

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS**

**June 30, 2012**

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>OFFICIALS</b> .....	1
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	4
<b>BASIC FINANCIAL STATEMENTS</b> .....	13
Statement of Net Assets - Primary Institution .....	14
Statement of Revenues, Expenses, and Changes in Net Assets - Primary Institution .....	15
Statement of Cash Flows - Primary Institution .....	16
Statement of Net Assets - Discretely Presented Component Units .....	17
Statement of Revenues, Expenses, and Changes in Net Assets - Discretely Presented Component Units .....	18
Statement of Cash Flows - Discretely Presented Component Units .....	19
Notes to Financial Statements .....	20
<b>REQUIRED SUPPLEMENTARY INFORMATION</b> .....	36
Schedule of Funding Progress for the Retiree Health Plan .....	37
<b>SUPPLEMENTARY INFORMATION</b> .....	38
Budgetary Comparison Schedule of Expenditures .....	39
Note to Budgetary Comparison Schedule of Expenditures - Budgetary Reporting .....	40
Balance Sheet .....	41
Schedule of Revenues, Expenditures, and Changes in Fund Balances .....	43
Schedule of Revenues, Expenditures, and Changes in Fund Balances Unrestricted Current Funds:	
Education and Support .....	45
Auxiliary Enterprises .....	47
Restricted Current Funds .....	49
Schedule of Changes in Assets Held in Custody for Others - Agency Funds .....	51
Note to Supplementary Information .....	52
Schedule of Credit and Contact Hour Enrollment .....	54
Comparison of Taxes and Intergovernmental Revenues .....	55
Schedule of Expenditures of Federal Awards .....	56

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**

**TABLE OF CONTENTS  
(CONTINUED)**

	<b>PAGE</b>
Notes to Schedule of Expenditures of Federal Awards .....	58
Summary Schedule of Prior Audit Findings.....	59
<b>INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....</b>	<b>60</b>
<b>INDEPENDENT AUDITOR’S 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.....</b>	<b>62</b>
Schedule of Findings and Questioned Costs .....	64
Corrective Action Plan .....	68

# EASTERN IOWA COMMUNITY COLLEGE DISTRICT

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert H. Gallagher	President	2015
Mary Lou Engler	Vice-President	2015
Brian J. Angwin	Member	2013
Bill Phelan	Member	2013
Milton Shaw	Member	2013
Denise Hollonbeck*	Member	2013
Kendra Beck	Member	2015
Dr. Joseph D'Souza	Member	2015
Michelle Garvin	Member	2015
Community College:		
Dr. Donald Doucette	Chancellor	
Honey H. Bedell	Board Secretary	
Lana J. Dettbarn	Board Treasurer	

\*Appointed on July 16, 2012

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Eastern Iowa Community College District (District), and its aggregate discretely presented component units as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Scott Community College Foundation or the Eastern Iowa Community College District Foundation discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to those units, is based on reports of the other auditors.

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. The financial statements of the Muscatine Community College Foundation, Paul B. Sharar Foundation for Clinton Campus, and Scott Community College Foundation discretely presented component units were not audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

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

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of Eastern Iowa Community College District and its aggregate discretely presented component units at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended on the basis of accounting described in Note 1 to the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012 on our consideration of Eastern Iowa Community College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 37 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 which considers it to be an essential part of the 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 information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary 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 the Eastern Iowa Community College District'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 years ended June 30, 2011, 2010 and 2009 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The financial statements for the six years ended June 30, 2008 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. The statements and schedules listed in the table of contents as supplementary information, as well as the accompanying schedule of expenditures of federal awards required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of the Eastern Iowa Community College District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Winkel, Parker & Foster, CPA PC*

Clinton, Iowa  
December 18, 2012

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

Eastern Iowa Community College District provides this Management's Discussion and Analysis of the District's annual financial statements. This narrative overview and analysis of the financial activities of Eastern Iowa Community College District is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Eastern Iowa Community College District is a public, comprehensive community college district established by Iowa Code 260C.1 in 1966 that includes Clinton, Muscatine, and Scott Community Colleges. The District encompasses all or part of eight counties, serving a population base of almost 285,840 citizens. Each year, the District serves 7,839 full-time equivalent credit students in approximately 60 arts and science and 49 career technology award programs. Non-credit programming serves 57,799 participants each year in areas such as adult basic education, job skills training, English as a Second Language, computer skills training, state-mandated training, community interest classes, and developmental education. The District provides a variety of services and customized training for business and industry and offers more targeted training through its three technology centers, the Advanced Technology Environmental Education Center (ATEEC), the Clinton Community College Technology Center, and the John T. Blong Technology Center.

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

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

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

**Financial Highlights**

- District revenues totaled \$70,973,217 compared to \$83,760,366 for 2011.
- District operating expenses were \$68,153,905 compared to \$71,870,849 for 2011.
- The District's net assets increased \$1,626,767 or approximately 2% from fiscal year 2011. Fiscal year 2011 net assets increased \$10,599,703 from fiscal year 2010.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

**Using This Annual Report**

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

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

The basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. These provide information about the activities of the District as a whole and present an overall view of the District's finances. The District presents schedules of discretely presented component units' financial statements in separate presentations.

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

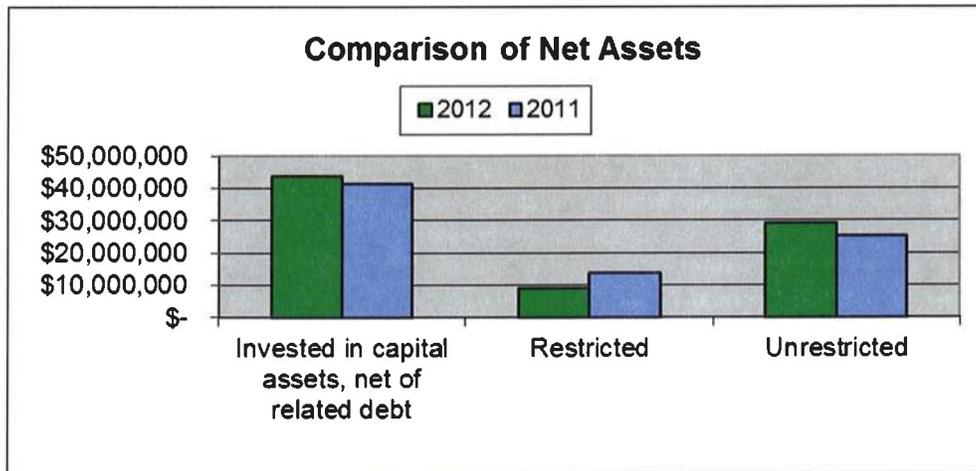
Supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, and the supplementary information provides detailed information about the individual funds of the District.

**Reporting the District as a Whole**

**Statement of Net Assets:** The statement of net assets presents the assets, liabilities, and net assets of the District as a whole, as of the end of the fiscal year June 30, 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 District to the readers of the financial statements. The statement of net assets includes year-end information concerning current and noncurrent assets, current and noncurrent liabilities and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the District's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the District owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

	<b>June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>Net assets</b>		
Current and other assets	\$ 97,206,420	\$ 99,602,290
Capital assets, net of accumulated depreciation	71,603,582	67,947,635
<b>Total assets</b>	<b>168,810,002</b>	<b>167,549,925</b>
Current liabilities	26,716,307	25,671,787
Noncurrent liabilities	60,258,742	61,669,952
<b>Total liabilities</b>	<b>86,975,049</b>	<b>87,341,739</b>
Net assets		
Invested in capital assets, net of related debt	43,787,143	41,285,116
Restricted	8,913,619	13,648,453
Unrestricted	29,134,191	25,274,617
<b>Total net assets</b>	<b>\$ 81,834,953</b>	<b>\$ 80,208,186</b>



The largest portion of the District's net assets (53%) for 2012 and (51%) for 2011 is the invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the invested in capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (11%) for 2012 and (17%) for 2011 includes resources that are subject to external restrictions. The remaining net assets (36%) for 2012 and (32%) for 2011 are the unrestricted net assets that can be used to meet the District's obligations as they come due.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

Statement of Revenues, Expenses, and Changes in Net Assets: Changes in total net assets as presented on the statement of net assets are based on the activity presented in the statement of revenues, expenses, and changes in net assets. The purpose of the statement is to present the revenues received by the District, both operating and nonoperating, and the expenses paid by the District, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the District.

