

**IOWA LAKES COMMUNITY COLLEGE
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS
JUNE 30, 2011**

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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, 2010 to September 30, 2011)		
Jan Lund	President	2011
Jim Miller	Vice President	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, 2011)

Valerie Newhouse	President
Thomas Brotherton	Executive Dean of Emmetsburg Campus
Jane Campbell	Executive Director of Marketing
Mark Gruwell	Executive Dean of Instruction and Development
Delaine Hiney	Executive Director of Facilities Management
Robert L'Heureux	Vice President of Administration
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

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Certified Public Accounts

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, 2011. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2011, 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 eight years ended June 30, 2010 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 13, 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 the 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
November 29, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, with comparative information presented for the fiscal year ended June 30, 2010. 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, 2011	June 30, 2010
Current and Other Assets	\$ 21,249,205	\$ 21,211,619
Capital Assets, Net of Accumulated Depreciation	30,205,002	28,324,537
Total Assets	51,454,207	49,536,156
Current Liabilities	10,968,680	10,998,535
Non-current Liabilities	8,295,106	8,950,684
Total Liabilities	19,263,786	19,949,219
Net Assets:		
Invested in Capital Assets, Net of Related Debt	26,070,002	22,784,537
Restricted		
Non-Expendable	1,000,000	1,000,000
Expendable	926,791	1,063,221
Unrestricted	4,193,628	4,739,179
Total Net Assets	\$ 32,190,421	\$ 29,586,937

Comparison of Net Assets

The largest portion of the College's net assets (81%) is invested in capital assets (e.g., land, buildings, intangibles and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (6%) includes resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The remaining assets (13%) are unrestricted net assets which can be used to meet the College's obligations as they come due.

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

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

In general, a public college, such as Iowa Lakes Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation/amortization, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets

	Year Ended June 30, 2011	Year Ended June 30, 2010
Revenues:		
Operating Revenues:		
Tuition and Fees net of scholarships	\$ 5,685,051	\$ 6,054,750
Federal Appropriations	9,600,537	9,751,266
Iowa Industrial New Jobs Training Program	788,128	345,424
Gifts & Grants	529,078	601,010
Auxiliary Enterprises	5,721,822	5,382,859
Miscellaneous	2,767,389	3,056,130
Total Operating Revenues	25,092,005	25,191,439
 Total Operating Expenses	 35,669,412	 34,600,848
 Operating Loss	 (10,577,407)	 (9,409,409)
 Non-Operating Revenues (Expenses)		
State Appropriations	9,488,383	8,144,289
Property Taxes	3,742,359	3,492,238
Donated Capital Assets	108,537	66,273
Interest Income from Investments	251,761	288,460
Interest Income from Student Loans	326	7
Gain (Loss) on Sale of Capital Assets	26,920	(52,769)
Interest on Indebtedness	(375,701)	(406,879)
Net Non-Operating Revenues	13,242,585	11,531,619
 Increase in Net Assets	 2,665,178	 2,122,210
 Net assets Beginning of Year	 29,586,937	 27,464,727
Prior Year Adjustment	(61,694)	-
Net assets Beginning of Year - Restated	29,525,243	27,464,727
 Net Assets Ending of Year	 \$ 32,190,421	 \$ 29,586,937

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in net assets at the end of the fiscal year. In fiscal year 2011, operating revenues decreased approximately \$99,000. The decrease was a result of the following changes:

- Tuition and fees, net of scholarships, decreased approximately \$370,000. Our Credit hours increased by 1,691, but our financial awards from federal funds also increased, causing the overall decrease.
- Federal appropriations decreased approximately \$151,000, but Federal Stimulus funds decreased by approximately \$633,000 and other forms of federal appropriations increased by approximately \$482,000.
- Revenues from auxiliary enterprises increased approximately \$339,000, due partially to additional students residing in our residence halls.

Operating Expenses

	Year Ended June 30, 2011	Year Ended June 30, 2010
Education and Support:		
Liberal Arts and Sciences	\$ 6,758,598	\$ 6,817,944
Vocational Technical	4,474,590	4,331,859
Adult Education	752,929	828,914
Cooperative Services	1,629,070	1,355,780
General Administration	1,997,037	2,586,983
Student Services	1,719,476	1,667,684
Learning Resources	1,287,123	1,164,503
Physical Plant	1,898,886	1,306,610
General Institution	6,955,993	6,790,722
Sub-total	27,473,702	26,850,999
Auxiliary Enterprises	5,854,054	5,517,621
Scholarships and Grants	828,056	781,363
Administrative and Collection Costs	351	1,169
Depreciation Expense	1,513,249	1,449,696
Total	\$ 35,669,412	\$ 34,600,848

In fiscal year 2011, operating expenses increased approximately \$1,069,000 (3%). The following factors explain some of the changes:

- 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 2.32% from the previous year, and increased in FY10 from FY09 1.54%. Typically the increases were in the 8 – 9% range in years before FY08.
- Cooperative services increased approximately \$273,000 as a result of increased payments made to the companies participating in the Iowa Industrial New Jobs Training Program. These expenses are dependent on the needs of the participating companies.
- General administration decreased approximately \$590,000, with unrestricted funds increasing approximately \$34,000 and restricted funds decreasing approximately \$624,000.
- Physical plant increased approximately \$592,000 due to additional maintenance.
- Auxiliary enterprises increased approximately \$336,000 due mainly to the additional students in our residence halls.

The Statement of Cash Flows

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

Cash Flows

	Year Ended June 30, 2011	Year Ended June 30, 2010
Cash and Pooled Investments Provided (Used) by:		
Operating Activities:		
Revenues	\$ 26,920,656	\$ 27,890,086
Expenditures	36,752,579	34,090,980
Net Operating Activities	(9,831,923)	(6,200,894)
Non-Capital Financing Activities	13,966,455	11,232,455
Capital and Related Financing Activities	(5,194,524)	(1,061,032)
Investing Activities	911,164	1,454,173
Net Increase (Decrease) in Cash and Pooled Investments	(148,828)	5,424,702
Cash and Pooled Investments at Beginning of Year	12,167,526	6,742,824
Cash and Pooled Investments at End of Year	<u>\$ 12,018,698</u>	<u>\$ 12,167,526</u>

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the College had approximately \$49.6M invested in capital assets, without applying an accumulated depreciation of approximately \$19.4M. The net of depreciation value is an increase of 6.63% or \$1.9M from a year ago. Depreciation charges totaled \$1.5M for fiscal year 2011. Details of capital assets are shown below:

Capital Assets, Net, at Year-End

	June 30, 2011	June 30, 2010
Land	\$ 1,435,940	\$ 1,388,941
Buildings	22,494,541	21,587,619
Other Structures and Improvements	1,800,828	1,906,499
Furniture and Equipment	3,110,700	2,694,151
Construction in Progress	1,362,993	747,327
Total Capital Assets	<u>\$ 30,205,002</u>	<u>\$ 28,324,537</u>

The financial reports presented in the Management's Discussion and Analysis show some significant changes from a year ago. Construction projects that will be completed during fiscal year 2012 includes the Construction Tech, Veterinary Tech Buildings and the improvements in the science area on our Spencer campus. More detailed information about the college's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2011, the College had \$8,350,000 in outstanding debt, with all debt retirement coming from revenue sources other than the general unrestricted fund. During the fiscal year we expedited debt payment on two issues, the 1998 Refunded Dormitory Revenue Bonds and the 2005 Capital Loan Note, which were paid in full. This resulted in a savings of future interest of approximately \$50,000. The table below summarizes debt balance for two fiscal years by category.

Outstanding Debt

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2010</u>
Certificate Payable	\$ 4,215,000	\$ 3,615,000
Bonds & Capital Loan Notes Payable	4,135,000	5,540,000
Total	<u>\$ 8,350,000</u>	<u>\$ 9,155,000</u>

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

ECONOMIC FACTORS

Iowa Lakes Community College had a huge increase in the Unrestricted Fund balance at the end of fiscal year 2009, compared to that of the end of 2008 fiscal year. We currently have a significant balance, but it did decrease during this fiscal year by \$546,000. Tuition revenue for this fiscal year showed a decrease of \$370,000, after two years of growth. It appears that the increase in enrollment, which was associated with poor economic conditions, has passed. A lot of individuals who were unemployed enrolled in courses, which would lead them to a skilled labor position. The State of Iowa has been experiencing financial difficulties during the past several years. Our state appropriations increased \$1,344,000, but were \$998,000 less than what we received in fiscal year 2008. In October 2009, the governor ordered an across-the-board reduction in state funding of 10%. Our reduction was \$784,000. We received a total of \$1,265,000 in federal stimulus funds over a period of two fiscal years, \$316,000 in FY11 and \$949,000 in FY10.

During the last fiscal year the voters in our area renewed our Plant Fund Levy for ten years. The current Plant Fund Levy expires on June 30, 2012. This will provide approximately \$1M per year for new construction and maintaining our current physical plant.

