

**NORTHWEST IOWA COMMUNITY COLLEGE
SHELDON, IOWA**

**Independent Auditors' Report
Financial Statements and Supplemental Information
Schedule of Findings and Questioned Costs**

For the Fiscal Year Ended June 30, 2011

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NORTHWEST IOWA COMMUNITY COLLEGE

OFFICIALS

NAME	TITLE	TERM EXPIRES
Board of Directors		
Cynthia Porter	Member	2013
Craig Struve	Member	2013
Dr. Loretta Berkland	Member	2011
Leroy Van Kekerix	President	2011
Jim Kennedy	Member	2011
Larry Hoekstra	Member	2013
Chad Hamill	Vice-President	2011
Community College		
Dr. Alethea Stubbe	President	
Dee Kreykes	Board Secretary	
Mark Brown	Vice President of Operations and Finance and Board Treasurer	



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northwest Iowa Community College
Sheldon, Iowa

We have audited the accompanying financial statements of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, 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 did not audit the financial statements of the Northwest Iowa Community College Foundation (a discretely presented component unit of the Community College discussed in Note 1), which statements reflect total assets of \$8,723,184 and total operating revenues of \$344,354 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion insofar as it relates to that unit is based on the report of the other auditor.

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. The financial statements of the Northwest Iowa Community College Foundation were not audited in accordance with *Government Auditing Standards*. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of Northwest Iowa Community College and its discretely presented component unit as of June 30, 2011, and the respective changes in financial position and cash flows 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 December 5, 2011, on our consideration of Northwest Iowa 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 important for 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 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 Northwest Iowa 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 ten years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. The other supplementary information on pages 32 through 56 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 5, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Northwest Iowa Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the College's financial statements, which follow, as well as the separately issued financial statements of the Northwest Iowa Community College Foundation, a discretely presented component unit of the college.

2011 FINANCIAL HIGHLIGHTS

- ◆ College operating revenues decreased 3.37% or \$347,837 from fiscal year 2010 (FY 10). Tuition and fees and Gifts and Contributions reported an increase and federal appropriations, auxiliary enterprise revenues, and Iowa Industrial New Jobs Training revenues reported a decrease.

- ◆ College operating expenses decreased 6.07% or \$989,613 from fiscal year 2010 (FY 10). Liberal arts and sciences, vocational technical, adult education, learning sources, physical plant, auxiliary enterprises and depreciation reported an increase in expenditures, while cooperative services, administration, student services, general institution and scholarships and grants decreased.

- ◆ The College's net assets increased 7.64%, or approximately \$1,785,895, from fiscal year 2010 (FY 10).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year.

Other Supplementary Information provides detailed information about the individual funds. 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 assets, liabilities and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

Net Assets

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Current Assets	\$ 19,805,915	\$ 21,158,720
Noncurrent Assets	20,117,455	18,989,961
Total Assets	<u>39,923,370</u>	<u>40,148,681</u>
Current Liabilities	5,591,493	6,270,095
Noncurrent Liabilities	9,180,458	10,513,062
Total Liabilities	<u>14,771,951</u>	<u>16,783,157</u>
Net Assets		
Invested in capital assets, net of related debt	11,577,693	12,022,510
Restricted	963,326	664,588
Unrestricted	12,610,400	10,678,426
Total Net Assets	<u>\$ 25,151,419</u>	<u>\$ 23,365,524</u>

Comparison of Net Assets

The largest portion of the College's net assets (50.14%) are unrestricted assets that can be used to meet the College's obligations as they come due. The next largest portion of the College's net assets (46.03%) is the invested in capital assets (e.g., land, buildings, 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 (3.83%) includes resources that are subject to external restrictions. The college's restricted portion of net assets shows an increase of \$298,738 compared to FY 10.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, 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 Northwest Iowa 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, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets

	June 30	
	2011	2010
Operating Revenues:		
Tuition and fees	\$ 3,916,423	\$ 3,795,085
Federal appropriations	2,792,595	3,141,024
Iowa Industrial New Jobs Training Program	552,861	883,794
Auxiliary	1,933,655	2,132,314
Gifts and Contributions	722,949	320,851
Miscellaneous	52,735	45,987
Total operating revenues	<u>9,971,218</u>	<u>10,319,055</u>
Total operating expenses	<u>15,323,983</u>	<u>16,313,596</u>
Operating Loss	(5,352,765)	(5,994,541)
Non-operating revenues (expenses)		
State appropriations	5,207,160	5,011,201
Property tax	1,967,964	1,779,629
Interest income on investments	118,961	167,978
Gain on sale of capital assets	12,416	1,181
Rental of college facilities	6,280	3,828
Donated Capital Assets	71,000	-
Interest on indebtedness	(176,976)	(183,600)
Net non-operating revenues	<u>7,206,805</u>	<u>6,780,217</u>
Increase in net assets	1,854,040	785,676
Net assets beginning of year	23,365,524	22,579,848
Prior Period Adjustment	(68,145)	-
Net assets end of year	<u>\$ 25,151,419</u>	<u>\$ 23,365,524</u>

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

Total Revenue by Source

In FY 11, operating revenues decreased by \$347,837 (3.37%) as a net result of the following changes:

- ◆ Tuition and fees increased by \$121,338 due to an increase in the tuition rate of \$7.00 per credit hour.
- ◆ Federal appropriations decreased by \$348,429 due to the following:
 - A decrease of \$621,382 of federal stimulus dollars received for one year in FY 10.
 - A net increase of \$272,953 in the Federal Pell Grant, Student Loan, Title III Grant and TRIO Grant.
- ◆ The Iowa Industrial New Jobs Training program decreased by \$330,933. The college has not issued any additional New Jobs Training Certificates since FY 09.
- ◆ The auxiliary revenues decreased by \$198,659. This is a result of a variety of auxiliary accounts experiencing a change in revenues for FY 11. The auxiliary accounts that had the major decreases were the 260F projects and the Business and Industry activity,
- ◆ The gifts and contributions increased by \$402,098. This is the result of a payment from the NCC Foundation for contributions made for the construction of the Lifelong Learning and Recreational Center.

Total Expenses

	June 30	
	2011	2010
Education and support:		
Liberal arts and sciences	\$ 1,354,368	\$ 1,195,434
Vocational technical	3,935,441	3,924,776
Adult education	769,924	728,385
Cooperative services	552,861	883,794
Administration	924,218	1,954,710
Student services	786,520	823,269
Learning resources	206,869	202,428
Physical plant	1,310,413	1,107,973
General institution	2,137,560	2,265,987
Auxiliary enterprises	2,270,480	2,212,662
Scholarships and grants	5,047	21,552
Depreciation	1,066,266	979,610
Amortization	4,016	4,016
	\$15,323,983	\$16,313,596
Total Operating Expenses		

In FY 11, operating expenses decreased by \$989,613 (6.07%). The following factors explain some of the changes:

- ◆ Liberal arts and sciences reported an increase of \$158,934. This increase was due to the addition of on-line classes and the additional adjunct instructors that were needed.
- ◆ Cooperative services reported a decrease in expenses of \$330,933 due to the fact that the college did not issue any new 260E New Jobs Training Certificates for FY 11 and the last issuance was in FY 09.
- ◆ Administration reported a decrease in expenses of \$1,030,492. This decrease was due to the recording of the early retirement program that was offered in FY 10 and the entire obligation of \$1,263,097 was recorded. This expense will be paid over the next several years with the local property taxes that are levied for early retirement and insurance for the college.
- ◆ Physical plant reported an increase of \$202,440. This increase was due to the additional projects in maintenance and repairs of buildings. One major project in FY 11 was the replacement of lights in Building A.

