

**IOWA LAKES COMMUNITY COLLEGE
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS
JUNE 30, 2014**

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**IOWA LAKES COMMUNITY COLLEGE
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Trustees		
(Term of October 1, 2013 to September 30, 2014)		
Jan Lund	President	2015
Patrick Kibbie	Vice President	2017
David Gottsche	Trustee	2015
Bob Jennings	Trustee	2017
Arden Kinnader	Trustee	2015
Christopher Fuhrman	Trustee	2017
Jane Nolan Goeken	Trustee	2015

Community College
(As of June 30, 2014)

Valerie Newhouse	President
Thomas Brotherton	Executive Dean of Emmetsburg Campus
Jane Campbell	Executive Director of Marketing
Mark Gruwell	Executive Dean of Instruction and Development
Delaine Hiney	Executive Director of Facilities Management
Robert L'Heureux	Vice President of Administration
Scott Stokes	Executive Dean of Estherville Campus
Jolene Rogers	Executive Director of Community and Business Relations
Julie Williams	Executive Dean of Students



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Iowa Lakes Community College
Estherville, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Iowa Lakes Community College, Estherville, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents of this report.

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 error or fraud.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Iowa Lakes Community College and its discretely presented component units as of June 30, 2014, 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 Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 9 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Lakes Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which is not presented herein) and expressed unmodified opinions on those financial statements. The other supplemental information included in Schedules 1 through 12, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, Schedule 13, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplemental information and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate 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. In our opinion, other supplemental information and the schedule of expenditures of federal awards are 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 20, 2015, on our consideration of Iowa Lakes Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Iowa Lakes Community College's internal control over financial reporting and compliance.

Williams + Company, P.C.

Certified Public Accountants

Spencer, Iowa
January 20, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

This section of Iowa Lakes Community College's annual financial report presents a discussion and analysis of the financial performance of the college during the fiscal year ended June 30, 2014, with comparative information presented for the fiscal year ended June 30, 2013. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the financial statement and notes. This discussion and analysis consists of comments just for Iowa Lakes Community College and does not contain comments about the Component Units. The financial statements, notes, and this discussion are the responsibility of management.

USING THIS ANNUAL REPORT

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

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

The Basic Financial Statements consist of a statement of net 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 College as a whole and present an overall view of the College's finances.

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

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

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

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College as a whole as of the fiscal year ended June 30, 2014. 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 College to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources, and net position. Over time, reader of the financial statements will be able to determine the College'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 College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

Net Position

	June 30, 2014	June 30, 2013
Current and Other Assets	\$ 21,363,611	\$ 22,796,728
Capital Assets, Net of Accumulated Depreciation	33,831,354	30,830,938
Total Assets	55,194,965	53,627,666
Current Liabilities	6,858,298	7,676,609
Non-current Liabilities	9,856,172	7,462,595
Total Liabilities	16,714,470	15,139,204
Deferred Inflows of Resources	3,659,869	5,720,235
Net Position:		
Net Investment in Capital Assets	26,232,338	27,158,338
Restricted		
Non-Expendable	1,000,000	1,000,000
Expendable	2,432,909	275,057
Unrestricted	5,155,379	4,334,832
Total Net Position	\$ 34,820,626	\$ 32,768,227

Comparison of Net Position

The largest portion of the College's net position (75.3%) is the net invested in capital assets (e.g., land, buildings, intangibles and equipment). The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net position (9.9%) includes resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The remaining position (14.8%) is unrestricted net position which can be used to meet the College's obligations as they come due.

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

Changes in total net position as presented in 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 College, both operating and non-operating, the expenses incurred by the College, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