Listed below are some challenges which we face:

- The ability to maintain a stable enrollment is critical to the financial well being of Iowa Lakes.
- Facilities will require constant maintenance and upkeep.

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, 2011

	Primary Government	Component Units
ASSETS		
Current Assets		
Cash and Investments:		
Cash and Cash Equivalents	\$ 12,018,698	\$ 919,635
Pooled Investments	201,050	3,442,232
Receivables:		
Due from Others, net of Allowance for Uncollectible Accounts of \$664,622	1,332,170	-
Accrued Interest	4,032	11,707
Property Tax - Succeeding Year	3,846,319	-
Nursing Loans	5,388	-
Iowa Industrial New Jobs Training Program	933,648	-
Due From Iowa Lakes Community College Foundation	96,885	-
Due From Other Governments	1,083,803	-
Inventories	872,216	-
Prepaid Expenses	145,493	-
Bond Issue Costs	12,052	-
Total Current Assets	20,551,754	4,373,574
Noncurrent Assets		
Pooled Investments	597,739	1,409,831
Deferred Compensation	18,744	-
Bond Issue Costs	80,968	-
Capital Assets		
Land	1,435,940	17,000
Construction in Progress	1,362,993	-
Buildings	35,620,679	-
Other Structures and Improvements	3,235,211	72,635
Furniture and Equipment	7,965,340	-
Accumulated Depreciation	(19,415,161)	(72,635)
Total Noncurrent Assets	30,902,453	1,426,831
TOTAL ASSETS	\$ 51,454,207	\$ 5,800,405

IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 781,704	\$ 2,377
Salaries and Benefits Payable	563,342	-
Deferred Compensation	18,744	-
Accrued Interest	28,343	-
Deferred Revenue:		
Succeeding Year Property Tax	3,846,319	-
Other	842,971	-
Compensated Absences Payable	93,979	-
Early Retirement Payable	153,253	-
Deposits Held in Custody for Others	940,414	-
Due to Others	6,641	-
Due to Iowa Lakes Community College	-	96,885
Reported and Unreported Insurance Claims Payable	533,788	-
Insurance Reserve	2,084,182	-
Certificates Payable	795,000	-
Bonds and Other Long-Term Debt	280,000	-
	10,968,680	99,262
Total Current Liabilities		
Noncurrent Liabilities		
Deferred Revenue - Other	533,403	-
Early Retirement Payable	468,915	-
Certificates Payable	3,420,000	-
Bonds and Other Long-Term Debt	3,855,000	-
Net OPEB Liability	17,788	-
	8,295,106	-
Total Noncurrent Liabilities		
	19,263,786	99,262
TOTAL LIABILITIES		
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	26,070,002	17,000
Restricted:		
Nonexpendable:		
Endowment	1,000,000	2,207,094
Expendable:		
Scholarships	474,419	3,477,049
Loans	14,845	-
Debt Service	151,497	-
Cash Reserve	286,030	-
Unrestricted	4,193,628	-
	\$ 32,190,421	\$ 5,701,143
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, 2011

	Primary Government	Component Units
REVENUES		
Operating Revenues:		
Tuition and Fees, net of scholarship allowances of \$ 5,916,547	\$ 5,685,051	\$ -
Federal Appropriations	9,600,537	-
Iowa Industrial New Jobs Training Program	788,128	-
Gifts and Grants	529,078	3,024,961
Auxiliary Enterprises Revenue, net of scholarship allowances of \$2,093,176	5,721,822	-
Miscellaneous	2,767,389	88,727
	25,092,005	3,113,688
Total Operating Revenues		
EXPENSES		
Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences	6,758,598	-
Vocational Technical	4,474,590	-
Adult Education	752,929	-
Cooperative Services	1,629,070	-
General Administration	1,997,037	-
Student Services	1,719,476	-
Learning Resources	1,287,123	-
Physical Plant	1,898,886	-
General Institution	6,955,993	-
Auxiliary Enterprises	5,854,054	-
Scholarships and Grants	828,056	199,900
Administrative and Collection Costs	351	30,322
Services, Materials and Cost of Goods Sold	-	175,699
Depreciation Expense	1,513,249	-
	35,669,412	405,921
Total Operating Expenses		
Operating Income (Loss)	(10,577,407)	2,707,767
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	9,488,383	-
Property Taxes	3,742,359	-
Gifts from Iowa Lakes Community College Foundation	108,537	-
Interest Income from Investments	251,761	355,397
Interest Income from Student Loans	326	-
Unrealized Gain on Investments	-	96,566
Gifts to Iowa Lakes Community College	-	(108,537)
Gain on Sales of Capital Assets	26,920	-
Interest on Indebtedness	(375,701)	-
	13,242,585	343,426
Net Non-Operating Revenues		
Increase in Net Assets	2,665,178	3,051,193
Net Assets Beginning of Year	29,586,937	2,649,950
Prior Year Adjustment	(61,694)	-
Net Assets Beginning of Year - Restated	29,525,243	2,649,950
Net Assets End of Year	\$ 32,190,421	\$ 5,701,143

See Accompanying Notes to Financial Statements

**IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011**

Cash Flows from Operating Activities:	
Tuition and Fees	\$ 11,154,227
Grants and Contracts	9,948,802
Iowa Industrial New Jobs Training Program	337,283
Payments to Employees	(18,845,112)
Payments to Suppliers	(17,226,887)
Payments to NJTP Recipients	(680,580)
Auxiliary Enterprise Net Activity	719,133
Other Receipts	<u>4,761,211</u>
Net Cash (Used) by Operating Activities	<u>(9,831,923)</u>
Cash Flows from Non-Capital Financing Activities:	
State Appropriations	9,488,383
Property Taxes	3,742,359
Principal Paid on Debt	(615,000)
Certificates Issued	1,215,000
Miscellaneous Agency Fund Receipts	2,201,800
Miscellaneous Agency Fund Disbursements	<u>(2,066,087)</u>
Net Cash Provided from Non-Capital Financing Activities	<u>13,966,455</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	28,773
Purchases of Capital Assets	(3,376,303)
Principal Paid on Debt and Leases	(1,405,000)
Interest Paid on Debt and Leases	<u>(441,994)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(5,194,524)</u>
Cash Flows from Investing Activities:	
Proceeds from Sales and Maturities of Investments	1,223,461
Purchase of Investments	(597,739)
Interest on Investments	<u>285,442</u>
Net Cash Provided by Investing Activities	<u>911,164</u>
Net (Decrease) in Cash	(148,828)
Cash at Beginning of Year	<u>12,167,526</u>
Cash at End of Year	<u><u>\$ 12,018,698</u></u>

**IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011**

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

Operating (Loss)	\$ (10,577,407)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:	
Depreciation	1,513,249
Changes in Assets and Liabilities:	
(Increase) in Due From Others	(563,835)
(Increase) in Due From Other Governments	(181,295)
Decrease in Inventories	40,409
(Increase) in Prepaid Expenses	(28,866)
(Decrease) in Accounts Payable	(285,982)
Increase in Salaries and Benefits Payable	20,173
Increase in Compensated Absences	7,435
(Decrease) in Deferred Revenue	(289,859)
(Decrease) in Deposits Held in Custody	(12,223)
(Decrease) in Early Retirement Payable	(541,179)
(Decrease) in Due to Others	(5,176)
(Decrease) in Reported and Unreported Insurance Claims Payable	(64,033)
Increase in Insurance Reserve	<u>1,136,666</u>
 Total Adjustments	 <u>745,484</u>
 Net Cash (Used) by Operating Activities	 <u>\$ (9,831,923)</u>

Noncash, Capital and Related Financing Activities:

The College received donated capital assets with a fair value of \$19,266.

**IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF NET ASSETS - COMPONENT UNITS
JUNE 30, 2011**

	Iowa Lakes Community College Scholarship Foundation	Iowa Lakes Community College Foundation	Total
ASSETS			
Current Assets			
Cash and Investments:			
Cash and Pooled Investments	\$ 205,071	\$ 714,564	\$ 919,635
Pooled Investments	2,875,358	566,874	3,442,232
Receivables:			
Accrued Interest	11,531	176	11,707
Total Current Assets	3,091,960	1,281,614	4,373,574
Noncurrent Assets			
Pooled Investments	1,409,831	-	1,409,831
Capital Assets			
Land	-	17,000	17,000
Other Structures and Improvements	-	72,635	72,635
Accumulated Depreciation	-	(72,635)	(72,635)
Total Noncurrent Assets	1,409,831	17,000	1,426,831
TOTAL ASSETS	\$ 4,501,791	\$ 1,298,614	\$ 5,800,405
LIABILITIES			
Current Liabilities			
Accounts Payable	2,377	-	2,377
Due to Iowa Lakes Community College	-	96,885	96,885
Total Current Liabilities	2,377	96,885	99,262
TOTAL LIABILITIES	2,377	96,885	99,262
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	17,000	17,000
Restricted:			
Nonexpendable:			
Endowment	1,022,365	1,184,729	2,207,094
Expendable:			
Scholarships	3,477,049	-	3,477,049
TOTAL NET ASSETS	\$ 4,499,414	\$ 1,201,729	\$ 5,701,143

IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - COMPONENT UNITS
YEAR ENDED JUNE 30, 2011

	Iowa Lakes Community College Scholarship Foundation	Iowa Lakes Community College Foundation	Total
REVENUES			
Operating Revenues:			
Gifts and Contributions	\$ 2,694,931	\$ 330,030	\$ 3,024,961
Sales and Service	-	58,641	58,641
Miscellaneous	-	30,086	30,086
Total Operating Revenues	<u>2,694,931</u>	<u>418,757</u>	<u>3,113,688</u>
EXPENSES			
Operating Expenses:			
Scholarships	77,776	122,124	199,900
Salaries and Benefits	-	18,220	18,220
Services	8,582	86,995	95,577
Materials and Supplies	-	18,508	18,508
Travel	-	12,032	12,032
Cost of Goods Sold	-	61,614	61,614
Miscellaneous	-	70	70
Total Operating Expenses	<u>86,358</u>	<u>319,563</u>	<u>405,921</u>
Operating Income	<u>2,608,573</u>	<u>99,194</u>	<u>2,707,767</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income from Investments	171,977	183,420	355,397
Unrealized Gain on Investments	88,573	7,993	96,566
Gifts to Iowa Lakes Community College	-	(108,537)	(108,537)
Net Non-Operating Revenues	<u>260,550</u>	<u>82,876</u>	<u>343,426</u>
Increase in Net Assets	2,869,123	182,070	3,051,193
Net Assets Beginning of Year	<u>1,630,291</u>	<u>1,019,659</u>	<u>2,649,950</u>
Net Assets End of Year	<u>\$ 4,499,414</u>	<u>\$ 1,201,729</u>	<u>\$ 5,701,143</u>

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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 and scholarships. 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, 2011**

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, 2011**

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, 2011 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 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 life 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, 2011**

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 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, 2011.

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, 2011**

Note 2 -- CASH AND POOLED INVESTMENTS

The College's deposits in banks at June 30, 2011, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The 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, 2011, the Community College had the following investments:

Current Pooled Investments	\$ 201,050
Long-Term Pooled Investments	597,739
	\$ 798,789

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1 to 5
Certificates of Deposit	\$ 798,789	\$ 201,050	\$ 597,739

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

Diversified Portfolio	\$ <u>229</u>
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The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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, 2011**

Note 2 -- CASH AND POOLED INVESTMENTS (Continued)

At June 30, 2011, the Iowa Lakes Community College Foundation had the following investments:

Current Pooled Investments \$ 566,874

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	Greater than 1
Equities	\$ 291,485	N/A	N/A
International Equities	95,997	N/A	N/A
Fixed Income Mutual Funds	179,392	N/A	N/A
	<u>\$ 566,874</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk- The Iowa Lakes Community College Foundation's investments in fixed income mutual funds consist of two funds that were given ratings of 4 and 3 by Morningstar.

At June 30, 2011, the Iowa Lakes Community College Scholarship Foundation had the following investments:

Current Pooled Investments \$ 2,875,358
 Long-Term Pooled Investments 1,409,831
\$ 4,285,189

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	Greater than 1
Equities	\$ 2,120,421	N/A	N/A
International Equities	51,537	N/A	N/A
Preferred Stock	114,360	N/A	N/A
Fixed Income Mutual Funds	316,846	N/A	N/A
Fixed Income	1,682,025	272,194	1,409,831
	<u>\$ 4,285,189</u>	<u>\$ 272,194</u>	<u>\$ 1,409,831</u>

Credit risk- The Scholarship Foundation's investment in fixed income mutual funds was given a rating of 2 by Morningstar. The investments in fixed income consist of various investments, which were rated Aaa, Aa2, Aa3, A2, Baa3 or were not rated by Moody'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, 2011

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, 2011, 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 -- **INVENTORIES**

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

Bookstore	\$ 394,980
Food Service	21,112
Farm	122,934
Parts Store	26,956
Wind Energy	259,500
Other	<u>46,734</u>
	<u>\$ 872,216</u>

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 5 -- 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	\$ 1,388,940	\$ 47,000	\$ -	\$ 1,435,940
Construction in Progress	747,328	1,524,094	(908,429)	1,362,993
Total Capital Assets Not Being Depreciated	2,136,268	1,571,094	(908,429)	2,798,933
Capital Assets Being Depreciated:				
Buildings	33,869,595	1,751,084	-	35,620,679
Other Structures and Improvements	3,195,290	39,921	-	3,235,211
Furniture and Equipment	7,170,287	941,898	(146,845)	7,965,340
Total Capital Assets Being Depreciated	44,235,172	2,732,903	(146,845)	46,821,230
Less Accumulated Depreciation for:				
Buildings	(12,281,976)	844,162		(13,126,138)
Other Structures and Improvements	(1,288,791)	145,592	-	(1,434,383)
Furniture and Equipment	(4,476,136)	523,495	(144,991)	(4,854,640)
Total Accumulated Depreciation	(18,046,903)	1,513,249	(144,991)	(19,415,161)
Total Capital Assets Being Depreciated, Net	26,188,269	1,219,654	(1,854)	27,406,069
Capital Assets, Net	\$ 28,324,537	\$ 2,790,748	\$ (910,283)	\$ 30,205,002

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

On June 30, 2011, the Community College has no future construction commitments.

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

Land	\$ 1,435,940
Buildings	35,620,679
Construction in Progress	1,362,993
Other Structures and Improvements	3,235,211
Furniture and Equipment	7,965,340
Accumulated Depreciation	(19,415,161)
Capital Assets (Net of Accumulated Depreciation)	30,205,002
Less: Bonds Payable	(4,135,000)
Investment in Capital Assets, Net of Related Debt	\$ 26,070,002

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 5 -- **CAPITAL ASSETS** (Continued)

Capital Assets for Iowa Lakes Community College Foundation, a component unit, for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital Assets Not Being Depreciated:				
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 6 -- **LONG-TERM DEBT**

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

	Balance Beginning of Year	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Early Retirement Payable	\$ 1,163,347	\$ -	\$ (541,179)	\$ 622,168	\$ 153,253
Certificates Payable	3,615,000	1,215,000	(615,000)	4,215,000	795,000
Bonds Payable & Other					
Long Term Debt	5,540,000	-	(1,405,000)	4,135,000	280,000
Net OPEB Liability	<u>11,788</u>	<u>6,000</u>	<u>-</u>	<u>17,788</u>	<u>-</u>
Total Primary Government	<u>\$ 10,330,135</u>	<u>\$ 1,221,000</u>	<u>\$ (2,561,179)</u>	<u>\$ 8,989,956</u>	<u>\$ 1,228,253</u>

Certificates Payable

In accordance with agreements dated between September 1, 1996 and June 30, 2011, the Community College issued certificates totaling \$11,380,000 with interest rates ranging from 0.60% to 6.90%. 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 2011, Iowa Lakes Community College recorded \$200,868 of interest expense from the certificates payable.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 6 -- **LONG-TERM DEBT** (Continued)

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 795,000	\$ 197,117	\$ 992,117
2013	810,000	158,139	968,139
2014	660,000	121,547	781,547
2015	510,000	89,712	599,712
2016	380,000	65,037	445,037
2017-2021	<u>1,060,000</u>	<u>105,448</u>	<u>1,165,448</u>
Total	<u>\$ 4,215,000</u>	<u>\$ 737,000</u>	<u>\$ 4,952,000</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 bond was paid in full during the year ended June 30, 2011.

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 was paid in full during the year ended June 30, 2011.

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, 2011 was \$960,000.

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, 2011 was \$1,275,000.

On November 17, 2008, Iowa Lakes Community College secured a non-interest bearing loan in the amount of \$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 began November 1, 2010. The note will mature in 2019. The balance of the note at June 30, 2011 was \$330,000.

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 September 2011 due to a trustee error. 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.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 6 -- **LONG-TERM DEBT** (Continued)

Details of the Community College's June 30, 2011 bonded indebtedness maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 280,000	\$ 210,018	\$ 490,018
2013	245,000	201,008	446,008
2014	260,000	191,676	451,676
2015	265,000	181,409	446,409
2016	285,000	170,816	455,816
2017-2021	1,845,000	539,559	2,384,559
2022-2026	455,000	276,281	731,281
2027-2030	500,000	92,625	592,625
Total	<u>\$ 4,135,000</u>	<u>\$ 1,863,392</u>	<u>\$ 5,998,392</u>

Note 7 -- **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 4.50% of their annual covered salary and Iowa Lakes Community College is required to contribute 6.95% 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, 2011, 2010, and 2009 were \$356,573, \$337,508, and \$352,348, respectively, equal to the required contribution for each year.