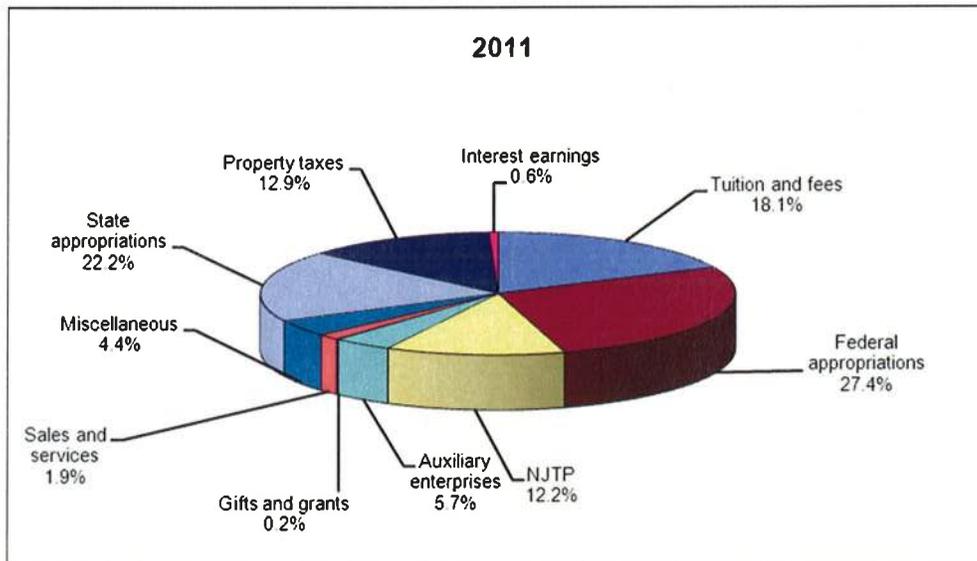
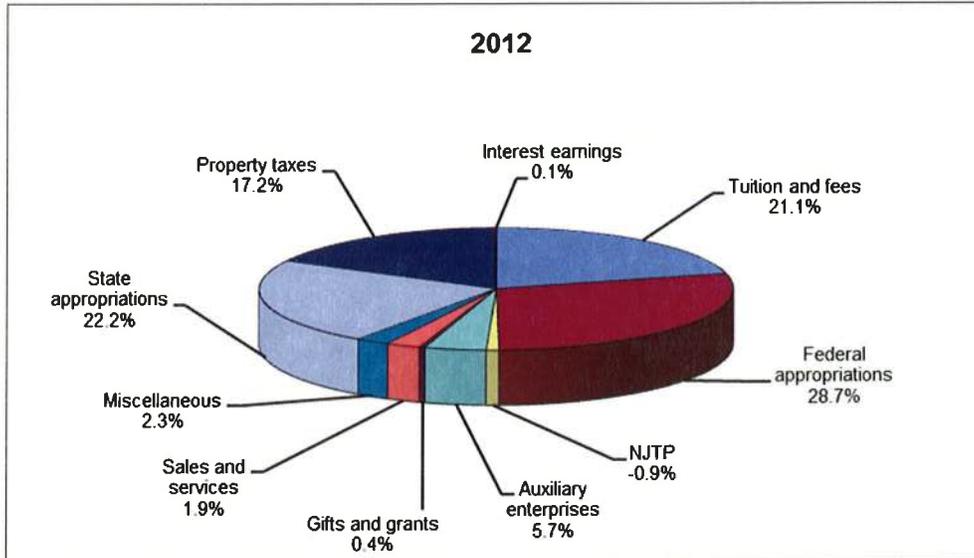
In general, a public college, such as Eastern Iowa Community College District, will report an operating loss since the financial reporting model classifies state appropriations and property taxes as nonoperating revenues. Operating revenues are received for providing goods and services to the various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

	<b>Year Ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>Changes in net assets</b>		
Revenues:		
Tuition and fees	\$ 15,253,057	\$ 15,175,447
Federal appropriations	18,668,420	22,930,378
Iowa Industrial New Jobs Training Program	(617,509)	10,181,371
Auxiliary enterprises revenue	3,029,265	3,373,872
Gifts and grants	286,678	132,106
Sales and service	1,654,602	1,231,020
Miscellaneous	1,671,628	3,719,234
State appropriations	16,503,880	15,709,803
Property taxes	14,429,427	10,768,028
Investment earnings	93,769	539,107
<b>Total revenues</b>	<b>70,973,217</b>	<b>83,760,366</b>
Total operating expenses	68,153,905	71,870,849
Loss on disposal of capital assets	14,105	960
Interest on indebtedness	1,178,440	1,288,854
<b>Total expenses</b>	<b>69,346,450</b>	<b>73,160,663</b>
<b>Increase in net assets</b>	<b>1,626,767</b>	<b>10,599,703</b>
Net assets:		
Beginning	80,208,186	69,608,483
Ending	<b>\$ 81,834,953</b>	<b>\$ 80,208,186</b>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

**Total Revenue by Source**

The statement of revenues, expenses, and changes in net assets reflects positive years for both 2012 and 2011, with an increase in the net assets of \$1,626,767 and \$10,599,703, respectively.



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

- Federal appropriations decreased approximately \$2,216,000.
- Iowa Industrial New Jobs Training Program decreased by approximately \$10,799,000.
- Miscellaneous revenues decreased approximately \$2,048,000.
- Property taxes increased approximately \$1,616,000.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

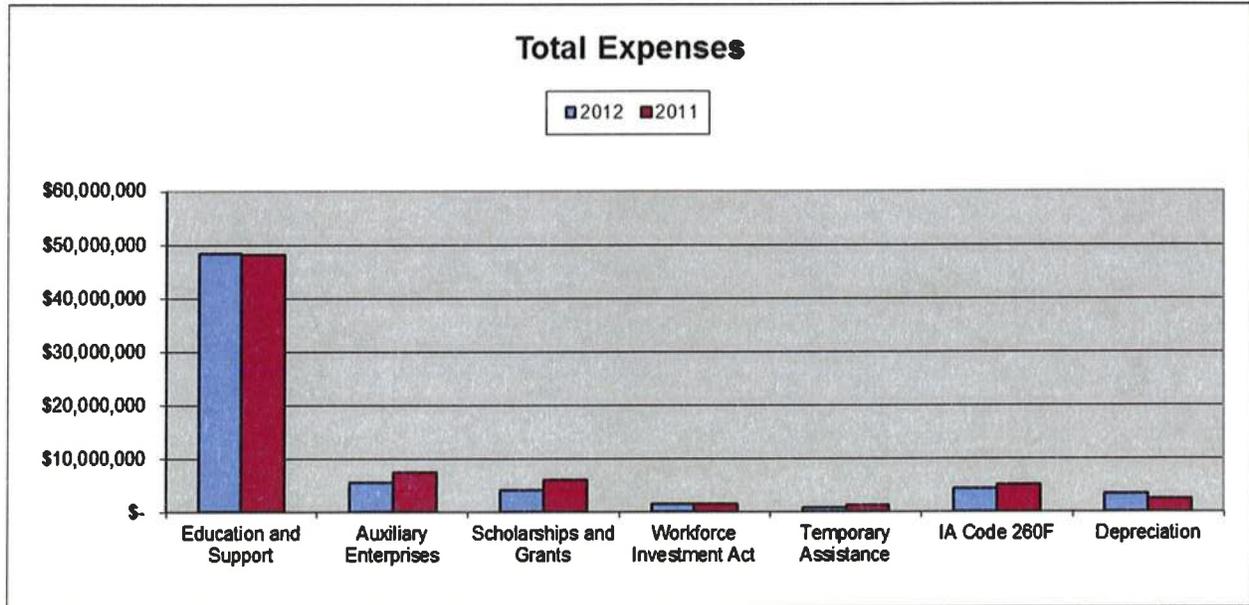
In fiscal year 2011, the major fluctuations in revenues were a result of the following changes:

- Iowa Industrial New Jobs Training Program increased by approximately \$5,157,000.
- State appropriations decreased approximately \$2,077,000.

**Operating expenses**

	<b>Year Ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
Education and support:		
Liberal arts and science	\$ 10,950,071	\$ 10,647,562
Vocational technical	11,205,898	11,076,612
Adult education	5,030,830	4,472,224
Cooperative services	1,178,497	1,072,591
General administration	3,228,245	2,773,848
Student services	4,149,659	3,994,747
Learning resources	831,840	844,839
Physical plant	4,423,216	6,421,909
General institution	7,419,964	6,833,743
Auxiliary enterprises	5,623,219	7,330,891
Scholarships and grants	4,184,838	5,958,782
Workforce Investment Act	1,486,189	1,593,617
Temporary Assistance for Needy Families	720,451	1,190,762
Iowa Industrial New Jobs Training Program	4,441,794	5,108,702
Depreciation expense	3,279,194	2,550,020
<b>Total operating expenses</b>	<b>\$ 68,153,905</b>	<b>\$ 71,870,849</b>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**



In fiscal year 2012, the major fluctuation in operating expenses was a result of the following factor:

- Auxiliary Enterprises decreased approximately \$1,708,000.
- Scholarships and Grants decreased approximately \$1,774,000.

In fiscal year 2011, the major fluctuation in operating expenses was a result of the following factor:

- Education and Support increased approximately \$3,918,000.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

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

<b>Cash flows</b>	<u>Year Ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Cash provided by (used in):		
Operating activities	\$(29,181,031)	\$(30,848,857)
Noncapital financing activities	44,754,384	38,675,301
Capital and related financing activities	(10,929,827)	(11,468,179)
Investing activities	<u>(2,267,264)</u>	<u>370,092</u>
<b>Net increase (decrease) in cash</b>	2,376,262	(3,271,643)
 Cash:		
Beginning	<u>46,695,350</u>	<u>49,966,993</u>
Ending	<u>\$ 49,071,612</u>	<u>\$ 46,695,350</u>

Cash used for operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by noncapital financing activities includes state appropriations and local property taxes received by the District. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt, and the purchase of capital assets. Cash provided by investing activities includes investment income earned.

**Capital Assets**

As of June 30, 2012, the District has \$71,603,582 invested in capital assets, net of accumulated depreciation of \$40,701,330. Depreciation charges totaled \$3,279,194 for fiscal year 2012. As of June 30, 2011, the District had \$67,947,635 invested in capital assets, net of accumulated depreciation of \$37,701,297. Depreciation charges totaled \$2,550,020 for fiscal year 2011. Details of the capital assets are shown below.

<b>Capital assets</b>	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Land	\$ 4,119,282	\$ 4,119,282
Construction in progress	1,236,717	3,561,139
Buildings	83,541,866	77,289,569
Other structures and improvements	11,257,917	10,510,019
Furniture and equipment	<u>12,149,130</u>	<u>10,168,923</u>
<b>Totals</b>	<u>\$ 112,304,912</u>	<u>\$ 105,648,932</u>

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

**Debt**

As of June 30, 2012, the District had \$69,013,742 in debt outstanding, excluding compensated absences of \$1,539,258, a decrease of \$1,378,710 from 2011. The majority of the decrease is due to principal payments. As of June 30, 2011, the District had \$70,392,452 in debt outstanding, excluding compensated absences of \$1,416,642, a decrease of \$5,684,988 from 2010. The majority of the decrease is due to principal payments.

**Outstanding debt**

	<b>June 30,</b>	
	<b>2012</b>	<b>2011</b>
Certificates payable	\$ 39,175,000	\$ 38,000,000
Note payable	549,760	682,260
Net OPEB liability	698,982	460,192
Bonds payable	27,100,000	29,675,000
Revenue bonds payable	1,490,000	1,575,000
<b>Totals</b>	<b>\$ 69,013,742</b>	<b>\$ 70,392,452</b>

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

**Economic factors**

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

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

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

**Contacting the District's Financial Management**

This financial report is designed to provide our customers, taxpayers in the community college district, and our creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Eastern Iowa Community College District, 306 West River Drive, Davenport, Iowa 52801.