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

Changes in Net Position

	Year Ended June 30, 2014	Year Ended June 30, 2013
Revenues:		
Operating Revenues:		
Tuition and Fees net of scholarships	\$ 5,184,716	\$ 5,766,815
Federal Appropriations	5,372,242	5,963,572
Iowa Industrial New Jobs Training Program	435,244	306,799
Gifts & Grants	801,708	538,706
Auxiliary Enterprises	5,288,637	5,470,982
Miscellaneous	2,345,000	2,778,879
Total Operating Revenues	19,427,547	20,825,753
 Total Operating Expenses	 34,166,919	 35,901,721
 Operating Loss	 (14,739,372)	 (15,075,968)
 Non-Operating Revenues (Expenses)		
State Appropriations	11,752,065	10,609,481
Property Taxes	5,731,376	4,018,911
Gifts from Foundation	-	80,272
Interest Income from Investments	72,189	87,294
(Loss) on Sale of Capital Assets	(19,383)	(39,384)
Interest on Indebtedness	(298,330)	(281,750)
Net Non-Operating Revenues	17,237,917	14,474,824
 Increase (Decrease) in Net Position	 2,498,545	 (601,144)
 Net Position Beginning of Year	 32,768,227	 33,369,371
Prior Year Adjustment	(446,146)	-
Net Position Beginning of Year - Restated	32,322,081	33,369,371
 Net Position Ending of Year	 \$ 34,820,626	 \$ 32,768,227

The Statement of Revenues, Expenses and Changes in Net Position reflects a slight decrease in net position at the end of the fiscal year. In fiscal year 2014, operating revenues decreased approximately \$1,398,000. The decrease was a result of the following changes:

- Tuition and fees, net of scholarships, decreased approximately \$600,000, and Federal appropriations decreased approximately \$600,000. These decreases are the result of credit hours decreasing by 8,176 from fiscal year 2013 to fiscal year 2014.
- Revenues from auxiliary enterprises decreased approximately \$183,000 from fiscal year 2013 to fiscal year 2014. Fees collected from students decreased approximately \$110,000 and revenue from the Parts Department decreased by approximately \$88,000 from fiscal year 2013 to fiscal year 2014.
- Revenue from Gifts and Grants increased approximately \$263,000 from fiscal year 2013 to 2014. Iowa Lakes is part of the consortium of community colleges that received the I-AM grant from the U.S. Department of Labor. In fiscal year 2015, Iowa Lakes will also be receiving a I-HUM grant which will support programs with approximately \$800,000 over a four year time period.
- Revenue collected from the ICCOC decreased approximately \$316,000. Iowa Lakes shared the hosting of classes with other members of the consortium which contributed to the decrease in revenue.

Operating Expenses

	<u>Year Ended</u> <u>June 30, 2014</u>	<u>Year Ended</u> <u>June 30, 2013</u>
Education and Support:		
Liberal Arts and Sciences	\$ 6,227,039	\$ 6,804,963
Vocational Technical	4,360,360	4,604,643
Adult Education	720,887	836,300
Cooperative Services	1,181,057	1,156,357
General Administration	1,146,349	1,082,856
Student Services	1,790,575	1,835,159
Learning Resources	1,393,691	1,191,703
Physical Plant	2,165,260	1,596,123
General Institution	<u>6,528,094</u>	<u>8,239,815</u>
Sub-total	25,513,312	27,347,919
Auxiliary Enterprises	6,010,492	6,120,529
Scholarships and Grants	865,287	1,172,926
Depreciation Expense	<u>1,777,828</u>	<u>1,260,347</u>
Total	<u>\$ 34,166,919</u>	<u>\$ 35,901,721</u>

In fiscal year 2014, operating expenses decreased approximately \$1,735,000 (4.8%). The following factors explain some of the changes:

- The college's functional areas include Liberal Arts and Sciences, Vocational Technical, Adult Education, Cooperative Services, General Administration, Student Services, Learning Resources, Physical Plant and General Institutional. The college's utilization of funds by functional area demonstrates its financial commitment to its basic mission and defines the scope of instructional programs and support services. These functional area expenses decreased from fiscal year 2013 to fiscal year 2014 by 6.7% while they increased 3.22% from fiscal year 2012 to 2013 and decreased 3.46% from fiscal year 2011 to fiscal year 2012, and increased 2.32% in fiscal year 2011 from fiscal year 2010.
- Most functional areas showed minor changes from fiscal year 2013 to fiscal year 2014 with General Institution, Liberal Arts and Sciences and Vocational Technical showing the largest decreases of \$1,712,000, \$578,000 and \$244,000 respectively. The decrease in General Institution was due mainly to the Early Retirement Expense incurred in fiscal year 2013. The college had 22 employees elect early retirement in fiscal year 2013 while only 1 employee elected early retirement in fiscal year 2014.
- Auxiliary Enterprises showed a minor decrease of \$110,000 (1.8%) from fiscal year 2013 to fiscal year 2014 while Scholarships and Grants decreased by approximately \$307,000 from fiscal year 2013 to fiscal year 2014. A reduction in the amount of Pell Grants awarded make up the majority of the \$307,000 decrease.