Note 8 -- **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 4.50% and Iowa Lakes Community College is required to contribute 6.95%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2011, were \$504,238 and \$326,485, respectively.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 9 -- 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 approximately 219 active and 19 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, 2011, 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	(11,338)
Increase in Net OPEB Obligation	6,000
Net OPEB Obligation Beginning of Year	11,788
Net OPEB Obligation End of Year	\$ 17,788

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, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 17,338	66.01%	\$ 5,894
June 30, 2010	\$ 17,338	66.01%	\$ 11,788
June 30, 2011	\$ 17,338	66.01%	\$ 17,788

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, 2011, 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, 2011, there were no trust fund assets.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 9 -- 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 10 -- 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 11 -- 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 85 projects. Of these projects, 50 have been completed and the certificates have been paid.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 11 -- 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 192 retraining projects under Chapter 260F. Of these 192 projects, 6 were performed during fiscal year 2011.

Note 12 -- 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 \$4,436,027.

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 and insurance Reserve for the year ended June 30, 2011 are as follows:

Medical Reserve Fund Balance, Beginning of Year	\$ 1,531,850
Claims Recognized	5,146,516
Claim Payments	<u>(4,060,396)</u>
Medical Reserve Fund Balance, End of Year	<u>\$ 2,617,970</u>

Note 13 -- EARLY RETIREMENT PROGRAM

On December 15, 2009, 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, 2011 there were six participants receiving medical coverage under this plan.

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, 2011 there were five participants receiving medical coverage under this plan.

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, 2011 there were two participants receiving medical coverage under this plan.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 13 -- EARLY RETIREMENT PROGRAM (Continued)

At June 30, 2011, there were nineteen participants receiving medical coverage under these plans, with a total liability of payments and medical coverage of \$622,168. 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, 2011 was \$0.

Note 14 -- PRIOR PERIOD ADJUSTMENT

In the financial statements for the prior year, an invoice that included revenues and expenses relating to Distance and Global Education was recorded twice. The error has been corrected and had the following effect on the beginning fund balance:

Beginning Net Assets, as Previously Stated	\$ 29,586,937
Prior Period Adjustment - Net Distance and Global Education	<u>(61,694)</u>
Beginning Net Assets, Restated	<u><u>\$ 29,525,243</u></u>

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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, 2011**

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%
2011	January 1, 2009	\$ -	\$ 131,359	\$ 131,359	0.0%	\$ 8,985,390	1.5%

See Note 9 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, 2011

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, 2011**

Funds/Levy	Original Budget	Actual	Variance between Actual and Budget
Unrestricted	<u>\$ 23,650,000</u>	<u>\$ 23,365,525</u>	<u>\$ 284,475</u>
Restricted	6,650,000	3,559,822	3,090,178
Early Retirement	114,000	-	114,000
Unemployment	15,000	9,527	5,473
Tort Liability	200,000	210,709	(10,709)
Insurance	725,000	769,371	(44,371)
Equipment Replacement	550,000	430,925	119,075
Standby	90,000	90,099	(99)
Total Restricted	<u>8,344,000</u>	<u>5,070,453</u>	<u>3,273,547</u>
Plant	<u>5,730,000</u>	<u>3,528,167</u>	<u>2,201,833</u>
 Total	 <u>\$ 37,724,000</u>	 <u>\$ 31,964,145</u>	 <u>\$ 5,759,855</u>

**IOWA LAKES COMMUNITY COLLEGE
NOTE TO BUDGETARY REPORTING
JUNE 30, 2011**

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

	Total Funds
Budget Basis	\$ 31,964,145
Adjustments:	
Capital Outlay	(3,065,540)
Debt Service Payments	(1,375,000)
Depreciation Expense	1,513,249
Gain on Sale of Asset	(26,920)
Other Eliminations	(280,553)
GAAP Basis	\$ 28,729,381

**IOWA LAKES COMMUNITY COLLEGE
COMBINING BALANCE SHEET
JUNE 30, 2011**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
ASSETS:			
Cash and Pooled Investments:			
Cash and Pooled Investments	\$ 5,822,167	\$ 4,740,138	\$ (5,123)
Deferred Compensation	-	-	-
Receivables:			
Due from Others	1,151,395	131,487	3,315
Accrued Interest	226	-	-
Property Taxes - Succeeding Year	1,013,032	1,820,255	-
Nursing Loans	-	-	5,388
Iowa Industrial New Jobs Training Program	-	933,648	-
Due From Iowa Lakes Community College Foundation	-	96,885	-
Due From Other Governments	181,632	446,193	11,265
Inventories	609,923	-	-
Prepaid Expenses	137,629	1,432	-
Bond Issue Costs	-	54,447	-
Capital Assets:			
Land	-	-	-
Buildings	-	-	-
Other Structures and Improvements	-	-	-
Furniture and Equipment	12,500	-	-
Construction in Progress	-	-	-
Accumulated Depreciation	-	-	-
Total Assets	<u>\$ 8,928,504</u>	<u>\$ 8,224,485</u>	<u>\$ 14,845</u>

SCHEDULE 2

Endowment and Similar Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant			
\$ 1,000,000	\$ 235,650	\$ 160,417	\$ -	\$ 864,238	\$ -	\$ 12,817,487
-	-	-	-	18,744	-	18,744
-	-	-	-	45,973	-	1,332,170
-	-	-	-	3,806	-	4,032
-	1,013,032	-	-	-	-	3,846,319
-	-	-	-	-	-	5,388
-	-	-	-	-	-	933,648
-	-	-	-	-	-	96,885
-	444,713	-	-	-	-	1,083,803
-	-	-	262,293	-	-	872,216
-	-	-	-	6,432	-	145,493
-	38,573	-	-	-	-	93,020
-	-	-	1,435,940	-	-	1,435,940
-	-	-	35,620,679	-	-	35,620,679
-	-	-	3,235,211	-	-	3,235,211
-	-	-	7,952,840	-	-	7,965,340
-	-	-	1,362,993	-	-	1,362,993
-	-	-	-	-	(19,415,161)	(19,415,161)
<u>\$ 1,000,000</u>	<u>\$ 1,731,968</u>	<u>\$ 160,417</u>	<u>\$ 49,869,956</u>	<u>\$ 939,193</u>	<u>\$ (19,415,161)</u>	<u>\$ 51,454,207</u>

**IOWA LAKES COMMUNITY COLLEGE
COMBINING BALANCE SHEET
JUNE 30, 2011**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
LIABILITIES AND FUND EQUITY:			
Liabilities:			
Accounts Payable	\$ 685,153	\$ 59,509	\$ -
Salaries and Benefits Payable	563,121	221	-
Deferred Compensation	-	-	-
Accrued Interest	4,410	15,013	-
Deferred Revenue:			
Succeeding Year Property Tax	1,013,032	1,820,255	-
Other	719,741	656,633	-
Compensated Absences Payable	92,463	1,516	-
Early Retirement Payable	-	622,168	-
Deposits Held in Custody for Others	61,080	-	-
Due to Others	2,568	-	-
Reported and Unreported Insurance Claims Payable	533,788	-	-
Insurance Reserve	2,084,182	-	-
Certificates Payable	-	4,215,000	-
Bonds and Other Long-Term Debt	-	-	-
Net OPEB Liability	17,788	-	-
	<u>5,777,326</u>	<u>7,390,315</u>	<u>-</u>
Total Liabilities			
Fund Balance:			
Invested in Capital Assets, Net of Related Debt	12,500	-	-
Fund Balances:			
Restricted:			
Nonexpendable:			
Scholarships	-	-	-
Expendable:			
Scholarships	-	474,419	-
Loans	-	-	14,845
Debt Service	-	-	-
Cash Reserve	-	286,030	-
Other	-	73,721	-
Unrestricted	2,512,012	-	-
Auxiliary Enterprises	626,666	-	-
	<u>3,151,178</u>	<u>834,170</u>	<u>14,845</u>
Total Fund Balance			
Total Liabilities and Fund Balance	<u>\$ 8,928,504</u>	<u>\$ 8,224,485</u>	<u>\$ 14,845</u>