Statement of Cash Flows

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

Cash Flows

	June 30	
	2011	2010
Cash provided (used) by:		
Operating activities	\$(5,702,343)	\$(4,164,608)
Non-capital financing activities	4,451,793	5,301,933
Capital and related financing activities	(711,506)	(2,204,882)
Investing activities	118,963	167,978
Net (decrease) in cash	(1,843,093)	(899,579)
Cash, beginning of the year	17,691,034	18,590,613
Cash, end of the year	\$15,847,941	\$17,691,034

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

At June 30, 2011, the College had approximately \$15.2 million invested in capital assets, net of accumulated depreciation of \$12.8 million. Depreciation charges totaled \$1,066,266 for FY 11. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30	
	2011	2010
Land	\$ 338,966	\$ 338,966
Buildings and Other Structures	11,340,719	11,908,716
Equipment	3,247,269	3,098,291
Software Development	164,983	206,229
Construction in Progress	90,175	85,426
Total	<u>\$15,182,112</u>	<u>\$15,637,628</u>

Planned capital expenditures for the fiscal year ending June 30, 2012, will be dependent on a successful General Obligation Bond election in February of 2012. Also the college plans to purchase equipment estimated at \$500,000. More detailed information about the College's capital assets is presented in Note 5 to the financial statements.

DEBT

At June 30, 2011, the College had \$8.6 million in debt outstanding, a decrease of \$1,495,000 from 2010. The certificates payable are the 260E New Jobs Training Certificates and bonds payable are the revenue bonds for the Lyon Hall and O'Brien Hall apartment style dormitories. The table below summarizes these amounts by type.

	June 30	
	2011	2010
Certificates Payable	\$ 5,190,000	\$ 6,565,000
Bonds Payable	3,405,000	3,525,000
Total	<u>\$ 8,595,000</u>	<u>\$ 10,090,000</u>

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

ECONOMIC FACTORS

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

- ◆ State aid has been reduced over the past few years. The college experienced a decline of \$592,157 in state general aid in FY 11 as compared to the total received in FY 09.
- ◆ Expenses will continue to increase and the burden of meeting these obligations have been placed on the students with the continued increases in tuition and fees.
- ◆ Facilities at the College require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will hold many challenges and we will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

Contacting the College's Financial Management

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Northwest Iowa Community College, 603 West Park Street, Sheldon, IA 51201.

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

	Primary Government	Component Unit
ASSETS		
Current Assets:		
Cash and Pooled Investments	\$ 15,847,941	\$ 499,449
Receivables:		
Accounts	748,959	97,854
Property Tax:		
Current Year Delinquent	24,631	-
Succeeding Year	1,986,268	-
Notes	90	-
Accrued Interest	-	2,721
Due from Other Governments	801,116	-
Inventories	220,292	-
Prepaid Expenses	176,618	-
Total Current Assets	<u>19,805,915</u>	<u>600,024</u>
Noncurrent Assets:		
Foundation Promises to Give	-	86,860
Restricted Foundation Assets	-	1,866,990
Due From Northwest Iowa Community College Foundation	4,869,310	-
Bond Issue Costs	66,033	-
Capital Assets:		
Land	338,966	-
Construction in Progress	90,175	6,169,310
Buildings	18,886,113	-
Other Structures and Improvements	1,017,800	-
Furniture, Machinery and Equipment	7,292,947	-
Software Development	412,457	-
Accumulated Depreciation	(12,856,346)	-
Total Noncurrent Assets	<u>20,117,455</u>	<u>8,123,160</u>
Total Assets	<u>\$ 39,923,370</u>	<u>\$ 8,723,184</u>

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

	Primary Government	Component Unit
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 559,876	\$ 4,415
Salaries and Benefits Payable	311,090	-
Accrued Interest Payable	18,097	-
Deferred Revenue:		
Succeeding Year Property Tax	1,986,268	-
Other	522,486	-
Iowa Industrial New Jobs Training Program	218,562	-
Early Retirement Payable	423,114	-
Compensated Absences Payable	27,457	-
Insurance Reserve	150,000	-
Deposits Held in Custody for Others	194,932	-
Certificates Payable	995,000	-
Capital Lease Payable	54,611	-
Bonds Payable	130,000	-
Total Current Liabilities	5,591,493	4,415
Noncurrent Liabilities:		
Compensated Absences Payable	247,108	-
Early Retirement Payable	883,542	-
Capital Lease Payable	144,808	-
Certificates Payable	4,195,000	-
Due to Northwest Iowa Community College	-	4,869,310
Notes Payable	-	1,300,000
Bonds Payable	3,275,000	-
Net OPEB Obligation	435,000	-
Total Noncurrent Liabilities	9,180,458	6,169,310
Total Liabilities	14,771,951	6,173,725
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	11,577,693	-
Restricted:		
Nonexpendable:		
Cash Reserve	119,016	-
Temporarily Restricted Foundation Net Assets	-	1,033,855
Permanent Foundation Net Assets	-	281,255
Expendable:		
Loans	13,118	-
Board Restricted Foundation Net Assets	-	551,880
Other Foundation Net Assets	-	682,469
Other	831,192	-
Unrestricted	12,610,400	-
Total Net Assets	\$ 25,151,419	\$ 2,549,459

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	Primary Government	Component Unit
Revenues		
Operating Revenues:		
Tuition and Fees, net of scholarship allowances of \$1,827,430	\$ 3,916,423	\$ -
Federal Appropriations	2,792,595	-
Iowa Industrial New Jobs Training Program	552,861	-
Auxiliary Enterprises, net of scholarship allowances of \$369,909	1,933,655	-
Donated Equipment and Services	-	94,251
Special Events, net of related expenses, \$9,267	-	18,166
Gifts and Contributions	722,949	231,937
Miscellaneous	52,735	-
Total Operating Revenues	9,971,218	344,354
Expenses		
Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences	1,354,368	-
Vocational Technical	3,935,441	-
Adult Education	769,924	-
Cooperative Services	552,861	-
Administration	924,218	11,511
Student Services	786,520	-
Learning Resources	206,869	-
Physical Plant	1,310,413	-
General Institution	2,137,560	-
Auxiliary Enterprises	2,270,480	-
Scholarships and Grants	5,047	796,189
Amortization	4,016	-
Depreciation	1,066,266	-
Total Operating Expenses	15,323,983	807,700
Operating Income (Loss)	(5,352,765)	(463,346)
Non-operating Revenues (Expenses)		
State Appropriations	5,207,160	-
Property Tax	1,967,964	-
Interest Income From Investments	118,961	202,664
Gain on Disposal of Capital Assets	12,416	-
Rental of College Facilities	6,280	-
Donated Capital Assets	71,000	-
Interest on Indebtedness	(176,976)	-
Net Non-operating Revenues	7,206,805	202,664
Increase in Net Assets	1,854,040	(260,682)
Net Assets Beginning of Year	23,365,524	2,810,141
Prior Period Adjustment	(68,145)	-
Net Assets Beginning of Year, as Restated	23,297,379	2,810,141
Net Assets End of Year	\$ 25,151,419	\$ 2,549,459

See Notes to Financial Statements

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

		Primary Government
Cash Flows from Operating Activities:		
Tuition and Fees	\$	3,852,123
Grants and Contracts		2,239,996
Iowa Industrial New Jobs Training Program		1,962,980
Payments to Employees		(9,244,976)
Payments to Suppliers		(5,283,397)
Net Receipts of NJTP Issuances and Repayments		(1,927,861)
Payments for Scholarships		(5,047)
Auxiliary Enterprise Charges		1,928,155
Other Receipts		775,684
Net Cash (Used) by Operating Activities		(5,702,343)
Cash Flows from Non-Capital Financing Activities:		
State Appropriations		5,340,147
Property Tax		1,963,926
Rental of College Facilities		6,280
Due From Related Party		(2,570,085)
Agency receipts		192,117
Agency disbursements		(480,592)
Net Cash Provided From Non-Capital Financing Activities		4,451,793
Cash Flows from Capital and Related Financing Activities:		
Aquisition of Capital Assets		(350,926)
Proceeds from the Sale of Fixed Assets		18,340
Principal Paid on Debt		(205,449)
Interest Paid on Debt		(173,471)
Net Cash (Used) by Capital and Related Financing Activities		(711,506)
Cash Flows from Investing Activities:		
Interest on Investments		118,963
Net Cash Provided by Investing Activities		118,963
Net Decrease in Cash		(1,843,093)
Cash at Beginning of Year		17,691,034
Cash at End of Year	\$	15,847,941

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
Increase in Net Assets

	Primary Government
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating (Loss)	\$ (5,352,765)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	1,066,266
Amortization	4,016
Changes in Assets and Liabilities:	
(Increase) in Prepaid	(176,618)
(Increase) in Accounts Receivable	(145,371)
Decrease in NJTP Receivable	1,400,584
(Increase) in Due From Federal Agencies	(552,599)
Decrease in Inventories	78,434
(Decrease) in Accounts Payable	(595,579)
Increase in Salaries Payable	60,139
Increase in Deferred Revenue	85,106
(Decrease) in Compensated Absences	(36,400)
(Decrease) in Early Retirement Payable	(311,755)
Increase in Other Postemployment Benefits	145,000
Increase in Deposits in Custody (non-Agency portion)	4,199
(Decrease) in Certificates Payable	(1,375,000)
Total Adjustments	(349,578)
Net Cash (Used) by Operating Activities	\$ (5,702,343)

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies

Northwest Iowa Community College is a publicly supported college, established and operated by Merged Area IV under the provisions of Chapter 260C of the Code of Iowa. Northwest Iowa 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. Northwest Iowa Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Northwest Iowa Community College maintains a campus and has its administrative office in Sheldon, Iowa. The Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area IV.