## **BASIC FINANCIAL STATEMENTS**

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET ASSETS - PRIMARY INSTITUTION  
June 30, 2012**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 49,071,612
Investments	22,539,435
Receivables:	
Property taxes	7,558,970
Due from other governments	3,985,651
Other	1,655,567
Inventories	<u>61,618</u>
Total current assets	<u>84,872,853</u>

**NONCURRENT ASSETS**

Due from Iowa Industrial New Jobs Training Program	12,333,567
Capital assets:	
Land	4,119,282
Buildings	83,541,866
Other structures and improvements	11,257,917
Furniture and equipment	12,149,130
Construction in progress	1,236,717
Accumulated depreciation	<u>(40,701,330)</u>
Total noncurrent assets	<u>83,937,149</u>

**TOTAL ASSETS**

**\$ 168,810,002**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 1,908,685
Salaries and benefits payable	2,596,550
Compensated absences	1,539,258
Accrued interest payable	101,221
Deferred revenue	10,112,247
Assets held in custody for others	1,703,346
Certificates payable	5,890,000
Notes and bonds payable	<u>2,865,000</u>
Total current liabilities	<u>26,716,307</u>

**NONCURRENT LIABILITIES**

Certificates payable	33,285,000
Net OPEB liability	698,982
Notes and bonds payable	<u>26,274,760</u>
Total noncurrent liabilities	<u>60,258,742</u>
Total liabilities	<u>86,975,049</u>

**NET ASSETS**

Invested in capital assets, net of related debt	43,787,143
Restricted for:	
Education and support	8,509,151
Property tax cash reserve	404,468
Unrestricted	<u>29,134,191</u>
Total net assets	<u>81,834,953</u>

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 168,810,002**

The accompanying notes are an integral part of the financial statements.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -**  
**PRIMARY INSTITUTION**  
**Year Ended June 30, 2012**

**OPERATING REVENUES**

Tuition and fees, net of scholarship allowances of \$9,225,559	\$ 15,253,057
Federal appropriations	6,284,543
Iowa Industrial New Jobs Training Program	(617,509)
Auxiliary enterprises revenue, net of allowances of \$2,771,271	3,029,265
Gifts and grants	286,678
Sales and services	1,654,602
Miscellaneous	1,671,628
Total operating revenues	<u>27,562,264</u>

**OPERATING EXPENSES**

Education and support:	
Liberal arts and sciences	10,950,071
Vocational technical	11,205,898
Adult education	5,030,830
Cooperative services	1,178,497
General administration	3,228,245
Student services	4,149,659
Learning resources	831,840
Physical plant	4,423,216
General institution	7,419,964
Auxiliary enterprises	5,623,219
Scholarships and grants	4,184,838
Workforce Investment Act	1,486,189
Temporary Assistance for Needy Families	720,451
Iowa Industrial New Jobs Training Program	4,441,794
Depreciation expense	3,279,194
Total operating expenses	<u>68,153,905</u>
Operating loss	<u>(40,591,641)</u>

**NONOPERATING REVENUES (EXPENSES):**

State appropriations	16,503,880
Pell grant	14,429,427
Property taxes	12,383,877
Investment earnings	93,769
Loss on disposal of capital assets	(14,105)
Interest on indebtedness	(1,178,440)
Net nonoperating revenues	<u>42,218,408</u>
Increase in net assets	1,626,767

**NET ASSETS:**

Beginning	<u>80,208,186</u>
Ending	<u>\$ 81,834,953</u>

The accompanying notes are an integral part of the financial statements.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF CASH FLOWS - PRIMARY INSTITUTION**  
**June 30, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 15,159,070
Federal appropriations	6,287,904
Iowa Industrial New Jobs Training Program	6,373,647
Payments to employees for salaries and benefits	(34,876,565)
Payments to suppliers for goods and services	(12,391,902)
Scholarships	(16,181,668)
Auxiliary enterprise	3,029,265
Other receipts	<u>3,419,218</u>
Net cash used in operating activities	<u>(29,181,031)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State appropriations	16,503,880
Pell grant	14,429,427
Property taxes	12,383,876
Proceeds from certificates payable	7,130,000
Payments on certificates payable	(5,955,000)
Miscellaneous Agency Fund receipts	2,785,390
Miscellaneous Agency Fund disbursements	<u>(2,523,189)</u>
Net cash provided by noncapital financing activities	<u>44,754,384</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	(6,949,246)
Principal paid on notes and bonds payable	(2,792,500)
Interest paid on notes and bonds payable	<u>(1,188,081)</u>
Net cash used in capital and related financing activities	<u>(10,929,827)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on investments	93,769
Purchase of investments	<u>(2,361,033)</u>
Net cash provided by investing activities	<u>(2,267,264)</u>

Net increase in cash and cash equivalents 2,376,262

**CASH AND CASH EQUIVALENTS**

Beginning	46,695,350
Ending	<u>\$ 49,071,612</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED IN OPERATING ACTIVITIES**

Operating loss	\$ (40,591,641)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	3,279,194
Changes in assets and liabilities:	
(Increase) decrease in due from other governments	3,361
(Increase) decrease in other receivables	(193,690)
(Increase) decrease in inventories	1,217,128
(Increase) decrease in due from Iowa Industrial New Jobs Training Program	6,566,988
Increase (decrease) in accounts payable	(378,528)
Increase (decrease) in salaries and benefits payable	224,570
Increase (decrease) in OPEB liability	238,790
Increase (decrease) in deferred revenue	330,181
Increase (decrease) in compensated absences	<u>122,616</u>
Total adjustments	<u>11,410,610</u>
Net cash used in operating activities	<u>\$ (29,181,031)</u>

The accompanying notes are an integral part of the financial statements.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET ASSETS - DISCRETELY PRESENTED COMPONENT UNITS**

	<u>June 30, 2012</u>	<u>August 31, 2011</u>	<u>December 31, 2011</u>	
	<u>Muscatine Community College Foundation</u>		<u>Paul B. Sharar Foundation for Clinton Campus</u>	<u>Scott Community College Foundation</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 41,987	\$ 55,856	\$ 160,695	\$ 243,717
Temporary cash investments, certificates of deposit	-	-	-	137,340
Investments	-	3,118,541	1,439,882	672,690
Land	-	-	-	211,564
Receivables	-	-	12,953	15,421
Total current assets	<u>41,987</u>	<u>3,174,397</u>	<u>1,613,530</u>	<u>1,280,732</u>
<b>NONCURRENT ASSETS</b>				
Investments	<u>8,685,884</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,727,871</u>	<u>\$ 3,174,397</u>	<u>\$ 1,613,530</u>	<u>\$ 1,280,732</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>NET ASSETS</b>				
Unrestricted	(1,298)	864,114	62,119	402,824
Temporarily restricted	3,567,376	183,887	870,779	812,908
Permanently restricted	5,161,793	2,126,396	680,632	65,000
Total net assets	<u>8,727,871</u>	<u>3,174,397</u>	<u>1,613,530</u>	<u>1,280,732</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 8,727,871</u>	<u>\$ 3,174,397</u>	<u>\$ 1,613,530</u>	<u>\$ 1,280,732</u>

The accompanying notes are an integral part of the financial statements.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -  
DISCRETELY PRESENTED COMPONENT UNITS**

	<u>Year Ended June 30, 2012</u>	<u>Year Ended August 31, 2011</u>	<u>Year Ended December 31, 2011</u>	
	<u>Muscatine Community College Foundation</u>	<u>Paul B. Sharar Foundation for Clinton Campus</u>	<u>Scott Community College Foundation</u>	<u>Eastern Iowa Community College District Foundation</u>
<b>REVENUES</b>				
Operating revenue, gifts and grants	\$ 110,088	\$ 553,308	\$ 217,195	\$ 230,012
<b>EXPENSES</b>				
Operating expenses:				
Scholarships and grants	359,763	236,047	157,304	190,235
Miscellaneous expense	21,438	2,530	62,483	107,610
Total operating expenses	<u>381,201</u>	<u>238,577</u>	<u>219,787</u>	<u>297,845</u>
Operating income (loss)	<u>(271,113)</u>	<u>314,731</u>	<u>(2,592)</u>	<u>(67,833)</u>
<b>NONOPERATING REVENUES</b>				
Unrealized gain (loss) on investments	180,518	-	(83,694)	-
Realized gain (loss) on sale of investments	-	-	39,032	-
Investment earnings	226,887	246,229	35,010	48,819
Total nonoperating revenues	<u>407,405</u>	<u>246,229</u>	<u>(9,652)</u>	<u>48,819</u>
Increase (decrease) in net assets	136,292	560,960	(12,244)	(19,014)
<b>NET ASSETS</b>				
Beginning	8,591,579	2,613,437	1,625,774	1,299,746
Ending	<u>\$ 8,727,871</u>	<u>\$ 3,174,397</u>	<u>\$ 1,613,530</u>	<u>\$ 1,280,732</u>

The accompanying notes are an integral part of the financial statements.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS -  
DISCRETELY PRESENTED COMPONENT UNITS**