SCHEDULE 2

Endowment and Similar Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant			
\$ -	\$ -	\$ -	\$ -	\$ 37,042	\$ -	\$ 781,704
-	-	-	-	-	-	563,342
-	-	-	-	18,744	-	18,744
-	-	8,920	-	-	-	28,343
-	1,013,032	-	-	-	-	3,846,319
-	-	-	-	-	-	1,376,374
-	-	-	-	-	-	93,979
-	-	-	-	-	-	622,168
-	-	-	-	879,334	-	940,414
-	-	-	-	4,073	-	6,641
-	-	-	-	-	-	533,788
-	-	-	-	-	-	2,084,182
-	-	-	-	-	-	4,215,000
-	-	-	4,135,000	-	-	4,135,000
-	-	-	-	-	-	17,788
-	1,013,032	8,920	4,135,000	939,193	-	19,263,786
-	-	-	45,472,663	-	(19,415,161)	26,070,002
1,000,000	-	-	-	-	-	1,000,000
-	-	-	-	-	-	474,419
-	-	-	-	-	-	14,845
-	-	151,497	-	-	-	151,497
-	-	-	-	-	-	286,030
-	-	-	-	-	-	73,721
-	718,936	-	262,293	-	-	3,493,241
-	-	-	-	-	-	626,666
1,000,000	718,936	151,497	45,734,956	-	(19,415,161)	32,190,421
<u>\$ 1,000,000</u>	<u>\$ 1,731,968</u>	<u>\$ 160,417</u>	<u>\$ 49,869,956</u>	<u>\$ 939,193</u>	<u>\$ (19,415,161)</u>	<u>\$ 51,454,207</u>

**IOWA LAKES COMMUNITY COLLEGE
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 OTHER CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2011**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
REVENUES AND OTHER ADDITIONS:			
General:			
State Appropriations and Grants	\$ 7,777,720	\$ 670,511	\$ -
Tuition and Fees	11,601,598	-	-
Property Taxes	969,953	1,802,453	-
Federal Appropriations and Grants	775,661	8,783,846	-
Gifts and Grants	-	637,615	-
Interest on Investments	-	76,465	-
Interest on Student Loans	-	-	326
Iowa Industrial New Jobs Training Program Expended for Plant Facilities (Including \$1,013,063 charged to current funds)	-	788,128	-
Principal Retired	-	-	-
Gain on Sale of Capital Assets	-	-	-
Miscellaneous	2,110,876	684,893	64
	<u>23,235,808</u>	<u>13,443,911</u>	<u>390</u>
Auxiliary Enterprises			
Tuition and Fees	1,109,859	-	-
Sales and Services	5,538,163	-	-
Interest on Investments	75,475	-	-
Federal Grants and Contracts	21,242	-	-
Miscellaneous	1,145,734	-	-
	<u>7,890,473</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Additions	<u>\$ 31,126,281</u>	<u>\$ 13,443,911</u>	<u>\$ 390</u>

SCHEDULE 3

Endowment and Similar Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ -	\$ 1,040,152	\$ -	\$ -	\$ -	\$ 9,488,383
-	-	-	-	(5,916,547)	5,685,051
-	222,232	747,721	-	-	3,742,359
-	41,030	-	-	-	9,600,537
-	-	-	-	-	637,615
-	94,438	5,383	-	-	176,286
-	-	-	-	-	326
-	-	-	-	-	788,128
-	-	-	3,395,569	(3,395,569)	-
-	-	-	1,405,000	(1,405,000)	-
-	-	-	-	26,920	26,920
-	329	-	-	(28,773)	2,767,389
-	<u>1,398,181</u>	<u>753,104</u>	<u>4,800,569</u>	<u>(10,718,969)</u>	<u>32,912,994</u>
-	-	-	-	-	1,109,859
-	-	-	-	(1,933,028)	3,605,135
-	-	-	-	-	75,475
-	-	-	-	-	21,242
-	-	-	-	(160,148)	985,586
-	-	-	-	(2,093,176)	5,797,297
\$ -	\$ <u>1,398,181</u>	\$ <u>753,104</u>	\$ <u>4,800,569</u>	\$ <u>(12,812,145)</u>	\$ <u>38,710,291</u>

**IOWA LAKES COMMUNITY COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
OTHER CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2011**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and Support:			
Liberal Arts and Sciences	\$ 6,790,652	\$ -	\$ -
Vocational Technical	4,673,770	-	-
Adult Education	766,684	-	-
Cooperative Services	954,062	680,580	-
Administration	1,061,581	936,607	-
Student Services	1,788,430	-	-
Learning Resources	1,579,607	-	-
Physical Plant	1,866,709	339,435	-
General Institution	3,113,447	2,543,473	-
Total Education and Support	<u>22,594,942</u>	<u>4,500,095</u>	<u>-</u>
Auxiliary Enterprises	6,296,249	-	-
Scholarships and Grants	-	8,475,059	-
Administration and Collection Costs	-	-	351
Plant Asset Acquisitions	-	-	-
Retirement of Indebtedness	-	-	-
Disposal of Plant Assets	-	-	-
Interest on Indebtedness	-	200,868	-
Depreciation	-	-	-
Total Expenditures and Other Deductions	<u>28,891,191</u>	<u>13,176,022</u>	<u>351</u>
Excess (Deficiency) of Revenues and Other Additions Over (Under) Expenditures and Other Deductions	2,235,090	267,889	39
TRANSFERS:			
Mandatory Transfers	(427,938)	-	-
Non-mandatory Transfers	<u>(1,135,591)</u>	<u>73,656</u>	<u>-</u>
Total Transfers	<u>(1,563,529)</u>	<u>73,656</u>	<u>-</u>
Net Increase (Decrease) for the Year	671,561	341,545	39
Fund Balance - June 30, 2010	2,541,311	492,625	14,806
Prior Period Adjustment	(61,694)	-	-
Fund Balance - June 30, 2010, Restated	<u>2,479,617</u>	<u>492,625</u>	<u>14,806</u>
Fund Balance - June 30, 2011	<u>\$ 3,151,178</u>	<u>\$ 834,170</u>	<u>\$ 14,845</u>

SCHEDULE 3

Endowment and Similar Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ -	\$ -	\$ -	\$ -	\$ (32,054)	\$ 6,758,598
-	-	-	-	(199,180)	4,474,590
-	-	-	-	(13,755)	752,929
-	-	-	-	(5,572)	1,629,070
-	-	-	-	(1,151)	1,997,037
-	-	-	-	(68,954)	1,719,476
-	-	-	-	(292,484)	1,287,123
-	-	-	-	(307,258)	1,898,886
-	1,341,845	408	-	(43,180)	6,955,993
-	1,341,845	408	-	(963,588)	27,473,702
-	-	-	-	(442,195)	5,854,054
-	-	-	-	(7,647,003)	828,056
-	-	-	-	-	351
-	2,382,505	-	-	(2,382,505)	-
-	-	1,375,000	-	(1,375,000)	-
-	-	-	146,845	(146,845)	-
-	-	174,833	-	-	375,701
-	-	-	-	1,513,249	1,513,249
-	3,724,350	1,550,241	146,845	(11,443,887)	36,045,113
-	(2,326,169)	(797,137)	4,653,724	(1,368,258)	2,665,178
-	-	427,938	-	-	-
-	819,665	239,478	2,792	-	-
-	819,665	667,416	2,792	-	-
-	(1,506,504)	(129,721)	4,656,516	(1,368,258)	2,665,178
1,000,000	2,225,440	281,218	41,078,440	(18,046,903)	29,586,937
-	-	-	-	-	(61,694)
1,000,000	2,225,440	281,218	41,078,440	(18,046,903)	29,525,243
<u>\$ 1,000,000</u>	<u>\$ 718,936</u>	<u>\$ 151,497</u>	<u>\$ 45,734,956</u>	<u>\$ (19,415,161)</u>	<u>\$ 32,190,421</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, 2011**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
REVENUES:				
State Appropriations and Grants	\$ -	\$ -	\$ -	\$ -
Tuition and Fees	7,438,416	3,098,650	406,116	538,934
Property Taxes	-	-	-	-
Federal Grants and Contracts	-	280,405	92,361	-
Miscellaneous	1,351,683	34,683	18,449	23,280
	<u>8,790,099</u>	<u>3,413,738</u>	<u>516,926</u>	<u>562,214</u>
Total Revenues	13,824,241	7,901,469	947,884	562,214
EXPENDITURES:				
Salaries and Benefits	5,361,202	4,099,776	605,654	913,551
Services	1,314,138	170,905	110,667	14,857
Materials and Supplies	49,162	180,276	25,367	7,390
Travel	66,150	120,048	19,039	8,816
Expended for Plant Facilities	-	99,043	-	-
Miscellaneous	-	3,722	5,957	9,448
	<u>6,790,652</u>	<u>4,673,770</u>	<u>766,684</u>	<u>954,062</u>
Total Expenditures	<u>11,550,116</u>	<u>8,916,637</u>	<u>1,174,127</u>	<u>954,062</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,274,125	(1,015,168)	(226,244)	(391,848)
TRANSFERS:				
Non-mandatory Transfers	-	-	205,000	125,000
Total Transfers	<u>-</u>	<u>-</u>	<u>205,000</u>	<u>125,000</u>
Net Increase (Decrease) for the Year	<u>\$ 2,274,125</u>	<u>\$ (1,015,168)</u>	<u>\$ (21,244)</u>	<u>\$ (266,848)</u>