The Community 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, Northwest Iowa Community College has included all funds, organizations, agencies, boards, commissions and authorities. The 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 the Community College are such that exclusion would cause the 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 Community College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Community College. Northwest Iowa Community College has included the Northwest Iowa Community College Foundation as a blended component unit that meets the Governmental Accounting Standards Board criteria. The Northwest Iowa Community College Foundation has been audited separately and a report has been issued under separate cover. A copy of the audited financial statements are available at the College.

Discretely Presented Component Unit

Northwest Iowa Community College Foundation is a legally separate non-profit corporation, whose goal is to provide support to the Community College and students, and whose financial activities are included as endowment funds in these financial statements. Northwest Iowa Community College Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the Community College. However, these members do not comprise a majority of the Foundation's board. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Northwest Iowa Community College and its students.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies – (Continued)

Net assets of the Foundation at June 30, 2011, include the following:

Invested in Capital Assets, Net of Related Debt	\$ -
Expendable Net Assets	1,234,349
Temporarily Restricted Net Assets	1,033,855
Permanently Restricted Net Assets	281,255
	<u>\$ 2,549,459</u>

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:

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 Community College, including the Community College's permanent endowment funds, and a cash reserve required by Iowa Code.

Expendable – Net assets whose use by the Community College is subject to externally imposed stipulations that can be fulfilled by actions of the Community 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 Directors or may otherwise be limited by contractual agreements with outside parties. When an expense is incurred for which both restricted and unrestricted resources are available, the College will first apply restricted resources.

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

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies – (Continued)

C. Measurement Focus and Basis of Accounting

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

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

D. Assets, Liabilities and Net Assets

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

Cash and Pooled Investments – Investments consist of non-negotiable savings and certificates of deposit and are stated at cost which approximates fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, which approximates fair value. The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

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

Short-Term Interfund Receivables/Payables – During the course of its operations, the Community College had numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received, as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded as “due to other funds” and “due from other funds”, respectively.

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

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

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

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies – (Continued)

receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of

each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the Community College for training projects entered into between the Community 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, plus interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are defined by the Community College as assets with initial, individual costs in excess of \$5,000.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u> <u>(In Years)</u>
Buildings	30
Other structures and improvements	30
Equipment	5-10
Vehicles	5-10

The Community 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. Interest costs incurred during the year were \$176,976 of which none have been capitalized.

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

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies – (Continued)

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, tuition deposits, tuition paid for portion of summer term after June 30th, unspent grant proceeds and unearned revenue on 260 E and F projects.

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

Bond Issuance Costs – Bond issuance costs are deferred and amortized over the life of the bonds using a straight-line method.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, dormitories, parts, printing and reproduction, and trade and industry.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are allocated between fiscal years based upon the number of days in the term occurring before and after June 30th.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while 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 Officers (NACUBO). Certain aid (loans, 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.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 2 - Cash and Pooled Investments

The Community 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 Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

All of the College's investments are in savings accounts, certificates of deposit, Iowa Schools Joint Investment Trust (ISJIT) or money-market accounts, thus cost equals fair value for all of the College's investments with the exception of ISJIT as discussed at Note 1.D. The College protects against interest rate risk by dictating all maturities be of one year or less.

As of June 30, 2011, the College's investments were rated at follows:

<u>Investment Type</u>	<u>Moody Investor Services</u>
Iowa Schools Joint Investment Trust	Aaa

Note 3 - Accounts Receivable and Credit Policies

Accounts receivable includes \$135,070 of uncollateralized student obligations stated at the amount billed to the student plus any accrued and unpaid interest. The carrying amount of accounts receivable is reduced by an allowance of \$14,637 that reflects management's best estimate of amounts that will not be collected. Management reviews all accounts receivable balances that are delinquent and estimates the portion, if any, of the balance that will not be collected.

Each student is required to pay the balance on their account by the first day of class. However, students do have the option of enrolling with a third party designated by the college which administers a payment plan. The students are required to pay a \$35 fee to participate in the plan, of which NICC receives \$10. The third party handles all collections of payments and remits them to NICC.

Note 4 - Inventories

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

Parts, Supplies and Materials	\$ 28,692
Merchandise Held for Resale-Bookstore	154,976
Other-Bookstore	36,624
Total	<u>\$ 220,292</u>

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 5 - Capital Assets

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

	Balance Beginning of Year	Additions	Deletions	Balance End Of Year
Capital Assets, not being depreciated:				
Land	\$ 388,966	\$ -	\$ -	\$ 338,966
Construction in Progress	85,426	4,749	-	90,175
Total Capital Assets, not being depreciated	424,392	4,749	-	429,141
Capital Assets, being depreciated:				
Buildings	18,886,113	-	-	18,886,113
Other Structures and Improvements	1,017,800	-	-	1,017,800
Furniture, Machinery and Equipment	7,021,690	682,685	411,428	7,292,947
Software Development	412,457	-	-	412,457
Total Capital Assets, being depreciated	27,338,060	682,685	411,428	27,609,317
Less Accumulated Depreciation for:				
Buildings and Other Structures and Improvements	7,995,197	567,997	-	8,563,194
Movable Equipment	4,129,627	498,269	334,744	4,293,152
Total Accumulated Depreciation	12,124,824	1,066,266	334,744	12,856,346
Total Capital Assets, Being Depreciated, Net	\$15,213,236	\$(383,581)	\$ (76,684)	\$14,752,971

Furniture, machinery and equipment include \$396,295 of assets acquired under capital lease.

The College has a lease agreement with the City of Sioux Center for 800 square feet in the Sioux Center Public Library. This agreement is from January 1, 2009 to December 31, 2011 with a commitment of \$533 per month. There are also renewal options available to extend the agreement through December 31, 2017.

The College also has a lease agreement with Orange City Area Health System, an Administrative Agency of the City of Orange City for a 1,541 square foot building in Orange City, also used as classroom space. This agreement is from July 1, 2010 to July 1, 2013 with a rent of \$924.60 per month the first year and \$975.97 per month for years two and three. There are extension options for an additional three years.

The primary government CIP at year end related to various campus plant projects.

At year end the discretely presented component unit had fixed assets consisting of construction in progress relating to the Wellness Center Facility.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 5 - Capital Assets (Continued)

Reconciliation of Investment in Capital Assets:

	Primary Government	Discrete Component Unit
Land	\$ 338,966	\$ -
Construction in Progress	90,175	6,169,310
Buildings	18,886,113	
Other Structures and Improvements	1,017,800	-
Furniture, Machinery and Equipment	7,292,947	-
Software Development	412,457	-
Accumulated Depreciation	(12,856,346)	-
Less: Capital Lease Payable	(199,419)	-
Due to Northwest Iowa Community College	-	(4,869,310)
Notes Payable	-	(1,300,000)
Bonds Payable	(3,405,000)	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 11,577,693</u>	<u>\$ -</u>

Note 6 – Changes in Long-Term Liabilities

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

	<u>Capital Lease</u>	<u>Certificates Payable</u>	<u>Bonds Payable</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance Beginning of Year	\$ 90,118	\$ 6,565,000	\$ 3,525,000	\$ 310,965	\$10,491,083
Additions	194,750	-	-	224,605	419,355
Reductions	85,449	1,375,000	120,000	261,005	1,841,454
Balance End of Year	<u>199,419</u>	<u>5,190,000</u>	<u>3,405,000</u>	<u>274,565</u>	<u>9,068,984</u>
Portion Due Within One Year	<u>\$ 54,611</u>	<u>\$ 995,000</u>	<u>\$ 130,000</u>	<u>\$ 27,457</u>	<u>\$6,142,143</u>

Capital Lease

The College entered into an agreement to lease a John Deere Motor Grader. The agreement is for a period of five years at an interest rate of 3.95%. The lease expires in 2014.

