

EASTERN IOWA COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
June 30, 2013

EASTERN IOWA COMMUNITY COLLEGE DISTRICT

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EASTERN IOWA COMMUNITY COLLEGE DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Before the 9/13/13 Election</u>		
Robert H. Gallagher	President	2015
Mary Lou Engler	Vice-President	2015
Kim Clausen	Member	2013
Denise Hollonbeck	Member	2013
Bill Phelan	Member	2013
Milton Shaw	Member	2013
Kendra Beck	Member	2015
Dr. Joseph D'Souza	Member	2015
Michelle Garvin	Member	2015
<u>After the 9/13/13 Election</u>		
Robert H. Gallagher	President	2015
Mary Lou Engler	Vice-President	2015
Kendra Beck	Member	2015
Dr. Joseph D'Souza	Member	2015
Michelle Garvin	Member	2015
Kim Clausen	Member	2017
Denise Hollonbeck	Member	2017
Bill Phelan	Member	2017
Milton Shaw	Member	2017
Community College:		
Dr. Donald Doucette	Chancellor	
Honey H. Bedell	Board Secretary	
Lana J. Dettbarn	Board Treasurer	

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Iowa Community College District (District), Davenport, Iowa, and its discretely presented component units, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Scott Community College Foundation or Eastern Iowa Community College District Foundation as discussed in Note 1, which represent 17.8 percent of the assets and net assets, respectively, and 21.5 percent of the revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, is based solely on the report 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 from material misstatement. The financial statements of Muscatine Community College Foundation, Paul B. Sharar Foundation for Clinton Campus, and Scott Community College Foundation, which are 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Eastern Iowa Community College District and its discretely presented component units, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 information on pages 5 through 13 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eastern Iowa Community College District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the five years ended June 30, 2008, were audited by other auditors whose reports 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 as 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 required parts of the basic financial statements.

The supplementary information is the responsibility of 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2014, on our consideration of Eastern Iowa Community College District's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Iowa Community College District's internal control over financial reporting and compliance.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
January 2, 2014

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

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, 2013. 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 6,883 full-time equivalent credit students in approximately 60 arts and science and 49 career technology award programs. Non-credit programming serves 63,528 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.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Financial Highlights

- District revenues totaled \$72,581,176 compared to \$70,973,217 for 2012.
- District expenses were \$68,344,635 compared to \$69,346,450 for 2012.
- The District's net position increased \$4,236,541 or approximately 5% from fiscal year 2012. Fiscal year 2012 net position increased \$1,626,767 or approximately 2% from fiscal year 2011.

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 position, a statement of revenues, expenses, and changes in net position, 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.

Required supplementary information presents the Schedule of Funding Progress for the Retiree Health Plan.

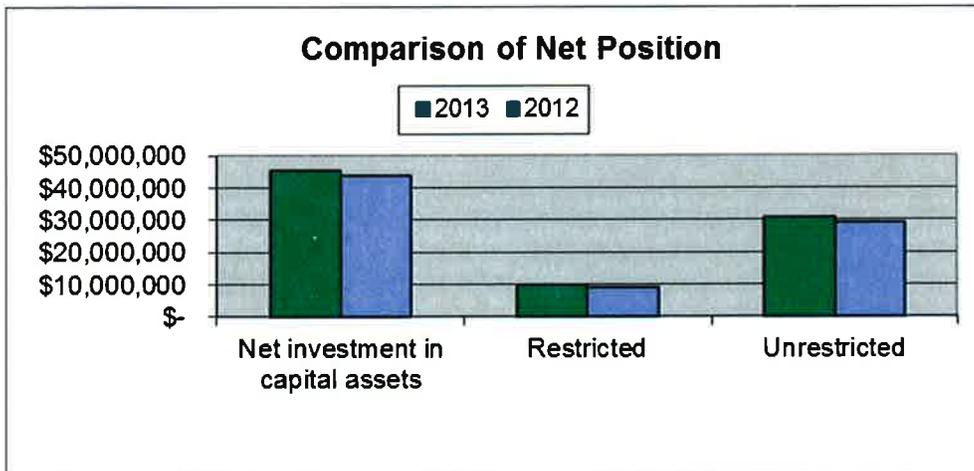
Supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, and the supplementary information provides detailed information about the individual funds of the District.

Reporting the District as a Whole

Statement of Net Position: The statement of net position presents the assets, liabilities, and net position of the District as a whole, as of the end of the fiscal year June 30, 2013. The statement of net position 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 position includes year-end information concerning current and noncurrent assets, current and noncurrent liabilities and net position (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 position. 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, 2013**

	June 30,	
	2013	2012
Net position		
Current and other assets	\$ 102,824,015	\$ 97,206,420
Capital assets, net of accumulated depreciation	69,878,786	71,603,582
Total assets	172,702,801	168,810,002
Current liabilities	30,659,432	26,716,307
Noncurrent liabilities	55,971,875	60,258,742
Total liabilities	86,631,307	86,975,049
Net position		
Net investment in capital assets	45,357,107	43,787,143
Restricted	9,971,634	8,913,619
Unrestricted	30,742,753	29,134,191
Total net position	\$ 86,071,494	\$ 81,834,953



The largest portion of the District's net position (52.7%) for 2013 and (53.5%) for 2012 is the net investment in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net position (11.6%) for 2013 and (10.9%) for 2012 includes resources that are subject to external restrictions. The remaining net position (35.7%) for 2013 and (35.6%) for 2012 are the unrestricted net position 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, 2013**

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

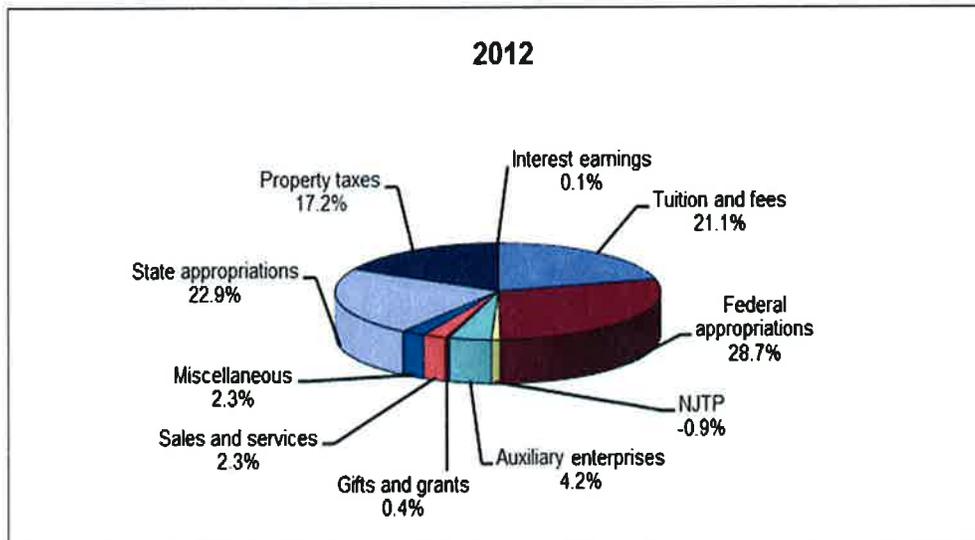
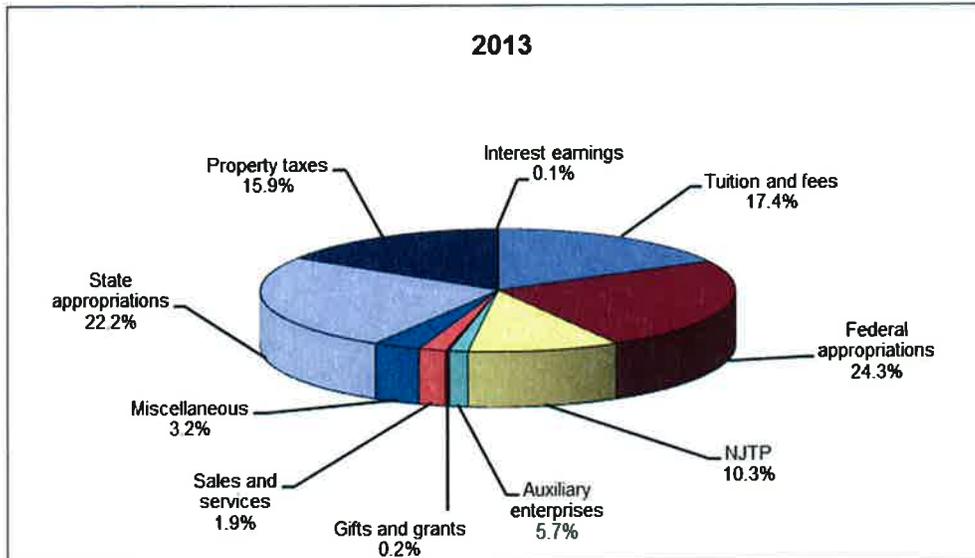
In general, a public college, such as Eastern Iowa Community College District, will report an operating loss since the financial reporting model classifies state appropriations and property taxes as non-operating revenues. Operating revenues are received for providing goods and services to the various 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. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