The Statement of Cash Flows

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

Cash Flows

	Year Ended June 30, 2014	Year Ended June 30, 2013
Cash and Pooled Investments Provided (Used) by:		
Operating Activities:		
Revenues	\$ 18,554,079	\$ 22,236,906
Expenditures	32,550,352	34,194,742
Net Operating Activities	(13,996,273)	(11,957,836)
Non-Capital Financing Activities	16,477,967	14,322,047
Capital and Related Financing Activities	(1,535,101)	(1,650,939)
Investing Activities	(802,393)	(643,666)
Net Increase in Cash and Pooled Investments	144,200	69,606
Cash and Pooled Investments at Beginning of Year	11,910,940	11,841,334
Cash and Pooled Investments at End of Year	<u>\$ 12,055,140</u>	<u>\$ 11,910,940</u>

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the College had approximately \$58,300,000 invested in capital assets, without applying an accumulated depreciation of approximately \$24,500,000. The net of depreciation value is an increase of \$3,000,000 (9.7%) from a year ago. Depreciation charges totaled \$1,800,000 for fiscal year 2014. Details of capital assets are shown below:

Capital Assets, Net, at Year-End

	Year Ended June 30, 2014	Year Ended June 30, 2013
Land	\$ 1,385,940	\$ 1,435,940
Buildings	22,783,450	23,115,925
Other Structures and Improvements	1,597,628	1,750,715
Furniture and Equipment	3,621,483	3,956,706
Construction in Progress	4,442,853	571,652
Total Capital Assets	<u>\$ 33,831,354</u>	<u>\$ 30,830,938</u>

The financial reports presented in the Management's Discussion and Analysis show minor changes from a year ago. Projects that were worked on in fiscal year 2014 include the remodeling of the Sustainable Energy Resource Technology (SERT) Building on the Estherville Campus and the completion of the Swine Facility at the Emmetsburg Farm. The SERT Building was completed in the Fall of 2014. More detailed information about the college's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2014, the College had \$10,190,000 in outstanding debt, with all debt retirement coming from revenue sources other than the general unrestricted fund. During fiscal year 2014, a Capital Loan Note in the amount of \$4,600,000 was issued resulting in an increase in Bonds Payable at the end of fiscal year 2014. The table below summarizes debt balance for two fiscal years by category.

Outstanding Debt

	Year Ended June 30, 2014	Year Ended June 30, 2013
Certificate Payable	\$ 2,840,000	\$ 3,585,000
Bonds Payable and Other Debt	7,350,000	3,535,000
Total	<u>\$ 10,190,000</u>	<u>\$ 7,120,000</u>

More detailed information about the College's outstanding debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

Iowa Lakes Community College continued to face the same challenges as other community colleges in Iowa during fiscal year 2014. After record enrollment number from 2009-2011, 2014 continued the trend shown in 2012 and 2013 with another year of decreased enrollment, similar to most community colleges in Iowa.

The State of Iowa continued its support for community colleges in 2014. Our state appropriation increased by \$560,791 in 2014 for the General Unrestricted Fund. In addition to the increase in General Unrestricted Fund appropriations, the Legislature appropriated funds for Adult Basic Education and Workforce Development Activities.

The new Plant Fund Levy began July 1, 2012. This will provide more than \$1M per year for new construction and maintaining our current physical plant through fiscal year 2022. Property tax reform passed the State Legislature in 2013. For fiscal year 2015 we will receive additional funding for the reduction of business and industrial property tax.

Listed below are some challenges which we face:

- The ability to maintain a stable enrollment is critical to the financial well being of Iowa Lakes.
- Facilities will require constant maintenance, upkeep, and remodeling to keep pace with current trends.
- The Affordable Care Act and rising medical costs will continue to put pressure on budgets.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Lakes Community College, 19th South 7th Street, Estherville, IA 51334.