In February 2011, the College leased a 2008 Cat dozer. The agreement is for a period of four years at an interest rate of .27%. The lease expires in 2014.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 60,451
2013	63,560
2014	63,560
2015	23,911
Total minimum lease payments	211,482
Less amount representing interest	(12,063)
Present value of net minimum lease payments	\$ 199,419

Payments under these agreements for the year ended June 30, 2011 totaled \$87,043.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 6 – Changes in Long-Term Liabilities - (Continued)

Certificates Payable

In accordance with agreements dated between December 9, 1985 and July 2008, the Community College issued certificates totaling \$20,845,000, with interest rates ranging from 2.6% to 8.1% per annum. 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 semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default from standby property taxes.

Long-Term Debt

The certificates will mature as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 995,000	\$ 287,840	\$ 1,282,840
2013	970,000	233,950	1,203,950
2014	900,000	180,728	1,080,728
2015	1,280,000	131,260	1,411,260
2016	340,000	59,070	399,070
2017-2018	705,000	59,295	764,295
Total	<u>\$ 5,190,000</u>	<u>\$ 952,143</u>	<u>\$ 6,142,143</u>

Bonds Payable

On December 1, 2001, the Community College advance refunded its 1992 dormitory building construction bonds. The Community College issued \$335,000 dormitory refunding revenue bonds with interest rates ranging from 2.50% to 4.30% to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 8 years by \$81,590.

On February 1, 2007 the college issued \$1,745,000 of Dormitory Revenue Bonds for the construction of the Lyon Hall Student Housing Complex as allowed by Section 260C.19 of the Code of Iowa. This bond carries a variable interest rate beginning at 4.15% in its first year and increasing 0.05% each year for a final interest rate of 5.30%.

On December 1, 2008 the College issued \$1,985,000 of Dormitory Revenue Bonds for the construction of O'Brien Hall Student Housing Complex as allowed by Section 260C.19 of the Code of Iowa. This bond carries a variable interest rate beginning at 3.00%, increasing incrementally each year to a final interest rate of 5.50%.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 6 – Changes in Long-Term Liabilities - (Continued)

The Dormitory bonds will mature as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 130,000	\$ 168,970	\$ 298,970
2013	135,000	163,900	298,900
2014	140,000	158,418	298,418
2015	145,000	152,503	297,503
2016	155,000	146,153	301,153
2017-2021	900,000	613,930	1,513,930
2022-2026	1,195,000	358,990	1,553,990
2027-2029	605,000	59,370	664,370
Total	<u>\$3,405,000</u>	<u>\$ 1,822,234</u>	<u>\$ 5,227,234</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 the Community College is required to contribute 6.95% of annual payroll. Contribution requirements are established by State statute. The Community College's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$192,561, \$188,488, and \$169,021 respectively, equal to the required contribution.

Note 8 – Teachers Insurance and Annuity Association – College Retirement Equities (TIAA-CREF)

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.50% and the 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 \$198,723 and \$128,670, respectively.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 9 – Other Postemployment Benefits (OPEB)

The College prospectively implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009.

Plan Description – The College operates a single-employer retiree benefit plan which provides medical/dental/prescription drug benefits for retirees and their spouses. There are 108 active and 13 retired members in the plan. Participants must be age 55 or older at retirement and have been actively employed as a full time employee of the College for at least fifteen years by June 30 of the year they retire, and be under contract with the College.

Effective January 1, 2009, future eligible retirees will receive paid medical and dental premiums until reaching Medicare eligibility or for 84 months. Spousal coverage will cease upon Medicare eligibility, 36 months after the retiree's coverage is terminated, or after 84 months. Retirees are responsible for any increase in the cost of insurance after their date of retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Alliance Select. The dental coverage is provided through Delta Dental. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability, in addition to the explicit subsidy.

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

Annual OPEB Cost and Net OPEB Obligation – The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding 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	\$ 194,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	194,000
Annual OPEB cost	
Contributions made	49,000
Increase in net OPEB obligation	145,000
Net OPEB obligation beginning of year	290,000
Net OPEB obligation end of year	\$ 435,000

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

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 9 – Other Postemployment Benefits (OPEB) – (Continued)

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2009, 2010 and 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2011	\$ 194,000	25.26%	\$ 435,000
June 30, 2010	194,000	25.26%	290,000
June 30, 2009	194,000	25.26%	145,000

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008, through June 30, 2009, the actuarial accrued liability was \$1.486 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.486 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,543,949 and the ratio of the UAAL to covered payroll was 22.70%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, 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 July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the College's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 10 – New Jobs Training Programs

The Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IV 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

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 10 – New Jobs Training Programs (Continued)

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 taxes. Since inception, the Community College has administered sixty-five projects with thirty-four currently having project funding available. The thirty-one remaining projects have been completed, and have been fully repaid. In cases where projects exceed the budgeted amounts, the Community College intends to obtain additional withholding revenue from the companies.

The Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area IV 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. Since inception, the Community College has administered 113 projects, with 10 projects having unspent training dollars at June 30, 2011.

The Community College is also involved in the Iowa Accelerated Career Education (ACE) Program in Area IV in accordance with Chapter 260G of the Code of Iowa. ACE's purpose is to provide financial assistance for business driven training programs. The Community College received state grants for \$291,837 and \$366,666 for the construction of a new facility for the associate degree in nursing program, as well as \$366,666 and \$422,221 for construction involved with a new radiology tech program. In both fiscal years 2007 and 2008 the College was awarded another \$366,666 to be granted as costs for a bio-tech addition are incurred. In fiscal year 2009 the College was allocated \$566,666 through the ACE Program to be used as expenditures are incurred for a heavy equipment program facility and in FY 2010, \$366,666 to be used for future expense for a diesel technology program facility. In FY 2011 the College was awarded \$366,666 to be used for future expense related to a substation technician program facility. The second aspect of this program provides funding for the operational costs of a program through withholding credits and a 20% employer match. The Community College has five 260G programs, industrial instrumentation, practical nursing, radiology tech, and two associate nursing programs.

Note 11 – Termination Benefits

The College offered a voluntary early retirement plan to its employees during fiscal year 2010. The plan was for retirements effective from July 1, 2010 thru June 30, 2011. Eligible employees must have completed at least ten years of full-time service to the College and must have reached the age of fifty-five on or before the date in which early retirement commences. The application for early retirement is subject to approval by the Board of Directors and letter of resignation was to be received by March 10, 2010. This was a one time opportunity. At June 30, 2011, there were ten employees with benefits remaining under this program.

Early retirement benefits are a one-time cash incentive equal to an amount ranging from 2.5% to 3.5%, multiplied by the employee's total number of qualifying years of service, multiplied by the employee's annual base salary at the date of retirement request, with a maximum retirement benefit not to exceed 100% of the employee's annual base salary at the date of request for early retirement. The percentage used is based upon the number of years of service.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 11 – Termination Benefits (Continued)

The one-time incentives will be paid in two equal installments the first within 60 days of retirement. The second payment will be paid one hundred eighty days thereafter.

Eligible employees of the new plan shall also receive, at no cost to the employee, health/dental coverage for both the employee and spouse for up to 84 months depending upon age.

In addition to the above incentive, an employee whose retirement is effective between July 1, 2010 and December 31, 2010, shall also receive an additional cash bonus equal to 25% of the employee's FY2010 salary, as well as a potential of an additional 36 months of health/dental coverage.

In fiscal year 2009 the college offered an additional one-time enrollment early retirement plan in which the college offered one-time cash payments, which have all been paid at June 30, 2010, and no cost health/dental coverage to the employees and spouses for up to 84 months. At June 30, 2011 there was one employee with benefits remaining under this plan.

