



2011-2012

Comprehensive Annual Financial Report

For the year ended June 30, 2012



State of Iowa – Area VII Community College

**HAWKEYE COMMUNITY COLLEGE
WATERLOO, IOWA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

PREPARED BY : BUSINESS SERVICES

**HAWKEYE COMMUNITY COLLEGE
1501 EAST ORANGE ROAD
WATERLOO, IA 50701
www.hawkeyecollege.edu**

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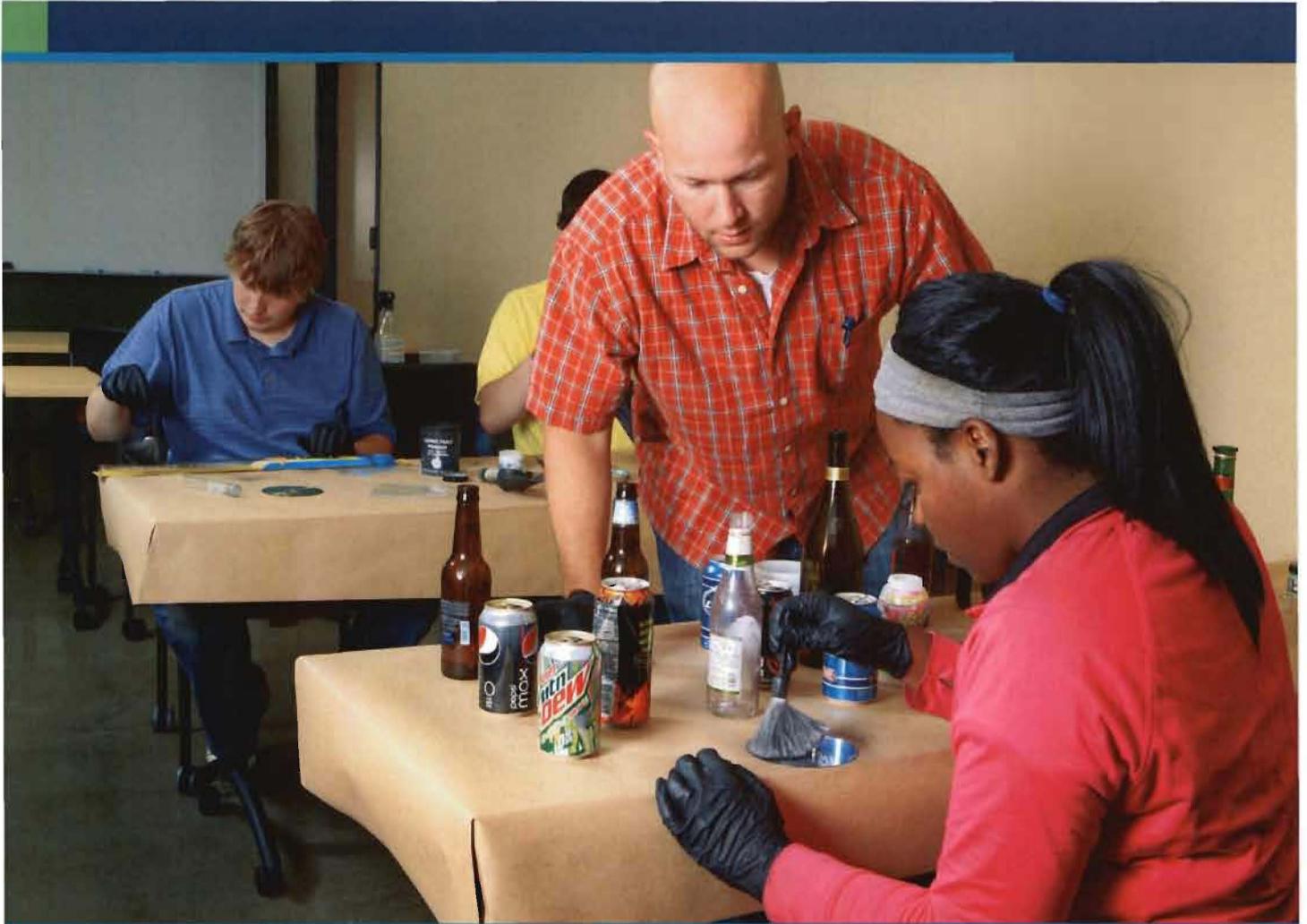
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2011-2012

Introductory Section



State of Iowa – Area VII Community College



December 12, 2012

To the Board of Trustees
Hawkeye Community College

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of Hawkeye Community College (the College) for the fiscal year ended June 30, 2012.

Iowa State law requires that all special-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted within the United States. Pursuant to that requirement, we hereby formally issue and transmit the comprehensive annual financial report to Hawkeye Community College for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of Hawkeye Community College. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of Hawkeye Community College has established a comprehensive internal control framework that is designed both to protect the school's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Hawkeye Community College's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Williams & Company, P.C., a firm of licensed certified public accountants, has audited the Hawkeye Community College's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Hawkeye Community College for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Hawkeye Community College's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Hawkeye Community College was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report, not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in Hawkeye Community College's separately issued compliance report.

The CAFR is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes this transmittal letter, the College's most recent Certificate of Achievement for Excellence in Financial Reporting, the College's organizational chart, and a list of principal officers. The financial section includes Management's Discussion and Analysis (MD&A), the Independent auditor's report, and the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction

with it. The statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

Reporting Entity

The College is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) and the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 14, the financial reporting entity consists of a primary government and a component unit. The College is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. In accordance with GASB Statement No.39, the financial activity of the College Foundation is presented as a component unit of the College. The College is not included in any other governmental financial reporting entity.

Profile of Hawkeye Community College

As a political subdivision of the State of Iowa, the College is subject to the oversight of the College's Governing Board of Trustees (the Board), which is comprised of nine elected members, representing each of the districts in Merged Area VII. Merged Area VII is comprised of all or portions of the following Iowa counties: Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama. The board members are volunteers elected in odd-numbered years for four-year terms on a staggered basis. The Board is granted full authority from the Statutes of the State of Iowa to manage the business and educational needs of the College. The administrative staff is responsible for the daily operation of the College.

State appropriations are received based on Full Time Equivalent Enrollment (FTEE) and formula funding. The College exercises primary property tax levy authority for generation of funds for operating expenses, special revenue and capital project funds.

The College is committed to offering quality educational programs and services at a reasonable cost. The College provides a wide range of programs, including general academic, technical-vocational, student development services, continuing education, and community services.

Budget

Hawkeye Community College maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Activities of the general fund, special revenue funds, and capital projects fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. For the year ended June 30, 2012, Hawkeye Community College met certified budget expectations in the general fund, special revenue funds, and capital projects fund.

Hawkeye Community College also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at the fiscal year's end. Hawkeye Community College is not required to use encumbrance accounting, and accordingly, commitments related to unperformed contracts for goods or services have not been recorded by Hawkeye Community College.

Annually, the Hawkeye Community College Board of Trustees adopts a certified budget and approves property tax rates in accordance with provisions outlined in the Statutes of the State of Iowa. The budgets are prepared on an accrual basis. During the fiscal year, monthly financial reports are prepared comparing the budget to actual receipts and disbursements of the various funds.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Hawkeye Community College operates.

Local Economy

Hawkeye Community College continues to take steps in anticipation of little or no funding increases from the State of Iowa in the immediate future. Cost cutting measures over the past few years have resulted in an improved financial situation for the College and will help position it to maintain fiscal sustainability during uncertain economic times ahead. Some challenges that are facing the College are:

- Due partly to a regional unemployment rate of approximately 4.9% in October 2012, which is down from 5.4% the previous fall, the College has experienced an enrollment decline. The regional area served by

the College is also experiencing a decline in both the general population as well as high school age students. The College is exploring avenues to better serve, and market to, our non-traditional student client base.

- Salaries, wages and fringe benefits comprise approximately 72% of annual Educational and Support expenditures. Providing competitive packages to attract and retain the best employees continues to be an issue facing the College.
- Facilities at the College require constant upkeep and maintenance at increasing costs. The addition of space through new construction and remodeling over the past several years has added additional burden to maintenance costs. Hawkeye Community College has used a Plant Fund Levy, which expires in fiscal year 2015, to help fund the cost of upkeep and repair. The College intends to seek taxpayer approval to extend the levy for an additional 10-year term.
- Technology continues to expand with current technology quickly becoming outdated. The College faces the challenge of maintaining and upgrading technology at a reasonable cost.
- Federal support for higher education in areas such as Carl Perkins funding and Pell Grants are under increased scrutiny as the Federal Government addresses its own budget challenges. The College may see reduced funding in these and other areas.
- Taxable assessed property valuation in the College's service region increased 2.5% from Fiscal Year 2012 to Fiscal Year 2013. The assessed valuation provides the basis for which the College applies various tax levies to help support its operations. Hawkeye Community College charges the 6th highest property tax rate among the 15 Iowa Community Colleges and, at 96 cents per \$1,000 of taxable assessed valuation, is 4 cents higher than the state average.
- Hawkeye Community College has the 6th lowest mandatory tuition and fees rate per credit hour of the 15 Iowa Community Colleges and charges \$5 less than the state average. The College is reluctant to increase tuition and fee rates higher than is absolutely necessary, but finds itself relying proportionately more each year on tuition to fund its operations.

The College has begun experiencing enrollment declines and faces the likelihood of reduced funding at both the state and federal levels. However, the College has positioned itself to have the resources necessary to make well planned and thoughtful adjustments to its delivery of services in ways that maximize our client's return on their educational dollars spent.

Long-Term Financial Planning

The college adopted a new multi-year strategic plan during the fiscal year. An enrollment management team has been meeting to address the changing job market, decreasing high school graduation rates and increased interests of non-traditional students.

Hawkeye Community College Administrative offices are located in Black Hawk County. In 2003, voters in Area VII passed a 10-year bond referendum. Property tax receipts will repay \$25 million of bonded General Obligation debt over a 10-year period.

The first use of the money was for additions and repairs to classroom buildings and college infrastructure. The second phase of the project included construction of the Brock Student Center. Two outreach facilities financed by the bonds were opened in local communities (City of Waverly and Grundy County). Construction was completed for a Health Education and Services Center. The third phase, nearing completion included instructional building remodels. Community input, as well as professional analysis, has been taken into consideration for the overall plan of construction and remodeling.

Financial Reporting

This CAFR for the College was formulated with data from various sources including College and Foundation records, and the County Treasurer's and County Auditor's Offices of Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama. The statements present information on the financial condition of the College and whether resources were adequate to cover the costs of providing services during the reporting period. The College's CAFR will be distributed to the Board of Trustees and executive

administration, federal and state agencies, and financial institutions, as well as others throughout the general public. Internal management reports are customized and provided to meet the information and decision-making needs at all levels of the organization and to aid management in the allocation of resources.

The Notes to the Financial Statements are an integral part of this CAFR and should be read in conjunction with the Financial Statements for a full understanding of the information presented therein.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to Hawkeye Community College for its Comprehensive Annual Financial Report for the year ended June 30, 2011. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

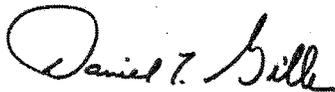
In order to be awarded a Certificate of Achievement, a college must publish an easily readable and efficiently organized annual financial report whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated efforts of the Business Services staff of Hawkeye Community College. We would like to express our appreciation to all who assisted and contributed to this report with a special thanks to Williams & Company, P.C. Also, appreciation is expressed for the interest and support of the Board of Trustees in conducting the financial operation of the College in a most responsible and progressive manner.

Respectfully submitted,



Daniel L. Gillen
Vice President Administration and Finance

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**HAWKEYE COMMUNITY COLLEGE
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Trustees		
Mark Birdnow	Chairperson	2013
Casey McLaughlin	Vice Chairperson	2015
Teresa Meyer	Member	2015
David Krejchi	Member	2013
Bruce Clark	Member	2013
Luane Lorenzen	Member	2013
Ronald McGregor	Member	2015
Jay Nardini	Member	2015
Donna Miller	Member	2013

**Community College
(As of June 30, 2012)**

Linda Allen	President
Daniel Gillen	Vice President, Administration and Finance
Denise Bouska	Board Treasurer
Donna McNulty	President Secretary
Denise Dunn	Board Secretary

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hawkeye Community College
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell

President

Jeffrey R. Emmer

Executive Director



2011-2012

Financial Section



HAWKEYE
COMMUNITY COLLEGE

State of Iowa – Area VII Community College



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Hawkeye Community College
Waterloo, Iowa

We have audited the accompanying financial statements, listed as the Basic Financial Statements in the table of contents of this report, of Hawkeye Community College, Waterloo, Iowa, as of and for the year ended June 30, 2012. 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 Hawkeye Community College Foundation (a discretely presented component unit of the Community College discussed in Note 1, which statements reflect total assets of \$5,261,397 and total revenues of \$820,936 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 Hawkeye 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 provides a reasonable basis for our opinion.

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 Hawkeye Community College at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012, on our consideration of Hawkeye Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress for the Retiree Health Plan on pages 10 through 16 and 36 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 inquires 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 Hawkeye 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 five years ended June 30, 2011 (which is not presented herein) and expressed unqualified opinions on those financial statements. We did not previously audit, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2006. Other supplemental information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards, required by U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and are not a required part of the basic 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hawkeye Community College's basic financial statements. The Introductory and Statistical Sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Williams & Company, P.C.

Certified Public Accountants

Spencer, Iowa
December 12, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Management of Hawkeye 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 of Hawkeye Community College is for the fiscal year ended June 30, 2012. We are also discretely presenting financial information about the Hawkeye Community College Foundation (Foundation). We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- College operating revenues totaled \$30,339,497 for fiscal year 2012, and decreased \$223,759, as compared to fiscal year 2011 operating revenues of \$30,563,256. The decrease resulted from a significant decrease in Federal Appropriations offset by a significant increase in Iowa Industrial New Jobs Training Program revenue.
- College operating expenses totaled \$49,172,879 for fiscal year 2012 and increased \$4,981,337, as compared to fiscal year 2011 operating expenses of \$44,191,542. The increase resulted primarily from increases in Cooperative Services, General Administration and General Institutional expenses.
- The College's net assets increased 0.9%, or \$698,401, from the year ended June 30, 2011. The increase was reflected in the Invested in Capital Assets, Net of Related Debt category and decreases in Restricted and Unrestricted classifications.

USING THE ANNUAL REPORT

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

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

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

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

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

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

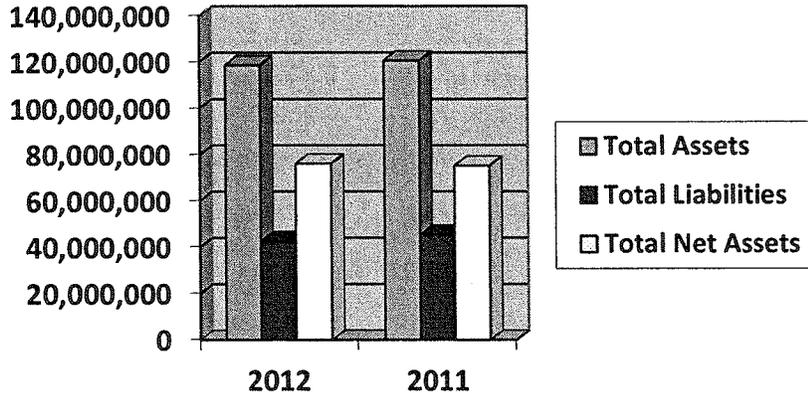
REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Assets

The statement of net assets presents the assets, liabilities and net assets of the College as a whole, as of the end of the fiscal year June 30, 2012. 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

	June 30, 2012	June 30, 2011
Current and Other Assets	\$ 64,320,854	\$ 70,785,009
Capital Assets, Net of Accumulated Depreciation	54,237,835	49,745,873
Total Assets	118,558,689	120,530,882
Current Liabilities	21,735,027	20,908,755
Non-current Liabilities	20,760,879	24,471,424
Total Liabilities	42,495,906	45,380,179
Net Assets:		
Invested in Capital Assets, Net of Related Debt	46,642,687	39,144,571
Restricted	11,169,873	13,413,053
Unrestricted	18,250,223	22,593,079
Total Net Assets	\$ 76,062,783	\$ 75,150,703



Comparison of Net Assets

A portion of the College's net assets (61.3%) is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the invested in capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (14.7%) includes resources that are subject to external restrictions. The remaining net assets (24.0%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets 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 earned by the College, both operating and non-operating, and the expenses incurred 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 Hawkeye Community College, will report an operating loss since the financial reporting model classifies state appropriations and property taxes as non-operating revenues. Operating revenues are received for providing goods and services to the various 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

	Year Ended June 30, 2012	Year Ended June 30, 2011
Operating Revenues:		
Tuition and Fees	\$ 18,571,387	\$ 19,021,047
Less: Scholarship Allowances	(10,521,384)	(11,118,066)
Tuition and Fees, net of scholarship allowances	8,050,003	7,902,981
Federal Appropriations	13,900,279	15,210,266
Iowa Industrial New Jobs Training Program	3,930,802	2,868,437
Auxiliary Enterprises Revenue, net of scholarships	1,996,485	2,434,361
Gifts and Grants	297,439	60,359
Miscellaneous	2,164,489	2,086,852
Total Operating Revenues	30,339,497	30,563,256
 Total Operating Expenses	 49,172,879	 44,191,542
 Operating Loss	 (18,833,382)	 (13,628,286)
 Non-Operating Revenues (Expenses)		
State Appropriations	12,860,686	12,435,369
Property Taxes	7,616,726	7,565,783
Interest Income from Investments	115,195	179,801
(Loss) on Sale of Capital Assets	(45,636)	(108,940)
Interest on Indebtedness	(1,015,188)	(1,116,244)
Net Non-Operating Revenues	19,531,783	18,955,769
 Increase in Net Assets	 698,401	 5,327,483
 Net assets Beginning of Year	 75,150,703	 69,823,220
Prior Year Adjustments	213,679	-
Net assets Beginning of Year - Restated	75,364,382	69,823,220
 Net Assets Ending of Year	 \$ 76,062,783	 \$ 75,150,703

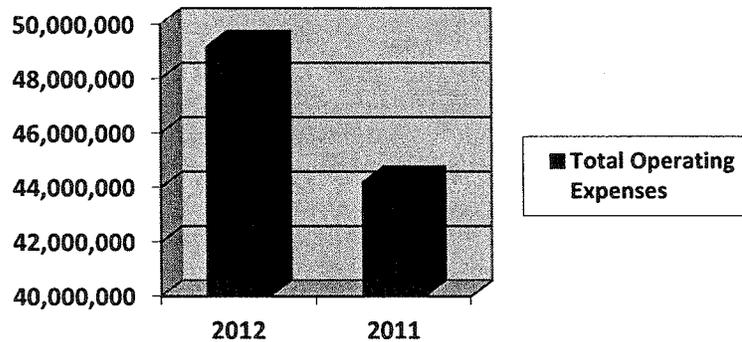
The statement of revenues, expenses and changes in net assets reflects a positive year, with increases in the net assets of \$698,401 for the current year.