Basic Financial Statements

**IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2014**

	Primary Government	Component Units
ASSETS		
Current Assets		
Cash and Investments:		
Cash and Cash Equivalents	\$ 12,055,140	\$ 625,689
Pooled Investments	209,918	4,262,661
Endowment Investments	800,000	-
Receivables:		
Due from Others, net of Allowance for Uncollectible		
Accounts of \$1,449,735	797,072	875
Accrued Interest	3,625	23,415
Property Tax - Succeeding Year	3,659,869	-
Nursing Loans	5,388	-
Iowa Industrial New Jobs Training Program	314,383	-
Due From Iowa Lakes Community College Foundation	96,662	-
Due From Other Governments	689,254	-
Inventories	930,735	-
Prepaid Expenses	399,162	1,100
Total Current Assets	19,961,208	4,913,740
Noncurrent Assets		
Pooled Investments	1,202,403	1,869,517
Endowment Investments	200,000	-
Capital Assets		
Land	1,385,940	17,000
Construction in Progress	4,442,853	-
Buildings	38,480,473	-
Other Structures and Improvements	3,487,229	72,635
Furniture and Equipment	10,535,142	-
Accumulated Depreciation	(24,500,283)	(72,635)
Total Noncurrent Assets	35,233,757	1,886,517
TOTAL ASSETS	\$ 55,194,965	\$6,800,257

**IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2014**

	<u>Primary Government</u>	<u>Component Units</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,185,996	\$ 325
Salaries and Benefits Payable	918,569	-
Accrued Interest	21,912	-
Unearned Revenue	488,720	-
Compensated Absences Payable	105,153	-
Early Retirement Payable	311,648	-
Deposits Held in Custody for Others	932,552	-
Due to Others	12,472	-
Due to Iowa Lakes Community College	-	96,662
Reported and Unreported Insurance Claims Payable	506,056	-
Insurance Reserve	995,220	-
Certificates Payable	595,000	-
Bonds and Other Long-Term Debt	785,000	-
Total Current Liabilities	<u>6,858,298</u>	<u>96,987</u>
Noncurrent Liabilities		
Unearned Revenue	340,696	-
Early Retirement Payable	693,890	-
Certificates Payable	2,245,000	-
Bonds and Other Long-Term Debt	6,565,000	-
Net OPEB Liability	11,586	-
Total Noncurrent Liabilities	<u>9,856,172</u>	<u>-</u>
TOTAL LIABILITIES	<u>16,714,470</u>	<u>96,987</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Property Tax Revenue	3,659,869	-
NET POSITION		
Net Investment in Capital Assets	26,232,338	17,000
Restricted:		
Nonexpendable:		
Endowment	1,000,000	2,012,472
Expendable:		
Scholarships	521,250	4,673,798
Loans	14,845	-
Debt Service	256,117	-
Cash Reserve	286,030	-
Other	1,354,667	-
Unrestricted	5,155,379	-
TOTAL NET POSITION	<u>\$ 34,820,626</u>	<u>\$ 6,703,270</u>

See Accompanying Notes to Financial Statements

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IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2014

	Primary Government	Component Units
REVENUES		
Operating Revenues:		
Tuition and Fees, net of scholarship allowances of \$3,494,270	\$ 5,184,716	\$ -
Federal Appropriations	5,372,242	-
Iowa Industrial New Jobs Training Program	435,244	-
Gifts and Grants	801,708	178,035
Auxiliary Enterprises Revenue, net of scholarship allowances of \$1,408,179	5,288,637	-
Miscellaneous	2,345,000	85,702
Total Operating Revenues	19,427,547	263,737
EXPENSES		
Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences	6,227,039	-
Vocational Technical	4,360,360	-
Adult Education	720,887	-
Cooperative Services	1,181,057	-
General Administration	1,146,349	-
Student Services	1,790,575	-
Learning Resources	1,393,691	-
Physical Plant	2,165,260	-
General Institution	6,528,094	-
Auxiliary Enterprises	6,010,492	-
Scholarships and Grants	865,287	306,956
Administrative and Collection Costs	-	30,111
Services, Materials and Cost of Goods Sold	-	166,933
Depreciation Expense	1,777,828	-
Total Operating Expenses	34,166,919	504,000
Operating (Loss)	(14,739,372)	(240,263)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	11,752,065	-
Property Taxes	5,731,376	-
Interest Income from Investments	72,189	411,357
Unrealized Gain on Investments	-	458,139
Loss on Sales of Capital Assets	(19,383)	-
Interest on Indebtedness	(298,330)	-
Net Non-Operating Revenues	17,237,917	869,496
Increase in Net Position	2,498,545	629,233
Net Position Beginning of Year	32,768,227	6,074,037
Prior Year Adjustment	(446,146)	-
Net Position Beginning of Year - Restated	32,322,081	6,074,037
Net Position End of Year	\$ 34,820,626	\$ 6,703,270