	Year Ended June 30,	
	2013	2012
Changes in net position		
Revenues:		
Tuition and fees	\$ 12,630,940	\$ 15,253,057
Federal appropriations	17,648,332	20,713,970
Iowa Industrial New Jobs Training Program	7,511,102	(617,509)
Auxiliary enterprises revenue	918,470	3,029,265
Gifts and grants	176,408	286,678
Sales and service	1,341,232	1,654,602
Miscellaneous	2,330,682	1,671,628
State appropriations	18,403,089	16,503,880
Property taxes	11,533,507	12,383,877
Investment earnings	87,414	93,769
Total revenues	72,581,176	70,973,217
Total operating expenses	65,667,718	68,153,905
Loss on disposal of capital assets	28,773	14,105
Interest on indebtedness	2,648,144	1,178,440
Total expenses	68,344,635	69,346,450
Increase in net position	4,236,541	1,626,767
Net position:		
Beginning	81,834,953	80,208,186
Ending	\$ 86,071,494	\$ 81,834,953

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Total Revenue by Source

The statement of revenues, expenses, and changes in net position reflects positive years for both 2013 and 2012, with an increase in the net position of \$4,236,541 and \$1,626,767, respectively.



In fiscal year 2013, the major fluctuations in revenues were a result of the following changes:

- Tuition and fees decreased approximately \$2,622,000.
- Federal appropriations decreased approximately \$3,066,000.
- Iowa Industrial New Jobs Training Program increased by approximately \$8,128,000.
- Auxiliary enterprises revenue decreased by approximately \$2,111,000.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

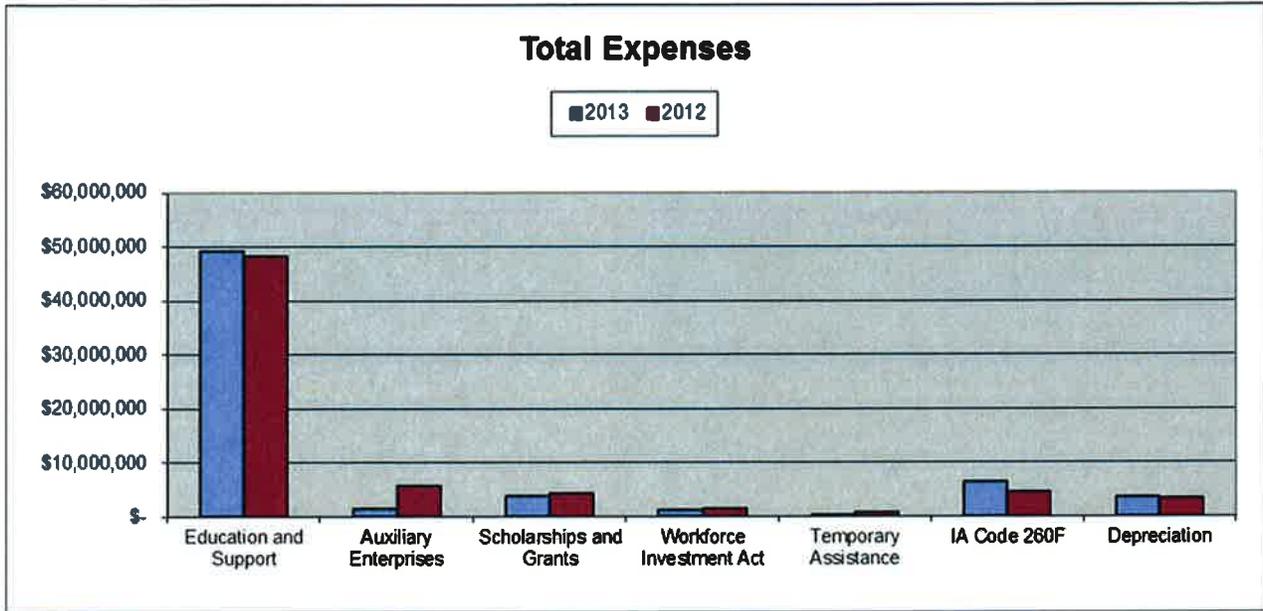
- State appropriations increased by approximately \$1,900,000.
- Property taxes decreased approximately \$850,000.

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.

Operating expenses	<u>Year Ended June 30,</u>	
	<u>2013</u>	<u>2012</u>
Education and support:		
Liberal arts and science	\$ 10,719,702	\$ 10,950,071
Vocational technical	11,016,292	11,205,898
Adult education	5,321,467	5,030,830
Cooperative services	296,601	1,178,497
General administration	3,194,299	3,228,245
Student services	4,551,460	4,149,659
Learning resources	698,632	831,840
Physical plant	5,655,116	4,423,216
General institution	7,796,786	7,419,964
Auxiliary enterprises	1,328,321	5,623,219
Scholarships and grants	3,727,913	4,184,838
Workforce Investment Act	1,319,814	1,486,189
Temporary Assistance for Needy Families	134,628	720,451
Iowa Industrial New Jobs Training Program	6,350,019	4,441,794
Depreciation expense	<u>3,556,668</u>	<u>3,279,194</u>
Total operating expenses	<u>\$ 65,667,718</u>	<u>\$ 68,153,905</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**



In fiscal year 2013, the major fluctuations in operating expenses were a result of the following factors:

- Auxiliary Enterprises decreased approximately \$4,295,000.
- Iowa Industrial New Jobs Training Program increased approximately \$1,908,225.

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

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

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 and related financing and investing activities.

Cash flows	Year Ended June 30,	
	<u>2013</u>	<u>2012</u>
Cash provided by (used in):		
Operating activities	\$(30,544,361)	\$(29,181,031)
Noncapital financing activities	39,763,084	44,754,384
Capital and related financing activities	(5,981,731)	(10,929,827)
Investing activities	<u>(2,301,407)</u>	<u>(2,267,264)</u>
Net increase in cash	935,585	2,376,262
 Cash:		
Beginning	<u>49,071,612</u>	<u>46,695,350</u>
Ending	<u>\$ 50,007,197</u>	<u>\$ 49,071,612</u>

Cash used for operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations and local property taxes received by the 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, 2013, the District had \$69,878,786 invested in capital assets, net of accumulated depreciation of \$43,995,046. Depreciation charges totaled \$3,556,668 for fiscal year 2013. 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. Details of the capital assets are shown below.

Capital assets	June 30,	
	<u>2013</u>	<u>2012</u>
Land	\$ 4,119,282	\$ 4,119,282
Construction in progress	1,236,717	1,236,717
Buildings	84,157,589	83,541,866
Other structures and improvements	11,275,832	11,257,917
Furniture and equipment	<u>13,084,412</u>	<u>12,149,130</u>
Totals	<u>\$ 113,873,832</u>	<u>\$ 112,304,912</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, 2013**

Debt

As of June 30, 2013, the District had \$65,521,875 in debt outstanding, excluding compensated absences of \$1,692,573, a decrease of \$3,491,867 from 2012. The majority of the decrease is due to principal payments. 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.