In fiscal year 2006 the college offered another one-time enrollment early retirement plan in which the college offered one-time cash payments, which have been paid, and no cost health/dental coverage to the employees and spouses for up to 84 months. At June 30, 2011 there were six employees receiving benefits under this plan.

In fiscal year 2003 the college also offered a one-time enrollment early retirement plan in which the college offered one-time cash payments, which have subsequently been paid, and no cost health/dental coverage to the employees and spouses until age 65. At June 30, 2011 there were three employees receiving health/dental coverage under this plan.

At June 30, 2011, the college has obligations to 20 participants with a total liability of \$1,306,656. The liability is calculated based on unadjusted premium and incentive amounts to be paid over the term of each employee's involvement in the plan. Early retirement is funded on a pay-as-you-go basis through property tax levies. Actual early retirement cash basis expenditures for the year ended June 30, 2011 totaled \$348,661.

Note 12 – Risk Management

The Community College carries commercial insurance purchased from other insurers for coverage associated with general liability, automobile liability and physical damage, property and inland marine, errors and omissions, crime insurance, fiduciary bonds, boiler and machinery insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Beginning July 1, 2009 the College began to operate a medical expense reimbursement plan. Under the plan the Community College currently purchases a fully insured high deductible healthcare plan and self-funds the deductible and out of pocket maximum down to a lower deductible and out of pocket maximum for employees. The premium savings between the purchased plan and the employee plan is used to fund the claims for employees who exceed their lower deductible plan. The College risk is limited to the difference between the out of pocket maximums of the two plans. Actual claims have not exceeded 70% of the premium savings.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To The Financial Statements
June 30, 2011

Note 12 – Risk Management (Continued)

The claims payable, including claims incurred but not yet reported, have been determined by the College's management and have been recorded in the accompanying financial statements. Changes in the claim's liability amount were as follows:

Year Ended June 30	Beginning Balance Liability	Claims and Changes in Estimates	Claim Payments	Ending Balance
2010	\$ -	\$ 121,663	\$ 111,382	\$ 10,281
2011	10,281	65,642	70,883	5,040

Note 13 – Wellness Center Project

Northwest Iowa Community College in conjunction with the Northwest Iowa Community College Foundation are in the process of constructing a Wellness Center Facility. The Foundation, a discretely presented component unit of the College will own the facility, however the College will operate the facility and enter into a capital lease with the Foundation, when construction is completed. The College will incur the initial cost of construction, which will be reimbursed by the Foundation through the issuance of USDA loans and the remaining amounts paid by the College will be applied as lease payments. At June 30, 2011, \$4,869,310 had been spent by the College on the project to date. This amount is reflected as an asset of the College and liability of the Foundation on the Statement of Net Assets.

Note 14 – Prior Period Adjustment

It was found that grant funds that were receipted by the College in FY 2010 which were funds to be used and controlled by an agency fund of the College's was inadvertently included on the report in the auxiliary operations. The unspent portion of these funds was removed from the June 30, 2010 net assets and property recorded in the agency fund. The effects were as follows:

Beginning Net Assets:	\$ 23,365,524
Prior Period Adjustment:	<u>(68,145)</u>
Beginning Net Assets as Restated:	<u>\$ 23,297,379</u>

REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST IOWA COMMUNITY COLLEGE
 POST EMPLOYMENT HEALTHCARE BENEFITS
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2011

Year Ended	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
6/30/2009	7/1/2008 *	\$ -	\$ 1,486,000	\$ 1,486,000	0.00%	\$ 5,456,752	27.2%
6/30/2010	7/1/2008	-	1,486,000	1,486,000	0.00%	5,565,468	26.7%
6/30/2011	7/1/2008	-	1,486,000	1,486,000	0.00%	5,281,580	28.1%

* Fiscal 2009 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

OTHER SUPPLEMENTARY INFORMATION

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to Other Supplementary Information
June 30, 2011

Supplemental Financial Statements

The supplemental financial information of the Community College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. These funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

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

Restricted 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 contributions from private citizens.

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

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

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

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to Other Supplementary Information
June 30, 2011

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. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

Schedules presented in the supplemental information are reported using the "current financial resources measurement focus" and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balance is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

NORTHWEST IOWA COMMUNITY COLLEGE
Budgetary Comparison Schedule of Expenditures –
Budget and Actual
June 30, 2011

Funds/Levy	Original/Final Budget	Actual	Variance Between Actual and Budget
Unrestricted	\$ 10,253,000	\$ 9,875,757	\$ 377,243
Restricted	3,741,000	3,684,339	56,661
Unemployment	10,000	5,597	4,403
Insurance	195,000	156,534	38,466
Early Retirement	20,000	29,693	(9,693)
Equipment Replacement	260,000	-	260,000
Total Restricted	4,226,000	3,876,163	349,837
Plant	6,092,753	1,448,299	4,644,454
Total	\$ 20,571,753	\$ 15,200,219	\$ 5,371,534

NORTHWEST IOWA COMMUNITY COLLEGE
Note to Supplementary Information –
Budgetary Reporting
June 30, 2011

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

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Job Training Partnership Act Accounts, Loan Funds, Endowment Funds and Agency Funds.

NORTHWEST IOWA COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2011

	Current Funds			
	Restricted			Loan Funds
	Unrestricted	New Jobs Training	Other Restricted	
Assets				
Cash and Pooled Investments	\$ 7,475,832	\$ 5,408,562	\$ 1,672,492	\$ 13,028
Receivables:				
Accounts	729,235		7,989	
Property Tax:				
Current Year Delinquent	7,375		9,881	
Succeeding Year	618,247		749,774	
Notes				90
Due from Other Funds				
Due from Other Governmental Agencies	108,455		660,470	
Due From Northwest Iowa Community College Foundation				
Inventories	220,292			
Prepaid Expenses	143,411			
Bond Issue Costs				
Capital Assets				
Land				
Buildings				
Construction in Progress				
Software Development				
Other Structures and Improvements				
Furniture, Machinery and Equipment				
Accumulated Depreciation				
Total Assets	\$ 9,302,847	\$ 5,408,562	\$ 3,100,606	\$ 13,118

Plant Funds					
Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
\$ 1,038,698	\$ 84,707		\$ 154,622		\$ 15,847,941
11,735					748,959
7,375					24,631
618,247					1,986,268
					90
84,707				\$ (84,707)	-
27,251			4,940		801,116
		\$ 4,869,310			4,869,310
					220,292
33,207					176,618
66,033					66,033
		338,966			338,966
		18,886,113			18,886,113
		90,175			90,175
		412,457			412,457
		1,017,800			1,017,800
		7,292,947			7,292,947
				(12,856,346)	(12,856,346)
\$ 1,887,253	\$ 84,707	\$ 32,907,768	\$ 159,562	\$ (12,941,053)	\$ 39,923,370

NORTHWEST IOWA COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2011

	Current Funds				Loan Funds
	Unrestricted	Restricted		Other Restricted	
		New Jobs Training	Other Restricted		
Liabilities and Equity					
Liabilities:					
Accounts Payable	\$ 315,254			\$ 1,411	
Salaries and Benefits Payable	295,905			15,185	
Interest Payable					
Due to Other Funds					-
Deferred Revenue					
Succeeding Year Property Tax	618,247			749,774	
Other	464,850			57,636	
Iowa Industrial New Jobs Training Program		\$ 218,562			
Early Retirement Payable				1,306,656	
Compensated Absences	267,356			1,639	
Insurance Reserve	150,000				
Deposits Held in Custody for Others	41,687				
Certificates Payable		5,190,000			
Capital Lease Payable					
Bonds Payable					
Net OPEB Obligation					
Total Liabilities	2,153,299	5,408,562		2,132,301	-
Fund Balance:					
Invested in Capital Assets, Net of Related Debt					
Fund Balances:					
Restricted					
Nonexpendable:					
Cash Reserve				119,016	
Expendable:					
Loans					\$ 13,118
Other				849,289	
Unrestricted	7,149,548				
Total Fund Balances	7,149,548	-		968,305	13,118
Total Liabilities and Equity	\$ 9,302,847	\$ 5,408,562		\$ 3,100,606	\$ 13,118