See Accompanying Notes to Financial Statements

**IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and Fees	\$ 6,602,670
Grants and Contracts	8,215,343
Iowa Industrial New Jobs Training Program	498,954
Payments to Employees	(17,860,191)
Payments to Suppliers	(13,750,504)
Payments to NJTP Recipients	(386,440)
Auxiliary Enterprise Net Activity	(553,217)
Other Receipts	<u>3,237,112</u>
Net Cash (Used) by Operating Activities	<u>(13,996,273)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Appropriations	11,752,065
Property Taxes	5,731,376
Principal Paid on Debt	(745,000)
Miscellaneous Agency Fund Receipts	2,355,838
Miscellaneous Agency Fund Disbursements	<u>(2,616,312)</u>
Net Cash Provided from Non-Capital Financing Activities	<u>16,477,967</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Sale of Capital Assets	71,300
Purchases of Capital Assets	(5,123,923)
Proceeds from New Debt Issued	4,600,000
Principal Paid on Debt and Leases	(785,000)
Interest Paid on Debt and Leases	<u>(297,478)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,535,101)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from Sales and Maturities of Investments	540,560
Purchase of Investments	(1,400,000)
Interest on Investments	<u>57,047</u>
Net Cash (Used) by Investing Activities	<u>(802,393)</u>
Net Increase in Cash	144,200
Cash at Beginning of Year	<u>11,910,940</u>
Cash at End of Year	<u><u>\$ 12,055,140</u></u>

**IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014**

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

Operating (Loss)	\$ (14,739,372)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:	
Depreciation	1,777,828
Changes in Assets and Liabilities:	
(Increase) in Due From Others	(16,066)
Decrease in Due From Other Governments	60,761
(Increase) in Inventories	(66,789)
Decrease in Prepaid Expenses	123,137
(Decrease) in Accounts Payable	(291,721)
Increase in Salaries and Benefits Payable	365,151
(Decrease) in Compensated Absences	(4,320)
(Decrease) in Deferred Revenue	(256,250)
Increase in Deposits Held in Custody	5,466
(Decrease) in Early Retirement Payable	(1,002,824)
(Decrease) in Due to Others	(3,327)
(Decrease) in Reported and Unreported Insurance Claims Payable	(134,450)
Increase in Insurance Reserve	186,503
	<hr/>
Total Adjustments	743,099
	<hr/>
Net Cash (Used) by Operating Activities	<u>\$ (13,996,273)</u>

Noncash, Capital and Related Financing Activities:

The College received donated capital assets with a fair value of \$79,734.

IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF NET POSITION - COMPONENT UNITS
JUNE 30, 2014

	Iowa Lakes Community College Scholarship Foundation	Iowa Lakes Community College Foundation	Total
ASSETS			
Current Assets			
Cash and Investments:			
Cash and Pooled Investments	\$ 192,989	\$ 432,700	\$ 625,689
Pooled Investments	3,218,565	1,044,096	4,262,661
Receivables:			
Due from Others	875	-	875
Accrued Interest	23,191	224	23,415
Prepaid Expenses	-	1,100	1,100
Total Current Assets	3,435,620	1,478,120	4,913,740
Noncurrent Assets			
Pooled Investments	1,869,517	-	1,869,517
Capital Assets			
Land	-	17,000	17,000
Other Structures and Improvements	-	72,635	72,635
Accumulated Depreciation	-	(72,635)	(72,635)
Total Noncurrent Assets	1,869,517	17,000	1,886,517
TOTAL ASSETS	5,305,137	1,495,120	6,800,257
LIABILITIES			
Current Liabilities			
Accounts Payable	-	325	325
Due to Iowa Lakes Community College	59,777	36,885	96,662
Total Current Liabilities	59,777	37,210	96,987
TOTAL LIABILITIES	59,777	37,210	96,987
NET POSITION			
Net Investment in Capital Assets	-	17,000	17,000
Restricted:			
Nonexpendable:			
Endowment	1,022,365	990,107	2,012,472
Expendable:			
Scholarships	4,222,995	450,803	4,673,798
TOTAL NET POSITION	\$ 5,245,360	\$ 1,457,910	\$ 6,703,270