	Year Ended June 30, 2012	Year Ended August 31, 2011	Year Ended December 31, 2011	
	Muscatine Community College Foundation	Paul B. Sharar Foundation for Clinton Campus	Scott Community College Foundation	Eastern Iowa Community College District Foundation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Gifts and grants	\$ 110,088	\$ 553,308	\$ 217,195	\$ 459,160
Payments to suppliers for goods and services	(21,438)	(2,530)	(62,483)	(108,735)
Scholarships and grants	(359,763)	(236,047)	(155,416)	(190,235)
Net cash provided by (used in) operating activities	(271,113)	314,731	(704)	160,190
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from note receivable	12,500	-	-	-
Interest received	226,887	246,229	35,010	48,819
Purchase of temporary cash investments, certificates of deposit	67,322	-	-	(321,037)
Purchase of investments	-	(569,370)	(478,113)	-
Proceeds of investments	-	-	478,021	-
Net cash provided by (used in) investing activities	306,709	(323,141)	34,918	(272,218)
Net increase (decrease) in cash and cash equivalents	35,596	(8,410)	34,214	(112,028)
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning	6,391	64,266	126,481	355,745
Ending	\$ 41,987	\$ 55,856	\$ 160,695	\$ 243,717
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (271,113)	\$ 314,731	\$ (2,592)	\$ (67,833)
Adjustments to reconcile operating loss to net cash used in operating activities:				
(Increase) decrease in receivables	-	-	1,888	4,148
(Increase) decrease in deposit	-	-	-	225,000
Increase (decrease) in payables	-	-	-	(1,125)
Total adjustments	-	-	1,888	228,023
Net cash provided by (used in) operating activities	\$ (271,113)	\$ 314,731	\$ (704)	\$ 160,190

The accompanying notes are an integral part of the financial statements.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1 - FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES**

**Financial Reporting Entity**

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

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

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

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1 - FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Muscatine Community College Foundation	June 30, 2012
Paul B. Sharar Foundation for Clinton Campus	August 31, 2011
Scott Community College Foundation	December 31, 2011
Eastern Iowa Community College District Foundation	December 31, 2011

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

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

**Significant Accounting Policies**

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

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1 - FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (CONTINUED)**

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

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

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

Property taxes receivable: Property taxes receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Directors to the appropriate County Auditors. Current year delinquent property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Due from Iowa Industrial New Jobs Training Program (NJTP): This receivable represents the total amount to be remitted to the District for training projects entered into between the District and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on NJTP project expenditures incurred through June 30, 2012, plus interest incurred on NJTP certificates, less reimbursements received to date.

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1 - FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Inventories: Inventories are stated at the lower of cost or market (first-in, first-out) method. As of June 30, 2012, inventories totaled \$61,618.

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

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

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

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

	<u>Years</u>
Buildings	39
Other structures and improvements	25
Furniture and equipment	7

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

Impairment of Long-Lived Assets: The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 1 - FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Compensated absences: District employees accumulate a limited amount of earned but unused vacation for subsequent use. Earned but unused vacation is paid to the employee upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as compensated absences. These liabilities have been computed based on rates of pay in effect as of June 30, 2012.

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

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

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

Summer session: The District operates summer sessions 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 load study distributions supplied by the District Registrar.

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

Operating and nonoperating activities: Operating activities, as reported in the statement of revenues, expenses, and changes in net assets are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations, property tax, interest earnings and interest on indebtedness.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 - FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Scholarship allowances and student aid: Financial aid to students is reported in the financial statements, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances which reduce revenue. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

Subsequent Events: Management has evaluated subsequent events through December 18, 2012, the date the financial statements were available to be issued.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**A. Primary Institution**

The District'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.

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

Credit risk: The District is authorized by statute to invest public funds in obligations of the United States government; its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. However, the District's investment policy additionally limits investments in commercial paper to obligations that mature within 270 days and that is rated within the two highest classifications, as established by at least one of the standard rating services, with no more than 5% at the time of purchase placed in the second highest classification. At the time of purchase, no more than 10% of the investment portfolio can be in these investments and no more than 5% of the investment portfolio can be invested in the securities of a single issuer.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

As of June 30, 2012, the District's investments were not subject to nationally recognized statistical ratings.

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

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

As of June 30, 2012, the carrying amount of the District's deposits excluding \$6,515 of petty cash totaled \$71,604,532, with a bank balance of \$73,765,746.

A reconciliation of deposits and investments as shown on the statement of net assets - primary institution follows:

Carrying amount of deposits	\$ 71,604,532
Petty cash	<u>6,515</u>
<b>Total</b>	<b><u>\$ 71,611,047</u></b>
Cash and investments	\$ 49,071,612
Investments	<u>22,539,435</u>
<b>Total</b>	<b><u>\$ 71,611,047</u></b>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Component Units**

The component units have the following investments at year-end:

	<u>Market Value</u>	<u>Cost</u>
Government and corporate bonds	\$ 952,825	\$ 908,979
Mutual and equity funds	11,951,416	10,570,314
Money market accounts	700,622	697,469
Certificates of deposit	<u>290,810</u>	<u>290,810</u>
<b>Total</b>	<u>\$ 13,895,673</u>	<u>\$ 12,467,572</u>

**NOTE 3 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2012 is as follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Capital assets not being depreciated:				
Land	\$ 4,119,282	\$ -	\$ -	\$ 4,119,282
Construction in progress	<u>3,561,139</u>	<u>3,981,276</u>	<u>6,305,698</u>	<u>1,236,717</u>
Total capital assets not being depreciated	<u>7,680,421</u>	<u>3,981,276</u>	<u>6,305,698</u>	<u>5,355,999</u>
Capital assets being depreciated:				
Buildings	77,289,569	6,252,297	-	83,541,866
Other structures and improvements	10,510,019	747,898	-	11,257,917
Furniture and equipment	<u>10,168,923</u>	<u>2,273,473</u>	<u>293,266</u>	<u>12,149,130</u>
Total capital assets being depreciated	<u>97,968,511</u>	<u>9,273,668</u>	<u>293,266</u>	<u>106,948,913</u>
Less accumulated depreciation for:				
Buildings	29,694,991	1,798,551	-	31,493,542
Other structures and improvements	2,513,182	392,813	-	2,905,995
Furniture and equipment	<u>5,493,124</u>	<u>1,087,830</u>	<u>279,161</u>	<u>6,301,793</u>
Total accumulated depreciation	<u>37,701,297</u>	<u>3,279,194</u>	<u>279,161</u>	<u>40,701,330</u>
Total capital assets being depreciated, net	<u>60,267,214</u>	<u>5,994,474</u>	<u>14,105</u>	<u>66,247,583</u>
<b>Total capital assets, net</b>	<u>\$ 67,947,635</u>	<u>\$ 9,975,750</u>	<u>\$ 6,319,803</u>	<u>\$ 71,603,582</u>

Furniture and equipment of \$177,727 is restricted for the Workforce Investment Act, Temporary Assistance for Needy Families, and other training programs. Capital assets above include agency fund capital assets of \$104,634.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 4 - NONCURRENT LIABILITIES**

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

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>	<u>Amount Due Within One Year</u>
Certificates payable	\$ 38,000,000	\$ 7,130,000	\$5,955,000	\$ 39,175,000	\$ 5,890,000
Note payable	682,260	-	132,500	549,760	120,000
Dormitory revenue bonds	1,575,000	-	85,000	1,490,000	95,000
Net OPEB liability	460,192	238,790	-	698,982	-
Bonds payable	29,675,000	-	2,575,000	27,100,000	2,650,000
Compensated absences	<u>1,416,642</u>	<u>1,539,258</u>	<u>1,416,642</u>	<u>1,539,258</u>	<u>1,539,258</u>
<b>Total</b>	<u>\$ 71,809,094</u>	<u>\$ 8,908,048</u>	<u>\$10,164,142</u>	<u>\$ 70,553,000</u>	<u>\$ 10,294,258</u>

In accordance with agreements dated between June 30, 1997 and June 30, 2012, the District issued certificates with a June 30, 2012 outstanding balance of \$39,175,000 and with interest rates ranging from 3.00% to 7.75% per annum. These certificates were issued to finance the development and training costs incurred relative to implementing the Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest on the certificates is payable semiannually, while the principal matures annually. The certificates are to be retired from the proceeds of withholding taxes remitted by the State of Iowa, incremental property taxes, budgeted reserves, and in the case of default, from standby property taxes collected.

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 5,890,000	\$ 1,408,994	\$ 7,298,994
2014	7,085,000	1,147,904	8,232,904
2015	6,775,000	837,080	7,612,080
2016	5,610,000	556,533	6,166,533
2017	5,070,000	331,760	5,401,760
2018-2022	<u>8,745,000</u>	<u>346,195</u>	<u>9,091,195</u>
<b>Total</b>	<u>\$ 39,175,000</u>	<u>\$ 4,628,466</u>	<u>\$ 43,803,466</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 4 - NONCURRENT LIABILITIES (CONTINUED)**

The District issued dormitory revenue bonds, Series 2001 with a balance of \$1,490,000 as of June 30, 2012. Rates range from 5.00% to 5.85%. Interest is due semiannually and principal is due annually in varying amounts through 2022. The proceeds of the bond were used for the construction of college apartments. Revenues earned by the project will be pledged for repayment of the bond payable. The bond is collateralized by a mortgage on the dormitory property.

The District issued General Obligation Bonds, Series 2008, with a balance of \$6,750,000 as of June 30, 2012. Rates ranging from 3.75% to 4.50% with final maturity on June 1, 2019. The proceeds of the bonds were used for specific District-wide projects.

The District issued General Obligation Bonds, Series 2009, with a balance of \$11,010,000 as of June 30, 2012. Rates ranging from 2.25% to 3.60% with final maturity on June 1, 2020. The proceeds of the bonds were used to finance various improvements and additions at all campus and enrollment locations of the District.

The District issued General Obligation Bonds, Series 2010A, with a balance of \$9,340,000 as of June 30, 2012. Rates ranging from 2.00% to 5.00% with final maturity on June 1, 2021. The proceeds of the bonds were used to finance various improvements and additions at all campus and enrollment locations of the District.

Future maturities and interest of the notes and bonds payable as of June 30, 2012 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2013	\$ 2,865,000	\$ 1,102,598	\$ 3,967,598
2014	2,955,000	1,012,465	3,967,465
2015	3,045,000	919,585	3,964,585
2016	3,209,760	820,445	4,030,205
2017	3,125,000	703,539	3,828,539
2018-2022	<u>1,394,000</u>	<u>1,581,225</u>	<u>2,975,225</u>
<b>Total</b>	<u>\$16,593,760</u>	<u>\$ 6,139,857</u>	<u>\$ 22,733,617</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 5 - RETIREMENT SYSTEM**

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual payroll. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$1,129,617, \$1,012,524, and \$908,214, respectively, equal to the required contributions for each year.