Outstanding debt	<u>June 30,</u>	
	<u>2013</u>	<u>2012</u>
Certificates payable	\$ 38,400,000	\$ 39,175,000
Note payable	250,000	549,760
Net OPEB liability	1,026,875	698,982
Bonds payable	24,450,000	27,100,000
Revenue bonds payable	<u>1,395,000</u>	<u>1,490,000</u>
Totals	<u>\$ 65,521,875</u>	<u>\$ 69,013,742</u>

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 POSITION - PRIMARY INSTITUTION
June 30, 2013**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 50,007,197
Investments	24,928,256
Receivables:	
Property taxes	9,029,393
Due from other governments	2,811,602
Other	2,457,643
Total current assets	89,234,091

NONCURRENT ASSETS

Due from Iowa Industrial New Jobs Training Program	13,589,924
Capital assets:	
Land	4,119,282
Buildings	84,157,589
Other structures and improvements	11,275,832
Furniture and equipment	13,084,412
Construction in progress	1,236,717
Accumulated depreciation	(43,995,046)
Total noncurrent assets	83,468,710

TOTAL ASSETS

\$ 172,702,801

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 3,182,830
Salaries and benefits payable	2,707,805
Compensated absences	1,692,573
Accrued interest payable	80,849
Deferred revenue	12,252,853
Assets held in custody for others	1,192,522
Certificates payable	6,690,000
Notes and bonds payable	2,860,000
Total current liabilities	30,659,432

NONCURRENT LIABILITIES

Certificates payable	31,710,000
Net OPEB liability	1,026,875
Notes and bonds payable	23,235,000
Total noncurrent liabilities	55,971,875
Total liabilities	86,631,307

NET POSITION

Net investment in capital assets	45,357,107
Restricted for:	
Education and support	9,567,166
Property tax cash reserve	404,468
Unrestricted	30,742,753
Total net position	86,071,494

TOTAL LIABILITIES AND NET POSITION

\$ 172,702,801

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

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PRIMARY INSTITUTION
Year Ended June 30, 2013

OPERATING REVENUES

Tuition and fees, net of scholarship allowances of \$11,048,764	\$ 12,630,940
Federal appropriations	4,934,445
Iowa Industrial New Jobs Training Program	7,511,102
Auxiliary enterprises revenue, net of allowances of \$3,654	918,470
Gifts and grants	176,408
Sales and services	1,341,232
Miscellaneous	<u>2,330,682</u>
Total operating revenues	<u>29,843,279</u>

OPERATING EXPENSES

Education and support:	
Liberal arts and sciences	10,719,702
Vocational technical	11,016,292
Adult education	5,321,467
Cooperative services	296,601
General administration	3,194,299
Student services	4,551,460
Learning resources	698,632
Physical plant	5,655,116
General institution	7,796,786
Auxiliary enterprises	1,328,321
Scholarships and grants	3,727,913
Workforce Investment Act	1,319,814
Temporary Assistance for Needy Families	134,628
Iowa Industrial New Jobs Training Program	6,350,019
Depreciation expense	<u>3,556,668</u>
Total operating expenses	<u>65,667,718</u>

Operating loss (35,824,439)

NONOPERATING REVENUES (EXPENSES)

State appropriations	18,403,089
Pell grant	12,713,887
Property taxes	11,533,507
Investment earnings	87,414
Loss on disposal of capital assets	(28,773)
Interest on indebtedness	<u>(2,648,144)</u>
Net nonoperating revenues	<u>40,060,980</u>

Increase in net position 4,236,541

NET POSITION

Beginning	<u>81,834,953</u>
Ending	<u>\$ 86,071,494</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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 13,118,885
Federal appropriations	6,108,494
Iowa Industrial New Jobs Training Program	6,446,368
Payments to employees for salaries and benefits	(35,509,774)
Payments to suppliers for goods and services	(9,892,719)
Scholarships	(14,780,331)
Auxiliary enterprise	918,470
Other receipts	<u>3,046,246</u>
Net cash used in operating activities	<u>(30,544,361)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	18,403,089
Pell grant	12,713,887
Property taxes	11,524,122
Proceeds from certificates payable	5,510,000
Payments on certificates payable	(6,285,000)
Interest on certificates payable	(1,592,190)
Miscellaneous Agency Fund receipts	1,897,170
Miscellaneous Agency Fund disbursements	<u>(2,407,994)</u>
Net cash provided by noncapital financing activities	<u>39,763,084</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(1,860,645)
Proceeds from notes payable	250,000
Principal paid on notes and bonds payable	(3,294,760)
Interest paid on notes and bonds payable	<u>(1,076,326)</u>
Net cash used in capital and related financing activities	<u>(5,981,731)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	87,414
Purchase of investments	<u>(2,388,821)</u>
Net cash used in investing activities	<u>(2,301,407)</u>

Net increase in cash and cash equivalents 935,585

CASH AND CASH EQUIVALENTS

Beginning	49,071,612
Ending	<u>\$ 50,007,197</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Operating loss	<u>\$ (35,824,439)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	3,556,668
Changes in assets and liabilities:	
(Increase) decrease in due from other governments	1,174,049
(Increase) decrease in other receivables	(802,076)
(Increase) decrease in inventories	61,618
(Increase) decrease in due from Iowa Industrial New Jobs Training Program	(1,256,357)
Increase (decrease) in accounts payable	1,274,145
Increase (decrease) in salaries and benefits payable	111,255
Increase (decrease) in OPEB liability	327,893
Increase (decrease) in deferred revenue	679,568
Increase (decrease) in compensated absences	<u>153,315</u>
Total adjustments	<u>5,280,078</u>

Net cash used in operating activities \$ (30,544,361)

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

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

	June 30, 2013	August 31, 2012	December 31, 2012	
	Muscatine Community College Foundation	Paul B. Sharar Foundation for Clinton Campus	Scott Community College Foundation	Eastern Iowa Community College District Foundation
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 40,152	\$ 69,325	\$ 544,297	\$ 105,423
Temporary cash investments, certificates of deposit	-	-	-	16,336
Investments	-	3,012,820	1,235,912	684,450
Land	-	-	-	211,564
Receivables	25,000	-	13,262	6,449
Prepaid expenses	-	-	-	6,758
Total current assets	65,152	3,082,145	1,793,471	1,030,980
NONCURRENT ASSETS				
Receivables	225,000	-	-	-
Investments	9,689,798	-	-	-
Total noncurrent assets	9,914,798	-	-	-
TOTAL ASSETS	\$ 9,979,950	\$ 3,082,145	\$ 1,793,471	\$ 1,030,980
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
NET ASSETS				
Unrestricted	16,960	782,467	155,730	385,990
Temporarily restricted	4,246,039	169,691	776,580	579,990
Permanently restricted	5,716,951	2,129,987	861,161	65,000
Total net assets	9,979,950	3,082,145	1,793,471	1,030,980
TOTAL LIABILITIES AND NET ASSETS	\$ 9,979,950	\$ 3,082,145	\$ 1,793,471	\$ 1,030,980

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, 2013</u>	<u>Year Ended August 31, 2012</u>	<u>Year Ended December 31, 2012</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>
REVENUES				
Operating revenue, gifts and grants	\$ 575,966	\$ 142,005	\$ 198,262	\$ 87,208
EXPENSES				
Operating expenses:				
Scholarships and grants	256,943	342,556	144,467	352,512
Miscellaneous expense	21,924	2,460	39,728	22,668
Total operating expenses	<u>278,867</u>	<u>345,016</u>	<u>184,195</u>	<u>375,180</u>
Operating income (loss)	<u>297,099</u>	<u>(203,011)</u>	<u>14,067</u>	<u>(287,972)</u>
NONOPERATING REVENUES				
Unrealized gain (loss) on investments	681,132	-	1,613	-
Realized gain (loss) on sale of investments	-	31,808	133,583	-
Investment earnings	273,848	78,951	30,678	38,220
Total nonoperating revenues	<u>954,980</u>	<u>110,759</u>	<u>165,874</u>	<u>38,220</u>
Increase (decrease) in net assets	1,252,079	(92,252)	179,941	(249,752)
NET ASSETS				
Beginning	8,727,871	3,174,397	1,613,530	1,280,732
Ending	<u>\$ 9,979,950</u>	<u>\$ 3,082,145</u>	<u>\$ 1,793,471</u>	<u>\$ 1,030,980</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, 2013	Year Ended August 31, 2012	Year Ended December 31, 2012	
	Muscatine Community College Foundation	Paul B. Sharar Foundation for Clinton Campus	Scott Community College Foundation	Eastern Iowa Community College District Foundation
CASH FLOWS FROM OPERATING ACTIVITIES				
Gifts and grants	\$ 575,966	\$ 142,005	\$ 198,262	\$ 89,422
Payments to suppliers for goods and services	(21,924)	(2,460)	(39,728)	(22,668)
Scholarships and grants	(506,943)	(342,556)	(144,776)	(352,512)
Net cash provided by (used in) operating activities	47,099	(203,011)	13,758	(285,758)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	273,848	78,951	30,678	38,220
Purchase of temporary cash investments, certificates of deposit	-	-	-	(10,000)
Proceeds of temporary cash investments, certificates of deposit	-	-	-	131,004
Purchase of investments	(1,003,914)	-	-	(307,348)
Proceeds of investments	681,132	137,529	339,166	295,588
Net cash provided by (used in) investing activities	(48,934)	216,480	369,844	147,464
Net increase (decrease) in cash and cash equivalents	(1,835)	13,469	383,602	(138,294)
CASH AND CASH EQUIVALENTS				
Beginning	41,987	55,856	160,695	243,717
Ending	\$ 40,152	\$ 69,325	\$ 544,297	\$ 105,423
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 297,099	\$ (203,011)	\$ 14,067	\$ (287,972)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in receivables	(250,000)	-	(309)	2,214
Total adjustments	(250,000)	-	(309)	2,214
Net cash provided by (used in) operating activities	\$ 47,099	\$ (203,011)	\$ 13,758	\$ (285,758)