See Accompanying Notes to Financial Statements

IOWA LAKES COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - COMPONENT UNITS
YEAR ENDED JUNE 30, 2014

	Iowa Lakes Community College Scholarship Foundation	Iowa Lakes Community College Foundation	Total
REVENUES			
Operating Revenues:			
Gifts and Contributions	\$ -	\$ 178,035	\$ 178,035
Sales and Service	-	49,376	49,376
Miscellaneous	-	36,326	36,326
	<u>-</u>	<u>263,737</u>	<u>263,737</u>
Total Operating Revenues	-	263,737	263,737
EXPENSES			
Operating Expenses:			
Scholarships	169,228	137,728	306,956
Salaries and Benefits	-	27,546	27,546
Services	27,321	87,803	115,124
Materials and Supplies	-	3,465	3,465
Travel	-	2,495	2,495
Cost of Goods Sold	-	48,344	48,344
Miscellaneous	-	70	70
	<u>196,549</u>	<u>307,451</u>	<u>504,000</u>
Total Operating Expenses	196,549	307,451	504,000
Operating (Loss)	<u>(196,549)</u>	<u>(43,714)</u>	<u>(240,263)</u>
NON-OPERATING REVENUES			
Interest Income from Investments	372,165	39,192	411,357
Unrealized Gain on Investments	348,375	109,764	458,139
	<u>720,540</u>	<u>148,956</u>	<u>869,496</u>
Net Non-Operating Revenues	720,540	148,956	869,496
Increase in Net Position	523,991	105,242	629,233
Net Position Beginning of Year	4,721,369	1,352,668	6,074,037
Net Position End of Year	<u>\$ 5,245,360</u>	<u>\$ 1,457,910</u>	<u>\$ 6,703,270</u>

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Iowa Lakes Community College is a publicly supported school established and operated by Merged Area III under the provisions of Chapter 260C of the Code of Iowa. Iowa Lakes Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Iowa Lakes Community College may also offer up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Iowa Lakes Community College maintains campuses in Estherville, Emmetsburg, Algona, Spencer and Spirit Lake, Iowa, and has its administrative offices in Estherville. Iowa Lakes Community College is governed by a Board of Trustees whose members are elected from each trustee district within Merged Area III.

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

A. Reporting Entity

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

These financial statements present Iowa Lakes Community College (the primary government) and its component units. The component units discussed below are included in Iowa Lakes Community College's reporting entity because of the significance of their operational or financial relationships with the Community College. Additional financial information of the individual component units can be obtained from its administrative office.

Iowa Lakes Community College Scholarship Foundation is a non-profit corporation whose purpose is to operate exclusively for the educational purpose of receiving gifts and property and expending the same for the benefit of Iowa Lakes Community College and its students through grants and scholarships. Upon dissolution of the foundation, its remaining assets will be distributed to Iowa Lakes Community College.

Iowa Lakes Community College Foundation is a non-profit corporation whose purpose is to maintain, develop, increase and extend the facilities and services of Iowa Lakes Community College and to provide broader educational service opportunities to its students, faculty, staff and residents of the geographical area.

B. Basis of Presentation

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

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

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.

Restricted Net Position:

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

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

Unrestricted Net 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 Trustees 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 College.

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

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

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

D. Assets, Liabilities and Net Position

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

Cash and Pooled Investments -- Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

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

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

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

Receivable for Iowa Industrial New Jobs Training Program (NJTP) -- This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2014 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Other Structures and improvements	10 - 65
Furniture and Equipment	3 - 10

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

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

Salaries and Benefits Payable -- Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, and amounts for hourly employees for hours worked through June 30th that have not been paid until after that date, have been accrued as liabilities.

Bond Interest Payable -- Interest on long-term bonded indebtedness is recorded as a liability when the interest is due.

Unearned Revenue -- When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. Unearned revenue consists of tuition deposits, tuition and fees for a portion of summer classes, fees and registration for fall, and unearned revenue on 260E projects.

Deferred Inflows of Resources -- Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable which will not be recognized as revenue until the year for which it is levied.