In fiscal year 2012, the major fluctuations in revenues were a result of the following changes:

- Federal Appropriations decreased \$1,309,987 due to reduced funding of American Recovery and Reinvestment Act (Stimulus Fund) funding and completion of federally funded building projects.
- Iowa Industrial New Jobs Program revenues increased \$1,062,365 due to the timing of the projects and the variability of the revenue accounts. Overall revenue is influenced not only by the withholding revenues received from the companies, but also the amount of reimbursed expenses the company had throughout the year.
- State Appropriations increased \$425,317 due to additional funding from the State of Iowa.

Operating Expenses

	Year Ended June 30, 2012	Year Ended June 30, 2011
Education and Support:		
Liberal Arts and Sciences	\$ 7,143,778	\$ 6,530,382
Vocational Technical	9,337,189	9,090,162
Adult Education	2,580,395	2,421,766
Cooperative Services	5,389,973	4,117,198
General Administration	3,541,248	2,549,778
Student Services	2,970,292	2,628,683
Learning Resources	813,606	713,523
Physical Plant	3,710,311	3,333,448
General Institution	7,894,533	7,246,308
Sub-total	<u>43,381,325</u>	<u>38,631,248</u>
Auxiliary Enterprises	2,588,301	2,554,299
Scholarships and Grants	767,104	769,879
Depreciation Expense	<u>2,436,149</u>	<u>2,236,116</u>
 Total	 <u>\$ 49,172,879</u>	 <u>\$ 44,191,542</u>



In fiscal year 2012, the major fluctuations in operating expenses were a result of the following factors:

- Instructional expenses increased by \$613,396 for Liberal Arts and Sciences and \$247,027 for Vocational Technical. The \$860,423 increase is attributable to increased salaries and fringe benefits.
- General Administration expenses increased \$991,470 due to an early retirement offering by the college.
- Cooperative Service expenses increased \$1,272,775 due to additional training dollars available from the issuance of New Jobs training certificates.

Statement of Cash Flows

The statement of cash flows is an important tool in helping the users to 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

	Year Ended June 30, 2012	Year Ended June 30, 2011
Cash and Cash Equivalents Provided (Used) by:		
Operating Activities	\$ (16,106,989)	\$ (15,053,506)
Non-Capital Financing Activities	20,210,753	20,239,927
Capital and Related Financing Activities	(10,703,923)	(6,204,567)
Investing Activities	7,090,547	233,383
Net Increase (Decrease) in Cash and Cash Equivalents	490,388	(784,763)
Cash and Cash Equivalents at Beginning of Year	157,433	942,196
Cash and Cash Equivalents at End of Year	<u>\$ 647,821</u>	<u>\$ 157,433</u>

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 and local property taxes received by the College. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income earned.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the College had \$54,237,835 invested in capital assets, which was net of accumulated depreciation of \$28,815,885. Depreciation expense totaled \$2,436,149 for fiscal year 2012. Details of the capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30, 2012	June 30, 2011
Land	\$ 379,179	\$ 379,179
Construction in Progress	3,274,190	2,750,884
Capital Assets Not Depreciated	3,653,369	3,130,063
Buildings	33,132,204	29,806,060
Other Structures and Improvements	11,872,302	11,496,546
Furniture and Equipment	5,579,960	5,313,204
Capital Assets, Net of Depreciation	50,584,466	46,615,810
Total Capital Assets	<u>\$ 54,237,835</u>	<u>\$ 49,745,873</u>

Planned capital expenses for the fiscal year ended June 30, 2012 and beyond include: remodel of Bremer Hall and Buchanan Hall to improve technical training areas and classrooms and additional classroom equipment campus wide. Construction was completed for a Regional Transportation Training Center. More detailed information about the College's capital assets is presented in Note 5 to the basic financial statements.

Long-Term Debt

As of June 30, 2012, the College had \$25,720,000 in debt outstanding, a decrease of \$3,180,000 from June 30, 2011. The table below summarizes these amounts by type.

Outstanding Debt

	<u>Year Ended June 30, 2012</u>	<u>Year Ended June 30, 2011</u>
Certificate Payable	\$ 18,270,000	\$ 18,865,000
General Obligation Bonds	7,450,000	10,035,000
Total	<u>\$ 25,720,000</u>	<u>\$ 28,900,000</u>

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

ECONOMIC FACTORS

Hawkeye Community College continues to take steps in anticipation of little or no funding increases from the State of Iowa in the immediate future. Cost cutting measures over the past few years have resulted in an improved financial situation for the College and will help position it to maintain fiscal sustainability during uncertain economic times ahead. Some challenges that are facing the College are:

- Due partly to a regional unemployment rate of approximately 4.9% in October 2012, which is down from 5.4% the previous fall, the College has experienced an enrollment decline. The regional area served by the College is also experiencing a decline in both the general population as well as high school age students. The College is exploring avenues to better serve, and market to, our non-traditional student client base.
- Salaries, wages and fringe benefits comprise approximately 72% of annual Educational and Support expenses. Providing competitive packages to attract and retain the best employees in an area of relatively low unemployment continues to be an issue facing the College.
- Facilities at the College require constant upkeep and maintenance at increasing costs. The addition of space through new construction and remodeling over the past several years has added additional burden to maintenance costs. Hawkeye Community College has used a Plant Fund Levy, which expires in fiscal year 2015, to help fund the cost of upkeep and repair. The College intends to seek taxpayer approval to extend the levy for an additional 10-year term.
- The use of technology continues to expand with current technology quickly becoming outdated. The College faces the challenge of maintaining and upgrading technology at a reasonable cost.
- Federal support for higher education in areas such as Carl Perkins funding and Pell Grants are under increased scrutiny as the Federal Government addresses its own budget challenges. The College may see reduced funding in these and other areas.
- Taxable assessed property valuation in the College's service region increased 2.5% from Fiscal Year 2012 to Fiscal Year 2013. The assessed valuation provides the basis for which the College applies various tax levies to help support its operations. Hawkeye Community College charges the 6th highest property tax rate among the 15 Iowa Community Colleges and, at 96 cents per \$1,000 of taxable assessed valuation, is 4 cents higher than the state average.
- Hawkeye Community College has the 6th lowest mandatory tuition and fees rate per credit hour of the 15 Iowa Community Colleges and charges \$5 less than the state average. The College is reluctant to increase tuition and fee rates higher than is absolutely necessary, but finds itself relying proportionately more each year on tuition to fund its operations.

The College has experienced enrollment declines over that last two years and faces the likelihood of limited funding growth at both the state and federal levels. However, the College has positioned itself to have the resources necessary to make well planned and thoughtful adjustments to its delivery of services in ways that maximize our clients return on their educational dollars spent.

CONTACTING THE COLLEGE'S FINANCIAL MANAGMENT

This financial report is designed to provide our customers, taxpayers in the community college, 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 Hawkeye Community College, 1501 E. Orange Road, P.O. Box 8015, Waterloo, Iowa 50704-8015.

Basic Financial Statements

**HAWKEYE COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Primary Government	Component Unit
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 647,821	\$ 402,487
Pooled Investments	28,238,729	2,497,246
Receivables:		
Due from Others, Net of Allowance for Uncollectible Accounts of \$4,775,274	1,917,392	23,545
Accrued Interest	42,178	9,018
Property Taxes - Succeeding Year	8,152,213	-
Student Loans	15,724	-
Loans Receivable, Net Iowa Industrial New Jobs Training Program	-	52,625
Iowa Industrial New Jobs Training Program	826,885	-
Due From Other Governments	1,228,400	-
Prepaid Expenses	322,486	-
Inventories	143,098	-
Bond Issue Costs	14,941	-
Total Current Assets	41,549,867	2,984,921
Noncurrent Assets		
Pooled Investments	19,924,536	1,879,575
Receivables:		
Iowa Industrial New Jobs Training Program	2,781,074	-
Bond Issue Costs	65,377	-
Life Insurance Cash Value	-	21,060
Capital Assets:		
Land	379,179	375,841
Construction in Progress	3,274,190	-
Buildings	49,149,284	-
Other Structures and Improvements	16,670,854	-
Furniture and Equipment	13,570,034	-
Capital Assets Held in Custody for Others	10,179	-
Accumulated Depreciation	(28,815,885)	-
Total Noncurrent Assets	77,008,822	2,276,476
TOTAL ASSETS	\$ 118,558,689	\$ 5,261,397

HAWKEYE COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government	Component Unit
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,052,420	\$ 2,047
Salaries and Benefits Payable	2,109,596	-
Accrued Interest Payable	73,423	-
Deferred Revenue:		
Succeeding Year Property Tax	8,152,213	-
Other	891,495	-
Compensated Absences	519,884	-
Early Retirement Payable	1,935,601	-
Assets Held in Custody for Others	1,037,932	-
Certificates Payable	3,234,350	-
General Obligation School Bonds	2,728,113	-
	21,735,027	2,047
Total Current Liabilities		
Noncurrent Liabilities		
Deferred Revenue - Other	438,293	-
Compensated Absences	116,617	-
Early Retirement Payable	111,455	-
Certificates Payable	14,958,637	-
General Obligation School Bonds	4,856,856	-
Net Other Post-Employment Benefits Liability	279,021	-
	20,760,879	-
Total Noncurrent Liabilities		
	42,495,906	2,047
TOTAL LIABILITIES		
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	46,642,687	375,841
Restricted:		
Nonexpendable:		
Endowment	-	1,895,410
Expendable:		
Economic Development	4,970,592	-
Property Tax Levies	1,682,095	-
Iowa New Jobs Training	1,458,637	-
Scholarships, Departmental Programs, and Loans	52,213	377,840
Loans	100,309	350,630
Debt Service	900,324	-
Cash Reserve	366,380	-
Other	1,639,323	1,174,280
Unrestricted	18,250,223	1,085,349
	\$ 76,062,783	\$5,259,350
TOTAL NET ASSETS		

See Accompanying Notes to Financial Statements

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HAWKEYE COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	<u>Primary Government</u>	<u>Component Unit</u>
REVENUES		
Operating Revenues:		
Tuition and Fees, net of scholarship allowances of \$10,521,384	\$ 8,050,003	\$ -
Federal Appropriations	13,900,279	-
Iowa Industrial New Jobs Training Program	3,930,802	-
Gifts and Grants	297,439	780,423
Auxiliary Enterprises Revenue, net of scholarship allowances of \$400,472	1,996,485	-
Miscellaneous	<u>2,164,489</u>	<u>33,586</u>
Total Operating Revenues	<u>30,339,497</u>	<u>814,009</u>
EXPENSES		
Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences	7,143,778	-
Vocational Technical	9,337,189	-
Adult Education	2,580,395	-
Cooperative Services	5,389,973	-
General Administration	3,541,248	-
Student Services	2,970,292	-
Learning Resources	813,606	-
Physical Plant	3,710,311	-
General Institution	7,894,533	-
Auxiliary Enterprises	2,588,301	-
Scholarships and Grants	767,104	192,392
Loan Cancellations and Bad Debts	-	76,064
Administrative and Collection Costs	-	83,867
Program Costs	-	207,057
Fundraising Expenses	-	17,134
Depreciation Expense	<u>2,436,149</u>	<u>-</u>
Total Operating Expenses	<u>49,172,879</u>	<u>576,514</u>
Operating Income (Loss)	<u>(18,833,382)</u>	<u>237,495</u>
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	12,860,686	-
Property Taxes	7,616,726	-
Interest Income from Investments	115,195	6,927
Loss on Sale of Capital Assets	(45,636)	-
Interest on Indebtedness	<u>(1,015,188)</u>	<u>-</u>
Net Non-Operating Revenues	<u>19,531,783</u>	<u>6,927</u>
Increase in Net Assets	698,401	244,422
Net Assets Beginning of Year	75,150,703	5,014,928
Prior Year Adjustment	213,679	-
Net Assets Beginning of Year - Restated	<u>75,364,382</u>	<u>5,014,928</u>
Net Assets End of Year	<u>\$ 76,062,783</u>	<u>\$ 5,259,350</u>

See Accompanying Notes to Financial Statements

**HAWKEYE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012**

	Primary Government
Cash Flows from Operating Activities:	
Tuition and Fees	\$ 19,362,450
Grants and Contracts	13,741,749
Iowa Industrial New Jobs Training Program	3,992,024
Payments to Employees	(27,634,933)
Payments to Suppliers	(25,306,872)
Payments to NJTP Recipients	(1,984,550)
Collection of Loans to Students	7,453
Auxiliary Enterprise Net Activity	(134,496)
Other Receipts	1,850,186
Miscellaneous Agency Fund Receipts	3,819,620
Miscellaneous Agency Fund Disbursements	(4,086,279)
	Net Cash (Used) by Operating Activities
	(16,373,648)
Cash Flows from Non-Capital Financing Activities:	
State Appropriations	12,860,686
Property Taxes	7,616,726
	Net Cash Provided from Non-Capital Financing Activities
	20,477,412
Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	262
Purchases of Capital Assets	(7,023,747)
Principal Paid on Debt and Leases	(2,585,000)
Interest Paid on Debt and Leases	(1,095,438)
	Net Cash (Used) by Capital and Related Financing Activities
	(10,703,923)
Cash Flows from Investing Activities:	
Proceeds from Sales and Maturities of Investments	38,737,799
Purchase of Investments	(31,767,893)
Interest on Investments	120,641
	Net Cash Provided by Investing Activities
	7,090,547
Net Increase in Cash	490,388
Cash at Beginning of Year	157,433
Cash at End of Year	\$ 647,821

**HAWKEYE COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012**

Reconciliation of Operating (Loss) to Net Cash	
(Used) by Operating Activities:	
Operating (Loss)	\$ (18,833,382)
Adjustments to Reconcile Operating Loss to Net	
Cash (Used) by Operating Activities:	
Depreciation	2,436,149
Changes in Assets and Liabilities:	
Decrease in Due From Others	671,916
Decrease in Notes Receivable	7,453
Increase in Due From Other Governments	(455,969)
Decrease in Inventories	26,394
Increase in Prepaid Expenses	(249,527)
Decrease in Accounts Payable	(320,147)
Increase in Salaries and Benefits Payable	59,110
Increase in Compensated Absences	37,343
Increase in Deferred Revenue	228,347
Increase in Early Retirement Payable	846,851
Decrease in Assets Held in Custody for Others	(266,659)
Decrease in NJTP Loans Payable	(561,527)
	<hr/>
Total Adjustments	2,459,734
	<hr/>
Net Cash (Used) by Operating Activities	\$ (16,373,648)
	<hr/> <hr/>

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hawkeye Community College is a publicly supported school established and operated by Merged Area VII under the provisions of Chapter 260C of the Code of Iowa. Hawkeye 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. Hawkeye Community College may also offer up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Hawkeye Community College maintains seven sites throughout Waterloo, Cedar Falls, and Independence, Iowa, and has its administrative offices in Waterloo. Hawkeye Community College is governed by a Board of Trustees whose members are elected from each trustee district within Merged Area VII.

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

A. Reporting Entity

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

These financial statements present Hawkeye Community College (the primary government) and its component unit. The component unit discussed below is included in Hawkeye Community College's reporting entity because of the significance of its operational or financial relationship with the Community College. Certain disclosures about the component unit have been audited separately and a report has been issued under a separate cover. The audited financial statements are available at the College.

Discretely Presented Component Unit

Hawkeye Community College Foundation is a non-profit corporation, whose purpose is to support the Community College through donations to provide scholarships to students, and for the enhancement and extension of facilities, equipment and services. The Foundation is governed by a Board of Trustees, two of which are appointed by the Board of Trustees of the Community College. The Foundation operates on a June 30 fiscal year end. The financial statements of Hawkeye Community College Foundation, Inc. can be obtained from: Business Services, Hawkeye Community College, 1501 E. Orange Road, P.O. Box 8015, Waterloo, IA 50704-8015.

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:

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

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

Restricted Net Assets:

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash and Pooled Investments -- Investments are stated at fair value.

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

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

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

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

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

Receivable for Iowa Industrial New Jobs Training Program (NJTP) -- This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenses incurred through June 30, 2012 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Other Structures and Improvements	25 - 50
Furniture and Equipment	3 - 10

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

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

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.

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 and fees for a portion of summer classes, fees and registration for fall, unearned revenue on 260E projects, unearned revenue on federal funds.

Compensated Absences -- 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. These liabilities have been computed based on rates of pay in effect at June 30, 2012.

Auxiliary Enterprise Revenues -- Auxiliary enterprise revenues primarily represent revenues generated by career education, adult education, farm operations, and food service.

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

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

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

E. Scholarship Allowances and Student Aid

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

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 2 -- CASH AND POOLED INVESTMENTS

The College's deposits in banks at June 30, 2012, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. The College's investment policy additionally limits investments in commercial paper to obligations that mature within 270 days and that is rated within the two highest classifications, as established by at least one of the standard rating services, with no more than five percent at the time of purchase placed in the second highest classification. At the time of purchase not more than ten percent of the investment portfolio can be in these investments and no more than five percent of the investment portfolio can be invested in the securities of a single issuer.

