inc.	11,000	2,422	-	13,422
Flannegan Western Corporation	15,500	3,500	-	19,000
Polaris Industries	21,000	4,000	-	25,000
Brown Medical Industries	12,205	2,700	-	14,905
Total	<u>\$ 144,262</u>	<u>\$ 30,822</u>	<u>\$ -</u>	<u>\$ 175,084</u>

SCHEDULE 9

Retirement Costs		Total Current Year Expenditures	Less: Non-Budgeted Expenditures	Cumulative Prior Period Expenditures	Total Current Budgeted Expenditures	Budget
Debt	Interest					
\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ 25,000
-	-	2,757	-	9,243	12,000	12,000
-	-	25,000	-	-	25,000	25,000
-	-	25,000	-	-	25,000	25,000
-	-	25,000	-	-	25,000	25,000
-	-	13,422	-	-	13,422	13,422
-	-	19,000	-	-	19,000	19,000
-	-	25,000	-	-	25,000	25,000
-	-	14,905	-	-	14,905	14,905
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,084</u>	<u>\$ -</u>	<u>\$ 9,243</u>	<u>\$ 184,327</u>	<u>\$ 184,327</u>

IOWA LAKES COMMUNITY COLLEGE
 SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT
 YEAR ENDED JUNE 30, 2010

	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	48,602	-	48,602			
Career Tech	35,494	-	35,494			
Non-Credit	-	-	-	75,911	8,628	84,539
Total	<u>84,096</u>	<u>-</u>	<u>84,096</u>	<u>75,911</u>	<u>8,628</u>	<u>84,539</u>

**IOWA LAKES COMMUNITY COLLEGE
COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUES
LAST EIGHT YEARS**

	Years Ended June 30,				
	2010	2009	2008	2007	2006
Local (Property Tax)	\$ 3,492,238	\$ 3,260,386	\$ 2,862,695	\$ 3,206,033	\$ 2,716,060
State	8,143,629	9,976,437	10,485,952	9,452,328	8,866,106
Federal	<u>9,787,959</u>	<u>6,001,106</u>	<u>5,233,664</u>	<u>5,085,049</u>	<u>5,765,613</u>
Total	<u><u>\$21,423,826</u></u>	<u><u>\$19,237,929</u></u>	<u><u>\$18,582,311</u></u>	<u><u>\$17,743,410</u></u>	<u><u>\$17,347,779</u></u>

	Years Ended June 30,		
	2005	2004	2003
Local (Property Tax)	\$ 2,466,198	\$ 2,710,785	\$ 2,727,153
State	8,179,334	7,783,155	7,521,236
Federal	<u>5,180,070</u>	<u>4,831,481</u>	<u>4,468,804</u>
Total	<u><u>\$15,825,602</u></u>	<u><u>\$15,325,421</u></u>	<u><u>\$14,717,193</u></u>