Plant Funds					
Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
\$ 242,464			\$ 747		\$ 559,876
	\$ 18,097				311,090
	84,707			\$ (84,707)	18,097
618,247					-
					1,986,268
					522,486
					218,562
					1,306,656
			5,570		274,565
					150,000
			153,245		194,932
					5,190,000
		\$ 199,419			199,419
		3,405,000			3,405,000
				435,000	435,000
860,711	102,804	3,604,419	159,562	350,293	14,771,951
		24,434,039		(12,856,346)	11,577,693
					119,016
					13,118
	(18,097)				831,192
1,026,542		4,869,310		(435,000)	12,610,400
1,026,542	(18,097)	29,303,349	-	(13,291,346)	25,151,419
\$ 1,887,253	\$ 84,707	\$ 32,907,768	\$ 159,562	\$ (12,941,053)	\$ 39,923,370

NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	Current Funds		
	Unrestricted	Restricted	
		Jobs Training	Other Restricted
Revenues and other additions:			
General:			
State Appropriations	\$ 4,126,451		\$ 384,223
Tuition and Fees	5,743,853		
Property tax	589,246		789,472
Federal Appropriations	201,606		2,590,989
Interest on Investments	81,583		13,100
Rental of College Facilities	6,280		
Gifts and Contributions			277,949
Iowa Industrial New Jobs Training Program		\$ 552,861	
Proceeds From Capital Lease			
Increase in Plant Investment Due to Donated Plant Asset			
Increase in Plant Investment Due to Plant Expenditures			
Increase in Plant Investment Due to Retirement of Debt			
Increase in Plant Investment Due to Traded Assets			
Gain on sale of Capital Assets			
Miscellaneous	52,735		-
Total General	<u>10,801,754</u>	<u>552,861</u>	<u>4,055,733</u>
Auxiliary Enterprises:			
State Appropriations	112,844		
Tuition and Fees	57,917		
Sales and Services	1,920,967		
Interest on Investments	19,444		
Federal Appropriations	2,264		
Miscellaneous	343,367		
Total Auxiliary Enterprises	<u>2,456,803</u>	<u>-</u>	<u>-</u>
 Total Revenues and Other Additions	 <u>\$ 13,258,557</u>	 <u>\$ 552,861</u>	 <u>\$ 4,055,733</u>

Loan Funds	Plant Funds			Adjustments	Total
	Unex- pended	Retirement of Indebtedness	Investment in Plant		
	\$ 696,486			\$	5,207,160
				\$ (1,827,430)	3,916,423
	589,246				1,967,964
					2,792,595
	24,278				118,961
					6,280
	445,000				722,949
					552,861
	194,750			(194,750)	-
			\$ 71,000		71,000
			3,115,759	(3,115,759)	-
			205,449	(205,449)	-
			70,760	(70,760)	-
	18,340			(5,924)	12,416
					52,735
\$ -	1,968,100	\$ -	3,462,968	(5,420,072)	15,421,344
					112,844
					57,917
				(523,148)	1,397,819
					19,444
					2,264
					343,367
-	-	-	-	(523,148)	1,933,655
\$ -	\$ 1,968,100	\$ -	\$ 3,462,968	\$ (5,943,220)	\$ 17,354,999

NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	Current Funds		
	Unrestricted	Restricted	
		Jobs Training	Other Restricted
Expenditures and other deductions:			
Education and Support:			
Liberal Arts and Sciences	\$ 1,378,700		\$ -
Vocational Technical	3,855,032		99,388
Adult Education	757,156		37,893
Cooperative Services	-	\$ 552,861	
Administration	824,091		89,246
Student Services	775,327		
Learning Resources	171,944		
Physical Plant	732,691		156,534
General Institution	1,380,816		737,855
Total Education and Support	9,875,757	552,861	1,120,916
Auxiliary Enterprises	2,261,937		
Scholarships and Grants			2,202,386
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Amorization Expense			
Issuance of Capital Lease			
Interest on Indebtedness			
Depreciation			
Total Expenditures	12,137,694	552,861	3,323,302
Excess (Deficiency) of Revenues and Other Additions			
Over (Under) Expenditures and Other Deductions	1,120,863	-	732,431
Transfers:			
Non-mandatory Transfers	(659,135)		(449,215)
Total Transfers	(659,135)	-	(449,215)
Net	461,728	-	283,216
Fund Balances Beginning of Year	6,755,965	-	685,089
Prior Period Adjustment	(68,145)	-	-
Fund Balances Beginning of Year, as Restated	6,687,820	-	685,089
Fund Balances End of Year	\$ 7,149,548	\$ -	\$ 968,305

Loan Funds	Plant Funds			Adjustments	Total
	Unex-pended	Retirement of Indebtedness	Investment in Plant		
				\$ (24,332)	\$ 1,354,368
				(18,979)	3,935,441
				(25,125)	769,924
				-	552,861
				10,881	924,218
				11,193	786,520
				34,925	206,869
	\$ 328,436			92,752	1,310,413
				18,889	2,137,560
-	328,436	-	-	100,204	11,978,174
				8,543	2,270,480
				(2,197,339)	5,047
	3,232,745			(3,232,745)	-
		\$ 205,449		(205,449)	-
	4,016		\$ 411,428	(411,428)	-
			194,750	(194,750)	4,016
		176,976			-
				1,066,266	176,976
					1,066,266
-	3,565,197	382,425	606,178	(5,066,698)	15,500,959
-	(1,597,097)	(382,425)	2,856,790	(876,522)	1,854,040
	710,403	397,947			-
-	710,403	397,947	-	-	-
-	(886,694)	15,522	2,856,790	(876,522)	1,854,040
\$ 13,118	1,913,236	(33,619)	26,446,559	(12,414,824)	23,365,524
-	-	-	-	-	(68,145)
13,118	1,913,236	(33,619)	26,446,559	(12,414,824)	23,297,379
\$ 13,118	\$ 1,026,542	\$ (18,097)	\$ 29,303,349	\$ (13,291,346)	\$ 25,151,419

NORTHWEST IOWA COMMUNITY COLLEGE
UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EDUCATION AND SUPPORT
FOR THE YEAR ENDED JUNE 30, 2011

	Education		
	Liberal Arts and Science	Vocational Technical	Adult Education
REVENUES			
State Appropriations	\$ 970,776	\$ 2,027,630	\$ 1,124,079
Tuition and Fees	1,709,659	3,551,103	457,046
Property Tax			
Federal Appropriations		79,120	95,648
Rental of College Facilities			
Interest on Investments			
Miscellaneous	10,377		
	<u>2,690,812</u>	<u>5,657,853</u>	<u>1,676,773</u>
Allocation of Support Services	231,963	375,038	169,315
Total Revenues	<u>2,922,775</u>	<u>6,032,891</u>	<u>1,846,088</u>
EXPENDITURES			
Salaries and Benefits	1,320,970	3,389,339	510,757
Services	36,116	165,177	173,447
Materials and Supplies	19,123	278,160	35,899
Travel	2,491	22,356	37,053
Miscellaneous	1,378,700	3,855,032	757,156
	<u>1,160,799</u>	<u>1,876,780</u>	<u>847,290</u>
Allocation of Support Services	1,160,799	1,876,780	847,290
Total Expenditures	<u>2,539,499</u>	<u>5,731,812</u>	<u>1,604,446</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	383,276	301,079	241,642
TRANSFERS			
Non-Mandatory Transfers In		110,052	
Non-Mandatory Transfers Out		(15,543)	-
Net	<u>\$ 383,276</u>	<u>\$ 395,588</u>	<u>\$ 241,642</u>

Fund Balances Beginning of Year

Fund Balances End of Year

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

Support Services					Total Education and Support Services
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
		\$ -	\$ 2,062	\$ 1,904	\$ 4,126,451
	\$ 26,045				5,743,853
\$ 589,246					589,246
21,088				5,750	201,606
			6,280		6,280
76,594				4,989	81,583
15,128	360	190	524	26,156	52,735
702,056	26,405	190	8,866	38,799	10,801,754
(702,056)	(26,405)	(190)	(8,866)	(38,799)	-
-	-	-	-	-	10,801,754
669,905	689,146	136,909	521,306	523,447	7,761,779
117,360	55,890	8,489	129,043	659,104	1,344,626
17,471	22,699	26,546	82,141	170,172	652,211
19,329	7,592		201	20,315	109,337
26				7,778	7,804
824,091	775,327	171,944	732,691	1,380,816	9,875,757
(824,091)	(775,327)	(171,944)	(732,691)	(1,380,816)	-
-	-	-	-	-	9,875,757
-	-	-	-	-	925,997
				7,511	117,563
			(27,255)	(989,018)	(1,031,816)
\$ -	\$ -	\$ -	\$ (27,255)	\$ (981,507)	11,744
					1,279,685
					\$ 1,291,429