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

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - 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.

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

Eastern Iowa Community College District is a political subdivision of the State of Iowa governed by a Board of Directors, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The District has statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease or mortgage property in its own name.

These financial statements present Eastern Iowa Community College District (the primary government) and its component units. The component units discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District. Certain disclosures about the components units are not included because the component units have been audited separately and reports have been issued under separate cover. The audited financial statements are available at the District.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discrete Component Units

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 due to the nature of their relationship with the College.

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, 2013
Paul B. Sharar Foundation for Clinton Campus	August 31, 2012
Scott Community College Foundation	December 31, 2012
Eastern Iowa Community College District Foundation	December 31, 2012

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.

Basis of Presentation

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following net position (previously referred to as net assets) categories/components:

Net Investment in Capital Assets - Capital assets, net of accumulated depreciation/amortization and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Position:

Nonexpendable - Net position subject to externally imposed stipulations that they be maintained permanently by the District.

Expendable - Net position whose use by the District is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Position - Net position not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and general programs of the District.

GASB Statement No. 35 also requires the Statements of Net Position, Revenues, Expenses and Changes in Net Position and Cash Flows. These basic financial statements 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.

Assets, Liabilities and Net Position

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.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2013, 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.

Inventories: Inventories are stated at the lower of cost or market (first-in, first-out) method.

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.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2013.

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

Net position: Net position is classified according to restrictions or availability of assets for satisfaction of District obligations. Net investment in capital assets 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 position represents the amounts segregated for specific purposes as required by the Code of Iowa, bond covenants, donors, or outside agencies. All remaining net position is 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 position is 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.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 January 2, 2014, the date the financial statements were available to be issued.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Primary Institution

The District's deposits in banks at June 30, 2013 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.

As of June 30, 2013, 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.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2013, the carrying amount of the District's deposits excluding \$6,217 of petty cash totaled \$74,929,236, with a bank balance of \$76,159,355.

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

Carrying amount of deposits		\$ 74,929,236
Petty cash		<u>6,217</u>
Total		<u>\$ 74,935,453</u>
Cash and investments		\$ 50,007,197
Investments		<u>24,928,256</u>
Total		<u>\$ 74,935,453</u>

B. Component Units

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

	<u>Market Value</u>	<u>Cost</u>
Government and corporate bonds	\$ 791,222	\$ 746,075
Mutual and equity funds	13,648,477	11,695,168
Money market accounts	2,381	2,381
Certificates of deposit	<u>290,810</u>	<u>290,810</u>
Total	<u>\$ 14,732,890</u>	<u>\$ 12,734,434</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 4,119,282	\$ -	\$ -	\$ 4,119,282
Construction in progress	<u>1,236,717</u>	<u>-</u>	<u>-</u>	<u>1,236,717</u>
Total capital assets not being depreciated	<u>5,355,999</u>	<u>-</u>	<u>-</u>	<u>5,355,999</u>
Capital assets being depreciated:				
Buildings	83,541,866	615,723	-	84,157,589
Other structures and improvements	11,257,917	17,915	-	11,275,832
Furniture and equipment	<u>12,149,130</u>	<u>1,227,007</u>	<u>291,725</u>	<u>13,084,412</u>
Total capital assets being depreciated	<u>106,948,913</u>	<u>1,860,645</u>	<u>291,725</u>	<u>108,517,833</u>
Less accumulated depreciation for:				
Buildings	31,493,542	1,873,201	-	33,366,743
Other structures and improvements	2,905,995	406,466	-	3,312,461
Furniture and equipment	<u>6,301,793</u>	<u>1,277,001</u>	<u>262,952</u>	<u>7,315,842</u>
Total accumulated depreciation	<u>40,701,330</u>	<u>3,556,668</u>	<u>262,952</u>	<u>43,995,046</u>
 Total capital assets being depreciated, net	 <u>66,247,583</u>	 <u>(1,696,023)</u>	 <u>28,773</u>	 <u>64,522,787</u>
 Total capital assets, net	 <u>\$71,603,582</u>	 <u>\$(1,696,023)</u>	 <u>\$ 28,773</u>	 <u>\$69,878,786</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, 2013**

NOTE 4 - NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities for the year ended June 30, 2013 is as follows:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Amount Due Within One Year</u>
Certificates payable	\$ 39,175,000	\$ 5,510,000	\$6,285,000	\$ 38,400,000	\$ 6,690,000
Note payable	549,760	250,000	549,760	250,000	25,000
Dormitory revenue bonds	1,490,000	-	95,000	1,395,000	105,000
Net OPEB liability	698,982	327,893	-	1,026,875	-
Bonds payable	27,100,000	-	2,650,000	24,450,000	2,730,000
Compensated absences	<u>1,539,258</u>	<u>1,692,573</u>	<u>1,539,258</u>	<u>1,692,573</u>	<u>1,692,573</u>
Total	<u>\$ 70,553,000</u>	<u>\$ 7,780,466</u>	<u>\$ 11,119,018</u>	<u>\$ 67,214,448</u>	<u>\$ 11,242,573</u>

In accordance with agreements dated between June 30, 2004 and June 30, 2013, the District issued certificates with a June 30, 2013 outstanding balance of \$38,400,000 and with interest rates ranging from 1.20% to 6.50% 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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2014	\$ 6,690,000	\$ 1,427,539	\$ 8,117,539
2015	6,925,000	1,104,365	8,029,365
2016	5,895,000	807,728	6,702,728
2017	5,515,000	563,793	6,078,793
2018	3,380,000	350,980	3,730,980
2019-2023	<u>9,995,000</u>	<u>628,263</u>	<u>10,623,263</u>
Total	<u>\$ 38,400,000</u>	<u>\$ 4,882,668</u>	<u>\$ 43,282,668</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 - NONCURRENT LIABILITIES (CONTINUED)

The District issued dormitory revenue bonds, Series 2001 with a balance of \$1,395,000 as of June 30, 2013. 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 \$5,500,000 as of June 30, 2013. 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 \$10,280,000 as of June 30, 2013. 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 \$8,670,000 as of June 30, 2013. 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.

The District borrowed \$250,000 during the fiscal year ending June 30, 2013 from Muscatine Community College Foundation. The note is non-interest bearing and was loaned in support of the construction of a new facility in Columbus Junction. The loan is to be repaid within ten years. The balance remaining on the loan was \$250,000 on June 30, 2013.

Future maturities and interest of the notes and bonds payable as of June 30, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2014	\$ 2,860,000	\$ 983,665	\$ 3,843,665
2015	2,950,000	897,985	3,847,985
2016	3,045,000	806,045	3,851,045
2017	3,150,000	703,539	3,853,539
2018	3,270,000	585,018	3,855,018
2019-2023	<u>10,820,000</u>	<u>996,208</u>	<u>11,816,208</u>
Total	<u>\$26,095,000</u>	<u>\$ 4,972,460</u>	<u>\$ 31,067,460</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual payroll. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$1,226,915, \$1,129,617, and \$1,012,524, 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 5.78% and the District is required to contribute 8.67%. The District and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2013 were \$823,255 and \$548,836, respectively.