**IOWA LAKES COMMUNITY COLLEGE
CURRENT FUND (UNRESTRICTED AND RESTRICTED) REVENUES BY SOURCE
FOR THE LAST EIGHT YEARS**

	Years Ended June 30,				
	2010	2009	2008	2007	2006
State Appropriations	\$ 8,143,629	\$ 9,869,941	\$ 9,474,935	\$ 8,732,997	\$ 8,395,040
Tuition and Fees	12,200,863	10,079,225	9,225,858	9,217,809	8,560,998
Property Tax	2,583,229	2,389,148	2,080,414	2,426,144	2,009,864
Federal Appropriations	9,787,959	6,001,106	5,233,664	5,085,049	5,765,613
Interest on Investments	165,272	173,895	356,159	379,505	321,253
Iowa Industrial New Jobs Training Program	345,424	728,455	1,306,979	609,046	1,386,733
Auxiliary Enterprises	6,368,839	5,493,824	5,281,500	5,254,383	4,726,313
Miscellaneous	3,878,594	3,078,071	2,974,402	2,836,702	2,685,777
Total	<u>\$ 43,473,809</u>	<u>\$ 37,813,665</u>	<u>\$ 35,933,911</u>	<u>\$ 34,541,635</u>	<u>\$ 33,851,591</u>
Liberal Arts and Sciences	\$ 6,862,449	\$ 6,287,148	\$ 6,218,529	\$ 5,854,390	\$ 5,557,072
Vocational Technical	4,456,540	4,279,344	4,222,452	3,961,474	3,594,393
Adult Education	843,913	840,256	835,182	786,093	814,965
Cooperative Services	1,170,703	1,117,641	1,078,981	1,029,777	1,218,726
Administration	1,028,055	1,028,973	998,320	907,986	913,293
Student Services	1,731,116	1,733,461	1,609,283	1,410,637	1,343,883
Learning Resources	1,166,906	1,371,155	1,439,011	1,355,360	1,001,229
Physical Plant	1,966,021	2,025,334	1,680,835	1,616,294	1,530,164
General Institution	2,931,043	2,689,976	2,226,137	2,329,662	2,177,966
Auxiliary Enterprises	5,767,824	5,167,318	5,204,675	5,232,653	4,832,100
Scholarships and Grants	7,553,637	4,763,194	4,192,721	3,941,496	3,720,692
Equipment Replacement	139,580	195,067	152,835	224,088	204,927
Insurance	926,320	889,929	914,852	860,579	993,375
Unemployment Compensation	13,577	8,971	20,054	10,891	9,028
Iowa Industrial New Jobs Training Program	190,462	445,360	1,021,927	353,576	1,107,391
Miscellaneous	3,708,998	3,479,209	3,078,171	2,298,495	2,962,567
Interest on Indebtness	232,798	283,095	285,052	255,470	280,091
Total	<u>\$ 40,689,942</u>	<u>\$ 36,605,431</u>	<u>\$ 35,179,017</u>	<u>\$ 32,428,921</u>	<u>\$ 32,261,862</u>

2005	2004	2003
\$ 8,179,334	\$ 7,590,848	\$ 7,521,236
8,765,233	8,369,925	7,439,641
1,772,283	1,967,436	2,010,311
5,180,070	4,831,481	4,440,732
219,453	146,656	161,314
1,186,301	982,804	632,145
4,263,240	3,551,441	3,347,077
2,468,845	2,188,361	1,560,415
<u>\$ 32,034,759</u>	<u>\$ 29,628,952</u>	<u>\$ 27,112,871</u>
\$ 5,281,128	\$ 4,879,702	\$ 4,345,474
3,464,605	2,963,652	2,589,557
812,132	783,479	748,170
1,341,078	1,290,784	1,198,384
853,202	786,789	754,271
1,231,922	1,207,807	1,153,824
906,724	848,195	785,617
1,574,406	2,015,411	1,771,813
2,767,784	2,039,440	2,141,051
6,329,189	3,648,457	3,344,599
3,973,499	3,878,501	3,231,699
116,123	173,185	120,244
840,352	845,122	750,587
2,571	788	20,702
850,502	805,468	408,538
2,022,790	2,074,821	1,827,274
274,346	272,042	245,772
<u>\$ 32,642,353</u>	<u>\$ 28,513,643</u>	<u>\$ 25,437,576</u>