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

At June 30, 2012, the Community College had the following investments:

Current Pooled Investments	\$ 28,238,729
Noncurrent Pooled Investments	19,924,536
	<u>\$ 48,163,265</u>

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1 to 5
Money Market Mutual Fund	\$ 22,963,294	\$ 22,963,294	\$ -
Certificates of Deposit	1,293,154	752,886	540,268
U.S Government Securities	23,906,817	4,522,549	19,384,268
	<u>\$ 48,163,265</u>	<u>\$ 28,238,729</u>	<u>\$ 19,924,536</u>

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

Credit risk - The Community College's investments in Money Market Mutual Funds are unrated.

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 2 -- CASH AND POOLED INVESTMENTS (Continued)

Concentration of credit risk - The College's investment policy seeks to provide safety of the principal, maintain the necessary liquidity to match expected liabilities, and obtain a reasonable rate of return. The policy allows for investments of up to 100% in interest bearing savings, money market and checking accounts, certificates of deposits, repurchase agreements, money market mutual funds, bonds, notes, certificates of indebtedness, treasury bills or other securities issued by the United States of America, its agencies and allowable instrumentalities; up to 10% in prime bankers' acceptances; and up to 10% in commercial paper. The policy does not allow the College to invest in futures, options or reverse purchase agreements.

Component Unit Investments. Investments are managed by the Foundation and external managers, in accordance with Board policy, and are stated at fair value. Fair value of the investments has been determined as of June 30. Values have not been adjusted for market fluctuations subsequent to June 30. Accounting principles generally accepted in the United States of America require adjustment of year end values only when the value has been permanently impaired. Management does not feel market fluctuations after year end have caused permanent impairment to its investment portfolio. A summary of the securities held at June 30, 2012 follows:

	Fair Value
Common Stocks	\$ 670,343
Common Stocks - Foreign	70,851
Corporate Bonds	318,967
U.S. Government Agency Bonds	234,342
Mutual Equity Funds	1,226,186
Mutual Equity Funds - Foreign	410,590
Mutual Income Funds	1,445,542
	\$ 4,376,821

Note 3 – LOANS RECEIVABLE (Component Unit)

The Foundation, a component unit to the College, makes loans to students of the College to be used primarily for the cost of tuition and books. These loans generally become payable upon the student's completion of or withdrawal from higher education programs. HyPro, John Deere, and Tyson loans become forgivable upon the completion of the program and two or three years of employment with the respective companies.

Loans receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible or forgivable amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to loans receivable. Interest rates and terms vary by program. Below is a summary of loans receivable:

	2012
Loans Receivable	\$ 364,256
Less Allowance for Uncollectible Loans	(3,809)
Less Allowance for Forgivable Loans	(307,822)
	\$ 52,625

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 4 -- INVENTORIES

The Community College's inventories at June 30, 2012 are as follows:

<u>Type</u>	<u>Amount</u>
Supplies and Materials	\$ 31,333
Farm Operations	61,093
Merchandise Held for Resale	<u>50,672</u>
Total	<u>\$ 143,098</u>

Note 5 -- CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Capital assets not being depreciated:				
Land	\$ 379,179	\$ -	\$ -	\$ 379,179
Construction in progress	<u>2,750,884</u>	<u>5,666,536</u>	<u>5,143,230</u>	<u>3,274,190</u>
Total capital assets not being depreciated	3,130,063	5,666,536	5,143,230	3,653,369
Capital assets being depreciated:				
Buildings	44,917,184	4,232,100	-	49,149,284
Other structures and improvements	15,765,319	905,535	-	16,670,854
Furniture and equipment	<u>12,726,552</u>	<u>1,345,618</u>	<u>491,957</u>	<u>13,580,213</u>
Total capital assets being depreciated	73,409,055	6,483,253	491,957	79,400,351
Less accumulated depreciation for:				
Buildings	15,111,124	905,956	-	16,017,080
Other structures and improvements	4,268,773	529,779	-	4,798,552
Furniture and equipment	<u>7,413,348</u>	<u>1,000,414</u>	<u>413,509</u>	<u>8,000,253</u>
Total accumulated depreciation	<u>26,793,245</u>	<u>2,436,149</u>	<u>413,509</u>	<u>28,815,885</u>
Total capital assets being depreciated, net	<u>46,615,810</u>	<u>4,047,104</u>	<u>78,448</u>	<u>50,584,466</u>
Capital assets, net	<u>\$ 49,745,873</u>	<u>\$ 9,713,640</u>	<u>\$ 5,221,678</u>	<u>\$ 54,237,835</u>

On June 30, 2012, the Community College had future construction commitments of \$4,226,458. Construction in Progress projects as of June 30, 2012 include: Regional Transportation & Training Center, Bremer Hall Remodel, Main Campus Parking Lot Improvement, Tama Hall Auditorium Remodel, Buchanan Hall Remodeling Project.

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 5 -- CAPITAL ASSETS (Continued)

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

Land	\$ 379,179
Buildings	49,149,284
Construction in Progress	3,274,190
Other Structures and Improvements	16,670,854
Furniture and Equipment	13,570,034
Capital Assets Held in Custody for Others	10,179
Accumulated Depreciation	<u>(28,815,885)</u>
Capital Assets (Net of Accumulated Depreciation)	54,237,835
Less: Capital Assets Held in Custody for Others	(10,179)
Less: Bonds Payable	<u>(7,584,969)</u>
Investment in Capital Assets, Net of Related Debt	<u>\$46,642,687</u>

Capital Assets for the College's Foundation, a component unit, for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 375,841	\$ -	\$ -	\$ 375,841
Total capital assets not being depreciated	<u>\$ 375,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,841</u>

Note 6 -- LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Compensated Absences	\$ 619,528	\$ 561,233	\$ (544,260)	\$ 636,501	\$ 519,884
Early Retirement Payable	1,200,205	1,539,084	(692,233)	2,047,056	1,935,601
Certificates Payable	18,865,000	2,515,000	(3,110,000)	18,270,000	3,250,000
General Obligation School Bonds	10,035,000	-	(2,585,000)	7,450,000	2,680,000
Net OPEB Liability	270,710	8,311	-	279,021	-
Total Primary Government	<u>\$ 30,990,443</u>	<u>\$ 4,623,628</u>	<u>\$ (6,931,493)</u>	<u>\$ 28,682,578</u>	<u>\$ 8,385,485</u>
Component Unit:					
Notes Payable	\$ 16,947	\$ -	\$ (16,947)	\$ -	\$ -
Total Component Unit	<u>\$ 16,947</u>	<u>\$ -</u>	<u>\$ (16,947)</u>	<u>\$ -</u>	<u>\$ -</u>

Certificates Payable listed on the Statement of Net Assets include Unamortized Discount of \$77,013. General Obligation School Bonds listed on the Statement of Net Assets include Unamortized Premium of \$143,722 and Unamortized Discount of \$8,753.

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

Certificates Payable

In accordance with agreements dated between June 30, 1996 and June 30, 2012, the Community College issued certificates with a June 30, 2012 outstanding balance of \$18,270,000 with interest rates ranging from 0.50% to 6.15%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semi-annually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves, and, in the case of default, from standby property taxes. During 2012, Hawkeye Community College recorded \$776,146 of interest expense from the certificates payable.

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 3,250,000	\$ 679,430	\$ 3,929,430
2014	2,935,000	587,145	3,522,145
2015	2,930,000	504,475	3,434,475
2016	2,495,000	388,610	2,883,610
2017	2,185,000	288,023	2,473,023
2018-2022	4,475,000	366,415	4,841,415
Total	\$ 18,270,000	\$ 2,814,098	\$ 21,084,098

Bonds Payable

On May 1, 2008, Hawkeye Community College issued \$6,850,000 in general obligation school bonds, to finance the improvement of its Main Campus and construct, remodel, erect and equip buildings thereon, and construct, lease, or acquire and improve and equip new or existing facilities. Annual principal payments began June 1, 2009. Interest payments are due semi-annually each June and December. The capital loan notes will mature June 2014. The balance of the general obligation school bonds at June 30, 2012, was \$2,800,000.

On April 19, 2011, Hawkeye Community College issued \$5,550,000 in general obligation school bonds, to finance the improvement of its Main Campus and construct, remodel, erect and equip buildings thereon, and construct, lease, or acquire and improve and equip new or existing facilities. Annual principal payments began June 1, 2012. Interest payments are due semi-annually each June and December. The capital loan notes will mature June 2015. The balance of the general obligation school bonds at June 30, 2012, was \$4,650,000.

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 6 -- LONG-TERM DEBT (Continued)

Details of the Community College's June 30, 2012 bonded indebtedness maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 2,680,000	\$ 201,670	\$ 2,881,670
2014	2,770,000	127,770	2,897,770
2015	<u>2,000,000</u>	<u>50,000</u>	<u>2,050,000</u>
Total	<u>\$ 7,450,000</u>	<u>\$ 379,440</u>	<u>\$ 7,829,440</u>

Note 7 -- OPERATING LEASES

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2012 and 2015 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012:

Year Ending June 30,	Amount
2013	\$ 177,187
2014	177,187
2015	<u>20,816</u>
Total	<u>\$ 375,190</u>

Rents for the year ended June 30, 2012 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$260,904.

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

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

Plan members are required to contribute 5.38% of their annual covered salary and Hawkeye Community College is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. Hawkeye Community College's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$571,237, \$475,282, and \$503,571, respectively, equal to the required contribution for each year.

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for Hawkeye Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.38% and Hawkeye Community College is required to contribute 8.07%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2012, were \$817,412 and \$544,927, respectively.

Note 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description- The College operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 275 active and 15 retired members in the plan. The plan does not issue a publicly available financial report.

The medical/prescription drug coverage is provided through a fully-insured plan. 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.

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

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

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual Required Contribution	\$ 57,851
Interest on Net OPEB Obligation	11,479
Adjustment to Annual Required Contribution	<u>(16,097)</u>
Annual OPEB Cost	53,233
Net OPEB Obligation Beginning of Year	270,710
Annual OPEB Cost	53,233
Employer Contributions Made	<u>(44,922)</u>
Expected Net OPEB Obligation End of Year	<u><u>\$ 279,021</u></u>

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 10- 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 as of June 30, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$135,045	0%	\$270,090
June 30, 2011	\$ 53,233	98.8%	\$270,710
June 30, 2012	\$ 53,233	84.4%	\$279,021

Funded Status and Funding Progress- As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$577,846, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$577,846. The covered payroll (annual payroll of active employees covered by the plan) was \$13,405,031 and the ratio of the UAAL to covered payroll was 4.3%. As of June 30, 2012, 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 assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2010 actuarial valuation date, the Projected Unit Credit Actuarial Cost Method was used. The actuarial value of assets is to be equal to the fair market value of assets. The actuarial assumptions include a 4.25% investment return. The projected annual medical trend (inflation) rate is 8%. The ultimate medical trend (inflation) rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP 2000 Mortality Table, applied on a gender-specific basis. The salary increase rate was assumed to be 2.25% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Note 11 -- RISK MANAGEMENT

The Community College has secured insurance purchased from commercial insurance carriers to provide coverage and protection in the following categories: general liability, automobile liability, group excess liability, linebacker, pollution liability, professional services, property and inland marine, workers compensation and employers' liability, and crime insurance. There have been no reductions in insurance coverage from prior years. Settled claims resulting from the risks have not exceeded commercial insurance coverage in any of the past three years.

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 12 -- NEW JOBS TRAINING PROGRAMS

Hawkeye Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Merged Area VII in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property tax. The Community College is currently administering 133 projects receiving project funding or in the repayment stage.

Hawkeye Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Merged Area VII in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. The Community College received funding for 40 projects during fiscal year 2012.

Note 13 -- EARLY RETIREMENT PROGRAM

During fiscal year 2012, a Voluntary Early Retirement Plan was offered. All full-time staff that were 55 years of age by the end of the contract year and who had at least 10 years of full-time service with the Community College were eligible for early retirement remuneration. Early retirement was effective at the end of the employee's contract or the College's fiscal year, whichever period was applicable. The benefits were equal to the College making a cash payment of \$51,036, the equivalent to six year of health insurance coverage at the College's current least expensive single health insurance premium, plus two percent of the contract year salary at the time of retirement election for each complete year based on the employee's full-time employment anniversary date. Payments will be made on the following schedule: the first payment paid on the first pay period of the month following the date of retirement; the second payment paid on the first pay period of the following January. Eligible employees retiring before reaching 65 year of age are entitled to continue their participation in the College's health insurance program, at their own expense, until they reach 65 years of age.

On February 23, 2010, the Board of Trustees passed a Voluntary Early Retirement Plan. All full-time staff that were 55 years of age by the end of the contract year and who had at least 10 years of full-time service with the Community College were eligible for early retirement remuneration. Early retirement was effective at the end of the employee's contract or the College's fiscal year, whichever period was applicable. The benefits were equal to the College making a payment of a total of \$60,000 to a VEBA Trust account. Payments will be made on the following schedule: \$10,000 on the 1st day of the month following the date of retirement; \$15,000 on February 1, 2011; \$20,000 on February 1, 2010; and \$15,000 on February 1, 2013. Eligible employees retiring before reaching 65 year of age are entitled to continue their participation in the College's health insurance program, at their own expense, until they reach 65 years of age.

The College had an early retirement plan which expired during the year ended June 30, 2006. Full-time and certain regular part-time staff, who were 55 or older and who had at least 10 years of continuous service with the College, were eligible to receive early retirement remuneration. Retirement was to begin at the earlier of the end of the employee's contract or when a suitable replacement is found, if so requested. A staff member who accepted early retirement had three options to choose from as to when the cash benefits were to be received. In addition the College will continue to contribute monthly amounts toward the employee's health insurance premiums.

At June 30, 2012, there were 8 participants receiving medical coverage and 47 participants expecting to receive payments under these plans, with a total liability of payments and medical coverage of \$2,047,056. The liability is calculated based on unadjusted premium amounts to be paid over the term of each employee's involvement in the plan. The Community College's early retirement expense for the year ended June 30, 2012 was \$1,238,628.

**HAWKEYE COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 14 – PRIOR PERIOD ADJUSTMENT

In the financial statements for the prior years, depreciation related to agency fixed assets was recorded in the College's operating expenses. The error has been corrected and had the following effect on beginning fund balance:

Beginning Net Assets, as Previously Stated	\$ 75,150,703
Prior Period Adjustment	<u>213,679</u>
Beginning Net Assets, Restated	<u><u>\$ 75,364,382</u></u>

Required Supplementary Information

**HAWKEYE COMMUNITY COLLEGE
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION**

(in thousands)

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2010	July 1, 2008	\$ -	\$ 1,790	\$ 1,790	0.0%	\$ 15,164	11.8%
2011	July 1, 2010	\$ -	\$ 578	\$ 578	0.0%	\$ 13,405	4.3%
2012	July 1, 2010	\$ -	\$ 578	\$ 578	0.0%	\$ 13,405	4.3%

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

Other Supplementary Information

HAWKEYE COMMUNITY COLLEGE
NOTES TO OTHER SUPPLEMENTARY INFORMATION SCHEDULES
JUNE 30, 2012

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

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

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

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

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

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

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

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

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

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

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

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

HAWKEYE COMMUNITY COLLEGE
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL - OTHER SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2012

Funds/Levy	Original Budget	Amended Budget	Actual	Variance between Actual and Budget
Unrestricted	<u>\$ 32,616,783</u>	<u>\$ 35,000,000</u>	<u>\$ 33,459,996</u>	<u>\$ 1,540,004</u>
Restricted	16,750,000	16,750,000	6,612,077	10,137,923
Early Retirement	-	-	1,238,628	(1,238,628)
Unemployment	25,000	25,000	45,689	(20,689)
Tort Liability	162,498	162,498	139,532	22,966
Insurance	492,280	492,280	243,575	248,705
Equipment Replacement	671,000	671,000	1,359,391	(688,391)
Total Restricted	<u>18,100,778</u>	<u>18,100,778</u>	<u>9,638,892</u>	<u>8,461,886</u>
Plant	6,000,000	10,000,000	6,424,041	3,575,959
Bonds and Interest	<u>3,200,000</u>	<u>3,200,000</u>	<u>2,824,042</u>	<u>375,958</u>
 Total	 <u>\$ 59,917,561</u>	 <u>\$ 66,300,778</u>	 <u>\$ 52,346,971</u>	 <u>\$ 13,953,807</u>

See Accompanying Independent Auditor's Report

**HAWKEYE COMMUNITY COLLEGE
NOTE TO OTHER SUPPLEMENTAL INFORMATION – BUDGETARY REPORTING
JUNE 30, 2012**

While the College reports financial position, results of operation and changes in net assets on the basis of generally accepted accounting principles (GAAP), the Board of Trustees annually prepares a budget designating the proposed expenditures for operation of the Community College on a budgetary basis that is accrual basis with the exception of capital outlay and debt service payments. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Trustees certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

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

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

Schedule of Expenditures

	Total Funds
Total Actual Expenditures, Budgetary Basis	\$ 52,346,971
Items Not Required to be Budgeted:	
Auxiliary Enterprises	2,646,111
Scholarships and Grants Accounts	11,688,960
Workforce Act	1,588,885
Investment in Plant	245,728
Combining Adjustments	<u>(18,282,952)</u>
GAAP Basis	<u><u>\$ 50,233,703</u></u>

Expenses from the Statement of Revenues, Expenses, and Changes in Net Assets:

Total Operating Expenses	\$ 49,172,879
Loss on Sale of Capital Assets	45,636
Interest on Indebtedness	<u>1,015,188</u>
	<u><u>\$ 50,233,703</u></u>