SCHEDULE 4

Support					
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	Support Total
\$ -	\$ -	\$ 154	\$ 1,767	\$ 7,775,799	\$ 7,777,720
-	-	125	-	119,357	11,601,598
-	-	-	-	969,953	969,953
-	-	-	-	402,895	775,661
-	-	6,524	35,826	640,431	2,110,876
-	-	6,803	37,593	9,908,435	23,235,808
-	-	-	-	-	23,235,808
949,913	1,570,220	917,873	1,250,899	1,794,824	17,463,912
56,349	119,383	117,629	336,936	942,696	3,183,560
10,125	22,593	242,414	176,443	92,392	806,162
45,194	76,234	10,041	19,747	71,404	436,673
-	-	291,650	71,533	-	462,226
-	-	-	11,151	212,131	242,409
1,061,581	1,788,430	1,579,607	1,866,709	3,113,447	22,594,942
-	-	-	-	-	22,594,942
-	-	-	-	-	640,866
25,000	-	(60,000)	-	(684,379)	(389,379)
25,000	-	(60,000)	-	(684,379)	(389,379)
<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ (60,000)</u>	<u>\$ -</u>	<u>\$ (684,379)</u>	<u>251,487</u>
Fund Balance June 30, 2010					2,322,219
Prior Period Adjustment					(61,694)
Fund Balance June 30, 2010 - Restated					<u>2,260,525</u>
Fund Balance June 30, 2011					<u>\$ 2,512,012</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, 2011**

	Bookstore	Food Services	Wellness Center	Farm	Athletics	Residence Halls
REVENUES:						
Sales and Services	\$ 2,024,345	\$ 1,295,678	\$ 132,035	\$ 263,646	\$ -	\$ 1,288,854
Interest on Investments	-	-	22,522	-	-	-
Tuition and Fees	-	-	10,695	45,508	29,154	-
Federal Grants and Contracts	-	5,242	16,000	-	-	-
Miscellaneous	-	7,026	121,685	91,173	79,610	18,612
Total Revenues	2,024,345	1,307,946	302,937	400,327	108,764	1,307,466
EXPENDITURES:						
Salaries and Benefits	202,371	523,545	224,084	805	11,865	283,351
Services	56,979	78,118	14,008	132,706	87,667	216,497
Materials and Supplies	3,993	32,222	25,814	151,631	97,884	4,900
Travel	1,253	3,782	1,054	2,514	201,202	-
Expended for Plant Facilities	-	6,953	-	-	-	-
Cost of Goods Sold	1,538,544	342,759	2,645	-	23,908	-
Miscellaneous	-	-	-	-	-	-
Total Expenditures	1,803,140	987,379	267,605	287,656	422,526	504,748
Excess (Deficiency) of Revenues Over (Under) Expenditures	221,205	320,567	35,332	112,671	(313,762)	802,718
TRANSFERS:						
Mandatory Transfers	-	-	-	-	-	(355,310)
Non-mandatory Transfers	(321,069)	(116,980)	(34,190)	-	311,592	(411,244)
Total Transfers	(321,069)	(116,980)	(34,190)	-	311,592	(766,554)
Net Increase (Decrease) for the Year	(99,864)	203,587	1,142	112,671	(2,170)	36,164
Fund Balance (Deficit) June 30, 2010	277,263	377,112	39,287	29,532	8,744	(732,198)
Fund Balance (Deficit) June 30, 2011	<u>\$ 177,399</u>	<u>\$ 580,699</u>	<u>\$ 40,429</u>	<u>\$ 142,203</u>	<u>\$ 6,574</u>	<u>\$ (696,034)</u>

SCHEDULE 5

Aviation	Parts	Printing	Vehicles	Wind Turbine	Gateway North	Miscellaneous	Total
\$ -	\$ 270,914	\$ 71,311	\$ -	\$ -	\$ 160,240	\$ 31,140	\$ 5,538,163
-	-	-	-	-	4,929	48,024	75,475
145,389	-	-	-	74,982	-	804,131	1,109,859
-	-	-	-	-	-	-	21,242
<u>47,832</u>	<u>24,992</u>	<u>2,324</u>	<u>159,434</u>	<u>163,429</u>	<u>335,684</u>	<u>93,933</u>	<u>1,145,734</u>
193,221	295,906	73,635	159,434	238,411	500,853	977,228	7,890,473
28,344	60,027	-	-	-	41,607	6,195	1,382,194
4,962	2,420	891	3,793	110,141	283,855	240,342	1,232,379
89,874	973	39,042	79,085	32,849	6,277	228,968	793,512
717	811	-	11,413	-	1,786	25,679	250,211
120,313	-	-	202,762	-	-	-	330,028
-	226,145	13,535	-	-	-	2,615	2,150,151
-	-	-	-	-	157,774	-	157,774
<u>244,210</u>	<u>290,376</u>	<u>53,468</u>	<u>297,053</u>	<u>142,990</u>	<u>491,299</u>	<u>503,799</u>	<u>6,296,249</u>
(50,989)	5,530	20,167	(137,619)	95,421	9,554	473,429	1,594,224
-	-	-	-	-	(72,628)	-	(427,938)
-	-	(32,555)	-	(3,709)	72,628	(210,685)	(746,212)
-	-	(32,555)	-	(3,709)	72,628	(210,685)	(1,174,150)
(50,989)	5,530	(12,388)	(137,619)	91,712	82,182	262,744	420,074
<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>
<u>\$ (156,091)</u>	<u>\$ (13,401)</u>	<u>\$ (212,373)</u>	<u>\$ 46,243</u>	<u>\$ (317,965)</u>	<u>\$ 268,192</u>	<u>\$ 845,919</u>	<u>\$ 639,166</u>

**IOWA LAKES COMMUNITY COLLEGE
CURRENT RESTRICTED FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2011**

	Scholarships and Grants	Equipment Replacement
REVENUES:		
State Appropriations	\$ 183,884	\$ -
Property Taxes	-	430,925
Federal Appropriations and Grants	6,983,132	-
Scholarships, Grants, and Gifts	503,757	-
Interest on Investments	13,316	-
Iowa Industrial New Jobs Training Program	-	-
Miscellaneous	341,076	-
	8,025,165	430,925
Total Revenues and Other Additions		
EXPENDITURES AND OTHER DEDUCTIONS:		
Salaries and Benefits	-	-
Services	-	-
Materials and Supplies	-	274,196
Travel	-	-
Expended for Plant Facilities	-	65,239
Interest on Indebtedness	-	-
Federal Pell Grant Program	6,621,847	-
Federal Supplemental Educational Opportunity Grant	84,265	-
Iowa College Student Aid Commission	102,678	-
Private Scholarships	1,664,942	-
Miscellaneous	1,327	-
	8,475,059	339,435
Total Expenditures and Other Deductions		
Excess (Deficiency) of Revenues and Other Additions Over (Under) Expenditures and Other Deductions	(449,894)	91,490
TRANSFERS:		
Mandatory Transfers	-	-
Non-mandatory Transfers	443,146	-
Total Transfers	443,146	-
Net Increase (Decrease) for the Year	(6,748)	91,490
Fund Balance (Deficit) June 30, 2010	481,167	384,132
Fund Balance (Deficit) June 30, 2011	\$ 474,419	\$ 475,622

SCHEDULE 6

Insurance	Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Miscellaneous	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 486,627	\$ 670,511
860,993	20,013	400,423	-	90,099	-	1,802,453
-	-	-	-	-	1,800,714	8,783,846
-	-	-	-	-	133,858	637,615
-	-	-	-	2,350	60,799	76,465
-	-	-	-	788,128	-	788,128
76,499	-	-	-	-	267,318	684,893
937,492	20,013	400,423	-	880,577	2,749,316	13,443,911
125,992	9,527	-	-	-	1,275,707	1,411,226
801,088	-	-	-	680,580	236,874	1,718,542
-	-	-	-	-	523,721	797,917
-	-	-	-	-	126,131	126,131
-	-	-	-	-	174,835	240,074
-	-	-	-	200,868	-	200,868
-	-	-	-	-	-	6,621,847
-	-	-	-	-	-	84,265
-	-	-	-	-	-	102,678
-	-	-	-	-	183,673	1,848,615
-	-	-	-	-	22,532	23,859
927,080	9,527	-	-	881,448	2,543,473	13,152,163
10,412	10,486	400,423	-	(871)	205,843	267,889
-	-	-	-	-	-	-
-	-	-	-	-	(369,490)	73,656
-	-	-	-	-	(369,490)	73,656
10,412	10,486	400,423	-	(871)	(163,647)	341,545
84,419	2,626	(1,210,838)	286,030	871	464,218	492,625
\$ 94,831	\$ 13,112	\$ (810,415)	\$ 286,030	\$ -	\$ 300,571	\$ 834,170