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010**

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
DIRECT:			
U. S. Department of Education:			
Student Financial Aid – Cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	\$ 81,642	\$ -
Federal Direct Student Loans	84.268	-	9,796,893
Federal Work-Study Program (FWS)	84.033	103,353	-
Federal Pell Grant Program	84.063	5,780,662	-
Academic Competitiveness Grant	84.375	51,900	-
Total Student Financial Aid Cluster		<u>6,017,557</u>	<u>9,796,893</u>
Title III – Higher Education Institutional Aid	84.031	172,120	-
TRIO - Cluster:			
Student Supported Services – Aspires	84.042	336,621	-
Talent Search	84.044	354,453	-
Upward Bound	84.047	331,788	-
Total TRIO Cluster		<u>1,022,862</u>	<u>-</u>
Total Direct U.S. Department of Education		7,212,539	9,796,893
U.S. Department of Homeland Security:			
Disaster Grants - Public Assistance	97.036	7,716	-
Total Direct - U.S. Department of Homeland Security		<u>7,716</u>	<u>-</u>
Corporation for National and Community Services:			
Retired Senior Volunteer Program	94.002	103,651	-
National Science Foundation:			
Education & Human Resources Project Grant	47.076	337,634	-
U.S. Department of Energy:			
Renewable Energy Research & Development	81.087	489,738	-
Total Direct Expenditures		8,151,278	9,796,893
INDIRECT:			
Small Business Administration:			
Indirect Through Iowa State University:			
Small Business Development Center	59.037	92,728	-
U.S. Department of Education:			
Indirect Through the Iowa Department of Education:			
ARRA - State Fiscal Stabilization Fund - Education State Grants	84.394	856,125	-
ARRA - State Fiscal Stabilization Fund - Government Services	84.397	92,655	-
Total Fiscal Stabilization Cluster		<u>948,780</u>	<u>-</u>
Adult Education - State Grant Program	84.002	92,776	-
Vocational Education - Basic Grants to States, Title II-C, Carl Perkins II	84.048	322,736	-
Tech Prep Education	84.243	71,908	-
Total Indirect U.S. Department of Education		<u>1,436,200</u>	<u>-</u>
U.S. Department of Agriculture:			
Indirect Through Iowa Department of Education:			
Child Nutrition Admin, Milk & SFSP	10.556	8,458	-
U.S. Department of Health and Human Services:			
Indirect Through Upper Des Moines Opportunities:			
ARRA - Community Service Block Grant	93.710	35,000	-

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010**

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
INDIRECT (Continued):			
U.S. Department of Labor:			
Indirect Through Iowa Department of Education:			
Incentive Grants - WIA Section 503	17.267	10,894	-
Indirect Through Iowa Workforce Development:			
Workforce Investment Act (WIA):			
ARRA - WIA Dislocated Workers	17.260	15,265	-
WIA Dislocated Workers	17.260	34,635	-
Total Workforce Investment Act (WIA):		<u>49,900</u>	-
Total Indirect U.S. Department of Labor		<u>60,794</u>	-
Total Indirect Expenditures		<u>1,633,180</u>	-
Total Direct and Indirect Expenditures		<u>\$ 9,784,458</u>	<u>\$ 9,796,893</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 -- BASIS OF PRESENTATION

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

Note 2 -- LOANS OUTSTANDING

Although no new Nursing Student Loan advances occurred during the year ended June 30, 2010, the following loan balances were outstanding at June 30, 2010:

<u>Program</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Nursing Student Loans	93.364	\$ 5,388

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Certified Public Accountants

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

Board of Trustees
Iowa Lakes Community College
Estherville, Iowa

We have audited the basic financial statements of Iowa Lakes Community College, Estherville, Iowa, and the aggregate discretely presented component units as of and for the year ended June 30, 2010, which collectively comprise the College's basic financial statements listed in the table of contents, and have issued our report thereon dated December 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10, II-B-10, and II-C-10 to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Community College's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

Williams + Company, P.C.

Certified Public Accountants

Spencer, Iowa
December 6, 2010



Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Iowa Lakes Community College
Estherville, Iowa

Compliance

We have audited Iowa Lakes Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Iowa Lakes Community College's major federal programs for the year ended June 30, 2010. Iowa Lakes Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Iowa Lakes Community College's management. Our responsibility is to express an opinion on Iowa Lakes Community College'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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa Lakes Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Iowa Lakes Community College's compliance with those requirements.