**HAWKEYE COMMUNITY COLLEGE
COMBINING BALANCE SHEET
JUNE 30, 2012**

	Current Funds	
	Unrestricted	Restricted
ASSETS:		
Cash and Investments	\$ 16,106,259	\$ 26,340,795
Receivables:		
Due From Others	1,265,250	452,142
Accrued Interest	41,936	221
Property Taxes - Succeeding Year	1,672,619	1,616,369
Student Loans	-	15,724
Iowa Industrial New Jobs Training Program	-	3,607,959
Due From Other Governments	203,536	594,806
Prepaid Expenses	322,486	-
Inventories	143,098	-
Bond Issue Costs	-	56,972
Capital Assets:		
Land	-	-
Buildings	-	-
Construction in Progress	-	-
Other Structures and Improvements	-	-
Furniture and Equipment	-	-
Accumulated Depreciation	-	-
	<u> </u>	<u> </u>
Total Assets	<u>\$ 19,755,184</u>	<u>\$ 32,684,988</u>
LIABILITIES AND FUND EQUITY:		
Liabilities:		
Accounts Payable	\$ 274,903	\$ 105,923
Salaries and Benefits Payable	2,104,592	5,004
Accrued Interest Payable	-	56,619
Deferred Revenue:		
Succeeding Year Property Tax	1,672,619	1,616,369
Other	719,861	609,927
Early Retirement Payable	497,467	1,549,589
Compensated Absences	636,501	-
Assets Held in Custody For Others	-	-
Certificates Payable	-	18,192,987
General Obligation School Bonds	-	-
Net OPEB Liability	-	279,021
	<u> </u>	<u> </u>
Total Liabilities	5,905,943	22,415,439
Fund Balance:		
Invested in Capital Assets, Net of Related Debt	-	-
Restricted:		
Expendable:		
Economic Development	-	4,970,592
Property Tax Levies	-	1,682,095
Iowa New Jobs Training	-	1,458,637
Scholarships	-	52,213
Loans	-	100,309
Debt Service	-	-
Cash Reserve	-	366,380
Other	-	1,639,323
Unrestricted	9,472,431	-
Auxiliary Enterprises	4,376,810	-
	<u> </u>	<u> </u>
Total Fund Balance	<u>13,849,241</u>	<u>10,269,549</u>
	<u>\$ 19,755,184</u>	<u>\$ 32,684,988</u>

SCHEDULE 2

Unexpended	Plant Funds		Agency Funds	Adjustments	Total
	Retirement of Indebtedness	Investment in Plant			
\$ 4,435,955	\$ 900,324	\$ -	\$ 1,027,753	\$ -	\$ 48,811,086
200,000	-	-	-	-	1,917,392
21	-	-	-	-	42,178
1,672,619	3,190,606	-	-	-	8,152,213
-	-	-	-	-	15,724
-	-	-	-	-	3,607,959
430,058	-	-	-	-	1,228,400
-	-	-	-	-	322,486
-	-	-	-	-	143,098
23,346	-	-	-	-	80,318
-	-	379,179	-	-	379,179
-	-	49,149,284	-	-	49,149,284
-	-	3,274,190	-	-	3,274,190
-	-	16,670,854	-	-	16,670,854
-	-	13,570,034	10,179	-	13,580,213
-	-	-	-	(28,815,885)	(28,815,885)
<u>\$ 6,761,999</u>	<u>\$ 4,090,930</u>	<u>\$ 83,043,541</u>	<u>\$ 1,037,932</u>	<u>\$ (28,815,885)</u>	<u>\$ 118,558,689</u>
\$ 671,594	\$ -	\$ -	\$ -	\$ -	\$ 1,052,420
-	-	-	-	-	2,109,596
16,804	-	-	-	-	73,423
1,672,619	3,190,606	-	-	-	8,152,213
-	-	-	-	-	1,329,788
-	-	-	-	-	2,047,056
-	-	-	-	-	636,501
-	-	-	1,037,932	-	1,037,932
-	-	-	-	-	18,192,987
-	-	7,584,969	-	-	7,584,969
-	-	-	-	-	279,021
2,361,017	3,190,606	7,584,969	1,037,932	-	42,495,906
-	-	75,458,572	-	(28,815,885)	46,642,687
-	-	-	-	-	4,970,592
-	-	-	-	-	1,682,095
-	-	-	-	-	1,458,637
-	-	-	-	-	52,213
-	-	-	-	-	100,309
-	900,324	-	-	-	900,324
-	-	-	-	-	366,380
4,400,982	-	-	-	-	1,639,323
-	-	-	-	-	13,873,413
-	-	-	-	-	4,376,810
<u>4,400,982</u>	<u>900,324</u>	<u>75,458,572</u>	<u>-</u>	<u>(28,815,885)</u>	<u>76,062,783</u>
<u>\$ 6,761,999</u>	<u>\$ 4,090,930</u>	<u>\$ 83,043,541</u>	<u>\$ 1,037,932</u>	<u>\$ (28,815,885)</u>	<u>\$ 118,558,689</u>

**HAWKEYE COMMUNITY COLLEGE
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 OTHER CHANGES IN FUND BALANCES (Continued)
 YEAR ENDED JUNE 30, 2012**

	Current Funds	
	Unrestricted	Restricted
REVENUES AND OTHER ADDITIONS:		
General:		
State Appropriations	\$ 11,441,467	\$ 982,978
Tuition and Fees	18,571,387	-
Property Taxes	1,558,679	1,508,215
Federal Appropriations	711,943	13,188,336
Gifts and Grants	-	97,439
Investment Earnings	96,514	13,090
Iowa Industrial New Jobs Training Program	-	3,930,802
Expended for Plant Facilities (Including \$1,247,771 charged to current funds)	-	-
Principal Retired	-	-
Miscellaneous	975,142	1,027,304
	<u>33,355,132</u>	<u>20,748,164</u>
Auxiliary Enterprises		
Tuition and Fees	793,050	-
Sales and Services	1,560,431	-
Miscellaneous	43,476	-
	<u>2,396,957</u>	<u>-</u>
 Total Revenues and Other Additions	 <u>\$ 35,752,089</u>	 <u>\$ 20,748,164</u>

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
\$ 436,241	\$ -	\$ -	\$ -	\$ 12,860,686
-	-	-	(10,521,384)	8,050,003
1,558,675	2,991,157	-	-	7,616,726
-	-	-	-	13,900,279
200,000	-	-	-	297,439
5,591	-	-	-	115,195
-	-	-	-	3,930,802
-	-	7,012,153	(7,012,153)	-
-	-	2,585,000	(2,585,000)	-
162,305	-	-	(262)	2,164,489
<u>2,362,812</u>	<u>2,991,157</u>	<u>9,597,153</u>	<u>(20,118,799)</u>	<u>48,935,619</u>
-	-	-	(400,472)	392,578
-	-	-	-	1,560,431
-	-	-	-	43,476
-	-	-	(400,472)	1,996,485
<u>\$ 2,362,812</u>	<u>\$ 2,991,157</u>	<u>\$ 9,597,153</u>	<u>\$ (20,519,271)</u>	<u>\$ 50,932,104</u>

**HAWKEYE COMMUNITY COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
OTHER CHANGES IN FUND BALANCES (Continued)
YEAR ENDED JUNE 30, 2012**

	Current Funds	
	Unrestricted	Restricted
EXPENDITURES AND OTHER DEDUCTIONS:		
Educational and Support:		
Liberal Arts and Sciences	\$ 7,143,778	\$ -
Vocational Technical	9,435,893	-
Adult Education	2,580,395	-
Cooperative Services	-	5,389,973
General Administration	1,873,824	1,667,424
Student Services	2,970,292	-
Learning Resources	819,601	-
Physical Plant	3,236,399	1,359,391
General Institution	5,399,814	2,034,843
Total Education and Support	<u>33,459,996</u>	<u>10,451,631</u>
Auxiliary Enterprises	2,646,111	-
Scholarships and Grants	-	11,688,960
Plant Asset Acquisitions	-	-
Retirement of Indebtedness	-	-
Disposal of Plant Assets	-	-
Interest on Indebtedness	-	776,146
Depreciation	-	-
Loss on Sale of Capital Assets	-	-
Total Expenditures and Other Deductions	<u>36,106,107</u>	<u>22,916,737</u>
Excess of Revenues and Other Additions		
Over (Under) Expenditures and Other Deductions	(354,018)	(2,168,573)
TRANSFERS:		
Non-mandatory Transfers	<u>191,723</u>	<u>(241,722)</u>
Total Transfers	<u>191,723</u>	<u>(241,722)</u>
Net Increase (Decrease) for the Year	(162,295)	(2,410,295)
Fund Balance June 30, 2011	14,011,536	12,679,844
Prior Period Adjustment	-	-
Fund Balance June 30, 2011 - Restated	<u>14,011,536</u>	<u>12,679,844</u>
Fund Balance June 30, 2012	<u>\$ 13,849,241</u>	<u>\$ 10,269,549</u>

SCHEDULE 3

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
\$ -	\$ -	\$ -	\$ -	\$ 7,143,778
-	-	-	(98,704)	9,337,189
-	-	-	-	2,580,395
-	-	-	-	5,389,973
-	-	-	-	3,541,248
-	-	-	-	2,970,292
-	-	-	(5,995)	813,606
-	-	-	(885,479)	3,710,311
659,659	-	-	(199,783)	7,894,533
<u>659,659</u>	-	-	(1,189,961)	43,381,325
-	-	-	(57,810)	2,588,301
-	-	-	(10,921,856)	767,104
5,764,382	-	-	(5,764,382)	-
-	2,585,000	-	(2,585,000)	-
-	-	245,728	(245,728)	-
-	239,042	-	-	1,015,188
-	-	-	2,436,149	2,436,149
-	-	-	45,636	45,636
<u>6,424,041</u>	<u>2,824,042</u>	<u>245,728</u>	<u>(18,282,952)</u>	<u>50,233,703</u>
(4,061,229)	167,115	9,351,425	(2,236,319)	698,401
<u>(119,332)</u>	-	<u>169,331</u>	-	-
<u>(119,332)</u>	-	<u>169,331</u>	-	-
(4,180,561)	167,115	9,520,756	(2,236,319)	698,401
8,581,543	733,209	65,937,816	(26,793,245)	75,150,703
-	-	-	213,679	213,679
<u>8,581,543</u>	<u>733,209</u>	<u>65,937,816</u>	<u>(26,579,566)</u>	<u>75,364,382</u>
<u>\$ 4,400,982</u>	<u>\$ 900,324</u>	<u>\$ 75,458,572</u>	<u>\$ (28,815,885)</u>	<u>\$ 76,062,783</u>

**HAWKEYE COMMUNITY COLLEGE
UNRESTRICTED FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
EDUCATION AND SUPPORT
YEAR ENDED JUNE 30, 2012**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	General Administration
REVENUES:				
State Appropriations	\$ -	\$ -	\$ 22,073	\$ -
Tuition and Fees	10,426,974	6,995,857	1,148,620	-
Property Taxes	-	-	-	1,558,679
Federal Appropriations	-	333,003	198,385	25,143
Investment Earnings	-	-	-	96,514
Miscellaneous	-	6,606	171,579	608,540
Total Revenues	10,426,974	7,335,466	1,540,657	2,288,876
EXPENDITURES:				
Salaries and Benefits	6,286,955	8,017,373	1,980,519	1,418,120
Services	89,570	212,024	455,134	282,715
Materials and Supplies	126,887	682,873	132,659	47,488
Travel	92,666	69,390	5,734	42,800
Expended for Plant Facilities	-	98,704	-	-
Miscellaneous	547,700	355,529	6,349	82,701
Total Expenditures	7,143,778	9,435,893	2,580,395	1,873,824
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,283,196	(2,100,427)	(1,039,738)	415,052
TRANSFERS:				
Non-mandatory Transfers	(70,311)	294,623	4,890	(53,571)
Total Transfers	(70,311)	294,623	4,890	(53,571)
Net Increase (Decrease) for the Year	\$ 3,212,885	\$ (1,805,804)	\$ (1,034,848)	\$ 361,481
Fund Balance June 30, 2011				
Fund Balance June 30, 2012				

SCHEDULE 4

Support				
Student Services	Learning Resources	Physical Plant	General Institution	Total
\$ -	\$ 462	\$ -	\$ 11,418,932	\$ 11,441,467
(64)	-	-	-	18,571,387
-	-	-	-	1,558,679
-	-	-	155,412	711,943
-	-	-	-	96,514
15,389	31,191	995	140,842	975,142
15,325	31,653	995	11,715,186	33,355,132
2,542,423	523,800	198,530	3,098,752	24,066,472
224,185	21,406	2,705,500	1,693,908	5,684,442
153,615	266,782	326,772	567,085	2,304,161
50,069	1,618	872	40,069	303,218
-	5,995	-	-	104,699
-	-	4,725	-	997,004
2,970,292	819,601	3,236,399	5,399,814	33,459,996
(2,954,967)	(787,948)	(3,235,404)	6,315,372	(104,864)
(2,857)	-	(6,057)	(6,026)	160,691
(2,857)	-	(6,057)	(6,026)	160,691
\$ (2,957,824)	\$ (787,948)	\$ (3,241,461)	\$ 6,309,346	55,827
				9,416,604
				\$ 9,472,431

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**HAWKEYE COMMUNITY COLLEGE
CURRENT UNRESTRICTED FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISES
YEAR ENDED JUNE 30, 2012**

	Career Education	Adult Education	Farm Operations	Food Service	Other	Total
REVENUES:						
Sales and Services	\$ 931,051	\$ 130	\$ 256,786	\$ 39,610	\$ 332,854	\$ 1,560,431
Tuition and Fees	-	273,569	-	-	519,481	793,050
Miscellaneous	489	5,910	825	-	36,252	43,476
Total Revenues	931,540	279,609	257,611	39,610	888,587	2,396,957
EXPENDITURES:						
Salaries and Benefits	68,717	1,407	4,646	-	99,313	174,083
Services	144,780	78,867	53,708	2,076	294,756	574,187
Materials and Supplies	609,756	135,652	175,289	12,929	666,728	1,600,354
Cost of Goods Sold	200,709	-	-	-	3,601	204,310
Travel	1,139	8,486	-	-	3,349	12,974
Expended for Plant Facilities	-	31,295	26,515	-	-	57,810
Miscellaneous	22,276	-	-	-	117	22,393
Total Expenditures	1,047,377	255,707	260,158	15,005	1,067,864	2,646,111
Excess (Deficiency) of Revenues Over (Under) Expenditures	(115,837)	23,902	(2,547)	24,605	(179,277)	(249,154)
TRANSFERS:						
Non-mandatory Transfers	19,061	-	-	-	11,971	31,032
Total Transfers	19,061	-	-	-	11,971	31,032
Net Increase (Decrease) for the Year	(96,776)	23,902	(2,547)	24,605	(167,306)	(218,122)
Fund Balance June 30, 2011	2,147,398	459,817	69,100	174,184	1,744,433	4,594,932
Fund Balance June 30, 2012	<u>\$ 2,050,622</u>	<u>\$ 483,719</u>	<u>\$ 66,553</u>	<u>\$ 198,789</u>	<u>\$ 1,577,127</u>	<u>\$ 4,376,810</u>

**HAWKEYE COMMUNITY COLLEGE
CURRENT RESTRICTED FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2012**

	Scholarships and Grants	Early Retirement	Equipment Replacement	Insurance
REVENUES:				
State Appropriations	\$ 541,576	\$ -	\$ -	\$ -
Property Taxes	-	326,307	692,744	489,266
Federal Appropriations and Grants	10,499,493	-	-	-
Scholarships, Grants, and Gifts	-	-	-	-
Interest on Investments	-	(344)	(98)	25,816
Iowa Industrial New Jobs Training Program	-	-	-	-
Miscellaneous	499,463	-	-	12,277
Total Revenues	11,540,532	325,963	692,646	527,359
EXPENDITURES AND OTHER DEDUCTIONS:				
Salaries and Benefits	-	1,234,410	-	4,426
Services	-	4,218	224,938	374,878
Materials and Supplies	-	-	248,974	3,803
Travel	-	-	-	-
Expended for Plant Facilities	-	-	885,479	-
Interest on Indebtedness	-	-	-	-
Federal Pell Grant Program	10,396,323	-	-	-
Federal Supplemental Educational Opportunity Grant	119,213	-	-	-
Private Scholarships	1,173,424	-	-	-
Miscellaneous	-	-	-	-
Total Expenditures and Other Deductions	11,688,960	1,238,628	1,359,391	383,107
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Deductions	(148,428)	(912,665)	(666,745)	144,252
TRANSFERS:				
Non-mandatory Transfers	148,428	-	-	-
Total Transfers	148,428	-	-	-
Net Increase (Decrease) for the Year	-	(912,665)	(666,745)	144,252
Fund Balance June 30, 2011	52,213	1,045,219	1,129,343	904,393
Fund Balance June 30, 2012	<u>\$ 52,213</u>	<u>\$ 132,554</u>	<u>\$ 462,598</u>	<u>\$ 1,048,645</u>

SCHEDULE 6

Unemployment Compensation	Cash Reserve	Workforce Act and Other JTPA Programs	Iowa Industrial New Jobs Training Program	Economic Development	Miscellaneous	Total
\$ -	\$ -	\$ -	\$ -	\$ 406,370	\$ 35,032	\$ 982,978
(102)	-	-	-	-	-	1,508,215
-	-	1,581,105	-	-	1,107,738	13,188,336
-	-	4,430	-	1,000	92,009	97,439
-	-	-	(642)	(15,093)	3,451	13,090
-	-	-	3,451,822	265,356	213,624	3,930,802
-	-	992	-	495,238	19,334	1,027,304
(102)	-	1,586,527	3,451,180	1,152,871	1,471,188	20,748,164
45,689	-	826,973	-	887,407	665,640	3,664,545
-	-	659,819	1,984,550	133,026	791,003	4,172,432
-	-	74,833	134,734	83,147	229,064	774,555
-	-	26,928	90,866	20,905	41,467	180,166
-	-	-	-	-	199,783	1,085,262
-	-	-	776,146	-	-	776,146
-	-	-	-	-	-	10,396,323
-	-	-	-	-	-	119,213
-	-	-	-	-	99,265	1,272,689
-	-	332	465,527	926	8,621	475,406
45,689	-	1,588,885	3,451,823	1,125,411	2,034,843	22,916,737
(45,791)	-	(2,358)	(643)	27,460	(563,655)	(2,168,573)
-	-	-	-	(206,648)	(183,502)	(241,722)
-	-	-	-	(206,648)	(183,502)	(241,722)
(45,791)	-	(2,358)	(643)	(179,188)	(747,157)	(2,410,295)
84,089	366,380	34,668	1,459,280	5,149,780	2,454,479	12,679,844
\$ 38,298	\$ 366,380	\$ 32,310	\$ 1,458,637	\$ 4,970,592	\$ 1,707,322	\$ 10,269,549