**IOWA LAKES COMMUNITY COLLEGE
AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS
YEAR ENDED JUNE 30, 2011**

	Iowa Small Business New Jobs Training Program	Student Organizations	Emmetsburg Educational Foundation	ACCES
Balance June 30, 2010	\$ -	\$ 184,412	\$ 253,863	\$ 217,958
ADDITIONS:				
State Appropriations and Grants	136,338	-	-	-
Tuition and Fees	-	62,887	-	-
Interest on Investments	-	-	3,642	-
Miscellaneous	-	134,636	111,590	1,275,213
Total Additions	<u>136,338</u>	<u>197,523</u>	<u>115,232</u>	<u>1,275,213</u>
DEDUCTIONS:				
Salaries and Benefits	-	8,024	-	-
Services	111,300	83,810	19,691	963,527
Materials and Supplies	-	57,216	8,249	-
Travel	-	75,918	-	-
Cost of Sales	-	14,430	19,051	-
Miscellaneous	25,038	-	46,258	193,872
Total Deductions	<u>136,338</u>	<u>239,398</u>	<u>93,249</u>	<u>1,157,399</u>
Balance June 30, 2011	<u>\$ -</u>	<u>\$ 142,537</u>	<u>\$ 275,846</u>	<u>\$ 335,772</u>

Miscellaneous	Total
<u>\$ 118,204</u>	<u>\$ 774,437</u>
-	136,338
-	62,887
187	3,829
<u>380,638</u>	<u>1,902,077</u>
<u>380,825</u>	<u>2,105,131</u>
-	8,024
246,522	1,424,850
15,036	80,501
112,137	188,055
155	33,636
<u>-</u>	<u>265,168</u>
<u>373,850</u>	<u>2,000,234</u>
<u>\$ 125,179</u>	<u>\$ 879,334</u>

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM
YEAR ENDED JUNE 30, 2011**

Project Name	Project Costs			Subtotal
	Training and Wages	Administration	Legal and Issue Costs	
Pharmacists Mutual	-	-	-	-
Midwest Grain Processors	-	-	700	700
GKN Armstrong	-	-	-	-
AFECO, Inc.	-	-	-	-
KLM Acquisition Corp.	-	-	-	-
Merkel Fruedenburg	-	-	-	-
Polaris VI	-	-	-	-
Pure Fishing	-	-	700	700
Quality Processing	-	-	350	350
Shine Brothers	-	-	-	-
Country Maid Inc	-	-	-	-
Pharmacists Mutual II	-	-	-	-
GKN Armstrong V	-	-	-	-
Pure Fishing V	-	-	-	-
Voyager Ethanol	570	-	375	945
GKN Armstrong VI	-	-	-	-
Hydrogen Engine	-	-	-	-
KLM Acquisition Corp.	-	-	-	-
Pharmacist Mutual III	-	-	-	-
Pure Fishing VI	-	-	350	350
East Fork Biodiesel	-	-	-	-
Easy Energy Systems	-	-	-	-
Eaton Corp II	-	-	400	400
Pharmacists Mutual IV	-	-	-	-
Snap On Logistics Comp	59,888	-	-	59,888
Superior Ethanol	-	-	-	-
Art's Way	34,150	-	-	34,150
Farmers Coop	13,709	-	400	14,109
GKN Armstrong	-	-	-	-
Voyager Ethanol	-	-	-	-
Shine Brothers II	-	-	-	-
Country Maid	24,130	-	2,136	26,266
Polaris	-	28,334	-	28,334
GKN Armstrong Wheel	313,660	154,809	-	468,469
Eaton	-	45,919	-	45,919
Total	<u>\$ 446,107</u>	<u>\$ 229,062</u>	<u>\$ 5,411</u>	<u>\$ 680,580</u>

SCHEDULE 8

Retirement Costs		Total Current Year Expenditures	Less: Non- Budgeted Expenditures	Cumulative Prior Period Budgeted Expenditures	Total Budgeted Expenditures	Budget
Debt	Interest					
15,000	1,970	16,970	16,970	118,853	118,853	120,000
25,000	3,628	29,328	28,628	225,999	226,699	225,000
25,000	3,283	28,283	28,283	198,087	198,087	200,000
15,000	2,315	17,315	17,315	74,261	74,261	130,000
10,000	1,781	11,781	11,781	76,912	76,912	80,000
20,000	3,874	23,874	23,874	146,804	146,804	190,000
55,000	10,420	65,420	65,420	489,005	489,005	485,000
10,000	2,401	13,101	12,401	105,222	105,922	105,000
40,000	10,203	50,553	50,203	366,491	366,841	365,000
10,000	2,324	12,324	12,324	85,350	85,350	85,000
5,000	1,310	6,310	6,310	44,856	44,856	45,000
15,000	3,356	18,356	18,356	126,121	126,121	130,000
20,000	4,118	24,118	24,118	151,505	151,505	155,000
20,000	4,923	24,923	24,923	194,376	194,376	195,000
20,000	4,946	25,891	24,946	164,935	165,880	190,000
15,000	4,128	19,128	19,128	143,342	143,342	145,000
20,000	5,138	25,138	25,138	148,196	148,196	160,000
30,000	8,249	38,249	38,249	207,021	207,021	290,000
20,000	5,940	25,940	25,940	202,695	202,695	205,000
45,000	12,377	57,727	57,377	448,972	449,322	450,000
25,000	12,578	37,578	37,578	98,455	98,455	275,000
20,000	11,129	31,129	31,129	130,563	130,563	235,000
25,000	14,363	39,763	39,363	326,512	326,912	325,000
10,000	6,453	16,453	16,453	139,602	139,602	140,000
15,000	7,595	82,483	22,595	56,207	116,095	175,000
25,000	12,876	37,876	37,876	88,328	88,328	275,000
5,000	3,451	42,601	8,451	46,010	80,160	75,000
25,000	12,427	51,536	37,427	58,662	72,771	280,000
20,000	5,946	25,946	25,946	95,919	95,919	140,000
5,000	3,768	8,768	8,768	139,459	139,459	85,000
5,000	2,093	7,093	7,093	27,995	27,995	45,000
-	10,584	36,850	10,584	125,772	152,038	230,000
-	278	28,612	278	-	28,334	145,000
-	158	468,627	158	-	468,469	835,000
-	485	46,404	485	-	45,919	235,000
<u>\$ 615,000</u>	<u>\$ 200,868</u>	<u>\$ 1,496,448</u>	<u>\$ 815,868</u>	<u>\$ 5,052,487</u>	<u>\$ 5,733,067</u>	<u>\$ 7,445,000</u>

IOWA LAKES COMMUNITY COLLEGE
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 IOWA JOBS TRAINING PROGRAM
 YEAR ENDED JUNE 30, 2011

Project Name	Project Costs			Subtotal
	Training and Wages	Administration	Legal and Issue Costs	
Pharmacists Mutual Companies	\$ 20,400	\$ 4,600	\$ -	\$ 25,000
General Machine Works	20,400	4,600	-	25,000
KLM Acquisition / Aluma, Ltd.	20,400	4,600	-	25,000
Cycle Country Accessories Corporation	20,400	4,600	-	25,000
Aero Race Wheels	20,400	4,600	-	25,000
Flannegan Western Corporation	9,300	2,038	-	11,338
Total	\$ 111,300	\$ 25,038	\$ -	\$ 136,338

SCHEDULE 9

Retirement Costs		Total Current	Less: Non-	Cumulative	Total Current	
Debt	Interest	Year	Budgeted	Prior Period	Budgeted	Budget
		Expenditures	Expenditures	Expenditures	Expenditures	
\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ 25,000
-	-	25,000	-	-	25,000	25,000
-	-	25,000	-	-	25,000	25,000
-	-	25,000	-	-	25,000	25,000
-	-	25,000	-	-	25,000	25,000
-	-	11,338	-	-	11,338	11,338
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,338</u>	<u>\$ 136,338</u>

IOWA LAKES COMMUNITY COLLEGE
 SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT
 YEAR ENDED JUNE 30, 2011

	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	48,612	-	48,612			
Career Tech	37,175	-	37,175			
Non-Credit	-	-	-	74,627	1,961	76,588
Total	<u>85,787</u>	<u>-</u>	<u>85,787</u>	<u>74,627</u>	<u>1,961</u>	<u>76,588</u>

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

	Years Ended June 30,				
	2011	2010	2009	2008	2007
Local (Property Tax)	\$ 3,742,359	\$ 3,492,238	\$ 3,260,386	\$ 2,862,695	\$ 3,206,033
State	9,488,383	8,143,629	9,976,437	10,485,952	9,452,328
Federal	9,621,779	9,787,959	6,001,106	5,233,664	5,085,049
Total	<u>\$22,852,521</u>	<u>\$21,423,826</u>	<u>\$19,237,929</u>	<u>\$18,582,311</u>	<u>\$17,743,410</u>

	Years Ended June 30,			
	2006	2005	2004	2003
Local (Property Tax)	\$ 2,716,060	\$ 2,466,198	\$ 2,710,785	\$ 2,727,153
State	8,866,106	8,179,334	7,783,155	7,521,236
Federal	5,765,613	5,180,070	4,831,481	4,468,804
Total	<u>\$17,347,779</u>	<u>\$15,825,602</u>	<u>\$15,325,421</u>	<u>\$14,717,193</u>