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.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

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, 2013, 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>(470,620)</u>
Increase in net OPEB obligation	327,893
Net OPEB obligation beginning of year	<u>698,982</u>
Net OPEB obligation end of year	<u>\$ 1,026,875</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, 2013.

For the year ended June 30, 2013, Eastern Iowa Community College District contributed \$470,620 to the medical plan.

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
June 30, 2013	798,513	59%	1,026,875

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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

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, 2013, 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 4.50% discount rate based on Eastern Iowa Community College District's funding policy. The projected annual medical trend rate is 25.00%. The ultimate medical trend rate is 5.00%. The medical trend rate is reduced to 0.45% each year until reaching the 5.00% 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, 2013

NOTE 8 - OPERATING LEASES

The District has leased various facilities, land, and vehicles under operating leases. The leases expire on various dates through 2019 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,	
2014	\$ 125,862
2015	99,106
2016	81,583
2017	25,195
2018	<u>15,876</u>
Total	<u>\$ 347,622</u>

Rental payments made during the year ended June 30, 2013 for all operating leases totaled approximately \$173,103.

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, property and inland marine, errors and omissions and School Board legal liability, workers' compensation and employers liability, crime insurance, fiduciary liability, 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, 2013 were \$541,861.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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 \$400,000 for workers' compensation. The policy limit per occurrence is \$800,000 for property/liability, \$900,000 for errors/omissions, and \$300,000 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 \$100,000,000 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, 2013, no liability has been recorded by the District. As of June 30, 2013, 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 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, 2013, the District has obligations to 2 participants with a total liability of \$15,866.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 10 - TERMINATION BENEFITS (CONTINUED)

The District has an approved Early Retirement Incentive Plan (ERIP) for fiscal and academic years 2013, 2014, 2015 and 2016. 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 75-95% 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 divided into payments over a minimum of two and maximum of five calendar years.

At June 30, 2013, the District has obligations to 12 participants with a total liability of \$254,369. Actual early retirement expenditures for the year ended June 30, 2013 totaled \$587,608.

Enrollment for ERIP related to 2014, 2015, and 2016 was open until November 1, 2013. Subsequent to June 30, 2013 the District incurred obligations to 74 participants with a total liability of \$4,292,804.

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 140 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 37 projects.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 13 - CONSTRUCTION CONTRACTS

The District has entered into a construction contract totaling \$458,561. As of June 30, 2013, costs of \$435,633 have been incurred on the project. The retainage due of \$22,928 will be paid upon completion of the project.

NOTE 14 - NEW AND PENDING PRONOUNCEMENTS

As of June 30, 2013, the GASB issued the following statements not yet implemented by the District. These Statements may impact the District as follows:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March of 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.
- GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

The District's management has not yet determined the effect these statements will have on the District's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UALL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
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
2013	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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Between Actual and Final Budget</u>
Unrestricted	<u>\$48,114,514</u>	<u>\$48,114,514</u>	<u>\$43,597,589</u>	<u>\$ (4,516,925)</u>
Restricted	\$ 15,564,915	\$ 15,564,915	\$ 12,103,402	\$ (3,461,513)
Unemployment	35,000	35,000	36,105	1,105
Insurance	435,943	435,943	551,305	115,362
Early retirement	825,989	825,989	1,024,422	198,433
Equipment replacement	1,388,376	1,388,376	711,576	(676,800)
Standby	<u>166,299</u>	<u>166,299</u>	<u>164,967</u>	<u>(1,332)</u>
Total restricted	<u>\$18,416,522</u>	<u>\$18,416,522</u>	<u>\$14,591,777</u>	<u>\$ (3,824,745)</u>
Plant	<u>\$ 6,976,875</u>	<u>\$ 6,976,875</u>	<u>\$ 3,100,840</u>	<u>\$ (3,876,035)</u>

See accompanying independent auditor's report.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTE TO BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES
BUDGETARY REPORTING
Year Ended June 30, 2013**

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.

For the year ended June 30, 2013, the District's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
BALANCE SHEET
June 30, 2013**

	Current Funds	
	Unrestricted	Restricted
ASSETS		
Cash and cash equivalents	\$ 32,937,431	\$ 852,141
Investments	-	24,928,256
Receivables:		
Property taxes	2,515,519	3,998,355
Due from other governments	1,001,480	775,288
Other	1,389,853	222,569
Due from other funds	15,850,752	15,731,236
Due from Iowa Industrial New Jobs Training Program	-	13,589,924
Capital assets:		
Land	-	-
Buildings	-	-
Other structures and improvements	-	-
Furniture and equipment	-	-
Construction in progress	-	-
Accumulated depreciation	-	-
	\$ 53,695,035	\$ 60,097,769
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,576,152	\$ 862,337
Salaries and benefits payable	2,406,343	284,513
Accrued interest payable	-	-
Due to other funds	27,222,094	6,350,965
Deferred revenue	4,598,471	4,140,709
Assets held in custody for others	-	-
Compensated absences	1,529,785	87,611
Certificates payable	-	38,400,000
Net OPEB liability	-	-
Notes and bonds payable	-	-
Total liabilities	37,332,845	50,126,135
FUND BALANCES		
Net investment in capital assets	-	-
Restricted for:		
Education and support	-	9,567,166
Property tax cash reserve	-	404,468
Unrestricted	4,998,098	-
Auxillary enterprises	11,364,092	-
Total fund balances	16,362,190	9,971,634
	\$ 53,695,035	\$ 60,097,769

See accompanying independent auditor's report.

<u>Loan Funds</u>	<u>Plant Funds</u>	<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
\$ 452	\$ 16,217,173	\$ -	\$ -	\$ 50,007,197
-	-	-	-	24,928,256
-	2,515,519	-	-	9,029,393
-	-	1,034,834	-	2,811,602
-	253,499	591,722	-	2,457,643
35,824	1,918,725	3,555,053	(37,091,590)	-
-	-	-	-	13,589,924
-	4,119,282	-	-	4,119,282
-	84,072,156	85,433	-	84,157,589
-	11,266,626	9,206	-	11,275,832
-	13,074,417	9,995	-	13,084,412
-	1,236,717	-	-	1,236,717
-	-	-	(43,995,046)	(43,995,046)
<u>\$ 36,276</u>	<u>\$ 134,674,114</u>	<u>\$ 5,286,243</u>	<u>\$ (81,086,636)</u>	<u>\$ 172,702,801</u>
\$ -	\$ 738,423	\$ 5,918	\$ -	\$ 3,182,830
-	-	16,949	-	2,707,805
-	80,849	-	-	80,849
25	165	3,518,341	(37,091,590)	-
-	3,036,337	477,336	-	12,252,853
-	-	1,192,522	-	1,192,522
-	-	75,177	-	1,692,573
-	-	-	-	38,400,000
-	-	-	1,026,875	1,026,875
-	26,095,000	-	-	26,095,000
<u>25</u>	<u>29,950,774</u>	<u>5,286,243</u>	<u>(36,064,715)</u>	<u>86,631,307</u>
-	89,352,153	-	(43,995,046)	45,357,107
-	-	-	-	9,567,166
-	-	-	-	404,468
36,251	15,371,187	-	(1,026,875)	19,378,661
-	-	-	-	11,364,092
<u>36,251</u>	<u>104,723,340</u>	<u>-</u>	<u>(45,021,921)</u>	<u>86,071,494</u>
<u>\$ 36,276</u>	<u>\$ 134,674,114</u>	<u>\$ 5,286,243</u>	<u>\$ (81,086,636)</u>	<u>\$ 172,702,801</u>