**HAWKEYE COMMUNITY COLLEGE
AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS
YEAR ENDED JUNE 30, 2012**

	Student Organizations	Contracted Training	Miscellaneous	Total
Balance June 30, 2011	\$ 231,875	\$ 398,613	\$ 295,676	\$ 926,164
ADDITIONS:				
State Appropriations and Grants	-	288,076	65,548	353,624
Tuition and Fees	244,625	-	-	244,625
Sales and Services	36,692	-	2,746,108	2,782,800
Miscellaneous	65,014	373,560	-	438,574
Total Additions	346,331	661,636	2,811,656	3,819,623
DEDUCTIONS:				
Salaries and Benefits	66,986	-	43,036	110,022
Services	159,899	572,295	31,728	763,922
Materials and Supplies	62,709	-	2,759,918	2,822,627
Travel	11,284	-	-	11,284
Miscellaneous	-	-	-	-
Total Deductions	300,878	572,295	2,834,682	3,707,855
Balance June 30, 2012	\$ 277,328	\$ 487,954	\$ 272,650	\$ 1,037,932

HAWKEYE COMMUNITY COLLEGE
 SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT
 YEAR ENDED JUNE 30, 2012

	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	80,645	-	80,645			
Career Tech	56,521	-	56,521			
Non-Credit	-	-	-	233,010	15,925	248,935
Total	<u>137,166</u>	<u>-</u>	<u>137,166</u>	<u>233,010</u>	<u>15,925</u>	<u>248,935</u>

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HAWKEYE COMMUNITY COLLEGE
 SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES
 FOR THE LAST NINE YEARS

	Years Ended June 30,				
	2012	2011	2010	2009	2008
Local (Property Tax)	\$ 7,616,726	\$ 7,565,783	\$ 6,890,306	\$ 7,073,144	\$ 5,509,468
State	12,860,686	12,435,369	12,927,107	14,593,950	13,848,935
Federal	<u>13,900,279</u>	<u>15,210,266</u>	<u>16,573,673</u>	<u>9,600,696</u>	<u>8,585,768</u>
Total	<u>\$ 34,377,691</u>	<u>\$ 35,211,418</u>	<u>\$ 36,391,086</u>	<u>\$ 31,267,790</u>	<u>\$ 27,944,171</u>

	Years Ended June 30,			
	2007	2006	2005	2004
Local (Property Tax)	\$ 6,759,565	\$ 6,584,025	\$ 6,056,036	\$ 4,441,456
State	12,318,253	12,001,695	10,597,041	11,151,485
Federal	<u>7,900,156</u>	<u>8,640,955</u>	<u>8,785,557</u>	<u>9,215,730</u>
Total	<u>\$ 26,977,974</u>	<u>\$ 27,226,675</u>	<u>\$ 25,438,634</u>	<u>\$ 24,808,671</u>

**HAWKEYE COMMUNITY COLLEGE
CURRENT FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
FOR THE LAST NINE YEARS**

	Years Ended June 30,				
	2012	2011	2010	2009	2008
Revenues:					
State Appropriations	\$ 12,424,445	\$ 12,295,053	\$ 12,268,793	\$ 14,345,543	\$ 13,707,374
Tuition and Fees	18,571,387	19,021,047	17,097,104	15,085,782	14,167,513
Property Tax	3,066,894	3,333,037	2,671,573	3,077,650	1,753,241
Federal Appropriations	13,900,279	15,184,989	16,008,293	9,600,696	8,585,768
Interest on Investments	109,604	177,646	432,153	535,904	1,483,132
Iowa Industrial New Jobs Training Program	3,930,802	2,868,437	3,294,700	4,154,074	3,529,935
Auxiliary Enterprises	2,396,957	2,925,415	3,132,030	3,300,806	3,236,020
Miscellaneous	2,099,885	2,031,041	2,346,239	2,839,909	1,892,853
Total	<u>\$ 56,500,253</u>	<u>\$ 57,836,665</u>	<u>\$ 57,250,885</u>	<u>\$ 52,940,364</u>	<u>\$ 48,355,836</u>
Expenditures:					
Liberal Arts and Sciences	\$ 7,143,778	\$ 6,530,382	\$ 6,034,637	\$ 6,539,305	\$ 5,850,308
Vocational Technical	9,435,893	9,557,818	8,571,867	8,746,126	8,225,880
Adult Education	2,580,395	2,429,625	1,705,003	2,232,503	2,121,382
Cooperative Services	5,389,973	4,117,198	7,318,191	6,456,505	4,992,297
Administration	3,541,248	2,549,778	4,767,847	3,046,212	3,060,923
Student Services	2,970,292	2,633,091	2,358,329	2,391,466	2,215,574
Learning Resources	819,601	713,523	762,633	799,826	801,075
Physical Plant	4,595,790	3,547,685	3,415,783	3,396,065	3,042,744
General Institution	7,434,657	7,163,263	6,415,669	6,225,230	5,742,150
Auxiliary Enterprises	2,646,111	2,963,456	2,314,838	3,002,400	1,989,728
Scholarships and Grants	11,688,960	12,378,999	10,573,721	6,834,454	6,259,914
Loan Cancellations& Bad Debts	-	-	-	-	-
Interest on Indebtedness	776,146	907,771	990,577	951,985	920,862
Total	<u>\$ 59,022,844</u>	<u>\$ 55,492,589</u>	<u>\$ 55,229,095</u>	<u>\$ 50,622,077</u>	<u>\$ 45,222,837</u>

SCHEDULE 10

	2007	2006	2005	2004
\$	12,175,824	\$ 11,650,270	\$ 10,597,041	\$ 11,151,485
	13,689,822	13,120,651	12,378,473	11,859,508
	3,168,865	3,099,872	2,585,590	3,231,443
	7,900,156	8,640,955	8,785,557	9,215,730
	1,956,956	1,395,416	703,697	386,765
	3,090,789	5,405,079	3,309,867	2,109,670
	2,779,109	2,654,448	2,468,754	2,696,470
	1,943,426	1,462,271	1,170,881	994,822
	<u>\$ 46,704,947</u>	<u>\$ 47,428,962</u>	<u>\$ 41,999,860</u>	<u>\$ 41,645,893</u>
\$	6,041,749	\$ 5,057,359	\$ 5,292,260	\$ 5,050,798
	7,942,304	8,045,658	7,849,353	7,166,316
	2,366,688	3,106,555	3,095,073	2,700,478
	4,728,957	5,281,009	4,573,606	3,561,519
	2,770,850	2,387,875	1,627,592	1,563,024
	2,065,897	2,114,127	1,891,325	1,420,694
	786,252	777,156	873,833	725,935
	3,419,172	3,137,263	3,045,993	3,082,672
	4,308,703	4,911,479	4,789,014	6,168,548
	3,070,686	2,718,167	2,563,282	2,034,647
	5,541,916	5,788,459	6,065,625	6,364,625
	-	-	51,769	352,688
	871,687	-	-	-
	<u>\$ 43,914,861</u>	<u>\$ 43,325,107</u>	<u>\$ 41,718,725</u>	<u>\$ 40,191,944</u>

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2011-2012

Statistical Section



HAWKEYE
COMMUNITY COLLEGE

State of Iowa – Area VII Community College

**HAWKEYE COMMUNITY COLLEGE
STATISTICAL SECTION**

This part of Hawkeye Community College's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. This information has not been audited by the independent auditor.

<u>Contents</u>	<u>Pages</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the College's financial performance has changed over time.	57 - 61
Revenue Capacity	
These schedules contain information that may assist the reader in assessing the College's most significant local revenue source, the property tax.	62 - 65
Debt Capacity	
These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the government's ability to issue additional debt in the future.	66 - 67
Demographic & Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.	68 - 69
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the College provides and the activities it performs.	70 - 80

Source:

Unless otherwise noted, the information in these tables is derived from the annual financial report for the relevant year.

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TABLE I

**HAWKEYE COMMUNITY COLLEGE
NET ASSETS BY COMPONENT
FOR THE LAST TEN FISCAL YEARS**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 46,642,687	\$ 39,144,571	\$ 36,443,968	\$ 29,399,459	\$ 23,192,105
Restricted					
Scholarships, Departmental Programs, Loans	52,213	52,213	52,213	51,047	72,567
Loans	100,309	107,761	82,471	82,471	44,564
Debt Service	900,324	733,209	43,403	18,402	852
Cash Reserve	366,380	366,380	366,380	366,380	366,380
Other	9,750,647	12,153,490	17,602,034	19,558,988	18,154,793
Unrestricted	<u>18,250,223</u>	<u>22,593,079</u>	<u>15,507,382</u>	<u>15,601,221</u>	<u>19,195,406</u>
Total primary government net assets	<u>\$ 76,062,783</u>	<u>\$ 75,150,703</u>	<u>\$ 70,097,851</u>	<u>\$ 65,077,968</u>	<u>\$ 61,026,667</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 22,864,090	\$ 24,667,357	\$ 20,039,435	\$ 13,019,753	\$ 18,965,975
Restricted					
Scholarships, Departmental Programs, Loans	120,072	15,140,378	12,649,639	10,710,346	9,885,941
Loans	(395,097)	-	-	-	-
Debt Service	26,939	-	-	-	-
Cash Reserve	366,380	-	-	-	-
Economic Development	-	-	-	-	-
Property Tax Levies	-	-	-	-	-
Iowa New Jobs Training	-	-	-	-	-
Other	17,722,196	-	-	-	-
Unrestricted	<u>13,603,728</u>	<u>8,835,927</u>	<u>9,365,567</u>	<u>14,800,433</u>	<u>7,840,840</u>
Total primary government net assets	<u>\$ 54,308,308</u>	<u>\$ 48,643,662</u>	<u>\$ 42,054,641</u>	<u>\$ 38,530,532</u>	<u>\$ 36,692,756</u>

Source: Audited Financial Statements

**HAWKEYE COMMUNITY COLLEGE
CHANGES IN NET ASSETS
FOR THE LAST TEN FISCAL YEARS**

	2012	2011	2010	2009
REVENUES				
Tuition and Fees,	\$ 18,571,387	\$ 19,021,047	\$ 17,097,104	\$ 15,085,782
Less: Scholarship Allowance	10,521,384	11,118,066	9,407,653	5,709,580
Net Tuition & Fees	8,050,003	7,902,981	7,689,451	9,376,202
Federal Appropriations	13,900,279	15,210,266	16,573,673	9,600,696
Iowa Industrial New Jobs Training Program	3,930,802	2,868,437	3,294,700	4,154,074
Auxiliary enterprises, net of allowances	1,996,485	2,434,361	2,656,212	2,984,506
Gifts and Grants	297,439	60,359	386,593	153,635
Miscellaneous	2,164,489	2,086,852	2,156,703	2,815,835
Total Operating Revenues	30,339,497	30,563,256	32,757,332	29,084,948
EXPENSES				
Operating Expenses				
Education and Support				
Liberal Arts and Sciences	7,143,778	6,530,382	6,034,637	6,539,305
Vocational Technical	9,337,189	9,090,162	8,410,993	8,517,331
Adult Education	2,580,395	2,421,766	1,699,953	2,232,503
Cooperative Services	5,389,973	4,117,198	7,318,191	6,456,505
General Administration	3,541,248	2,549,778	4,767,847	3,046,212
Student Services	2,970,292	2,628,683	2,358,329	2,391,466
Learning Resources	813,606	713,523	759,102	799,826
Physical Plant	3,710,311	3,333,448	3,180,238	3,284,948
General Institution	7,894,533	7,246,308	7,507,517	6,870,490
Auxiliary Enterprises	2,588,301	2,554,299	2,018,905	2,911,252
Scholarships and Grants	767,104	769,879	690,250	808,574
Workforce Investment Act	-	-	-	-
Loan Cancellations & Bad Debts	-	-	-	-
Depreciation Expense	2,436,149	2,236,116	1,981,911	1,960,025
Total Operating Expenses	49,172,879	44,191,542	46,727,873	45,818,437
Total Operating (Loss)	(18,833,382)	(13,628,286)	(13,970,541)	(16,733,489)
Nonoperating Revenues (Expenses)				
State appropriations	12,860,686	12,435,369	12,927,107	14,593,950
Property Taxes	7,616,726	7,565,783	6,890,306	7,073,144
Donated Capital Assets	-	-	-	-
Investment Earnings	115,195	179,801	442,088	650,205
Gain on Sales of Capital Assets	-	-	-	-
Transfer from Agency	-	-	-	-
Interest on indebtedness	(1,015,188)	(1,116,244)	(1,251,226)	(1,289,114)
Loss on disposal of plant assets	(45,636)	(108,940)	(17,851)	(1,534)
Net Nonoperating Revenues (Expenses)	19,531,783	18,955,769	18,990,424	21,026,651
Increase in Net Assets	698,401	5,327,483	5,019,883	4,293,162
Net Assets Beginning of Year	75,150,703	70,097,851	65,077,968	61,026,667
Prior Year Adjustments	213,679	(274,631)	-	(241,861)
Net Assets Beginning of Year - Restated	75,364,382	69,823,220	65,077,968	60,784,806
Net Assets End of Year	\$ 76,062,783	\$ 75,150,703	\$ 70,097,851	\$ 65,077,968

Source: Audited Financial Statements

TABLE II

	2008	2007	2006	2005	2004	2003
\$	14,167,513	\$ 13,689,822	\$ 13,120,651	\$ 12,378,473	\$ 11,859,508	\$ 10,735,110
	5,307,771	4,625,218	3,707,769	3,726,425	3,849,344	3,916,031
	8,859,742	9,064,604	9,412,882	8,652,048	8,010,164	6,819,079
	8,585,768	7,900,156	8,640,955	8,785,557	9,215,730	8,539,549
	3,396,592	3,090,789	5,405,079	3,309,867	2,109,670	2,224,455
	2,925,066	2,469,717	2,399,139	2,227,806	2,440,745	1,468,354
	66,475	29,973	-	-	-	-
	2,004,251	1,870,203	1,464,771	1,205,778	994,822	1,064,133
	<u>25,837,894</u>	<u>24,425,442</u>	<u>27,322,826</u>	<u>24,181,056</u>	<u>22,771,131</u>	<u>20,115,570</u>
	5,835,808	6,041,749	5,057,359	5,292,260	5,050,798	4,396,707
	7,973,474	7,778,343	7,699,195	7,399,237	7,054,069	7,200,078
	2,121,382	2,366,688	3,106,555	3,095,073	2,694,978	2,798,748
	4,992,297	4,690,637	3,592,712	2,889,926	1,823,461	1,770,518
	3,060,923	2,770,850	2,387,875	1,627,592	1,563,024	1,554,547
	2,215,574	2,065,897	2,114,127	1,891,325	1,420,694	1,250,281
	801,075	786,252	707,466	873,833	725,935	731,110
	2,991,807	3,241,463	3,608,232	3,107,385	3,030,479	2,878,966
	6,056,355	4,451,111	4,846,020	4,519,376	6,133,866	3,887,399
	1,849,058	2,747,075	2,591,077	2,303,069	1,976,122	1,907,388
	641,189	607,306	1,825,381	2,098,252	2,259,556	463,030
	-	-	1,678,086	1,683,680	1,738,058	2,231,896
	-	-	-	51,769	352,688	226,029
	1,664,583	1,547,584	1,556,827	1,129,346	1,101,460	1,291,749
	<u>40,203,525</u>	<u>39,094,955</u>	<u>40,770,912</u>	<u>37,962,123</u>	<u>36,925,188</u>	<u>32,588,446</u>
	<u>(14,365,631)</u>	<u>(14,669,513)</u>	<u>(13,448,086)</u>	<u>(13,781,067)</u>	<u>(14,154,057)</u>	<u>(12,472,876)</u>
	13,848,935	12,318,253	12,001,695	10,597,041	11,151,485	11,157,848
	5,509,468	6,759,565	6,584,025	6,056,036	4,441,456	4,637,770
	9,260	27,000	-	-	426,625	-
	1,777,915	2,290,173	1,512,019	804,686	57,769	624,911
	-	2,913	-	-	-	-
	-	-	45,792	10,232	-	-
	(1,157,454)	(1,063,745)	(66,625)	(132,400)	(30,049)	(112,416)
	(15,452)	-	(39,799)	(30,419)	(55,453)	-
	<u>19,972,672</u>	<u>20,334,159</u>	<u>20,037,107</u>	<u>17,305,176</u>	<u>15,991,833</u>	<u>16,308,113</u>
	5,607,041	5,664,646	6,589,021	3,524,109	1,837,776	3,835,237
	54,308,308	48,643,662	42,054,641	38,530,532	36,692,756	32,857,519
	1,111,318	-	-	-	-	-
	<u>55,419,626</u>	<u>48,643,662</u>	<u>42,054,641</u>	<u>38,530,532</u>	<u>36,692,756</u>	<u>32,857,519</u>
\$	<u>61,026,667</u>	<u>\$ 54,308,308</u>	<u>\$ 48,643,662</u>	<u>\$ 42,054,641</u>	<u>\$ 38,530,532</u>	<u>\$ 36,692,756</u>

**HAWKEYE COMMUNITY COLLEGE
FUND BALANCES
FOR THE LAST TEN FISCAL YEARS**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current Funds				
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -
Restricted	10,269,549	12,679,844	18,103,098	20,058,886
Unrestricted	13,849,241	14,011,536	12,000,600	8,523,022
Total Current Funds	<u>\$ 24,118,790</u>	<u>\$ 26,691,380</u>	<u>\$ 30,103,698</u>	<u>\$ 28,581,908</u>
 Plant Funds				
Invested in Capital Assets, Net of Related Debt	\$ 46,642,687	\$ 39,144,571	\$ 36,443,968	\$ 29,370,588
Restricted	900,324	733,209	43,403	47,273
Unrestricted	4,400,982	8,581,543	3,506,782	7,078,199
Total Endowment Funds	<u>\$ 51,943,993</u>	<u>\$ 48,459,323</u>	<u>\$ 39,994,153</u>	<u>\$ 36,496,060</u>
 Total				
Invested in Capital Assets, Net of Related Debt	\$ 46,642,687	\$ 39,144,571	\$ 36,443,968	\$ 29,370,588
Restricted	11,169,873	13,413,053	22,563,091	20,106,159
Unrestricted	18,250,223	22,593,079	11,090,792	15,601,221
Total Fund Balances	<u>\$ 76,062,783</u>	<u>\$ 75,150,703</u>	<u>\$ 70,097,851</u>	<u>\$ 65,077,968</u>