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

	Years Ended June 30,				
	2011	2010	2009	2008	2007
State Appropriations	\$ 8,448,231	\$ 8,143,629	\$ 9,869,941	\$ 9,474,935	\$ 8,732,997
Tuition and Fees	12,711,457	12,200,863	10,079,225	9,225,858	9,217,809
Property Tax	2,772,406	2,583,229	2,389,148	2,080,414	2,426,144
Federal Appropriations	9,580,749	9,787,959	6,001,106	5,233,664	5,085,049
Interest on Investments	151,940	165,272	173,895	356,159	379,505
Iowa Industrial New Jobs Training Program	788,128	345,424	728,455	1,306,979	609,046
Auxiliary Enterprises	6,683,897	6,368,839	5,493,824	5,281,500	5,254,383
Miscellaneous	3,433,384	3,878,594	3,078,071	2,974,402	2,836,702
Total	<u>\$ 44,570,192</u>	<u>\$ 43,473,809</u>	<u>\$ 37,813,665</u>	<u>\$ 35,933,911</u>	<u>\$ 34,541,635</u>
Liberal Arts and Sciences	\$ 6,790,652	\$ 6,862,449	\$ 6,287,148	\$ 6,218,529	\$ 5,854,390
Vocational Technical	4,673,770	4,456,540	4,279,344	4,222,452	3,961,474
Adult Education	766,684	843,913	840,256	835,182	786,093
Cooperative Services	954,062	1,170,703	1,117,641	1,078,981	1,029,777
Administration	1,061,581	1,028,055	1,028,973	998,320	907,986
Student Services	1,788,430	1,731,116	1,733,461	1,609,283	1,410,637
Learning Resources	1,579,607	1,166,906	1,371,155	1,439,011	1,355,360
Physical Plant	1,866,709	1,966,021	2,025,334	1,680,835	1,616,294
General Institution	3,113,447	2,931,043	2,689,976	2,226,137	2,329,662
Auxiliary Enterprises	6,296,249	5,767,824	5,167,318	5,204,675	5,232,653
Scholarships and Grants	8,475,059	7,553,637	4,763,194	4,192,721	3,941,496
Equipment Replacement	339,435	139,580	195,067	152,835	224,088
Insurance	927,080	926,320	889,929	914,852	860,579
Unemployment Compensation	9,527	13,577	8,971	20,054	10,891
Iowa Industrial New Jobs Training Program	680,580	190,462	445,360	1,021,927	353,576
Miscellaneous	2,543,473	3,708,998	3,479,209	3,078,171	2,298,495
Interest on Indebtness	200,868	232,798	283,095	285,052	255,470
Total	<u>\$ 42,067,213</u>	<u>\$ 40,689,942</u>	<u>\$ 36,605,431</u>	<u>\$ 35,179,017</u>	<u>\$ 32,428,921</u>

2006	2005	2004	2003
\$ 8,395,040	\$ 8,179,334	\$ 7,590,848	\$ 7,521,236
8,560,998	8,765,233	8,369,925	7,439,641
2,009,864	1,772,283	1,967,436	2,010,311
5,765,613	5,180,070	4,831,481	4,440,732
321,253	219,453	146,656	161,314
1,386,733	1,186,301	982,804	632,145
4,726,313	4,263,240	3,551,441	3,347,077
2,685,777	2,468,845	2,188,361	1,560,415
<u>\$ 33,851,591</u>	<u>\$ 32,034,759</u>	<u>\$ 29,628,952</u>	<u>\$ 27,112,871</u>
\$ 5,557,072	\$ 5,281,128	\$ 4,879,702	\$ 4,345,474
3,594,393	3,464,605	2,963,652	2,589,557
814,965	812,132	783,479	748,170
1,218,726	1,341,078	1,290,784	1,198,384
913,293	853,202	786,789	754,271
1,343,883	1,231,922	1,207,807	1,153,824
1,001,229	906,724	848,195	785,617
1,530,164	1,574,406	2,015,411	1,771,813
2,177,966	2,767,784	2,039,440	2,141,051
4,832,100	6,329,189	3,648,457	3,344,599
3,720,692	3,973,499	3,878,501	3,231,699
204,927	116,123	173,185	120,244
993,375	840,352	845,122	750,587
9,028	2,571	788	20,702
1,107,391	850,502	805,468	408,538
2,962,567	2,022,790	2,074,821	1,827,274
280,091	274,346	272,042	245,772
<u>\$ 32,261,862</u>	<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, 2011**

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	\$ 84,265	\$ -
Federal Direct Student Loans	84.268	-	10,302,309
Federal Work-Study Program (FWS)	84.033	99,994	-
Federal Pell Grant Program	84.063	6,621,847	-
Academic Competitiveness Grant	84.375	64,450	-
Total Student Financial Aid Cluster		6,870,556	10,302,309
Fund for the Improvement of Postsecondary Education	84.116	336,107	-
TRIO - Cluster:			
Student Supported Services	84.042	247,757	-
Talent Search	84.044	326,964	-
Upward Bound	84.047	310,236	-
Total TRIO Cluster		884,957	-
Total Direct U.S. Department of Education		8,091,620	10,302,309
Corporation for National and Community Services:			
Retired Senior Volunteer Program	94.002	106,761	-
National Science Foundation:			
Education & Human Resources Project Grant	47.076	207,134	-
U.S. Department of Labor:			
Mine, Health and Safety Grant	17.600	1,000	-
Total Direct Expenditures		8,406,515	10,302,309
INDIRECT:			
Small Business Administration:			
Indirect Through Iowa State University:			
Small Business Development Center	59.037	100,432	-
U.S. Department of Education:			
Indirect Through the Iowa Department of Education:			
ARRA - State Fiscal Stabilization Fund - Education State Grants	84.394	285,374	-
ARRA - State Fiscal Stabilization Fund - Government Services	84.397	30,884	-
Total Fiscal Stabilization Cluster		316,258	-
Adult Education - State Grant Program	84.002	91,361	-
Vocational Education - Basic Grants to States, Title II-C, Carl Perkins II	84.048	337,658	-
Tech Prep Education	84.243	69,391	-
Total Indirect U.S. Department of Education		814,668	-
U.S. Department of Agriculture:			
Indirect Through Iowa Department of Education:			
Child Nutrition Admin, Milk & SFSP	10.556	8,278	-

IOWA LAKES COMMUNITY COLLEGE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

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	30,400	-
Indirect Through Iowa Workforce Development:			
Workforce Investment Act (WIA):			
WIA Adult Program	17.258	6,772	-
WIA Youth Program	17.259	2,500	-
WIA Dislocated Workers	17.278	171,485	-
ARRA - WIA Dislocated Workers	17.278	39,699	-
Total Workforce Investment Act (WIA):		220,456	-
Total Indirect U.S. Department of Labor		250,856	-
Total Indirect Expenditures		1,174,234	-
Total Direct and Indirect Expenditures		\$ 9,580,749	\$ 10,302,309

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, 2011, the following loan balances were outstanding at June 30, 2011:

Program	CFDA Number	Amount Outstanding
Nursing Student Loans	93.364	\$ 5,388

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**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, 2011, which collectively comprise the College's basic financial statements listed in the table of contents, and have issued our report thereon dated November 29, 2011. 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 deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting 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 described in the accompanying Schedule of Findings and Questioned Costs, II-A-11 and II-B-11 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*.

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
November 29, 2011

**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, 2011. 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, 2011.

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 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
November 29, 2011

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

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 no 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
 - 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 84.116 – Fund for the Improvement of Postsecondary Education
- (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-11 Financial Reporting – During the audit we identified amounts of deferred revenue, revenues, expenses, and immaterial amounts of fixed assets and donations, not recorded properly in the College's financial statements.

Recommendation – The College should implement procedures to ensure all deferred revenue, revenue, expenses, fixed assets and donations are properly identified, classified, and included in the College's financial statements.

Response – We will review 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, 2011**

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

SIGNIFICANT DEFICIENCIES:

II-B-11 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 review procedures to ensure all donated assets are properly identified, classified, and included in the College's financial statements.

Response – We will review our current procedures to ensure donated assets are recorded properly in the financial statements 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-11: Certified Budget – Expenditures for the year ended June 30, 2011, did not exceed the amounts budgeted.

IV-B-11: 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-11: 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-11: Business Transactions – No business transactions between the Community College and the Community College officials or employees were noted.

IV-E-11: 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-11: Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-11: Publication – The 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-11: Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

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

IV-I-11: 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, except for an understatement of 5 contact hours, as shown below:

	Reported	Total per Supporting Documentation	Difference
Non-Credit:			
Contact Hours	76,593	76,588	(5)

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

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

Conclusion – Response accepted.