**NOTE 6 - TEACHERS INSURANCE AND ANNUITY ASSOCIATION - COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)**

Eastern Iowa Community College District contributes to the TIAA-CREF retirement program which is a defined contribution plan. TIAA administers the retirement plan for the District. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible District employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.38% and the District is required to contribute 8.07%. The District and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2012 were \$748,304 and \$498,871, respectively.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description - Eastern Iowa Community College District operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 381 active and 60 retired members in the plan. Participants must be age 55 or older at retirement.

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 Eastern Iowa Community College District. Eastern Iowa Community College District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - Eastern Iowa Community College District's annual OPEB cost is calculated based on the annual required contribution (ARC) of Eastern Iowa Community College District, 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 Eastern Iowa Community College District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in Eastern Iowa Community College District's net OPEB obligation:

Annual required contribution	\$806,554
Interest on net OPEB obligation	20,709
Adjustment to annual required contribution	<u>(28,750)</u>
Annual OPEB cost	798,513
Contributions made	<u>(559,723)</u>
Increase in net OPEB obligation	238,790
Net OPEB obligation beginning of year	<u>460,192</u>
Net OPEB obligation end of year	<u>\$ 698,982</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, Eastern Iowa Community College District contributed \$559,723 to the medical plan.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Eastern Iowa Community College District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$559,757	74%	\$460,192
June 30, 2012	798,513	70%	698,982

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$6.800 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$6.800 million. The covered payroll (annual payroll of active employees covered by the plan) was not available and the ratio of the UAAL to covered payroll was not available. 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 assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to the Financial Statements, presents 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, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on Eastern Iowa Community College District's funding policy. The projected annual medical trend rate is 25%. The ultimate medical trend rate is 5%. The medical trend rate is reduced to .45% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Combined Healthy Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2009.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 8 - OPERATING LEASES**

The District has leased various facilities, land, and vehicles under operating leases. The leases expire on various dates through 2017 and require various minimum annual rentals. Some of the leases also require the payment of normal maintenance and insurance on the properties.

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

Year Ending June 30,	
2013	\$ 100,286
2014	58,666
2015	31,440
2016	24,975
2017	<u>9,367</u>
<b>Total</b>	<b><u>\$ 224,734</u></b>

Rental payments made during the year ended June 30, 2012 for all operating leases totaled approximately \$152,451.

**NOTE 9 - RISK MANAGEMENT PROGRAM**

The District is a member in the Insurance Management Program for Area Community Colleges (IMPACC) as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a risk-sharing pool whose members include Iowa Community Colleges. IMPACC was incorporated in May 1988 for the purpose of managing and funding insurance for its members and to provide general liabilities, automobile liability, automobile physical damage, public official bonds, property and inland marine, errors and omissions and School Board legal liability, workers' compensation and employers liability, crime insurance, fiduciary bonds, and boiler and machinery insurance coverage for its member colleges. There have been no reductions in insurance coverage from prior years.

The members' annual contributions are to fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund IMPACC's general and administrative expenses, claims, claim expenses and reinsurance expenses due and payable in the current year. The District's contributions to the risk-sharing pool are recognized as expenditures at the time of payment. The District's total contributions to IMPACC for the year ended June 30, 2012 were \$431,389.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 9 - RISK MANAGEMENT PROGRAM (CONTINUED)**

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$200,000 per property/liability, \$100,000 for error/omissions, and \$200,000 for workers' compensation. The policy limit per occurrence is \$800,000 for property/liability, \$900,000 for errors/omissions, and \$150,000 for workers' compensation. Excess insurance for workers' compensation is for statutory limits. Excess for all other lines is \$9,000,000 per occurrence. Property is insured with excess coverage over the self-insured retention of up to \$50,000,000 for boiler and machinery and up to \$250,000,000 for other property. Stop gap loss protection is provided above the member's loss fund.

In the event any claim or series of claims exceed the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The District does not report a liability for losses in excess of reinsurance unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2012, no liability has been recorded by the District. Settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

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

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

**NOTE 10 - TERMINATION BENEFITS**

The District approved an Early Retirement Incentive Plan (ERIP) for fiscal and academic year 2009. To be eligible for the ERIP, an employee must be employed full-time and be 55 years of age with 10 or more years of consecutive service with the District. Retirement is to begin at the end of the academic year for instructional staff and the end of the fiscal year for administration, professional, and support staff. Participation must be approved by the administrative office.

Early retirement benefits are equal to 100-115% of the employee's regular contractual salary in effect during the employee's year of service prior to retirement based on years of service.

At June 30, 2012, the District has obligations to 1 participant with a total liability of \$51,700.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 10 - TERMINATION BENEFITS (CONTINUED)**

The District has an approved Early Retirement Incentive Plan (ERIP) for fiscal and academic year 2012. To be eligible for the ERIP, an employee must be employed full-time and be 55 years of age with 10 or more years of consecutive service with the District. Retirement is to begin at the end of the academic year for instructional staff and the end of the fiscal year for administration, professional, and support staff. Participation must be approved by the administrative office.

Early retirement benefits are equal to 50-69.5% of the employee's regular contractual salary in effect during the employee's year of service prior to retirement based on years of service.

Early retirement benefits will be paid in two equal installments over two calendar years.

At June 30, 2012, the District has obligations to 11 participants with a total liability of \$228,843.

Actual early retirement expenditures for the year ended June 30, 2012 totaled \$659,823.

**NOTE 11 - CONTINGENCIES**

The District is a defendant in various legal proceedings. The amount of possible loss, if any cannot be estimated at this time but, in the opinion of management, the settlement of these matters is not expected to have a material effect on the District.

**NOTE 12 - JOBS TRAINING PROGRAMS**

The District administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IX in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the District to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves, and in the case of default, from standby property taxes. The District is currently administering 122 projects receiving project funding or in the repayment stage. In cases where projects exceed the budgeted amounts, the District intends to obtain additional withholding revenue from the companies.

The District also administers the Iowa Jobs Training Program (IJTP) in Area IX in accordance with Chapter 260F of the Code of Iowa. The IJTP's purpose is to provide customized training for existing employers. Approved businesses receive loans from the Iowa Department of Economic Development. The District is currently administering 54 projects.

This information is an integral part of the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION**

<b>Year Ended June 30,</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UALL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a)/c)</b>
2009	July 1, 2008	-	\$5,495,418	\$5,495,418	0.00%	\$12,253,001	44.8%
2010	July 1, 2009	-	\$5,214,869	\$5,214,869	0.00%	Not avail	Not avail
2011	July 1, 2009	-	\$5,214,869	\$5,214,869	0.00%	Not avail	Not avail
2012	July 1, 2011	-	\$6,799,601	\$6,799,601	0.00%	Not avail	Not avail

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

## **SUPPLEMENTARY INFORMATION**

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES  
Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Between Actual and Final Budget</u>
Unrestricted	<u>\$46,276,508</u>	<u>\$46,276,508</u>	<u>\$42,860,346</u>	<u>\$ (3,416,162)</u>
Restricted	\$ 14,004,726	\$ 14,004,726	\$ 10,331,403	\$ (3,673,323)
Unemployment	63,758	63,758	10,397	(53,361)
Insurance	376,732	376,732	431,389	54,657
Early retirement	1,400,000	1,400,000	1,028,801	(371,199)
Equipment replacement	2,196,887	2,196,887	1,092,217	(1,104,670)
Standby	<u>62,303</u>	<u>62,303</u>	<u>62,051</u>	<u>(252)</u>
<b>Total restricted</b>	<u>\$18,104,406</u>	<u>\$18,104,406</u>	<u>\$12,956,258</u>	<u>\$ (5,148,148)</u>
Plant	<u>\$16,440,988</u>	<u>\$16,440,988</u>	<u>\$ 7,343,318</u>	<u>\$ (9,097,670)</u>

The accompanying note is an integral part of the schedule.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTE TO BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES  
BUDGETARY REPORTING  
Year Ended June 30, 2012**

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

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
BALANCE SHEET  
June 30, 2012**

	Current Funds	
	<u>Unrestricted</u>	<u>Restricted</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 30,537,401	\$ 4,866,989
Investments	-	22,539,435
Receivables:		
Property taxes	2,438,998	2,680,974
Due from other governments	725,726	1,688,688
Other	1,174,781	203,462
Due from other funds	14,757,942	13,349,492
Inventories	61,618	-
Due from Iowa Industrial New Jobs Training Program	-	12,333,567
Capital assets:		
Land	-	-
Buildings	-	-
Other structures and improvements	-	-
Furniture and equipment	-	-
Construction in progress	-	-
Accumulated depreciation	-	-
	-	-
<b>TOTAL ASSETS</b>	<b>\$ 49,696,466</b>	<b>\$ 57,662,607</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 1,190,240	\$ 476,523
Salaries and benefits payable	2,272,669	311,992
Accrued interest payable	-	-
Due to other funds	24,820,465	5,927,103
Deferred revenue	4,434,961	2,781,902
Assets held in custody for others	-	-
Compensated absences	1,384,297	76,468
Certificates payable	-	39,175,000
Net OPEB liability	-	-
Notes and bonds payable	-	-
Total liabilities	34,102,632	48,748,988
<b>FUND BALANCES</b>		
Invested in capital assets, net of related debt	-	-
Restricted for:		
Education and support	-	8,509,151
Property tax cash reserve	-	404,468
Unrestricted	15,593,834	-
Total fund balances	15,593,834	8,913,619
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 49,696,466</b>	<b>\$ 57,662,607</b>