Compensated Absences -- College employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2014.

Auxiliary Enterprise Revenues -- Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, wellness center, farm, athletics, residence halls, aviation, parts, printing, vehicles, wind turbine, and gateway north.

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

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

Operating and Non-operating Activities -- Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net 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 and interest income.

E. Scholarship Allowances and Student Aid

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

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 2 -- CASH AND POOLED INVESTMENTS

The College's deposits in banks at June 30, 2014, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

At June 30, 2014, the Community College had the following investments:

Current Pooled Investments		\$	209,918
Long-Term Pooled Investments			1,202,403
			\$ 1,412,321

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1 to 5
Certificates of Deposit	\$ 1,412,321	\$ 209,918	\$ 1,202,403

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Concentration of credit risk - The Community College places a 5% limit on the amount that may be invested in any one user at the time of purchase.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 2 -- CASH AND POOLED INVESTMENTS (Continued)

At June 30, 2014, the Iowa Lakes Community College Foundation had the following investments:

Current Pooled Investments		\$ 1,044,096	
Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	Greater than 1
Equities	\$ 596,203	N/A	N/A
International Equities	110,456	N/A	N/A
Fixed Income Mutual Funds	337,437	N/A	N/A
	\$ 1,044,096	\$ -	\$ -

Credit risk - The Iowa Lakes Community College Foundation's investments in fixed income mutual funds consist of two funds that were given ratings of 4 by Morningstar and two funds that were given a rating of 3. The investments in equities consist of various investments, which were rated A+, A, A-, B+, B, or were not rated by Standard & Poor's.

At June 30, 2014, the Iowa Lakes Community College Scholarship Foundation had the following investments:

Current Pooled Investments		\$ 3,218,565	
Long-Term Pooled Investments		1,869,517	
		\$ 5,088,082	
Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	Greater than 1
Equities	\$ 2,866,908	N/A	N/A
International Equities	140,781	N/A	N/A
Fixed Income	2,080,393	210,876	1,869,517
	\$ 5,088,082	\$ 210,876	\$ 1,869,517

Credit risk - The Scholarship Foundation's investment in fixed income mutual funds was given a rating of 3 by Morningstar. The investments in fixed income consist of various investments, which were rated Aaa, A1, A2, A3, Baa1, Baa2, Baa3, B1, or were not rated by Moody's.

Note 3 -- INVENTORIES

The Community College's inventories at June 30, 2014 are as follows:

Bookstore	\$ 346,860
Food Service	25,346
Farm	219,881
Parts Store	28,151
Wind Energy	247,500
Other	62,997
	\$ 930,735

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 4 -- CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital Assets Not Being Depreciated:				
Land	\$ 1,435,940	\$ -	\$ (50,000)	\$ 1,385,940
Construction in Progress	571,652	4,646,680	(775,479)	4,442,853
Total Capital Assets Not Being Depreciated	<u>2,007,592</u>	<u>4,646,680</u>	<u>(825,479)</u>	<u>5,828,793</u>
Capital Assets Being Depreciated:				
Buildings	37,969,393	600,494	(89,414)	38,480,473
Other Structures and Improvements	3,487,229	-	-	3,487,229
Furniture and Equipment	9,628,976	916,991	(10,825)	10,535,142
Total Capital Assets Being Depreciated	<u>51,085,598</u>	<u>1,517,485</u>	<u>(100,239)</u>	<u>52,502,844</u>
Less Accumulated Depreciation for:				
Buildings	(14,853,468)	892,285	(48,730)	(15,697,023)
Other Structures and Improvements	(1,736,514)	153,087	-	(1,889,601)
Furniture and Equipment	(5,672,270)	1,252,214	(10,825)	(6,913,659)
Total Accumulated Depreciation	<u>(22,262,252)</u>	<u>2,297,586</u>	<u>(59,555)</u>	<u>(24,500,283)</u>
Total Capital Assets Being Depreciated, Net	<u>28,823,346</u>	<u>(780,101)</u>	<u>(40,684)</u>	<u>28,002,561</u>
Capital Assets, Net	<u>\$ 30,830,938</u>	<u>\$ 3,866,579</u>	<u>\$ (866,163)</u>	<u>\$ 33,831,354</u>

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

On June 30, 2014, the Community College had no future construction commitments.