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
June 30, 2013

	Current Funds	
	Unrestricted	Restricted
REVENUES		
General:		
Tuition and fees	\$ 23,251,067	\$ 428,637
Property taxes	2,510,906	2,769,788
State appropriations	16,088,885	1,245,835
Federal appropriations	1,112,673	16,629,629
Gifts and grants	142,463	-
Sales and services	115,388	2,375,790
Interest	58,804	8,510
Iowa Industrial New Jobs Training Program	-	7,511,102
Miscellaneous	353,363	780,647
	<u>43,633,549</u>	<u>31,749,938</u>
Auxiliary enterprises:		
Sales and services	922,124	-
Miscellaneous	1,138,593	-
	<u>2,060,717</u>	<u>-</u>
Total revenues	<u>45,694,266</u>	<u>31,749,938</u>
EXPENDITURES		
Education and support:		
Liberal arts and sciences	10,632,211	-
Vocational technical	8,796,158	2,842,250
Adult education	5,181,629	132,793
Cooperative services	664,785	832,995
General administration	2,173,062	1,024,422
Student services	4,507,632	-
Learning resources	692,666	-
Physical plant	4,216,793	551,304
General institution	6,732,653	1,131,177
Workforce Investment Act	-	1,319,814
Temporary Assistance for Needy Families	-	134,628
Iowa Industrial New Jobs Training Program	-	6,350,019
Depreciation expense	-	-
	<u>43,597,589</u>	<u>14,319,402</u>
Auxiliary enterprises	1,328,321	-
Scholarships and grants	-	14,780,331
Plant asset acquisitions	-	-
Interest on indebtedness	-	1,592,190
	<u>1,328,321</u>	<u>16,372,521</u>
Total expenditures	<u>44,925,910</u>	<u>30,691,923</u>
Excess of revenues over expenditures	<u>768,356</u>	<u>1,058,015</u>
OTHER ADDITIONS (DEDUCTIONS)		
Expended for plant assets	-	-
Retirement of indebtedness	-	-
Disposal of plant assets	-	-
Total other additions (deductions)	<u>-</u>	<u>-</u>
Net change in fund balances	768,356	1,058,015
FUND BALANCES		
Beginning	15,593,834	8,913,619
Ending	<u>\$ 16,362,190</u>	<u>\$ 9,971,634</u>

See accompanying independent auditor's report.

Loan Funds	Plant Funds		Investment in Plant	Adjustments	Total
	Unexpended	Retirement of Indebtedness			
\$ -	\$ -	\$ -	\$ -	\$ (11,048,764)	\$ 12,630,940
-	6,252,813	-	-	-	11,533,507
-	1,078,631	-	-	(10,262)	18,403,089
-	-	-	-	(93,970)	17,648,332
-	33,945	-	-	-	176,408
-	120,131	-	-	(1,270,077)	1,341,232
-	20,100	-	-	-	87,414
-	-	-	-	-	7,511,102
-	58,079	-	-	-	1,192,089
-	<u>7,563,699</u>	-	-	<u>(12,423,073)</u>	<u>70,524,113</u>
-	-	-	-	(3,654)	918,470
-	-	-	-	-	1,138,593
-	-	-	-	<u>(3,654)</u>	<u>2,057,063</u>
-	<u>7,563,699</u>	-	-	<u>(12,426,727)</u>	<u>72,581,176</u>
-	-	-	-	87,491	10,719,702
-	-	-	-	(622,116)	11,016,292
-	-	-	-	7,045	5,321,467
-	-	-	-	(1,201,179)	296,601
-	-	-	-	(3,185)	3,194,299
-	-	-	-	43,828	4,551,460
-	-	-	-	5,966	698,632
-	1,384,828	-	-	(497,809)	5,655,116
-	-	-	-	(67,044)	7,796,786
-	-	-	-	-	1,319,814
-	-	-	-	-	134,628
-	-	-	-	-	6,350,019
-	-	-	-	<u>3,556,668</u>	<u>3,556,668</u>
-	<u>1,384,828</u>	-	-	<u>1,309,665</u>	<u>60,611,484</u>
-	-	-	-	-	1,328,321
-	-	-	-	(11,052,418)	3,727,913
-	660,058	-	-	(660,058)	-
-	<u>1,055,954</u>	-	-	-	<u>2,648,144</u>
-	<u>1,716,012</u>	-	-	<u>(11,712,476)</u>	<u>7,704,378</u>
-	<u>3,100,840</u>	-	-	<u>(10,402,811)</u>	<u>68,315,862</u>
-	<u>4,462,859</u>	-	-	<u>(2,023,916)</u>	<u>4,265,314</u>
-	-	-	1,860,645	(1,860,645)	-
-	(3,294,760)	-	3,294,760	-	-
-	-	-	(291,725)	262,952	(28,773)
-	<u>(3,294,760)</u>	-	<u>4,863,680</u>	<u>(1,597,693)</u>	<u>(28,773)</u>
-	1,168,099	-	4,863,680	(3,621,609)	4,236,541
36,251	14,203,088	-	84,488,473	(41,400,312)	81,834,953
<u>\$ 36,251</u>	<u>\$ 15,371,187</u>	<u>\$ -</u>	<u>\$ 89,352,153</u>	<u>\$ (45,021,921)</u>	<u>\$ 86,071,494</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
UNRESTRICTED CURRENT FUNDS
EDUCATION AND SUPPORT
Year Ended June 30, 2013**

	<u>Education</u>			
	<u>Liberal Arts and Sciences</u>	<u>Vocational Technical</u>	<u>Adult Education</u>	<u>Cooperative Services</u>
REVENUES				
Tuition:				
Resident	\$ 12,774,253	\$ 4,122,936	\$ 2,710,531	\$ 239,212
Non-resident	1,350,216	865,813	-	-
Fees	894,203	211,245	76,888	-
Property taxes	-	-	-	-
State appropriations	15,299,569	58,061	720,993	-
Federal appropriations	-	-	329,569	425,573
Gifts and grants	11,675	-	130,288	-
Sales and services	16,280	13,851	11,401	-
Interest	-	-	-	-
Miscellaneous	11,630	154,906	5,201	-
	<u>30,357,826</u>	<u>5,426,812</u>	<u>3,984,871</u>	<u>664,785</u>
Allocation of support services revenues	<u>1,343,687</u>	<u>1,215,717</u>	<u>639,851</u>	<u>-</u>
Total revenues	<u>31,701,513</u>	<u>6,642,529</u>	<u>4,624,722</u>	<u>664,785</u>
EXPENDITURES				
Salaries and benefits	9,143,932	7,439,365	3,457,110	456,658
Services	1,222,082	553,991	1,074,049	65,571
Materials and supplies	203,733	657,242	398,356	60,403
Travel	62,464	70,367	67,890	9,140
Expended for plant assets	-	75,193	12,924	72,913
Miscellaneous	-	-	171,300	100
	<u>10,632,211</u>	<u>8,796,158</u>	<u>5,181,629</u>	<u>664,785</u>
Allocation of support services revenues	<u>7,695,579</u>	<u>6,962,666</u>	<u>3,664,561</u>	<u>-</u>
Total expenditures	<u>18,327,790</u>	<u>15,758,824</u>	<u>8,846,190</u>	<u>664,785</u>
NET CHANGE IN FUND BALANCES	<u>\$ 13,373,723</u>	<u>\$ (9,116,295)</u>	<u>\$ (4,221,468)</u>	<u>\$ -</u>
FUND BALANCES				
Beginning				
Ending				

See accompanying independent auditor's report.

Support					
<u>General Admini- stration</u>	<u>Student Services</u>	<u>Learning Resources</u>	<u>Physical Plant</u>	<u>General Institution</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,846,932
-	-	-	-	-	2,216,029
-	5,770	-	-	-	1,188,106
2,510,906	-	-	-	-	2,510,906
10,262	-	-	-	-	16,088,885
170,929	186,602	-	-	-	1,112,673
-	500	-	-	-	142,463
49,569	35	2,925	21,327	-	115,388
58,804	-	-	-	-	58,804
10,580	4,567	882	129,635	35,962	353,363
<u>2,811,050</u>	<u>197,474</u>	<u>3,807</u>	<u>150,962</u>	<u>35,962</u>	<u>43,633,549</u>
<u>(2,811,050)</u>	<u>(197,474)</u>	<u>(3,807)</u>	<u>(150,962)</u>	<u>(35,962)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,633,549</u>
1,621,321	4,296,257	563,716	949,109	3,795,776	31,723,244
393,902	148,515	47,871	2,472,705	2,727,901	8,706,587
33,496	50,001	75,216	271,606	126,805	1,876,858
48,762	12,859	5,863	238	65,203	342,786
17,504	-	-	499,013	13,454	691,001
58,077	-	-	24,122	3,514	257,113
<u>2,173,062</u>	<u>4,507,632</u>	<u>692,666</u>	<u>4,216,793</u>	<u>6,732,653</u>	<u>43,597,589</u>
<u>(2,173,062)</u>	<u>(4,507,632)</u>	<u>(692,666)</u>	<u>(4,216,793)</u>	<u>(6,732,653)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,597,589</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>35,960</u>
					<u>4,962,182</u>
					<u>\$ 4,998,142</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
UNRESTRICTED CURRENT FUNDS
AUXILIARY ENTERPRISES
Year Ended June 30, 2013**