<u>Loan Funds</u>	<u>Plant Funds</u>	<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
\$ 500	\$ 13,666,722	\$ -	\$ -	\$ 49,071,612
-	-	-	-	22,539,435
-	2,438,998	-	-	7,558,970
-	-	1,571,237	-	3,985,651
-	134,019	143,305	-	1,655,567
35,776	2,608,053	3,087,829	(33,839,092)	-
-	-	-	-	61,618
-	-	-	-	12,333,567
-	4,119,282	-	-	4,119,282
-	83,456,433	85,433	-	83,541,866
-	11,248,711	9,206	-	11,257,917
-	12,139,135	9,995	-	12,149,130
-	1,236,717	-	-	1,236,717
-	-	-	(40,701,330)	(40,701,330)
<u>\$ 36,276</u>	<u>\$ 131,048,070</u>	<u>\$ 4,907,005</u>	<u>\$ (74,540,422)</u>	<u>\$ 168,810,002</u>
\$ -	\$ 219,979	\$ 21,943	\$ -	\$ 1,908,685
-	-	11,889	-	2,596,550
-	101,221	-	-	101,221
25	165	3,091,334	(33,839,092)	-
-	2,895,384	-	-	10,112,247
-	-	1,703,346	-	1,703,346
-	-	78,493	-	1,539,258
-	-	-	-	39,175,000
-	-	-	698,982	698,982
-	29,139,760	-	-	29,139,760
<u>25</u>	<u>32,356,509</u>	<u>4,907,005</u>	<u>(33,140,110)</u>	<u>86,975,049</u>
-	84,488,473	-	(40,701,330)	43,787,143
-	-	-	-	8,509,151
-	-	-	-	404,468
36,251	14,203,088	-	(698,982)	29,134,191
<u>36,251</u>	<u>98,691,561</u>	<u>-</u>	<u>(41,400,312)</u>	<u>81,834,953</u>
<u>\$ 36,276</u>	<u>\$ 131,048,070</u>	<u>\$ 4,907,005</u>	<u>\$ (74,540,422)</u>	<u>\$ 168,810,002</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
June 30, 2012

	<b>Current Funds</b>	
	<u>Unrestricted</u>	<u>Restricted</u>
<b>REVENUES</b>		
General:		
Tuition and fees	\$ 24,123,085	\$ 355,531
Property taxes	2,415,393	2,482,309
State appropriations	14,857,828	1,443,745
Federal appropriations	1,236,790	19,149,875
Gifts and grants	158,812	-
Sales and services	149,026	1,814,410
Interest	61,795	7,822
Iowa Industrial New Jobs Training Program	-	(617,509)
Miscellaneous	325,418	162,246
	<u>43,328,147</u>	<u>24,798,429</u>
Auxiliary enterprises:		
Sales and services	5,800,536	-
Miscellaneous	955,550	-
	<u>6,756,086</u>	<u>-</u>
Total revenues	<u>50,084,233</u>	<u>24,798,429</u>
<b>EXPENDITURES</b>		
Education and support:		
Liberal arts and sciences	10,887,986	-
Vocational technical	8,532,215	3,345,971
Adult education	4,964,555	103,805
Cooperative services	923,939	793,687
General administration	2,186,192	1,028,801
Student services	4,140,378	-
Learning resources	827,064	-
Physical plant	3,834,168	431,390
General institution	6,433,576	999,507
Workforce Investment Act	-	1,486,189
Temporary Assistance for Needy Families	-	720,451
Iowa Industrial New Jobs Training Program	-	4,441,794
Depreciation expense	-	-
	<u>42,730,073</u>	<u>13,351,595</u>
Auxiliary enterprises	5,623,219	-
Scholarships and grants	-	16,181,668
Plant asset acquisitions	-	-
Interest on indebtedness	130,273	-
	<u>5,753,492</u>	<u>16,181,668</u>
Total expenditures	<u>48,483,565</u>	<u>29,533,263</u>
Excess of revenues over expenditures	<u>1,600,668</u>	<u>(4,734,834)</u>
<b>OTHER ADDITIONS (DEDUCTIONS)</b>		
Expended for plant assets	-	-
Retirement of indebtedness	(217,500)	-
Disposal of plant assets	-	-
Total other additions (deductions)	<u>(217,500)</u>	<u>-</u>
Net change in fund balances	1,383,168	(4,734,834)
<b>FUND BALANCES</b>		
Beginning	<u>14,210,666</u>	<u>13,648,453</u>
Ending	<u>\$ 15,593,834</u>	<u>\$ 8,913,619</u>

Loan Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment in Plant		
\$ -	\$ -	\$ -	\$ -	\$ (9,225,559)	\$ 15,253,057
-	7,486,175	-	-	-	12,383,877
-	210,579	-	-	(8,272)	16,503,880
-	452,270	-	-	(124,965)	20,713,970
-	127,866	-	-	-	286,678
-	157,637	-	-	(466,471)	1,654,602
-	24,152	-	-	-	93,769
-	-	-	-	-	(617,509)
-	4,174,835	-	(3,946,421)	-	716,078
-	12,633,514	-	(3,946,421)	(9,825,267)	66,988,402
-	-	-	-	(2,771,271)	3,029,265
-	-	-	-	-	955,550
-	-	-	-	(2,771,271)	3,984,815
-	12,633,514	-	(3,946,421)	(12,596,538)	70,973,217
-	-	-	-	62,085	10,950,071
-	-	-	-	(672,288)	11,205,898
-	-	-	-	(37,530)	5,030,830
-	-	-	-	(539,129)	1,178,497
-	-	-	-	13,252	3,228,245
-	-	-	-	9,281	4,149,659
-	-	-	-	4,776	831,840
-	1,310,578	-	-	(1,152,920)	4,423,216
-	-	-	-	(13,119)	7,419,964
-	-	-	-	-	1,486,189
-	-	-	-	-	720,451
-	-	-	-	-	4,441,794
-	-	-	-	3,279,194	3,279,194
-	1,310,578	-	-	953,602	58,345,848
-	-	-	-	-	5,623,219
-	-	-	-	(11,996,830)	4,184,838
-	4,984,573	-	-	(4,984,573)	-
-	1,048,167	-	-	-	1,178,440
-	6,032,740	-	-	(16,981,403)	10,986,497
-	7,343,318	-	-	(16,027,801)	69,332,345
-	5,290,196	-	(3,946,421)	3,431,263	1,640,872
-	-	-	6,949,247	(6,949,247)	-
-	(2,575,000)	-	2,792,500	-	-
-	-	-	(293,266)	279,161	(14,105)
-	(2,575,000)	-	9,448,481	(6,670,086)	(14,105)
-	2,715,196	-	5,502,060	(3,238,823)	1,626,767
36,251	11,487,892	-	78,986,413	(38,161,489)	80,208,186
\$ 36,251	\$ 14,203,088	\$ -	\$ 84,488,473	\$ (41,400,312)	\$ 81,834,953

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**UNRESTRICTED CURRENT FUNDS**  
**EDUCATION AND SUPPORT**  
**Year Ended June 30, 2012**

	<u>Education</u>			
	<u>Liberal Arts and Sciences</u>	<u>Vocational Technical</u>	<u>Adult Education</u>	<u>Cooperative Services</u>
<b>REVENUES</b>				
Tuition:				
Resident	\$ 13,337,829	\$ 4,063,620	\$ 2,693,777	\$ 475,529
Non-resident	1,355,654	776,925	-	-
Fees	1,113,789	203,913	96,275	-
Property taxes	-	-	-	-
State appropriations	14,219,976	26,566	603,014	-
Federal appropriations	-	-	403,083	448,410
Gifts and grants	2,110	-	151,702	-
Sales and services	31,265	-	39,642	-
Interest	-	-	-	-
Miscellaneous	51,227	92,219	29,247	-
	<u>30,111,850</u>	<u>5,163,243</u>	<u>4,016,740</u>	<u>923,939</u>
Allocation of support services revenues	1,307,197	1,182,703	622,475	-
Total revenues	<u>31,419,047</u>	<u>6,345,946</u>	<u>4,639,215</u>	<u>923,939</u>
<b>EXPENDITURES</b>				
Salaries and benefits	9,030,967	7,313,629	3,273,308	664,548
Services	1,612,094	638,285	1,131,149	111,362
Materials and supplies	185,244	512,081	360,997	94,191
Travel	59,681	68,220	75,719	3,652
Expended for plant assets	-	-	24,930	49,811
Retirement of indebtedness	-	-	-	-
Interest on indebtedness	-	-	-	-
Miscellaneous	-	-	98,452	375
	<u>10,887,986</u>	<u>8,532,215</u>	<u>4,964,555</u>	<u>923,939</u>
Allocation of support services revenues	7,457,794	6,747,527	3,551,330	-
Total expenditures	<u>18,345,780</u>	<u>15,279,742</u>	<u>8,515,885</u>	<u>923,939</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 13,073,267</u>	<u>\$ (8,933,796)</u>	<u>\$ (3,876,670)</u>	<u>\$ -</u>
<b>FUND BALANCES</b>				
Beginning				
Ending				

<u>Support</u>					
<u>General Admini- stration</u>	<u>Student Services</u>	<u>Learning Resources</u>	<u>Physical Plant</u>	<u>General Institution</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,570,755
-	-	-	-	-	2,132,579
-	5,774	-	-	-	1,419,751
2,415,393	-	-	-	-	2,415,393
8,272	-	-	-	-	14,857,828
225,975	159,322	-	-	-	1,236,790
-	-	-	-	5,000	158,812
57,054	245	3,638	17,182	-	149,026
61,795	-	-	-	-	61,795
34,248	2,975	1,199	75,292	39,011	325,418
<u>2,802,737</u>	<u>168,316</u>	<u>4,837</u>	<u>92,474</u>	<u>44,011</u>	<u>43,328,147</u>
<u>(2,802,737)</u>	<u>(168,316)</u>	<u>(4,837)</u>	<u>(92,474)</u>	<u>(44,011)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,328,147</u>
1,571,589	3,961,181	581,367	962,365	3,348,738	30,707,692
434,332	127,373	162,132	1,601,163	2,910,613	8,728,503
42,241	39,934	78,572	169,364	61,982	1,544,606
84,461	11,890	4,993	172	69,301	378,089
-	-	-	1,077,566	39,386	1,191,693
-	-	-	205,000	-	205,000
-	-	-	130,273	-	130,273
53,569	-	-	23,538	3,556	179,490
<u>2,186,192</u>	<u>4,140,378</u>	<u>827,064</u>	<u>4,169,441</u>	<u>6,433,576</u>	<u>43,065,346</u>
<u>(2,186,192)</u>	<u>(4,140,378)</u>	<u>(827,064)</u>	<u>(4,169,441)</u>	<u>(6,433,576)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,065,346</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>262,801</u>
					<u>4,699,381</u>
					<u>\$ 4,962,182</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
UNRESTRICTED CURRENT FUNDS  
AUXILIARY ENTERPRISES  
Year Ended June 30, 2012**