NORTHWEST IOWA COMMUNITY COLLEGE
UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISES
FOR THE YEAR ENDED JUNE 30, 2011

	Bookstore	Dormitories	Carpentry
REVENUES			
State Appropriations			
Tuition and Fees			
Sales and Services (Net of Returns)	\$ 805,586	\$ 380,094	\$ 96,815
Interest on Investments	523		2,059
Federal Appropriations	2,136		
Miscellaneous		51,524	2,777
Total Revenues	808,245	431,618	101,651
EXPENDITURES			
Salaries and Benefits	100,464		
Services	25,411	65,010	7,559
Materials and Supplies	1,123	18,051	5,408
Travel	2,371		
Cost of Goods Sold	604,997		85,741
Miscellaneous	1		
Total Expenditures	734,367	83,061	98,708
Excess (Deficiency) of Revenues Over (Under) Expenditures	73,878	348,557	2,943
TRANSFERS			
Non-Mandatory Transfers In			
Non-Mandatory Transfers Out		(293,470)	
Net	73,878	55,087	2,943
Fund Balance Beginning of Year	752,461	171,138	198,351
Prior Period Adjustment	-	-	-
Fund Balance Beginning of Year, restated	752,461	171,138	198,351
Fund Balance End of Year	<u>\$ 826,339</u>	<u>\$ 226,225</u>	<u>\$ 201,294</u>

Farm	Parts	Printing and Reproduction	Trade and Industry	Wellness Center	Heavy Equipment	Other	Total
			\$ 56,256		\$ 10,787	\$ 56,588	\$ 112,844
					47,130		57,917
	\$301,202	\$ 86,947		\$ 5,085	156,312	88,926	1,920,967
\$ 1,815	1,233	2,254	5,860			5,700	19,444
128							2,264
503		875	156,285	2,000		129,403	343,367
2,446	302,435	90,076	218,401	7,085	167,099	327,747	2,456,803
		30,446	305,924	26,798		62,367	525,999
	1,005	42,209	140,338	1,462	38,452	54,219	375,665
	600	12,445	14,340	21,351	93,962	137,523	304,803
		30	16,027		1,148	716	20,292
	277,349	3,230				25,916	997,233
						37,944	37,945
-	278,954	88,360	476,629	49,611	133,562	318,685	2,261,937
2,446	23,481	1,716	(258,228)	(42,526)	33,537	9,062	194,866
			270,626		7,000	437,834	715,460
					(29,500)	(137,372)	(460,342)
2,446	23,481	1,716	12,398	(42,526)	11,037	309,524	449,984
122,047	214,700	260,557	294,298	-	8,581	3,454,147	5,476,280
-		-	-	-	-	(68,145)	(68,145)
122,047	214,700	260,557	294,298	-	8,581	3,386,002	5,408,135
\$124,493	\$238,181	\$ 262,273	\$306,696	\$(42,526)	\$ 19,618	\$3,695,526	\$5,858,119

NORTHWEST IOWA COMMUNITY COLLEGE
RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011

	Scholarships and Grants	Equipment Replacement	Insurance
REVENUES			
State Appropriations	\$ 114,472		
Property Tax		\$ 260,491	\$ 180,321
Federal Appropriations	1,845,053		
Investment Income			
Iowa Industrial New Jobs Training Program			
Gifts and Grants	240,934		
Total Revenues	<u>2,200,459</u>	<u>260,491</u>	<u>180,321</u>
EXPENDITURES			
Salaries and Benefits			
Services			156,534
Material and Supplies	94		
Travel			
Interest in Indebtedness			
Federal Pell Grant Program	1,799,886		
Federal Supplemental Educational Opportunity Grant	14,700		
Federal TRIO and Title 3 Grant Program			
Federal College Work Study	3,120		
Other Misc. Federal Funds	27,347		
Iowa College Student Aid Commission	81,760		
Other Misc. State Grants	32,712		
Private Scholarships	242,767		
Total Expenditures	<u>2,202,386</u>	<u>-</u>	<u>156,534</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,927)	260,491	23,787
TRANSFERS			
Non-Mandatory Transfers In			
Non-Mandatory Transfers Out		(56,040)	
Net	<u>(1,927)</u>	<u>204,451</u>	<u>23,787</u>
Fund Balances Beginning of Year	<u>(8,344)</u>	<u>251,468</u>	<u>60,497</u>
Fund Balances (Deficit) End of Year	<u>\$ (10,271)</u>	<u>\$ 455,919</u>	<u>\$ 84,284</u>

Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Other	Total
	\$ 348,660			\$ 269,751	\$ 384,223
				789,472	789,472
				745,936	2,590,989
				13,100	13,100
			\$ 552,861		552,861
				37,015	277,949
<u>-</u>	<u>348,660</u>	<u>-</u>	<u>552,861</u>	<u>1,065,802</u>	<u>4,608,594</u>
\$ 5,597	29,693			633,892	669,182
			188,691	84,928	430,153
				142,086	142,180
				38,186	38,186
			364,170		364,170
					1,799,886
					14,700
				30,000	30,000
					3,120
				-	27,347
					81,760
					32,712
					242,767
<u>5,597</u>	<u>29,693</u>	<u>-</u>	<u>552,861</u>	<u>929,092</u>	<u>3,876,163</u>
(5,597)	318,967	-	-	136,710	732,431
				29,352	29,352
				(422,527)	(478,567)
<u>(5,597)</u>	<u>318,967</u>	<u>-</u>	<u>-</u>	<u>(256,465)</u>	<u>283,216</u>
61,583	(1,377,723)	\$ 119,016	-	1,578,592	685,089
<u>\$ 55,986</u>	<u>\$(1,058,756)</u>	<u>\$ 119,016</u>	<u>\$ -</u>	<u>\$ 1,322,127</u>	<u>\$ 968,305</u>

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

	Student Clubs and Organizations	NICC Foundation	Municipal Coordinator	Northwest Iowa Developers	Total
Balance Beginning of Year	\$ 26,082	\$ 125,078	\$ 7,681	\$ 282,879	\$ 441,720
<u>ADDITIONS</u>					
State Appropriations				25,000	25,000
Tuition and Fees	54,020				54,020
Interest on Investments		658		331	989
Transfers from Governmental Funds	-	-			-
Miscellaneous	29,454		80,154	2,500	112,108
Total Additions	83,474	658	80,154	27,831	192,117
<u>DEDUCTIONS</u>					
Salaries and Benefits	26,900	710	66,381	215	94,206
Services and Workshops	24,977	5,378	7,589	296,999	334,943
Material and Supplies	15,844	-	4,150	1,181	21,175
Travel	21,301		440	-	21,741
Scholarships and Awards	3,493				3,493
Transfers				200	200
Miscellaneous	4,834				4,834
Total Deductions	97,349	6,088	78,560	298,595	480,592
Balance End of Year	<u>\$ 12,207</u>	<u>\$ 119,648</u>	<u>\$ 9,275</u>	<u>\$ 12,115</u>	<u>\$ 153,245</u>

NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Direct:			
U.S. Department of Education:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	\$ 14,700	
Federal Direct Student Loans	84.268		\$ 3,076,601
Federal Work-Study Program	84.033	23,469	
Federal Pell Grant Program	84.063	1,799,886	
Academic Competitiveness Grants	84.375	20,312	
Total for Student Financial Aid Cluster - Note 2		1,858,367	3,076,601
Higher Education - Institutional Aid	84.031	438,986	
TRIO Student Support Services	84.042	233,287	
Corporation for National and Community Service:			
AmeriCorps	94.006	7,035	
Total Direct		2,537,675	3,076,601
Indirect:			
U.S. Department of Education:			
Indirect Through Iowa Department of Education:			
Adult Education - Basic Grants to States	84.002	95,648	
Vocational Education - Basic Grants to States	84.048	108,954	
Tech-Prep Education	84.243	65,755	
U.S. Department of Labor:			
Indirect Through Iowa Department of Education:			
Incentive Grants- WIA Section 503	17.267	43,663	
Total Indirect		314,020	-
Total		\$ 2,851,695	\$ 3,076,601

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - BASIS OF PRESENTATION- The above Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwest Iowa Community College and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - MAJOR PROGRAMS- Total expenditures from the Student Financial Aid Cluster are considered a major program.