Source: Audited Financial Statements

TABLE III

2008	2007	2006	2005	2004	2003
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,638,304	17,813,551	15,140,378	12,649,639	10,710,346	9,885,941
7,943,006	6,519,093	6,402,180	4,783,667	6,431,593	5,802,049
<u>\$ 26,581,310</u>	<u>\$ 24,332,644</u>	<u>\$ 21,542,558</u>	<u>\$ 17,433,306</u>	<u>\$ 17,141,939</u>	<u>\$ 15,687,990</u>
\$ 23,192,105	\$ 22,864,090	\$ 24,667,357	\$ 20,039,435	\$ 13,019,753	\$ 18,965,975
852	26,939	-	-	-	-
11,252,400	7,084,635	2,433,747	4,581,900	8,368,840	2,038,791
<u>\$ 34,445,357</u>	<u>\$ 29,975,664</u>	<u>\$ 27,101,104</u>	<u>\$ 24,621,335</u>	<u>\$ 21,388,593</u>	<u>\$ 21,004,766</u>
\$ 23,192,105	\$ 22,864,090	\$ 24,667,357	\$ 20,039,435	\$ 13,019,753	\$ 18,965,975
18,639,156	17,840,490	15,140,378	12,649,639	10,710,346	9,885,941
19,195,406	13,603,728	8,835,927	9,365,567	14,800,433	7,840,840
<u>\$ 61,026,667</u>	<u>\$ 54,308,308</u>	<u>\$ 48,643,662</u>	<u>\$ 42,054,641</u>	<u>\$ 38,530,532</u>	<u>\$ 36,692,756</u>

**HAWKEYE COMMUNITY COLLEGE
REVENUES BY SOURCE
FOR THE LAST TEN FISCAL YEARS**

	2012	2011	2010	2009	2008
Tuition and Fees	\$ 8,050,003	\$ 7,902,981	\$ 7,689,451	\$ 9,376,202	\$ 8,859,742
Property Taxes	7,616,726	7,565,783	6,890,306	7,073,144	5,509,468
State Appropriations	12,860,686	12,435,369	12,927,107	14,593,950	13,848,935
Federal Appropriations	13,900,279	15,210,266	16,573,673	9,600,696	8,585,768
Sales and Services	1,560,431	1,841,966	1,719,870	1,923,295	1,356,467
Investment Earnings	115,195	179,801	442,088	650,205	1,777,915
Iowa Industrial New Jobs Training Program	3,930,802	2,868,437	3,294,700	4,154,074	3,396,592
Increase in Plant Investment/Expenditures	-	-	-	-	9,260
Miscellaneous	2,897,982	2,739,606	3,479,638	4,030,681	3,639,325
	<u>\$ 50,932,104</u>	<u>\$ 50,744,209</u>	<u>\$ 53,016,833</u>	<u>\$ 51,402,247</u>	<u>\$ 46,983,472</u>

	2007	2006	2005	2004	2003
Tuition and Fees	\$ 9,064,604	\$ 9,412,882	\$ 8,652,048	\$ 8,010,164	\$ 6,819,079
Property Taxes	6,759,565	6,584,025	6,056,036	4,441,456	4,637,770
State Appropriations	12,318,253	12,001,695	10,597,041	11,151,485	11,157,848
Federal Appropriations	7,900,156	8,640,955	8,785,557	9,215,730	8,539,549
Sales and Services	23,377	23,377	19,908	14,065	186,408
Investment Earnings	2,290,173	1,512,019	804,686	426,625	624,911
Iowa Industrial New Jobs Training Program	3,090,789	5,405,079	3,309,867	2,109,670	2,224,455
Increase in Plant Investment/Expenditures	-	-	-	57,769	-
Miscellaneous	4,376,429	3,840,533	3,413,676	3,421,502	2,346,079
	<u>\$ 45,823,346</u>	<u>\$ 47,420,565</u>	<u>\$ 41,638,819</u>	<u>\$ 38,848,466</u>	<u>\$ 36,536,099</u>

Source: Audited Financial Statements

**HAWKEYE COMMUNITY COLLEGE
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1000 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS**

Valuation Year	Taxes Payable	Hawkeye Community College	Counties		Cities/Towns Special Districts		School Districts	
			From	To	From	To	From	To
2011	2012/2013	0.96069	6.10019	10.2007	0.00320	18.53335	12.14360	17.95220
2010	2011/2012	0.96115	6.10019	10.2007	0.00340	18.26406	11.83550	17.95220
2009	2010/2011	0.99660	6.12641	9.55347	0.00340	18.26406	11.83550	16.89800
2008	2009/2010	0.93153	5.01766	10.57952	0.00300	16.57469	11.58600	19.12540
2007	2008/2009	1.00130	6.66809	9.75096	0.00350	16.16437	10.56253	17.46765
2006	2007/2008	0.82788	7.10571	7.47225	0.10671	12.17670	10.88956	14.88988
2005	2006/2007	1.04032	6.94651	7.23624	0.09652	13.64637	10.99751	15.07787
2004	2005/2006	1.06691	6.79392	7.09449	0.07736	12.41947	10.94685	15.51692
2003	2004/2005	0.99535	5.96496	6.84755	0.14975	12.87200	10.28574	13.44386
2002	2003/2004	0.74560	5.47010	5.61982	0.25172	14.37589	10.51059	12.04904

Source: County Auditors from Iowa Counties: Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama

**HAWKEYE COMMUNITY COLLEGE
PRINCIPAL PROPERTY TAXPAYERS AND THEIR ASSESSED VALUATIONS
CURRENT YEAR AND NINE YEARS AGO (1)**

Taxpayers	Type of Business	2012			2003		
		2011 Taxable Value	2011 Taxes Levied	Percentage 2011 Taxable Value	2002 Taxable Value	2002 Taxes Levied	Percentage 2002 Taxable Value
Target Corporation	Retail/Warehouse	\$ 90,337,710	\$ 3,194,722	1.094%	\$ 12,342,350	\$ 511,706	0.21%
IOC Black Hawk County Inc	Gaming	73,670,230	3,145,220	0.892%	-	-	0.00%
GG and A Crossroads Center LP	Retail Mall	39,530,390	1,687,682	0.479%	-	-	0.00%
Deere and Company	Manufacturing	30,117,362	1,249,658	0.365%	27,331,190	1,149,150	0.46%
Qwest Corporation	Communications	31,527,032	1,111,134	0.382%	39,384,060	1,360,650	0.66%
Ferguson Enterprises Inc	Manufacturing	24,732,360	1,055,904	0.299%	-	-	0.00%
College Square Mall Partners LLC	Retail Mall	30,335,750	1,047,452	0.367%	29,994,080	1,106,824	0.50%
Con Agra (formerly Hunt Wesson)	Food Processing	21,381,430	912,842	0.259%	3,602,850	157,246	0.06%
Northern Natural Gas Co	Energy Holding	25,092,549	687,234	0.304%	16,074,118	400,760	0.27%
Bertch Cabinet	Manufacturing	14,905,610	636,368	0.180%	12,017,980	524,526	0.20%
IBP Inc	Meat Processing	-	-	0.000%	18,898,080	823,580	0.32%
Equitable Life Insurance Soc of US	Life Insurance	-	-	0.000%	25,779,520	1,125,144	0.43%
		<u>\$ 381,630,423</u>	<u>\$ 14,728,216</u>	<u>4.620%</u>	<u>\$ 185,424,228</u>	<u>\$ 7,159,586</u>	<u>3.10%</u>
	Total valuation	\$ 8,259,846,982			\$ 5,978,629,673		

Source: County Auditors from Iowa Counties: Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama

Note (1): Only nine principal taxpayers were available for 2003.

TABLE VI
**HAWKEYE COMMUNITY COLLEGE
 PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS**

TABLE VII

<u>Fiscal Year</u>	<u>Valuation Year</u>	<u>Tax Levies Valuation Year</u>	<u>Tax Collected Fiscal Year</u>	<u>Percentage Collected Levy Year</u>	<u>Tax Collections Subsequent Years</u>	<u>Total Collections</u>	<u>Total Percentage Collected</u>
2012	2010	\$ 7,615,451	\$ 7,615,451	100.00%	\$ -	\$ 7,615,451	100.00%
2011	2009	7,548,375	7,541,487	99.91%	-	7,541,487	99.91%
2010	2008	6,892,421	6,889,784	99.96%	-	6,889,784	99.96%
2009	2007	6,879,288	6,854,462	99.64%	2,473	6,856,935	99.68%
2008	2006	5,687,831	5,584,468	98.18%	103,363	5,687,831	100.00%
2007	2005	6,735,335	6,709,565	99.62%	25,770	6,735,335	100.00%
2006	2004	6,793,389	6,693,389	98.53%	100,000	6,793,389	100.00%
2005	2003	6,024,204	6,024,204	100.00%	-	6,024,204	100.00%
2004	2002	4,458,455	4,441,456	99.62%	16,999	4,458,455	100.00%
2003	2001	\$ 4,688,321	\$ 4,637,770	98.92%	\$ 50,551	\$ 4,688,321	100.00%

Source: County Auditors from Iowa Counties: Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama

**HAWKEYE COMMUNITY COLLEGE
LEGAL DEBT LIMIT
LAST TEN FISCAL YEARS**

	2011	2010	2009	2008	2007
Total assessed valuation, January 1	\$ 8,259,846,982	\$ 7,698,372,810	\$ 7,360,543,961	\$ 7,190,423,190	\$ 6,870,356,248
Debt limit 5% of total assessed value	412,992,349	384,918,641	368,027,198	359,521,160	343,517,812
Amount of debt applicable to debt limit, total general obligation bonded debt, June 30	7,450,000	10,035,000	6,325,000	8,820,000	6,340,000
Excess of debt limit over bonded debt outstanding, legal debt margin	\$ 405,542,349	\$ 374,883,641	\$ 361,702,198	\$ 350,701,160	\$ 337,177,812
	2006	2005	2004	2003	2002
Total assessed valuation, January 1	\$ 6,474,291,786	\$ 6,367,349,964	\$ 6,052,347,136	\$ 5,979,688,010	\$ 5,979,629,673
Debt limit 5% of total assessed value	323,714,589	318,367,498	302,617,357	298,984,401	298,981,484
Amount of debt applicable to debt limit, total general obligation bonded debt, June 30	2,240,509	4,421,427	7,296,324	1,450,000	2,100,000
Excess of debt limit over bonded debt outstanding, legal debt margin	\$ 321,474,080	\$ 313,946,071	\$ 295,321,033	\$ 297,534,401	\$ 296,881,484

Source: County Auditors from Iowa Counties: Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama and audited financial statements

**HAWKEYE COMMUNITY COLLEGE
OUTSTANDING DEBT
LAST TEN FISCAL YEARS**

TABLE IX

	2012	2011	2010	2009	2008
Governmental and Total Certificates Payable	\$ 18,270,000	\$ 18,865,000	\$ 23,000,000	\$ 24,340,000	\$ 16,660,000
General Obligations Bonds	7,450,000	10,035,000	6,325,000	8,820,000	10,975,000
Notes Payable	-	-	-	-	-
Total	\$ 25,720,000	\$ 28,900,000	\$ 29,325,000	\$ 33,160,000	\$ 27,635,000
Personal Income	*N/A	\$ 123,933,051	\$ 116,616,341	\$ 110,540,530	\$ 110,134,865
Ratio of Debt to Personal Income	*N/A	23.32%	25.15%	30.00%	25.09%
Ratio of Debt per Capita	*N/A	9.44	9.63	11.02	9.20
Ratio of Bonded Debt to Taxable Property Value	*N/A	0.35%	0.38%	0.48%	0.40%
	2007	2006	2005	2004	2003
Governmental and Total Certificates Payable	\$ 15,745,000	\$ 14,700,000	\$ 13,886,610	\$ 11,920,910	\$ 11,179,500
General Obligations Bonds	6,340,000	2,210,000	4,421,427	6,566,324	-
Notes Payable	-	-	-	730,000	1,450,000
Total	\$ 22,085,000	\$ 16,910,000	\$ 18,308,037	\$ 19,217,234	\$ 12,629,500
Personal Income	\$ 104,650,635	\$ 98,207,890	\$ 93,204,363	\$ 90,435,812	\$ 83,920,279
Ratio of Debt to Personal Income	21.10%	17.22%	19.64%	21.25%	15.05%
Ratio of Debt per Capita	7.39	5.69	6.19	6.52	4.30
Ratio of Bonded Debt to Taxable Property Value	0.32%	0.26%	0.29%	0.28%	0.20%

Source: County Auditors from Iowa Counties: Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama and audited financial statements

* Ratio not available

HAWKEYE COMMUNITY COLLEGE
STATE OF IOWA - TOTAL PERSONAL INCOME, POPULATION,
PER CAPITA PERSONAL INCOME PER CALENDAR YEAR, UNEMPLOYMENT PERCENTAGE
LAST TEN CALENDAR YEARS

	2011	2010	2009	2008	2007
Total Personal Income	\$ 123,933,051	\$ 116,616,341	\$ 110,540,530	\$ 110,134,865	\$ 104,650,635
Population	3,062,309	3,046,355	3,007,856	3,002,555	2,988,046
Per Capita Personal Income	\$ 40,470	\$ 38,281	\$ 36,751	\$ 36,680	\$ 35,023
Unemployment Percentage	5.9%	6.2%	6.3%	6.5%	3.8%
	2006	2005	2004	2003	2002
Total Personal Income	\$ 98,207,890	\$ 93,204,363	\$ 90,435,812	\$ 83,920,279	\$ 82,398,008
Population	2,972,566	2,955,587	2,946,009	2,935,991	2,931,084
Per Capita Personal Income	\$ 33,038	\$ 31,535	\$ 30,698	\$ 28,583	\$ 28,112
Unemployment Percentage	3.7%	4.6%	4.5%	4.7%	3.1%

Source: Iowa Workforce Development

Note: Information is presented pertaining to calendar years.

**HAWKEYE COMMUNITY COLLEGE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Current Year		
Rank	Name	Product/Service
1	Deere & Co	Manufacturing
2	Wheaton Franciscan Healthcare (fka Covenant Medical Center)	Health Care
3	Tyson Fresh Meats (fka Iowa Beef Processor)	Meat Processing
4	Allen Memorial Hospital	Health Care
5	University of Northern Iowa	Higher Education
6	Waterloo Community Schools	Public School District K-12
7	Area 267 Education Agency	Educational Support
8	HyVee Food Stores (5)	Retail Trade
9	Omega Cabinet Ltd	Manufacturing
10	GMAC Mortgage Corporation	Mortgage Finance/Service

Nine Years Ago		
Rank	Name	Product/Service
1	Deere & Co	Manufacturing
2	Covenant Medical Center	Health Care
3	Iowa Beef Processors	Meat Products
4	University of Northern Iowa	Higher Education
5	Waterloo Community Schools	Public School District K-12
6	Allen Memorial Hospital	Health Care
7	Bertch Cabinet Manufacturing Company	Manufacturing
8	Omega Cabinets	Manufacturing
9	GMAC Mortgage	Mortgage Finance/Service
10	Hy-Vee Food Stores	Retail Trade

Source: Current year information from Cedar Valley Alliance. Nine years ago information from Black Hawk County fiscal year audit report.

Note: State of Iowa has ruled that information regarding the number of employees of a private employer is confidential so that information is not available.

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TABLE XII

**HAWKEYE COMMUNITY COLLEGE
EMPLOYEES BY FUNCTION AND STUDENTS PER FTE
LAST NINE FISCAL YEARS (1)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Non-faculty									
Full-time	171	168	184	206	200	204	202	196	191
Part-time	236	243	220	230	141	263	250	303	263
Temporary	22	19	17	11	59	16	82	14	30
Total Administration	<u>429</u>	<u>430</u>	<u>421</u>	<u>447</u>	<u>400</u>	<u>483</u>	<u>534</u>	<u>513</u>	<u>484</u>
Faculty									
Full-time	120	118	119	125	120	119	115	114	114
Part-time	0	0	0	33	35	35	44	42	42
Adjunct	224	259 *	80	32	35	177	207	52	20
Total Faculty	<u>344</u>	<u>377</u>	<u>199</u>	<u>190</u>	<u>190</u>	<u>331</u>	<u>366</u>	<u>208</u>	<u>176</u>
Total Employees	<u><u>773</u></u>	<u><u>807</u></u>	<u><u>620</u></u>	<u><u>637</u></u>	<u><u>590</u></u>	<u><u>814</u></u>	<u><u>900</u></u>	<u><u>721</u></u>	<u><u>660</u></u>

* 2012 and 2011 counts include all active adjuncts on Datatel employee base. 2010, 2009, and 2008 counts represents summer adjuncts only.

Source: College Reports

Note (1): The college converted to a new software system in 2004 so earlier information is not available.