	<u>Cafeteria</u>	<u>Bookstore</u>	<u>Daycare</u>	<u>Parts</u>
<b>REVENUES</b>				
Fees	\$ -	\$ -	\$ -	\$ -
Federal appropriations	-	-	16,792	-
Sales and services	23,026	4,692,182	246,867	95,615
Miscellaneous, primarily gifts	394	689,701	-	-
Total revenues	<u>23,420</u>	<u>5,381,883</u>	<u>263,659</u>	<u>95,615</u>
<b>EXPENDITURES</b>				
Salaries and benefits	-	285,130	231,984	8,252
Services	3,962	251,478	13,520	1,590
Materials and supplies	4,486	18,444	19,184	20,215
Merchandise purchased for sale	3,157	3,864,968	4,114	60,826
Travel	-	1,069	378	-
Expended for plant assets	-	10,962	10,800	-
Retirement of indebtedness	-	-	12,500	-
Miscellaneous	-	177,594	24,000	-
Total expenditures	<u>11,605</u>	<u>4,609,645</u>	<u>316,480</u>	<u>90,883</u>
Net change in fund balances	11,815	772,238	(52,821)	4,732
<b>FUND BALANCES</b>				
Beginning	<u>124,735</u>	<u>1,296,904</u>	<u>130,501</u>	<u>6,132</u>
Ending	<u>\$ 136,550</u>	<u>\$ 2,069,142</u>	<u>\$ 77,680</u>	<u>\$ 10,864</u>

<u>Printing</u>	<u>Student Housing</u>	<u>Video Consortium</u>	<u>Kahl Auxiliary</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 75	\$ 75
-	-	-	-	-	16,792
152,771	307,010	90,298	192,651	116	5,800,536
-	-	-	229,944	18,644	938,683
<u>152,771</u>	<u>307,010</u>	<u>90,298</u>	<u>422,595</u>	<u>18,835</u>	<u>6,756,086</u>
23,455	60,059	85,971	-	-	694,851
48,994	84,641	41	8,500	-	412,726
29,493	10,177	3,369	-	-	105,368
-	-	-	-	-	3,933,065
-	-	176	-	18,042	19,665
-	-	-	-	-	21,762
-	-	-	-	-	12,500
59,100	175,088	-	-	-	435,782
<u>161,042</u>	<u>329,965</u>	<u>89,557</u>	<u>8,500</u>	<u>18,042</u>	<u>5,635,719</u>
(8,271)	(22,955)	741	414,095	793	1,120,367
<u>477,517</u>	<u>1,041,222</u>	<u>16,395</u>	<u>4,487,710</u>	<u>1,930,213</u>	<u>9,511,329</u>
<u>\$ 469,246</u>	<u>\$ 1,018,267</u>	<u>\$ 17,136</u>	<u>\$ 4,901,805</u>	<u>\$ 1,931,006</u>	<u>\$ 10,631,696</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**RESTRICTED CURRENT FUNDS**  
**Year Ended June 30, 2012**

	<u>Scholarships and Grants</u>	<u>Equipment Replacement</u>	<u>Insurance</u>	<u>Unemployment Compensation</u>	<u>Workforce Investment Act</u>
<b>REVENUES</b>					
Tuition, resident	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	1,073,504	397,812	34,831	-
State appropriations	329,360	-	-	-	-
Federal appropriations	14,889,476	-	-	-	1,486,189
Sales and services	980,748	-	-	-	-
Interest	-	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-	-
Miscellaneous	10,000	-	-	-	-
Total revenues	<u>16,209,584</u>	<u>1,073,504</u>	<u>397,812</u>	<u>34,831</u>	<u>1,486,189</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	-	-	10,397	490,532
Services	1,400	-	431,389	-	319,212
Materials and supplies	2,597	702,374	-	-	54,153
Travel	-	-	-	-	13,068
Expended for plant assets	-	389,843	-	-	-
Interest on indebtedness	-	-	-	-	-
Employer reimbursements	-	-	-	-	-
Federal Pell Grant Program	14,429,427	-	-	-	-
Federal Supplemental Educational Opportunity Grant (SEOG)	157,242	-	-	-	-
Other miscellaneous scholarships	1,582,651	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	8,351	-	-	-	609,224
Total expenditures	<u>16,181,668</u>	<u>1,092,217</u>	<u>431,389</u>	<u>10,397</u>	<u>1,486,189</u>
Net change in fund balances	27,916	(18,713)	(33,577)	24,434	-
<b>FUND BALANCES</b>					
Beginning	<u>45,709</u>	<u>1,368,972</u>	<u>(81,854)</u>	<u>38,814</u>	<u>-</u>
Ending	<u>\$ 73,625</u>	<u>\$ 1,350,259</u>	<u>\$ (115,431)</u>	<u>\$ 63,248</u>	<u>\$ -</u>

<b>Temporary Assistance for Needy Families</b>	<b>Iowa Industrial New Jobs Training Program</b>	<b>Economic Development</b>	<b>Other Federal Programs</b>	<b>Other Training</b>	<b>Other</b>	<b>Cash Reserve</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 185,884	\$ 169,647	\$ -	\$ -	\$ 355,531
-	62,051	-	-	-	914,111	-	2,482,309
-	12,800	-	-	669,540	432,045	-	1,443,745
720,451	-	-	2,053,759	-	-	-	19,149,875
-	-	665,477	3,480	136,502	28,203	-	1,814,410
-	(142,235)	150,057	-	-	-	-	7,822
-	(617,509)	-	-	-	-	-	(617,509)
-	1,400	-	2,000	84,420	64,426	-	162,246
<u>720,451</u>	<u>(683,493)</u>	<u>815,534</u>	<u>2,245,123</u>	<u>1,060,109</u>	<u>1,438,785</u>	<u>-</u>	<u>24,798,429</u>
503,644	-	354,309	1,164,732	204,279	1,028,801	-	3,756,694
186,684	1,776,914	101,596	881,090	526,407	140,067	-	4,364,759
27,916	-	1,039	93,421	67,944	13,120	-	962,564
2,207	-	10,828	103,729	4,109	-	-	133,941
-	-	-	-	-	278,859	-	668,702
-	1,733,204	-	-	-	-	-	1,733,204
-	931,676	-	-	-	-	-	931,676
-	-	-	-	-	-	-	14,429,427
-	-	-	-	-	-	-	157,242
-	-	-	55,252	89,576	-	-	1,727,479
-	-	-	-	-	-	-	-
-	-	-	-	50,000	-	-	667,575
<u>720,451</u>	<u>4,441,794</u>	<u>467,772</u>	<u>2,298,224</u>	<u>942,315</u>	<u>1,460,847</u>	<u>-</u>	<u>29,533,263</u>
-	(5,125,287)	347,762	(53,101)	117,794	(22,062)	-	(4,734,834)
-	<u>5,134,208</u>	<u>5,035,924</u>	<u>(461,451)</u>	<u>1,347,859</u>	<u>815,804</u>	<u>404,468</u>	<u>13,648,453</u>
<u>\$ -</u>	<u>\$ 8,921</u>	<u>\$ 5,383,686</u>	<u>\$ (514,552)</u>	<u>\$ 1,465,653</u>	<u>\$ 793,742</u>	<u>\$ 404,468</u>	<u>\$ 8,913,619</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF CHANGES IN ASSETS HELD IN CUSTODY FOR OTHERS -**  
**AGENCY FUNDS**  
**Year Ended June 30, 2012**

	<u>Athletics</u>	<u>Clubs, Organizations, and Activities</u>	<u>Iowa Industrial New Jobs Training Program</u>	<u>Other</u>	<u>Total</u>
<b>BALANCE, BEGINNING</b>	\$ 61,884	\$ 472,973	\$ 887,390	\$ 18,898	\$ 1,441,145
<b>Additions:</b>					
Fees	-	541,722	-	-	541,722
Federal appropriations	-	-	13,486	498,172	511,658
State appropriations	-	-	583,018	-	583,018
Gifts and grants	1,505	21,281	-	100	22,886
Sales and services	79,200	39,617	-	90	118,907
Other	339,408	153,379	-	514,412	1,007,199
<b>Total additions</b>	<u>420,113</u>	<u>755,999</u>	<u>596,504</u>	<u>1,012,774</u>	<u>2,785,390</u>
<b>Deductions:</b>					
Salaries and benefits	28,300	76,820	-	170,780	275,900
Services	198,737	182,815	358,796	483,668	1,224,016
Materials and supplies	54,149	54,175	492	23,175	131,991
Merchandise purchased for sale	1,843	11,111	-	-	12,954
Travel	72,787	81,582	-	17,447	171,816
Scholarships	38,579	8,900	-	-	47,479
Other	20,080	307,820	12,801	318,332	659,033
<b>Total deductions</b>	<u>414,475</u>	<u>723,223</u>	<u>372,089</u>	<u>1,013,402</u>	<u>2,523,189</u>
<b>BALANCE, ENDING</b>	<u>\$ 67,522</u>	<u>\$ 505,749</u>	<u>\$ 1,111,805</u>	<u>\$ 18,270</u>	<u>\$ 1,703,346</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2012**

Statements presented in the supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting, except for depreciation. The schedule of revenues, expenditures, and changes in fund balance is the statement of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses. In order to ensure observance of limitations and restrictions placed on the use resources available to the District, the accounts of the District are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions are accounted for and reported by fund group. Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated for specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

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

The District utilizes the following fund groups:

**Current Funds:**

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

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

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2012**

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

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

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

**Loan Funds:**

These funds are used to account for student loan transactions.