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

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	16,157	-	16,157	-	-	-
Vocational Education	19,685	-	19,685	-	-	-
Adult and Continuing Education	-	-	-	218,949	17,014	235,963
Cooperative Programs and Services	-	-	-	-	-	-
Related Services and Activities	-	-	-	-	-	-
Total	35,842	-	35,842	218,949	17,014	235,963

NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES

	<u>Years Ended June 30,</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Local (Property Tax)	\$ 1,967,964	\$ 1,779,629	\$ 1,768,786	\$ 1,690,104	\$ 1,643,656
State	5,207,160	5,011,201	5,889,594	5,415,475	4,869,290
Federal	2,792,595	3,141,024	2,049,512	1,786,600	1,539,091
Total	<u>\$ 9,967,719</u>	<u>\$ 9,931,854</u>	<u>\$ 9,707,892</u>	<u>\$ 8,892,179</u>	<u>\$ 8,052,037</u>

Years Ended June 30,

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 1,385,528	\$ 1,365,872	\$ 1,739,325	\$ 1,439,405	\$ 1,367,925
5,076,529	4,480,350	4,834,384	3,920,141	3,944,274
1,300,358	1,707,628	1,471,415	1,504,354	1,260,141
<u>\$ 7,762,415</u>	<u>\$ 7,553,850</u>	<u>\$ 8,045,124</u>	<u>\$ 6,863,900</u>	<u>\$ 6,572,340</u>

NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE
AND EXPENDITURES BY FUNCTION
FOR THE LAST NINE YEARS

	Years Ended June 30,			
	2011	2010	2009	2008
Revenues:				
State Appropriations	\$ 4,510,674	\$ 4,367,615	\$ 5,115,582	\$ 5,076,593
Tuition and Fees	5,743,853	5,333,185	4,594,816	4,350,441
Property Tax	1,378,718	1,229,209	1,247,766	1,181,464
Federal Appropriations	2,792,595	3,141,024	2,047,630	1,761,848
Interest on Investments	94,683	126,051	231,067	538,838
Rental of College Facilities	6,280	3,828	3,365	3,475
Iowa Industrial New Jobs Training Program	552,861	883,794	1,686,323	1,294,012
Auxiliary Enterprises	2,456,803	2,605,378	2,310,922	2,832,983
Miscellaneous	330,684	366,838	665,201	239,296
Total	17,867,151	18,056,922	17,902,672	17,278,950
Expenditures:				
Liberal Arts and Sciences	1,378,700	1,220,585	1,188,900	1,112,487
Vocational Technical	3,954,420	3,940,134	3,852,582	3,561,537
Adult Education	795,049	751,832	819,585	760,251
Cooperative Services	552,861	883,794	1,693,281	1,294,012
Administration	913,337	1,945,019	673,282	864,847
Student Services	775,327	820,053	791,574	739,662
Learning Resources	171,944	170,356	184,932	183,868
Physical Plant	889,225	870,342	910,992	842,751
General Institution	2,118,671	2,246,335	2,422,885	2,333,919
Auxiliary Enterprises	2,261,937	2,203,369	2,108,840	2,295,261
Scholarships and Grants	2,202,386	1,884,542	1,208,160	1,046,340
Total	\$16,013,857	\$16,936,361	\$15,855,013	\$15,034,935

Years Ended June 30,				
2007	2006	2005	2004	2003
\$ 4,592,064	\$ 4,401,131	\$ 3,923,632	\$ 3,751,034	\$ 3,689,224
3,315,756	3,680,573	3,320,277	3,079,620	2,875,264
1,140,891	904,535	892,918	1,201,041	907,254
1,538,295	1,233,337	1,707,628	1,471,415	1,504,354
763,782	475,939	212,664	115,449	128,377
5,319	16,740	16,834	-	-
1,889,462	2,142,573	895,643	1,013,191	1,337,177
2,826,435	2,204,798	1,825,774	2,081,546	2,184,916
371,399	1,004,317	657,534	556,552	465,110
<u>16,443,403</u>	<u>16,063,943</u>	<u>13,452,904</u>	<u>13,269,848</u>	<u>13,091,676</u>
990,573	931,718	951,456	882,087	730,925
3,387,504	3,450,254	2,920,229	2,988,602	3,166,191
764,969	701,671	711,198	711,687	710,039
1,899,727	2,163,105	908,702	1,022,219	1,349,699
719,507	1,444,392	593,189	571,449	1,171,465
748,640	632,854	566,894	639,934	532,783
179,450	170,120	162,827	159,701	181,883
763,413	723,572	660,123	623,851	581,367
2,257,269	1,814,882	1,998,322	1,663,411	1,368,395
2,379,406	2,072,195	1,718,690	1,730,754	1,895,394
840,366	877,555	1,058,637	970,644	942,054
<u>\$ 14,930,824</u>	<u>\$ 14,982,318</u>	<u>\$ 12,250,267</u>	<u>\$11,964,339</u>	<u>\$12,630,195</u>



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

To the Board of Directors
Northwest Iowa Community College
Sheldon, Iowa

We have audited the statement of net assets, and the related statement of revenues, expenses and changes in net assets and cash flows of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2011, which collectively comprise Northwest Iowa Community College's basic financial statements and have issued our report thereon dated December 5, 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 Northwest Iowa 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 an opinion on the effectiveness of Northwest Iowa Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Northwest Iowa Community College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2011, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

Northwest Iowa Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the College's response, we did not audit Northwest Iowa Community College's response and, accordingly, we express no opinion on it.

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

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

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 5, 2011



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**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**

To the Board of Directors
Northwest Iowa Community College
Sheldon, Iowa

Compliance

We have audited the compliance of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011. Northwest Iowa 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 its major Federal program is the responsibility of Northwest Iowa Community College's management. Our responsibility is to express an opinion on Northwest Iowa 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the 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 Northwest Iowa Community College's compliance with those requirements.

In our opinion, Northwest Iowa Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material

effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Iowa 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, noncompliance 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 over compliance such that there is a reasonable possibility that material noncompliance 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily 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, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 5, 2011

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

Part I: Summary of the Independent Auditors' Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (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 as follows:

CFDA Numbers:

Student Financial Assistance Cluster:

84.007	Federal Supplemental Educational Opportunity Grants
84.268	Federal Direct Student Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.375	Academic Competitiveness Grants

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Northwest Iowa Community College did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-11 Financial Reporting – During the audit, we identified transactions concerning the Wellness Center Project not properly recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

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

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

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards

No instances of noncompliance or significant deficiencies relating to Federal Awards were noted.

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

Part IV: Other Findings Related to Required Statutory Reporting:

- 11-IV-A Certified Budget – Total operating expenditures for the year ended June 30, 2011 did not exceed the amount budgeted.

- 11-IV-B Questionable Expenditures – No expenditures that did not meet the requirements of public purpose, as defined in an Attorney General’s opinion, dated April 25, 1979, were noted.

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

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

- 11-IV-E 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 the coverage is adequate for current operations

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

- 11-IV-G Publication – The Community College published a statement of receipts and disbursements of all required funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Code of Iowa.

- 11-IV-H 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.

- 11-IV-I Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College, except for an overstatement of 92 contact hours, as shown below:

NORTHWEST IOWA COMMUNITY COLLEGE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting - Continued:

	Reported	Total per Supporting Documentation	Difference
Arts and Sciences: Credit Hours	16,157	16,157	-
Vocational Education: Credit Hours	19,685	19,685	-
Adult and Continuing Education: Credit Hours	-	-	-
Contact Hours	219,041	218,949	92

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

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

Conclusion – Response accepted.

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010**

The audit for the year ended June 30, 2010 did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).