In our opinion, Iowa Lakes Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Iowa Lakes Community College 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 Iowa Lakes Community College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Lakes Community College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control
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over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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

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

Williams & Company, P.C.
Certified Public Accountants

Spencer, Iowa
December 6, 2010

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

PART I – SUMMARY OF AUDITORS' RESULTS

- (A) An unqualified opinion was issued on the financial statements.
- (B) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (C) The audit did not disclose any non-compliance which is material to the financial statements.
- (D) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (E) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (F) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (G) Major programs were as follows:
 - Student Financial Aid Cluster:
 - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grant (FSEOG)
 - CFDA Number 84.268 – Federal Direct Student Loans
 - CFDA Number 84.033 – Federal Work-Study Program
 - CFDA Number 84.063 – Federal Pell Grant Program
 - CFDA Number 84.375 – Academic Competitiveness Grant
 - Trio - Cluster:
 - CFDA Number 84.042 – Student Supported Services – Aspires
 - CFDA Number 84.044 – Talent Search
 - CFDA Number 84.047 – Upward Bound
 - Fiscal Stabilization Cluster:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund – Education State Grants
 - CFDA Number 84.397 – ARRA – State Fiscal Stabilization Fund – Government Services
 - Other Major Programs:
 - CFDA Number 81.087 – Renewable Energy Research and Development
 - CFDA Number 84.048 – Vocational Education – Basic Grants to States, Title II-C Carl Perkins III
- (H) The dollar threshold used to distinguish between Type A and Type B was \$300,000.
- (I) Iowa Lakes Community College did not qualify as a low-risk auditee.

PART II – FINDING RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

SIGNIFICANT DEFICIENCIES:

II-A-10 Financial Reporting – During the audit we identified immaterial amounts of property tax receivables, inventory, accounts payable, current year's debt issuance costs, and OPEB liability, not recorded properly in the College's financial statements.

Recommendation – The College should implement procedures to ensure all property tax receivables, inventory, accounts payable, current year's debt issuance costs, and OPEB liability are properly identified, classified, and included in the College's financial statements.

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

Conclusion - Response accepted.

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

PART II – FINDING RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)

SIGNIFICANT DEFICIENCIES:

II-B-10 Financial Reporting – During the audit we identified inconsistencies related to the recording of donated assets between the College and its related foundations.

Recommendation – The College should implement procedures to ensure all donated assets are properly identified, classified, and included in the College’s financial statements.

Response – We will revise our current procedures to ensure donated assets are recorded properly in the financial statements in the future.

Conclusion - Response accepted.

II-C-10 Financial Reporting – During the audit we identified a prior year donated asset was determined to have an improper valuation and asset type. The corrections of value and asset type were made during the current fiscal year.

Recommendation – The College should implement procedures to properly value all donated assets at the time of donation.

Response – We will implement procedures to ensure all donated assets are properly valued at the time of donation in the future.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE: No matters were reported.

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

SIGNIFICANT DEFICIENCIES: No matters were reported.

INSTANCES OF NON-COMPLIANCE: No matters were reported.

PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

IV-A-10: Certified Budget – Expenditures for the year ended June 30, 2010, did not exceed the amounts budgeted.

IV-B-10: Questionable Disbursements – No expenditures we believe did not meet the requirement of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-10: Travel Expense – No expenditures of Iowa Lakes Community College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.

IV-D-10: Business Transactions – No business transactions between the Community College and the Community College officials or employees were noted.

IV-E-10: Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-10: Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (Continued)

- IV-G-10: Publication – The Community College published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, by the second week in August, as required by Section 260C.14(12) of the Code of Iowa.

- IV-H-10: Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.

- IV-I-10: Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the Community College.

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2010**

III-A-09: Finding – The College did not identify an error on a timesheet that was added incorrectly and payroll expenses were understated.

Recommendation – The College should revise procedures to ensure all expenses are being calculated and recorded properly.

Response – We will review our current procedures to ensure all payroll expenses are calculated and recorded properly in the future.

Current Status – No errors were found during current year testing, procedures appear to have been implemented.