**Plant Funds:**

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

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

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

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

**Agency Funds:**

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CREDIT AND CONTACT HOUR ENROLLMENT  
Year Ended June 30, 2012**

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and sciences	106,957	-	106,957	-	-	-
Vocational education	81,178	-	81,178	-	-	-
Adult/continuing education	-	-	-	791,058	55,457	846,515
Cooperative programs/services	-	-	-	-	4,473	4,473
Related services and activities	-	-	-	-	98,400	98,400
	<u>188,135</u>	<u>-</u>	<u>188,135</u>	<u>791,058</u>	<u>158,330</u>	<u>949,388</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUES**

	Years Ended June 30,									
	<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>	
Local (property tax)	\$ 12,383,877	\$ 10,768,028	\$ 9,896,031	\$ 6,521,951	\$ 6,234,473	\$ 6,146,983	\$ 5,675,994	\$ 5,507,975	\$ 5,507,975	
State	16,503,880	15,709,803	17,786,482	18,440,501	17,904,822	15,551,674	14,848,484	13,772,428	13,772,428	
Federal	<u>20,713,970</u>	<u>22,930,378</u>	<u>22,866,414</u>	<u>14,032,972</u>	<u>11,820,809</u>	<u>11,376,763</u>	<u>11,581,712</u>	<u>11,807,181</u>	<u>11,807,181</u>	
	<u>\$ 49,601,727</u>	<u>\$ 49,408,209</u>	<u>\$ 50,548,927</u>	<u>\$ 38,995,424</u>	<u>\$ 35,960,104</u>	<u>\$ 33,075,420</u>	<u>\$ 32,106,190</u>	<u>\$ 31,087,584</u>	<u>\$ 31,087,584</u>	

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2012**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	New Loans
U.S. Department of Agriculture:				
New ERA Rural Technology Competitive Grants Program	10.314	2009-38450-20319	\$ 160,327	\$ -
Passed through Iowa Department of Education, Child and Adult Care Food Program	10.558	5885NU11	16,792	-
Passed through Iowa Department of Workforce State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	7-W-09-FR-0	<u>11,374</u>	-
<b>Total U.S. Department of Agriculture</b>			<u>188,493</u>	-
U.S. Department of Labor				
Passed through Iowa Department of Workforce Development:				
Workforce Investment Act -				
WIA Adult Program	17.258	7-W-09-FR-0	272,079	-
WIA Youth Activities	17.259	7-W-09-FR-0	320,716	-
WIA Dislocated Workers	17.260	7-W-09-FR-0	457,283	-
WIA Dislocated Workers	17.260	12-W-FR-P2-1-01	27,358	-
WIA Dislocated Workers	17.260	12-W-FR-P2-1-02	13,486	-
WIA Dislocated Workers	17.260	10-W-FR-9F-0-04	42,633	-
WIA Dislocated Workers	17.260	12-W-FR-P2-1-01	8,406	-
WIA Dislocated Workers	17.260	12-W-FR-P2-1-01	134,909	-
WIA Administration	17.258, 17.259, 17.260	7-W-09-FR-0	97,281	-
WIA Incentive Funds	17.258, 17.259, 17.260	7-W-09-FR-0	11,749	-
WIA Staff Training	17.258, 17.259, 17.260	7-W-09-FR-0	1,056	-
WIA Administration	17.258, 17.259, 17.260	10-W-FR-9F-0-04	<u>4,471</u>	-
<b>Total Workforce Investment Act Cluster</b>			<u>1,391,427</u>	-
Disabled Veterans' Outreach Program (DVOP)	17.801	7-W-09-FR-0	7,395	-
Employment Service/Wagner-Peyser Funded Activities	17.207	7-W-09-FR-0	<u>13,668</u>	-
<b>Total Employment Services Cluster</b>			<u>21,063</u>	-
Unemployment Insurance	17.225	7-W-09-FR-0	33,449	-
WIA Pilots, Demonstrations, and Research Projects	17.261	7-W-09-FR-0	2,623	-
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	11-1-PF-EG-0-04	58,863	-
Passed through the Iowa Department of Education:				
Incentive Grants - WIA Section 503	17.267	N/A	<u>80,570</u>	-
<b>Total U.S. Department of Labor</b>			<u>1,587,995</u>	-
U.S. Department of Transportation				
Highway Planning and Construction	20.205	N/A	<u>452,270</u>	-
<b>Total U.S. Department of Transportation</b>			<u>452,270</u>	-
U.S. National Science Foundation				
Direct Programs:				
Biological Sciences	47.074	N/A	7,873	-
Education and Human Resources	47.076	N/A	<u>650,417</u>	-
<b>Total U.S. National Science Foundation</b>			<u>658,090</u>	-
U.S. Small Business Administrations:				
Passed through Iowa State University, Small Small Business Development Centers	59.037	N/A	<u>102,169</u>	-
<b>Total U.S. Small Business Administrations</b>			<u>102,169</u>	-
U.S. Department of Veterans Affairs				
Direct, Post-9/11 Veterans Educational Assistance	64.027	N/A	<u>271,683</u>	-
<b>Total U.S. Department of Veterans Affairs</b>			<u>271,683</u>	-
U.S. Environmental Protection Agency:				
Passed through Hazardous Materials Training and Research Institute, Brownfield Job Training Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	N/A	<u>177,737</u>	-
<b>Total U.S. Environmental Protection Agency</b>			<u>177,737</u>	-

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>New Loans</u>
U.S. Department of Education				
Direct Programs:				
Student Financial Assistance:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 168,618	\$ -
Federal Work-Study Program	84.033	N/A	167,288	-
Federal Direct Student Loans	84.268	N/A	-	20,772,924
Federal Pell Grant Program	84.063	N/A	14,429,427	-
Academic Competitiveness Grant	84.375	N/A	1,452	-
<b>Total Student Financial Assistance Cluster</b>			<u>14,766,785</u>	<u>20,772,924</u>
Higher Education_Institutional Aid	84.031	N/A	425,361	-
TRIO - Student Support Services	84.042	N/A	285,419	-
Mathematics and Science Partnerships	84.386	N/A	<u>105,007</u>	<u>-</u>
			15,582,572	20,772,924
Passed through Georgetown University, Cooperative Association of States for Scholarships (CASS)	84.000	EDH-A-00-03-00004-0	311,536	-
Passed through Iowa Department of Education:				
Adult Education - Basic Grants to States	84.002	N/A	311,138	-
Career and Technical Education - Basic Grants to States	84.048	N/A	346,813	-
<b>Total U.S. Department of Education</b>			<u>16,552,059</u>	<u>20,772,924</u>
U.S. Department of Health and Human Services:				
Passed through National Partnership for Environmental Technology Education, NSF Tribal				
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	N/A	86,941	-
Passed through Iowa Workforce Development, Temporary Assistance for Needy Families	93.558	7-W-09-FR-0	38,001	-
Temporary Assistance for Needy Families	93.558	9-W-09-FN-0	682,450	-
USAID Development Partnerships for University Cooperation and Development	98.012		<u>95,405</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>902,797</u>	<u>-</u>
Passed through Kirkwood Community College, Community Colleges for International Development	00.000	N/A	<u>168,522</u>	<u>-</u>
<b>Total U.S. Department of State Bureau of         Educational and Cultural Affairs</b>			<u>168,522</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 21,061,815</u>	<u>\$ 20,772,924</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - STUDENT FINANCIAL ASSISTANCE**

The District is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program, and accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the District under this program as of June 30, 2012.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2012**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
	N/A	

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

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

We have audited the accompanying financial statements of Eastern Iowa Community College District as of and for the year ended June 30, 2012, which collectively comprise Eastern Iowa Community College District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 18, 2012. We did not audit the financial statements of the Scott Community College Foundation or the Eastern Iowa Community College District Foundation discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to those units, is based on reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **Compliance and Other Matters**

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

## **Iowa State Statutory Requirements**

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the District as identified in Part IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

*Winkel, Parker & Foster, CPA PC*

Clinton, Iowa  
December 18, 2012



**Winkel, Parker  
& Foster, CPA PC**

Certified Public Accountants & Consultants

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

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

**Compliance**

We have audited the compliance of Eastern Iowa Community College District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Eastern Iowa Community College District's major federal programs for the year ended June 30, 2011. Eastern Iowa Community College District'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 grant agreements applicable to each of its major federal programs is the responsibility of Eastern Iowa Community College District's management. Our responsibility is to express an opinion on Eastern Iowa Community College District's compliance based on our audit.

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

In our opinion, Eastern Iowa Community College District complied, in all material respects, with the compliance 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.

## Internal Control Over Compliance

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

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

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

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

*Winkel, Parker & Foster, CPA PC*

Clinton, Iowa  
December 18, 2012

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012**

**Part I - Summary of Independent Auditor's Results:**

**Financial Statements**

Type of auditor's report issued: Unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Highway and Planning Construction</u>
<u>47.076</u>	<u>Education and Human Resources</u>
	<u>Student Financial Aid Cluster:</u>
<u>84.007</u>	<u>Federal Supplemental Educational Opportunity Grants</u>
<u>84.033</u>	<u>Federal Work-Study Program</u>
<u>84.063</u>	<u>Federal Pell Grant Program</u>
<u>84.268</u>	<u>Federal Direct Student Loans</u>
<u>84.375</u>	<u>Academic Competitiveness Grant</u>
<u>84.031</u>	<u>Higher Education Institutional Aid</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012**

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?                      x   yes           no

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

No matters were reported

**INSTANCES OF NONCOMPLIANCE:**

No matters were reported

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012**

**Part III: Findings and Questioned Costs for Federal Awards**

**INSTANCES OF NONCOMPLIANCE:**

No matters were reported

**SIGNIFICANT DEFICIENCIES:**

No matters were reported

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012**

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-12 Certified budget - Disbursements during the year ended June 30, 2012 did not exceed amounts budgeted in total.
- IV-B-12 Questionable expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-12 Travel expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-12 Business transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-12 Bond coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-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 District published a statement showing all receipts and disbursements of all funds for fiscal year 2012, 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 noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District'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 District were supported by detailed records maintained by the District.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT  
CORRECTIVE ACTION PLAN  
Year Ended June 30, 2012**

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
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N/A