	<u>Cafeteria</u>	<u>Bookstore</u>	<u>Daycare</u>	<u>Parts</u>
REVENUES				
Fees	\$ -	\$ -	\$ -	\$ -
Federal appropriations	-	-	17,154	-
Sales and services	37,973	42,787	266,373	30,408
Miscellaneous, primarily gifts	361	671,472	-	25
Total revenues	<u>38,334</u>	<u>714,259</u>	<u>283,527</u>	<u>30,433</u>
EXPENDITURES				
Salaries and benefits	-	26,896	249,836	7,519
Services	4,528	43,910	7,965	37
Materials and supplies	2,425	26,970	20,442	22,280
Merchandise purchased for sale	3,466	-	3,181	-
Travel	-	-	342	-
Miscellaneous	-	413,761	-	-
Total expenditures	<u>10,419</u>	<u>511,537</u>	<u>281,766</u>	<u>29,836</u>
Net change in fund balances	27,915	202,722	1,761	597
FUND BALANCES				
Beginning	<u>136,550</u>	<u>2,069,142</u>	<u>77,680</u>	<u>10,864</u>
Ending	<u>\$ 164,465</u>	<u>\$ 2,271,864</u>	<u>\$ 79,441</u>	<u>\$ 11,461</u>

See accompanying independent auditor's report.

<u>Printing</u>	<u>Student Housing</u>	<u>Video Consortium</u>	<u>Kahl Auxiliary</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 27	\$ 27
-	-	-	-	-	17,154
127,276	167,938	92,049	157,320	-	922,124
-	65	-	421,005	28,484	1,121,412
<u>127,276</u>	<u>168,003</u>	<u>92,049</u>	<u>578,325</u>	<u>28,511</u>	<u>2,060,717</u>
26,130	-	83,970	-	-	394,351
48,060	5,880	451	4,600	-	115,431
32,139	-	1,174	-	-	105,430
-	-	-	-	-	6,647
-	-	82	-	28,949	29,373
83,000	180,328	-	-	-	677,089
<u>189,329</u>	<u>186,208</u>	<u>85,677</u>	<u>4,600</u>	<u>28,949</u>	<u>1,328,321</u>
(62,053)	(18,205)	6,372	573,725	(438)	732,396
469,246	1,018,267	17,136	4,901,805	1,931,006	10,631,696
<u>\$ 407,193</u>	<u>\$ 1,000,062</u>	<u>\$ 23,508</u>	<u>\$ 5,475,530</u>	<u>\$ 1,930,568</u>	<u>\$ 11,364,092</u>

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
RESTRICTED CURRENT FUNDS
Year Ended June 30, 2013

	<u>Scholarships and Grants</u>	<u>Equipment Replacement</u>	<u>Insurance</u>	<u>Unemployment Compensation</u>	<u>Workforce Investment Act</u>
REVENUES					
Tuition, resident	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	1,115,957	493,276	25,038	-
State appropriations	578,784	-	-	-	-
Federal appropriations	13,264,150	-	-	-	1,319,814
Sales and services	952,020	-	-	-	-
Interest	-	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>14,794,954</u>	<u>1,115,957</u>	<u>493,276</u>	<u>25,038</u>	<u>1,319,814</u>
EXPENDITURES					
Salaries and benefits	-	-	-	36,105	654,887
Services	-	-	551,305	-	184,491
Materials and supplies	863	214,269	-	-	19,746
Travel	100	-	-	-	19,097
Expended for plant assets	-	497,307	-	-	-
Interest on indebtedness	-	-	-	-	-
Employer reimbursements	-	-	-	-	-
Federal Pell Grant Program	12,713,887	-	-	-	-
Federal Supplemental Educational Opportunity Grant (SEOG)	220,786	-	-	-	-
Other miscellaneous scholarships	1,844,695	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	441,593
Total expenditures	<u>14,780,331</u>	<u>711,576</u>	<u>551,305</u>	<u>36,105</u>	<u>1,319,814</u>
Net change in fund balances	14,623	404,381	(58,029)	(11,067)	-
FUND BALANCES					
Beginning	73,625	1,350,259	(115,431)	63,248	-
Ending	<u>\$ 88,248</u>	<u>\$ 1,754,640</u>	<u>\$ (173,460)</u>	<u>\$ 52,181</u>	<u>\$ -</u>

See accompanying independent auditor's report.

<u>Temporary Assistance for Needy Families</u>	<u>Iowa Industrial New Jobs Training Program</u>	<u>Economic Development</u>	<u>Other Federal Programs</u>	<u>Other Training</u>	<u>Other</u>	<u>Cash Reserve</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 563	\$ 428,074	\$ -	\$ -	\$ 428,637
-	164,967	-	-	-	970,550	-	2,769,788
-	-	-	-	666,626	425	-	1,245,835
134,628	-	-	1,911,037	-	-	-	16,629,629
-	48,873	1,285,032	-	74,865	15,000	-	2,375,790
-	8,510	-	-	-	-	-	8,510
-	7,511,102	-	-	-	-	-	7,511,102
-	381,918	-	-	206,937	191,792	-	780,647
<u>134,628</u>	<u>8,115,370</u>	<u>1,285,032</u>	<u>1,911,600</u>	<u>1,376,502</u>	<u>1,177,767</u>	<u>-</u>	<u>31,749,938</u>
94,428	-	385,434	1,037,573	371,794	1,093,971	-	3,674,192
38,795	3,321,205	183,983	674,640	559,738	24,486	-	5,538,643
1,303	-	2,471	44,058	48,681	7,293	-	338,684
102	-	9,227	128,077	16,441	2,602	-	175,646
-	-	-	-	5,180	-	-	502,487
-	1,592,190	-	-	-	-	-	1,592,190
-	3,028,814	-	-	-	-	-	3,028,814
-	-	-	-	-	-	-	12,713,887
-	-	-	-	-	-	-	220,786
-	-	-	26,689	130,898	-	-	2,002,282
-	-	-	-	-	-	-	-
-	-	-	-	462,719	-	-	904,312
<u>134,628</u>	<u>7,942,209</u>	<u>581,115</u>	<u>1,911,037</u>	<u>1,595,451</u>	<u>1,128,352</u>	<u>-</u>	<u>30,691,923</u>
-	173,161	703,917	563	(218,949)	49,415	-	1,058,015
-	8,921	5,383,686	(514,552)	1,465,653	793,742	404,468	8,913,619
<u>\$ -</u>	<u>\$ 182,082</u>	<u>\$ 6,087,603</u>	<u>\$ (513,989)</u>	<u>\$ 1,246,704</u>	<u>\$ 843,157</u>	<u>\$ 404,468</u>	<u>\$ 9,971,634</u>

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN ASSETS HELD IN CUSTODY FOR OTHERS -
AGENCY FUNDS
Year Ended June 30, 2013

	<u>Athletics</u>	<u>Clubs, Organizations, and Activities</u>	<u>Iowa Industrial New Jobs Training Program</u>	<u>Other</u>	<u>Total</u>
BALANCE, BEGINNING	\$ 67,522	\$ 505,749	\$ 1,111,805	\$ 18,270	\$ 1,703,346
Additions:					
Fees	-	475,851	-	-	475,851
Federal appropriations	-	-	-	471,027	471,027
State appropriations	-	-	(225,482)	-	(225,482)
Gifts and grants	9,050	16,969	-	-	26,019
Sales and services	89,395	39,433	88,328	29	217,185
Other	311,793	162,266	-	458,511	932,570
Total additions	<u>410,238</u>	<u>694,519</u>	<u>(137,154)</u>	<u>929,567</u>	<u>1,897,170</u>
Deductions:					
Salaries and benefits	15,114	91,987	-	174,913	282,014
Services	205,419	163,426	371,424	427,776	1,168,045
Materials and supplies	59,541	54,922	-	5,131	119,594
Merchandise purchased for sale	4,909	3,707	-	8,592	17,208
Travel	86,201	101,534	-	21,111	208,846
Scholarships	51,968	6,412	-	-	58,380
Other	-	261,000	-	292,907	553,907
Total deductions	<u>423,152</u>	<u>682,988</u>	<u>371,424</u>	<u>930,430</u>	<u>2,407,994</u>
BALANCE, ENDING	<u>\$ 54,608</u>	<u>\$ 517,280</u>	<u>\$ 603,227</u>	<u>\$ 17,407</u>	<u>\$ 1,192,522</u>