HAWKEYE COMMUNITY COLLEGE
CAPITAL ASSETS BY MAJOR CLASS LESS ACCUMULATED DEPRECIATION
FOR THE LAST TEN FISCAL YEARS

	2012	2011	2010	2009
Land	\$ 379,179	\$ 379,179	\$ 379,179	\$ 379,179
Construction in Progress	3,274,190	2,750,884	6,681,038	3,779,036
Capital Assets Not Depreciated	<u>3,653,369</u>	<u>3,130,063</u>	<u>7,060,217</u>	<u>4,158,215</u>
Buildings	49,149,284	44,917,184	36,945,220	36,945,220
Other Structures & Improvements	16,670,854	15,765,319	12,949,992	10,262,207
Furniture and Equipment	13,580,213	12,726,552	11,170,740	10,353,541
Capital Assets Depreciated	<u>79,400,351</u>	<u>73,409,055</u>	<u>61,065,952</u>	<u>57,560,968</u>
Total Capital Assets	83,053,720	76,539,118	68,126,169	61,719,183
Less: Accumulated Depreciation	28,815,885	26,793,245	24,969,109	23,273,325
Net Book Value	<u>\$ 54,237,835</u>	<u>\$ 49,745,873</u>	<u>\$ 43,157,060</u>	<u>\$ 38,445,858</u>
ACCUMULATED DEPRECIATION				
Buildings	\$ 16,017,080	\$ 15,111,124	\$ 14,306,733	\$ 13,676,754
Other Structures & Improvements	4,798,552	4,268,773	3,761,887	3,194,386
Furniture and equipment	8,000,253	7,413,348	6,900,489	6,402,185
Total Accumulated Depreciation	<u>\$ 28,815,885</u>	<u>\$ 26,793,245</u>	<u>\$ 24,969,109</u>	<u>\$ 23,273,325</u>

Source: Audited financial statements

TABLE XIII

2008	2007	2006	2005	2004	2003
\$ 379,179	\$ 379,179	\$ 379,179	\$ 379,179	\$ 287,173	\$ 287,173
1,631,722	1,500,299	767,484	4,775,060	693,679	-
<u>2,010,901</u>	<u>1,879,478</u>	<u>1,146,663</u>	<u>5,154,239</u>	<u>980,852</u>	<u>287,173</u>
36,924,866	32,064,780	32,064,780	26,882,181	26,882,181	26,882,181
7,661,384	6,994,100	4,770,755	3,310,894	3,316,813	3,316,813
9,300,611	8,633,510	7,883,978	7,006,035	6,371,892	6,514,137
<u>53,886,861</u>	<u>47,692,390</u>	<u>44,719,513</u>	<u>37,199,110</u>	<u>36,570,886</u>	<u>36,713,131</u>
55,897,762	49,571,868	45,866,176	42,353,349	37,551,738	37,000,304
21,553,441	20,123,267	18,958,310	17,892,487	17,235,661	16,584,329
<u>\$ 34,344,321</u>	<u>\$ 29,448,601</u>	<u>\$ 26,907,866</u>	<u>\$ 24,460,862</u>	<u>\$ 20,316,077</u>	<u>\$ 20,415,975</u>
\$ 12,885,162	\$ 12,182,019	\$ 11,552,276	\$ 10,920,068	\$ 10,381,780	\$ 9,844,493
2,956,605	2,953,683	2,870,982	2,783,030	2,736,882	2,707,018
5,711,674	4,987,565	4,535,052	4,189,389	4,116,999	4,032,818
<u>\$ 21,553,441</u>	<u>\$ 20,123,267</u>	<u>\$ 18,958,310</u>	<u>\$ 17,892,487</u>	<u>\$ 17,235,661</u>	<u>\$ 16,584,329</u>

**HAWKEYE COMMUNITY COLLEGE
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT
FOR THE LAST TEN FISCAL YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Arts and Sciences										
Credit Hours, Eligible for Aid	80,621	70,418	68,977	57,759	63,016	67,867	57,482	56,373	57,210	54,294
Contact Hours, Eligible for Aid	1,367,128	1,180,736	1,149,296	980,976	1,066,192	1,176,555	869,984	940,331	957,569	985,231
Total Arts and Sciences	1,447,749	1,251,154	1,218,273	1,038,735	1,129,208	1,244,422	927,466	996,704	1,014,779	1,039,525
Vocational Education										
Credit Hours, Eligible for Aid	56,545	74,617	72,666	60,943	63,206	59,237	63,477	65,754	66,995	64,693
Credit Hours, Not Eligible for Aid	-	-	-	-	-	-	-	-	-	-
Contact Hours, Eligible for Aid	1,284,096	1,597,712	1,557,392	1,313,520	1,355,616	1,274,997	1,252,416	1,417,031	1,438,653	1,530,744
Contact Hours, Not Eligible for Aid	-	-	-	-	-	-	-	-	-	-
Total Vocational Education	1,340,641	1,672,329	1,630,058	1,374,463	1,418,822	1,334,234	1,315,893	1,482,785	1,505,648	1,595,437
Adult/Continuing Education										
Contact Hours, Eligible for Aid	233,010	245,219	227,094	308,431	313,813	332,516	362,594	408,562	433,939	720,130
Contact Hours, Not Eligible for Aid	15,925	15,637	27,562	51,352	54,484	59,105	72,605	76,120	30,504	30,787
Total Vocational Education	248,935	260,856	254,656	359,783	368,297	391,621	435,199	484,682	464,443	750,917
Related Services and Activities										
Contact Hours, Eligible for Aid	-	-	-	-	-	-	-	-	-	29,400
Contact Hours, Not Eligible for Aid	15,456	15,130	10,455 *	16,320	17,520	18,480	24,720	-	2,400	60
Total Related Services and Activities	15,456	15,130	10,455	16,320	17,520	18,480	24,720	-	2,400	29,460
Total	<u>3,052,781</u>	<u>3,199,469</u>	<u>3,113,442</u>	<u>2,789,301</u>	<u>2,933,847</u>	<u>2,988,757</u>	<u>2,703,278</u>	<u>2,964,171</u>	<u>2,987,270</u>	<u>3,415,339</u>

Source: College Reports

* Discontinued including Academic Computer Support Lab counts in Continuing Ed

**HAWKEYE COMMUNITY COLLEGE
HIGHER EDUCATION PRICE INDEX (HEPI) FULL YEAR FTE
LAST TEN YEARS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Higher Education Price Index (1)	293.2	288.4	281.8	279.3	269.7	260.3	251.8	239.8	231.5	221.2
Normalized HEPI	1.017	1.023	1.009	1.036	1.036	1.034	1.050	1.036	1.047	1.029
Full Year FTE (2)	4,798	5,148	4,048	3,576	3,488	3,485	3,460	3,502	3,564	3,495

(1) HIGHER EDUCATION PRICE INDEX (HEPI). The HEPI deflates financial data to provide a Constant Dollar comparison. The HEPI has been applied to facilitate in the interpretation of certain financial information. The HEPI uses 1983 as a base year. The normalized HEPI

(2) FULL TIME EQUIVALENT STUDENT (FTE). Certain financial data in this section is presented per FTE student. The FTE is based on a weighted full year FTE.

Source: District Reports and Commonfund Institute - 2012 Higher Education Price Index

**HAWKEYE COMMUNITY COLLEGE
STUDENT ENROLLMENT BY PROGRAM
LAST TEN FISCAL YEARS**

Program/Major	2012	2011	2010	2009	2008
Arts and Sciences					
Liberal Arts AA	7,735	8,239	7,819	7,149	6,880
Liberal Arts AS	10	14	17	5	11
Pre-Technical Programs	1,508 *	-	-	-	-
Applied Science and Technology					
Ag Business Management	114	138	110	114	108
Ag Food & Technology	-	-	-	-	-
Ag Science	30	27	35	35	38
Animal Science	100	106	136	111	82
Horticulture Science	103	136	131	107	104
Natural Resources Mgmt.	133	104	84	117	117
Vet Assisting	78	78	25	18	10
Sub-total	<u>558</u>	<u>589</u>	<u>521</u>	<u>502</u>	<u>459</u>
Accounting	160	141	123	101	112
Accounting Technician	-	1	-	-	-
Admin. Assistant	50	62	65	50	50
Business Administration	570	630	681	643	589
Computer and Network Tech.	27	66	61	63	67
Customer Service	-	-	1	1	2
Executive Assistant	112	50	42	50	44
Finance & Banking	-	-	-	-	-
Fire Science	7	18	17	20	21
General Business	79	37	57	56	56
Human Resource Management	82	34	-	-	-
Information Processor	-	-	-	-	-
Information Systems Management	23	38	29	19	25
Legal Office Assistant	62	68	78	53	60
Marketing Management	215	176	166	167	169
Medical Admin. Assistant	196	247	193	138	157
Medical Secretary	19	65	79	76	118
Medical Transcription	-	-	-	-	2
Network Admin & Engineering	87	109	124	93	70
Office Assistant	-	-	-	2	5
Office Specialist	17	53	33	34	34
Web Design & Develop.	43	71	72	71	61
Sub-total	<u>1,749</u>	<u>1,866</u>	<u>1,821</u>	<u>1,637</u>	<u>1,642</u>
Corrections	148	151	156	110	102
Early Childhood Education	124	172	155	138	118
Early Childhood Educ Apprent	-	13	42	63	74
Graphic Communications	108	167	168	154	150
Interior Design	49	58	70	72	69
Professional Photography	185	283	270	275	283
Police Science	320	471	459	407	361
Sub-total	<u>934</u>	<u>1,315</u>	<u>1,320</u>	<u>1,219</u>	<u>1,157</u>

TABLE XVI

Program/Major	2012	2011	2010	2009	2008
Associate Degree Nursing	211	318	296	277	277
Assoc Degree Nursing (Evening)	-	-	2	34	31
Dental Assisting	43	107	106	97	102
Dental Hygiene	84	202	220	214	184
Medical Lab Technology	84	143	139	143	146
Medical Lab Tech Consortium	30	59	51	30	11
Nursing Assistant	-	-	-	237	184
Occupational Therapy Asst.	43	1	-	-	-
Ophthalmic/Optometric Asst.	-	-	4	32	48
Physical Therapist Asst	89	-	-	-	-
Practical Nursing	365	1,098	1,114	795	867
Practical Nursing (Evening)	-	-	9	42	38
Practical Nursing (EHC2)	-	20	46	43	39
Pre-Radiography	3	5	7	4	6
Pre-Surg Tech	26	39	20	28	19
Registered Nurse First Asst	-	-	-	-	-
Respiratory Care	77	182	140	75	100
Sub-total	1,055	2,174	2,154	2,051	2,052
Alternative Energy	26	-	-	-	-
Arch & Const Technology	7	16	14	57	80
Automated Systems Tech	7	28	7	8	27
Automated Systems Tech JD	-	4	19	37	17
Civil & Construc Engineering Tech	54	76	76	70	84
CNC Machining Tech	99	153	126	116	104
CNC Machinist - EMC2	31	67	83	122	110
CNC Machinist - John Deere	3	6	30	25	44
CNC Machinist - Hypro	-	4	-	-	-
CNC Machining & Tool Tech	119	-	-	-	-
Drafting & Design Tech	-	-	-	-	-
Electromechanical Maint. Tech.	29	108	139	96	131
Electronic Engineering Tech	124	143	137	97	50
Electronic Engineering Tech JD	45	41	22	57	77
Electromechanical Maint. Tech BPI	-	13	-	-	-
Electromechanical Maint. Tech ConAgra	-	16	-	-	-
Electromechanical Maint. Tech IBP	-	16	9	11	-
Electromechanical Maint. Appren.	-	-	6	-	12
General Technology	-	-	-	-	-
Heating & Air Conditioning	53	88	88	45	51
Industrial Automation Technology	57	-	-	-	-
Interdisciplinary Studies	-	9	106	14	7
Mechanical Engineering Tech	-	-	-	-	-
Network Administrator	-	-	-	-	-
Tool & Die	4	17	35	38	31
Web Design	-	-	-	-	-
Welding	117	136	144	101	73
Welding JD	-	-	3	4	5
Sub-total	775	941	1,044	898	903
Ag Power Technology AAS	64	60	47	20	17
Auto Electronics Tech AAS	38	65	59	34	36
Automotive Technology AAS	130	163	143	106	128
Aviation Maintenance Tech	-	-	-	-	-
Collision Repair & Refinishing AAS	97	105	108	79	74
Diesel Truck Tech AAS	41	48	52	32	50
Truck Driving	73	83	59	67	46
Sub-total	443	524	468	338	351
Total Credit Enrollment	14,767	15,662	15,164	13,799	13,455

Source: College Reports

HAWKEYE COMMUNITY COLLEGE
STUDENT ENROLLMENT BY PROGRAM (Continued)
LAST TEN FISCAL YEARS

Program/Major	2007	2006	2005	2004	2003
Arts and Sciences					
Liberal Arts AA	6,648	5,888	6,022	5,929	5,519
Liberal Arts AS	14	-	-	-	-
Pre-Technical Programs	-	-	-	-	-
Applied Science and Technology					
Ag Business Management	82	63	49	70	79
Ag Food & Technology	-	-	-	-	1
Ag Science	37	11	9	15	23
Animal Science	69	46	40	41	38
Horticulture Science	119	112	123	121	125
Natural Resources Mgmt.	114	100	102	97	111
Vet Assisting	29	1	-	-	-
Sub-total	450	333	323	344	377
Accounting	121	131	162	175	168
Accounting Technician	1	2	1	2	1
Admin. Assistant	49	55	60	65	63
Business Administration	507	432	392	395	388
Computer and Network Tech.	62	59	73	59	29
Customer Service	2	-	-	-	-
Executive Assistant	51	76	61	61	69
Finance & Banking	-	-	5	9	25
Fire Science	28	19	11	11	10
General Business	50	56	61	38	46
Human Resource Management	-	-	-	-	-
Information Processor	-	-	-	-	-
Information Systems Management	32	43	27	26	12
Legal Office Assistant	69	50	28	32	35
Marketing Management	143	105	108	159	132
Medical Admin. Assistant	144	146	162	158	138
Medical Secretary	159	141	108	119	100
Medical Transcription	19	9	1	-	-
Network Admin & Engineering	74	93	98	109	86
Office Assistant	1	-	1	5	3
Office Specialist	56	61	54	66	61
Web Design & Develop.	36	36	33	48	28
Sub-total	1,604	1,514	1,446	1,537	1,394
Corrections	121	136	146	126	99
Early Childhood Education	147	151	80	96	156
Early Childhood Educ Apprent	62	68	70	36	-
Graphic Communications	171	205	191	220	199
Interior Design	66	84	39	42	62
Professional Photography	292	332	342	313	322
Police Science	333	318	362	402	384
Sub-total	1,192	1,294	1,230	1,235	1,222

TABLE XVI (Continued)

Program/Major	2007	2006	2005	2004	2003
Associate Degree Nursing	335	315	226	121	299
Assoc Degree Nursing (Evening)	24	26	16	14	-
Dental Assisting	93	98	89	106	118
Dental Hygiene	228	216	183	151	131
Medical Lab Technology	147	154	130	116	105
Medical Lab Tech Consortium	25	23	17	9	6
Nursing Assistant	146	211	184	177	141
Occupational Therapy Asst.	-	-	-	-	-
Ophthalmic/Optometric Asst.	51	67	82	93	54
Physical Therapist Asst	-	-	-	-	-
Practical Nursing	969	1,001	1,119	1,040	1,012
Practical Nursing (Evening)	46	49	63	36	-
Practical Nursing (EHC2)	44	47	34	16	-
Pre-Radiography	-	-	-	-	-
Pre-Surg Tech	8	7	4	-	-
Registered Nurse First Asst	-	-	-	-	1
Respiratory Care	99	117	123	108	56
Sub-total	2,215	2,331	2,270	1,987	1,923
Alternative Energy	-	-	-	-	-
Arch & Const Technology	81	77	90	99	73
Automated Systems Tech	17	15	1	3	12
Automated Systems Tech JD	3	-	-	-	-
Civil & Construc Engineering Tech	79	83	58	60	62
CNC Machining Tech	84	95	103	85	94
CNC Machinist - EMC2	117	123	84	102	69
CNC Machinist - John Deere	54	93	72	57	78
CNC Machinist - Hypro	-	-	-	-	-
CNC Machining & Tool Tech	-	-	-	-	-
Drafting & Design Tech	2	1	19	26	136
Electromechanical Maint. Tech.	22	37	71	81	36
Electronic Engineering Tech	152	144	105	115	134
Electronic Engineering Tech JD	47	19	-	7	-
Electromechanical Maint. Tech BPI	-	-	-	-	-
Electromechanical Maint. Tech ConAgra	-	-	-	-	-
Electromechanical Maint. Tech IBP	61	64	18	27	46
Electromechanical Maint. Appren.	18	15	17	19	24
General Technology	-	-	-	-	15
Heating & Air Conditioning	77	78	66	58	65
Industrial Automation Technology	-	-	-	-	-
Interdisciplinary Studies	6	10	25	37	22
Mechanical Engineering Tech	-	-	-	-	20
Network Administrator	-	-	-	-	58
Tool & Die	41	32	24	43	82
Web Design	-	-	-	-	16
Welding	60	54	51	47	38
Welding JD	-	-	-	-	-
Sub-total	921	940	804	866	1,080
Ag Power Technology AAS	13	40	36	29	30
Auto Electronics Tech AAS	40	66	106	79	62
Automotive Technology AAS	86	131	149	126	112
Aviation Maintenance Tech	56	-	16	46	49
Collision Repair & Refinishing AAS	56	120	127	109	96
Diesel Truck Tech AAS	65	47	47	52	40
Truck Driving	47	24	27	28	21
Sub-total	363	428	508	469	410
Total Credit Enrollment	13,407	12,728	12,603	12,367	11,925

Source: College Reports

**HAWKEYE COMMUNITY COLLEGE
STUDENT STATISTICS
LAST TEN FISCAL YEARS**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Male	6,263	6,782	6,793	6,115	5,887	5,726	5,335	5,180	5,278	5,046
Female	8,504	8,880	8,371	7,684	7,568	7,681	7,393	7,620	7,432	6,879
Full-time	7,691	8,333	8,265	7,198	7,187	7,145	7,044	7,287	7,465	7,087
Part-time	7,076	7,329	6,899	6,601	14,755	14,826	14,437	14,907	14,897	13,966
Average Credit Hours per student Semester	10.01	10.02	10.10	10.01	10.20	10.19	10.52	10.91	11.05	11.25
Average Credit Hours per student Summer	5.18	5.25	5.39	5.04	4.97	4.90	4.85	5.00	5.00	5.00
Average Age of Student	23.60	23.83	22.58	22.51	22.96	23.36	23.98	23.80	24.03	23.57