See accompanying independent auditor's report.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
Year Ended June 30, 2013**

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, 2013**

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, 2013**

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and sciences	94,775	-	94,775	-	-	-
Vocational education	70,422	-	70,422	-	-	-
Adult/continuing education	-	-	-	773,797	70,857	844,654
Cooperative programs/services	-	-	-	-	3,465	3,465
	<u>165,197</u>	<u>-</u>	<u>165,197</u>	<u>773,797</u>	<u>74,322</u>	<u>848,119</u>

See accompanying independent auditor's report.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUES
FOR THE LAST TEN YEARS**

	Years Ended June 30,									
	<u>2013</u>	<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)	\$ 11,533,507	\$ 12,383,877	\$ 10,768,028	\$ 9,896,031	\$ 6,521,951	\$ 6,234,473	\$ 6,146,983	\$ 5,675,994	\$ 5,507,975	\$ 5,705,718
State	18,403,089	16,503,880	15,709,803	17,786,482	18,440,501	17,904,822	15,551,674	14,848,484	13,772,428	13,082,865
Federal	<u>17,648,332</u>	<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>12,627,087</u>
	<u>\$ 47,584,928</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>\$ 31,415,670</u>

See accompanying independent auditor's report.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	New Loans
Direct Programs:				
U.S. Department of Agriculture: New ERA Rural Technology Competitive Grants Program	10.314	N/A	\$ 54,004	\$ -
Total U.S. Department of Agriculture			54,004	-
U.S. Department of Labor: Trade Adjustment Assistance	17.245	N/A	74,366	-
Total U.S. Department of Labor			74,366	-
U.S. National Endowment for the Humanities: National Leadership Grants	45.312	N/A	72,097	-
Total U.S. National Endowment for the Humanities			72,097	-
National Science Foundation: Education and Human Resources	47.076	N/A	358,531	-
Total National Science Foundation			358,531	-
U.S. Department of Veterans Affairs: Post-9/11 Veterans Educational Assistance	64.027	N/A	322,006	-
Total U.S. Department of Veterans Affairs			322,006	-
U.S. Department of Education: Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	231,826	-
Federal Work-Study Program	84.033	N/A	190,757	-
Federal Pell Grant Program	84.063	N/A	12,713,887	-
Federal Direct Student Loans	84.268	N/A	-	17,986,205
Total Student Financial Assistance Cluster			13,136,470	17,986,205
Higher Education Institutional Aid	84.031	N/A	364,275	-
TRIO Student Support Services	84.042	N/A	264,427	-
Mathematics and Science Partnerships	84.366	N/A	190,177	-
Total U.S. Department of Education			13,955,349	17,986,205
U.S. Department of Health and Human Services: USAID Development Partnerships for University Cooperation and Development	98.012	N/A	139,731	-
Total U.S. Department of Health and Human Services			139,731	-
Total Direct Programs			14,976,084	17,986,205
Indirect Programs:				
U.S. Department of Agriculture: Passed through Iowa Department of Education: Child and Adult Care Food Program	10.558	5885NU11	17,154	-
Passed through Iowa Department of Workforce: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	7-W-09-FR-0	12,190	-
Total U.S. Department of Agriculture			29,344	-
U.S. Department of Labor: Passed through Iowa Workforce Development: Workforce Investment Act (WIA) Cluster:				
WIA Adult Program	17.258	13-W-09-FR-0	293,756	-
WIA Youth Activities	17.259	13-W-09-FR-0	388,230	-
WIA Dislocated Worker Formula Grants	17.260	13-W-09-FR-0	405,551	-
WIA Dislocated Worker Formula Grants	17.260	12-W-FR-P2-1-01	111,706	-
WIA Dislocated Worker Formula Grants	17.260	12-W-FR-P2-1-01	11,539	-
WIA Administration	17.258, 17.259, 17.260	13-W-09-FR-0	109,032	-
Total Workforce Investment Act (WIA) Cluster			1,319,814	-
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	11-1-PF-EG-0-04	96,677	-
Passed through Des Moines Area Community College: Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	N/A	6,531	-
Total U.S. Department of Labor			1,423,022	-

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 June 30, 2013

<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>
National Science Foundation:				
Passed through the National Partnership for Environmental Technology Education: Education and Human Resources	47.076	N/A	\$ 40,483	\$ -
Passed through St. Ambrose University: Education and Human Resources	47.076	N/A	19,940	-
Total National Science Foundation			<u>60,423</u>	<u>-</u>
U.S. Small Business Administration:				
Passed through Iowa State University: Small Business Development Centers	59.037	N/A	63,883	-
Total U.S. Small Business Administration			<u>63,883</u>	<u>-</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	169,484	-
Total U.S. Environmental Protection Agency			<u>169,484</u>	<u>-</u>
Passed through Iowa Department of Education:				
Adult Education - Basic Grants to States	84.002	N/A	317,379	-
Career and Technical Education - Basic Grants to States	84.048	N/A	371,640	-
Total U.S. Department of Education			<u>689,019</u>	<u>-</u>
U.S. Department of Health and Human Services:				
Passed through the National Partnership for Environmental Technology Education: NIEHS Hazardous Waste Worker Health and Safety Training	93.142	N/A	50,364	-
Passed through Iowa Workforce Development: Temporary Assistance for Needy Families	93.558	9-W-09-FN-0	8,380	-
Temporary Assistance for Needy Families	93.558	9-W-09-FN-0	126,247	-
Total U.S. Department of Health and Human Services			<u>184,991</u>	<u>-</u>
U.S. Agency for International Development:				
Passed through Georgetown University: USAID Foreign Assistance for Programs Overseas	98.001	EDH-A-00-03-0004-0	327,412	-
Total U.S. Agency for International Development			<u>327,412</u>	<u>-</u>
U.S. Department of State Bureau of Educational and Cultural Affairs:				
Passed through Kirkwood Community College, Community Colleges for International Development	00.000	N/A	143,615	-
Total U.S. Department of State Bureau of Educational and Cultural Affairs			<u>143,615</u>	<u>-</u>
Total Indirect Programs			<u>3,091,193</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 18,067,277</u>	<u>\$ 17,986,205</u>

See accompanying independent auditor's report.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013**

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, 2013.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2013**

<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

We have audited, in accordance with the 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, the financial statements of Eastern Iowa Community College District, Davenport, Iowa, and the aggregate discretely presented component units, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Eastern Iowa Community College District's basic financial statements, and have issued our report thereon dated January 2, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Iowa Community College District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern Iowa Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Iowa Community College District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Iowa Community College District's financial statements are free from 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*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
January 2, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
OMB CIRCULAR A-133**

To the Board of Directors
Eastern Iowa Community College District

Report on Compliance for Each Major Federal Program

We have audited Eastern Iowa Community College District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Eastern Iowa Community College District's major federal programs for the year ended June 30, 2013. Eastern Iowa Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Eastern Iowa Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Eastern Iowa Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, Eastern Iowa Community College District, complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of Eastern Iowa Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Eastern Iowa Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Eastern Iowa Community College District's internal control over compliance.

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

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
January 2, 2014

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Part I - Summary of Independent Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified 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:

Unmodified 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>84.002</u>	<u>Adult Education - Basic Grants to States</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>98.001</u>	<u>USIAD Foreign Assistance for Programs Overseas</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

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:

INTERNAL CONTROL 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, 2013**

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NONCOMPLIANCE:

No matters were reported

INTERNAL CONTROL DEFICIENCIES:

No matters were reported

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-13 Certified budget - Disbursements during the year ended June 30, 2013 did not exceed amounts budgeted.
- IV-B-13 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-13 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-13 Business transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-13 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-13 Board minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-13 Publication - The District published a statement showing all receipts and disbursements of all funds for fiscal year 2013, 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-13 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-13 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, 2013**

<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