Source: College Reports

**HAWKEYE COMMUNITY COLLEGE
STUDENT ETHNICITY
LAST TEN FISCAL YEARS**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
American Indian or Alaskan Native	55	54	60	66	53	46	48	45	53	56
Asian or Pacific Islander	209	201	212	154	168	175	146	147	121	130
Black, Non-Hispanic	1,183	1,465	1,345	944	863	954	983	1,037	1,076	964
Hispanic	344	310	286	216	215	225	212	178	186	144
International Student	41	60	92	40	28	20	18	82	96	104
No response	6	5	76	102	170	242	247	233	173	189
2 or More Races	138	76	21	-	-	-	-	-	-	-
White, Non-Hispanic	<u>12,832</u>	<u>13,551</u>	<u>13,164</u>	<u>12,277</u>	<u>11,958</u>	<u>11,745</u>	<u>11,073</u>	<u>11,089</u>	<u>11,072</u>	<u>10,641</u>
Total	<u>14,808</u>	<u>15,722</u>	<u>15,256</u>	<u>13,799</u>	<u>13,455</u>	<u>13,407</u>	<u>12,727</u>	<u>12,811</u>	<u>12,777</u>	<u>12,228</u>

Source: College Reports

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2011-2012

Single Audit Section



State of Iowa – Area VII Community College

**HAWKEYE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
DIRECT:			
U. S. Department of Education:			
Student Financial Aid – Cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	\$ 119,213	\$ -
Federal Work-Study Program (FWS)	84.033	155,225	-
Federal Pell Grant Program	84.063	10,396,323	-
Federal Direct Student Loans	84.268	-	23,555,523
Academic Competitiveness Grant	84.375	513	-
Total Student Financial Aid Cluster		10,671,274	23,555,523
C-Campis	84.335	49,763	-
TRIO - Student Support Services	84.042	243,878	-
Total Direct U.S. Department of Education		10,964,915	23,555,523
Corporation for National and Community Services:			
Senior Companion Program	94.016	351,289	-
U.S. Department of Labor:			
WIA Pilots, Demonstrations, and Research Projects	17.261	327,777	-
Total Direct Expenditures		11,643,981	23,555,523
INDIRECT:			
U.S. Department of Education:			
Indirect Through the Iowa Department of Education:			
Adult Education - State Grant Program	84.002	204,143	-
Vocational Education - Basic Grants to States	84.048	333,003	-
Fund for the Improvement of Postsecondary Education	84.116	2,523	-
Total Indirect U.S. Department of Education		539,669	-
U.S. Department of Labor:			
Indirect Through Iowa Workforce Development:			
Employment Service Cluster:			
Employment Service	17.207	6,334	-
Disabled Veteran's Outreach Program	17.801	1,624	-
		7,958	-
Workforce Investment Act - Cluster (WIA):			
WIA Adult Program	17.258	216,716	-
WIA Youth Program	17.259	249,361	-
WIA Dislocated Workers	17.260	4,370	-
WIA National Emergency Grants	17.277	65,724	-
WIA Dislocated Workers	17.278	213,813	-
		749,984	-
Work Incentives Grant	17.266	5,643	-
Unemployment Insurance	17.225	11,937	-
Trade Adjustment Assistance	17.245	233	-
		775,755	-
Indirect Through Northeast Iowa Community College:			
Trade Adjustment Assistance Community College and Career Training	17.282	38,729	-
Indirect Through the Iowa Department of Education:			
Incentive Grants - WIA Section 503	17.267	44,587	-
Total Indirect U.S. Department of Labor		859,071	-

**HAWKEYE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
INDIRECT (Continued):			
U.S. Department of Commerce: Indirect through Iowa Workforce Development: Public Telecommunications Facilities Planning and Construction	11.550	12,993	
U.S. Department of Health and Human Services: Indirect through Iowa Workforce Development: Temporary Assistance for Needy Families Cluster: Temporary Assistance for Needy Families	93.558	423,681	-
U.S. Department of Agriculture: Indirect through Iowa Department of Education: Child and Adult Care Food Program	10.558	12,233	-
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10.226	21,917	-
New ERA Rural Technology Competitive Grants Program	10.314	21,518	-
Total Indirect U.S. Department of Agriculture		55,668	-
Total Indirect Expenditures		1,891,082	-
Total Direct and Indirect Expenditures		<u>\$ 13,535,063</u>	<u>\$ 23,555,523</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 -- BASIS OF PRESENTATION

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



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

Board of Trustees
Hawkeye Community College
Waterloo, Iowa

We have audited the basic financial statements of Hawkeye Community College, Waterloo, Iowa, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 12, 2012. 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. Other auditors audited the financial statements of Hawkeye Community College Foundation, as described in our report on Hawkeye Community College's financial statements. The financial statements of Hawkeye Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs, II-A-12 to be a material weakness.

Compliance and Other Matters

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

Hawkeye Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the 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, employees and constituents of Hawkeye Community College and other parties to whom Hawkeye Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Williams & Company, P.C.
Certified Public Accountants

Spencer, Iowa
December 12, 2012



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

Board of Trustees
Hawkeye Community College
Waterloo, Iowa

Compliance

We have audited Hawkeye Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hawkeye Community College's major federal programs for the year ended June 30, 2012. Hawkeye Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hawkeye Community College's management. Our responsibility is to express an opinion on Hawkeye Community College's compliance based on our audit.

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

In our opinion, Hawkeye Community College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned cost as items III-D-12 and III-E-12.

Internal Control Over Compliance

Management of Hawkeye Community 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 Hawkeye Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to tests 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 Hawkeye Community College's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items III-A-12, III-B-12, and III-C-12. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Williams & Company, P.C.

Certified Public Accountants

Spencer, Iowa
December 12, 2012

**HAWKEYE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

PART I – SUMMARY OF AUDITORS' RESULTS

- (A) An unqualified opinion was issued on the financial statements.
- (B) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (C) The audit did not disclose any non-compliance which is material to the financial statements.
- (D) Significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (E) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (F) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (G) Major programs were as follows:
 - Student Financial Aid Cluster:
 - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grant (FSEOG)
 - CFDA Number 84.033 – Federal Work-Study Program
 - CFDA Number 84.063 – Federal Pell Grant Program
 - CFDA Number 84.268 – Federal Direct Student Loans
 - CFDA Number 84.375 – Academic Competitiveness Grant
 - Other Major Programs:
 - CFDA Number 94.016 – Senior Companion Program
 - CFDA Number 17.261 – WIA Pilots, Demonstrations, and Research Projects
 - CFDA Number 84.048 – Vocational Education – Basic Grants to States
- (H) The dollar threshold used to distinguish between Type A and Type B was \$300,000.
- (I) Hawkeye Community College did not qualify as a low-risk auditee.

**HAWKEYE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

PART II – FINDING RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

MATERIAL WEAKNESS:

II-A-12 Financial Reporting – During the audit, we identified material amounts of accounts payable, assets held in custody for others, and plant fund balances, and immaterial amounts of investments, prepaid expenses, accounts receivable, fixed assets, and revenues and expenses related to 260F and Iowa grow values projects not recorded or not properly recorded in the College's financial statements.

Recommendation – The College should continue to refine year-end closing processes that provide for reconciliation of certain account balances to ensure timely and accurate financial reporting. The College should also implement additional procedures to ensure all accounts payable, agency fund balance, investments, prepaid expenses, accounts receivable, fixed assets, and revenue and expenses related to 260F and Iowa grow values projects are properly identified, classified, and included in the College's financial statements.

Response – We will continue to improve closing processes and implement additional procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE: No matters were reported.

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

SIGNIFICANT DEFICIENCIES:

CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grant (FSEOG)

CFDA Number 84.033 – Federal Work-Study Program

CFDA Number 84.063 – Federal Pell Grant Program

CFDA Number 84.268 – Federal Direct Student Loans

CFDA Number 84.375 – Academic Competitiveness Grant

III-A-12 Return of Funds Calculation - During our review of internal control procedures over the Student Financial Aid Cluster, we identified one instance out of forty calculations where an incorrect number of days was used in calculating a return of the Title IV funds.

Recommendation – The College should review and monitor each session during a semester to determine the correct number of days to use when calculating return of Title IV funds.

Response – The three advisors that perform the R2T4 calculations are now meeting with the FA Systems Manager and FA Director, at the beginning of each term, to ensure that the calculation of number of days for all common length classes are accurate. Then, as each advisor comes across short term classes, the calculation is being validated by at least two other staff. All of this information is being recorded in the appropriate procedure that all advisors refer to as they are performing the calculation so they are all consistent with the number of days being used for the R2T4 calculations.

Conclusion – Response accepted.

**HAWKEYE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

SIGNIFICANT DEFICIENCIES (continued):

CFDA Number 94.016 – Senior Companion Program

III-B-12 File Documentation - During our review of internal control procedures over the Senior Companion Program, we identified five companion files out of thirty-seven that lacked documentation of income guidelines being met or physically capable of serving. We also found two files out of thirty-seven that lacked documentation of the appropriate criminal check or abuse report.

Recommendation – The College should implement review procedures regarding the companion files to ensure the required documentation is maintained. A checklist for each companion's file filled out by the reviewer would help ensure all documentation was gathered and is included in the file.

Response – We have developed a file checklist to ensure that all required documentation is in the Senior Companion's file to verify eligibility to serve as a volunteer. The program is fully staffed with 2 FTE. One staff person will complete the companion files and the other person will verify the files for accuracy.

Conclusion – Response accepted.

CFDA Number 94.016 – Senior Companion Program

III-C-12 Expense Recording and Approval - During our review of internal control procedures over the Senior Companion Program, we identified seven paychecks out of forty where the amount paid to the senior companion did not agree with the approved timesheet. We also identified three timesheets out of forty where the indicated approvals were not found.

Recommendation – The College should review payroll procedures to ensure the calculations on timesheets are being appropriately computed and documentation of timesheet approvals are adequately maintained.

Response – The manager will complete the timesheet calculations and verify that the required approvals (signatures) are on the timesheet/s. The secretary will double check the calculations and approvals for accuracy.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grant (FSEOG)

CFDA Number 84.033 – Federal Work-Study Program

CFDA Number 84.063 – Federal Pell Grant Program

CFDA Number 84.268 – Federal Direct Student Loans

CFDA Number 84.375 – Academic Competitiveness Grant

III-D-12 Return of Funds Calculation - During our review of compliance requirements over the Student Financial Aid Cluster, we identified one instance out of forty where the return of the Title IV funds was improperly calculated based upon the information available. The non-compliance was not material to the financial statements.

Recommendation – The College should review and monitor each session during a semester to determine the correct number of days to use when calculating return of Title IV funds.

**HAWKEYE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

INSTANCES OF NON-COMPLIANCE (continued):

Response – The three advisors that perform the R2T4 calculations are now meeting with the FA Systems Manager and FA Director, at the beginning of each term, to ensure that the calculation of number of days for all common length classes are accurate. Then, as each advisor comes across short term classes, the calculation is being validated by at least two other staff. All of this information is being recorded in the appropriate procedure that all advisors refer to as they are performing the calculation so they are all consistent with the number of days being used for the R2T4 calculations.

Conclusion – Response accepted.

CFDA Number 94.016 – Senior Companion Program

III-E-12 File Documentation - During our review of compliance requirements over the Senior Companion Program, we identified seven companion files out of thirty-seven that lacked necessary documentation to determine eligibility.

Recommendation – The College should implement review procedures regarding the companion files to ensure the required documentation is maintained. A checklist for each companion’s file filled out by the reviewer would help ensure all documentation was gathered and is included in the file.

Response – We have developed a file checklist to ensure that all required documentation is in the Senior Companion’s file to verify eligibility to serve as a volunteer. The program is fully staffed with 2 FTE. One staff person will complete the companion files and the other person will verify the files for accuracy.

Conclusion – Response accepted.

PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

IV-A-12: Certified Budget – Expenditures for the year ended June 30, 2012, did not exceed the amounts budgeted.

IV-B-12: Questionable Disbursements – No expenditures we believe did not meet the requirement of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-12: Travel Expense – No expenditures of Hawkeye Community College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.

IV-D-12: Business Transactions – Business transactions between the Community College and the Community College officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Darrin Siefken, Adjunct Professor Owner of Crawdaddy Outdoors, LC	Supplies	\$ 8,475

In accordance with the Code of Iowa, the above transactions may represent a conflict of interest since the total received during the fiscal year is greater than \$2,500. Per College management it was noted that the College did obtain competitive quotes/prices from websites or local stores.

**HAWKEYE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

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

- IV-E-12: Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-12: Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-12: Publication – The Community College had published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-12: Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College’s investment policy were noted.
- IV-I-12: Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the Community College, except for an overstatement of 29 credit hours, as shown below:

	Reported	Total per Supporting Documentation	Difference
Non-Credit:			
Contact Hours	233,039	233,010	(29)

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.

**HAWKEYE COMMUNITY COLLEGE
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS
JUNE 30, 2012**

Department of Education:

Hawkeye Community College, respectfully submits the following corrective action plan for the year ended June 30, 2012.

The audit was performed by Williams & Company, P.C., P.O. Box 908, Spencer, Iowa, for the fiscal year ended June 30, 2012.

The findings from the June 30, 2012 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Part I of the schedule, Summary of Independent Auditor's Results, does include a finding and is not addressed.

The audit disclosed significant deficiencies as identified in Part III of the accompanying Schedule of Findings and Questioned Costs.

SIGNIFICANT DEFICIENCIES:

III-A-12 Return of Funds Calculation - Federal Supplemental Educational Opportunity Grant (FSEOG) CFDA Number 84.007 – Federal Work-Study Program CFDA Number 84.033 – Federal Pell Grant Program CFDA Number 84.063 – Federal Direct Student Loans CFDA Number 84.268 – Academic Competitiveness Grant CFDA Number 84.375

Observation - During our review of internal control procedures over the Student Financial Aid Cluster, we identified one instance out of forty calculations where an incorrect number of days was used in calculating a return of the Title IV funds.

Recommendation – The College should review and monitor each session during a semester to determine the correct number of days to use when calculating return of Title IV funds.

Response – The three advisors that perform the R2T4 calculations are now meeting with the FA Systems Manager and FA Director, at the beginning of each term, to ensure that the calculation of number of days for all common length classes are accurate. Then, as each advisor comes across short term classes, the calculation is being validated by at least two other staff. All of this information is being recorded in the appropriate procedure that all advisors refer to as they are performing the calculation so they are all consistent with the number of days being used for the R2T4 calculations.

Conclusion – Response accepted.

III-B-12 File Documentation – Senior Companion Program CFDA Number 94.016

Observation – During our review of internal control procedures over the Senior Companion Program, we identified five companion files out of thirty-seven that lacked documentation of income guidelines being met or physically capable of serving. We also found two files out of thirty-seven that lacked documentation of the appropriate criminal check or abuse report.

Recommendation – The College should implement review procedures regarding the companion files to ensure the required documentation is maintained. A checklist for each companion's file filled out by the reviewer would help ensure all documentation was gathered and is included in the file.

Response – We have developed a file checklist to ensure that all required documentation is in the Senior Companion's file to verify eligibility to serve as a volunteer. The program is fully staffed with 2 FTE. One staff person will complete the companion files and the other person will verify the files for accuracy.

Conclusion – Response accepted.

HAWKEYE COMMUNITY COLLEGE
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS (Continued)
JUNE 30, 2012

III-C-12 Expense Recording and Approval – Senior Companion Program CFDA Number 94.016

Observation – During our review of internal control procedures over the Senior Companion Program, we identified seven paychecks out of forty where the amount paid to the senior companion did not agree with the approved timesheet. We also identified three timesheets out of forty where the indicated approvals were not found.

Recommendation – The College should review payroll procedures to ensure the calculation on timesheets are being appropriately computed and documentation of timesheet approvals are adequately maintained.

Response – The manager will complete the timesheet calculations and verify that the required approvals (signatures) are on the timesheet/s. The secretary will double check the calculations and approvals for accuracy.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

III-D-12 Return of Funds Calculation - Federal Supplemental Educational Opportunity Grant (FSEOG) CFDA Number 84.007 – Federal Work-Study Program CFDA Number 84.033 – Federal Pell Grant Program CFDA Number 84.063 – Federal Direct Student Loans CFDA Number 84.268 – Academic Competitiveness Grant CFDA Number 84.375

Observation - During our review of compliance requirements over the Student Financial Aid Cluster, we identified one instance out of forty where the return of the Title IV funds was improperly calculated based upon the information available. The non-compliance was not material to the financial statements.

Recommendation – The College should review and monitor each session during a semester to determine the correct number of days to use when calculating return of Title IV funds.

Response – The three advisors that perform the R2T4 calculations are now meeting with the FA Systems Manager and FA Director, at the beginning of each term, to ensure that the calculation of number of days for all common length classes are accurate. Then, as each advisor comes across short term classes, the calculation is being validated by at least two other staff. All of this information is being recorded in the appropriate procedure that all advisors refer to as they are performing the calculation so they are all consistent with the number of days being used for the R2T4 calculations.

Conclusion – Response accepted.

III-E-12 File Documentation – Senior Companion Program CFDA Number 94.016

Observation – During our review of compliance requirements over the Senior Companion Program, we identified seven companion files out of thirty-seven that lacked necessary documentation to determine eligibility.

Recommendation – The College should implement review procedures regarding the companion files to ensure the required documentation is maintained. A checklist for each companion's file filled out by the reviewer would help ensure all documentation was gathered and is included in the file.

HAWKEYE COMMUNITY COLLEGE
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS (Continued)
JUNE 30, 2012

Response – We have developed a file checklist to ensure that all required documentation is in the Senior Companion's file to verify eligibility to serve as a volunteer. The program is fully staffed with 2 FTE. One staff person will complete the companion files and the other person will verify the files for accuracy.

Conclusion – Response accepted.

If the Department of Education has questions regarding this plan, please call Linda Allen at 319-296-4201.

Sincerely yours,

HAWKEYE COMMUNITY COLLEGE

A handwritten signature in cursive script that reads "Linda Allen".

Linda Allen, President



HAWKEYE
COMMUNITY COLLEGE

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