Reconciliation of Net Investment in Capital Assets follows:

Land	\$ 1,385,940
Buildings	38,480,473
Construction in Progress	4,442,853
Other Structures and Improvements	3,487,229
Furniture and Equipment	10,535,142
Accumulated Depreciation	<u>(24,500,283)</u>
Capital Assets (Net of Accumulated Depreciation)	33,831,354
Less: Capital Assets Held in Custody for Others	(249,016)
Less: Bonds Payable & Other Long Term Debt	<u>(7,350,000)</u>
Net Investment in Capital Assets	<u>\$ 26,232,338</u>

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 4 -- **CAPITAL ASSETS** (Continued)

Capital Assets for Iowa Lakes Community College Foundation, a component unit, for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital Assets Not Being Depreciated:				
Land	\$ 17,000	\$ -	\$ -	\$ 17,000
Capital Assets Being Depreciated:				
Other Structures and Improvements	<u>72,635</u>	<u>-</u>	<u>-</u>	<u>72,635</u>
Less Accumulated Depreciation for:				
Other Structures and Improvements	<u>(72,635)</u>	<u>-</u>	<u>-</u>	<u>(72,635)</u>
Capital Assets, Net	<u>\$ 17,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,000</u>

Note 5 -- **LONG-TERM DEBT**

A summary of changes in long-term debt for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Early Retirement Payable	\$ 2,008,362	\$ 87,938	\$ (1,090,762)	\$ 1,005,538	\$ 311,648
Certificates Payable	3,585,000	-	(745,000)	2,840,000	595,000
Bonds Payable & Other					
Long Term Debt	3,535,000	4,600,000	(785,000)	7,350,000	785,000
Net OPEB Liability	11,586	-	-	11,586	-
Total Primary Government	<u>\$ 9,139,948</u>	<u>\$ 4,687,938</u>	<u>\$ (2,620,762)</u>	<u>\$11,207,124</u>	<u>\$ 1,691,648</u>

Certificates Payable

In accordance with agreements dated between September 1, 1996 and June 30, 2014, the Community College issued certificates totaling \$12,355,000 with interest rates ranging from 0.50% to 6.25%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semi-annually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves, and, in the case of default, from standby property taxes. During 2014, Iowa Lakes Community College recorded \$131,944 of interest expense from the certificates payable.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 5 -- **LONG-TERM DEBT** (Continued)

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 595,000	\$ 102,345	\$ 697,345
2016	465,000	77,160	542,160
2017	500,000	58,210	558,210
2018	305,000	36,473	341,473
2019	250,000	26,363	276,363
2020-2023	<u>725,000</u>	<u>38,746</u>	<u>763,746</u>
Total	<u>\$ 2,840,000</u>	<u>\$ 339,297</u>	<u>\$ 3,179,297</u>

Bonds Payable & Other Long-Term Debt

On June 1, 2005, Iowa Lakes Community College issued \$1,200,000 of lease purchase certificates of participation, as allowed by Section 260C.19 of the Code of Iowa, to finance the purchase of Gateway North Mall. Annual principal payments began June 1, 2006. Interest payments are due semi-annually each June and December. The certificates will mature in 2017. The balance of the certificates at June 30, 2014 was \$815,000.

On November 17, 2008, Iowa Lakes Community College secured a non-interest bearing loan in the amount of \$360,000 through a Rural Economic Development Grant in order to finance remodeling and expanding the existing Wind Energy and Turbine Technology center in Estherville. Monthly principal payments began November 1, 2010. The note will mature in 2019. The balance of the note at June 30, 2014 was \$195,000.

On April 1, 2010, Iowa Lakes Community College issued \$1,570,000 of dormitory revenue bonds to finance the construction of residence halls in Estherville. Annual principal payments began September 2011 due to a trustee error. Interest payments are due semi-annually each June and December. The bonds will mature in 2030. The balance of the bonds at June 30, 2014 was \$1,390,000.

On May 10, 2012, the Community College issued \$1,125,000 in refunding revenue bonds to advance refund the 2006 dormitory bonds. The revenue bonds and interest shall be payable from the net revenues of the College Dormitory System and other auxiliary enterprises. Annual principal payments began June 1, 2013. Interest payments are due semi-annually on June 1 and December 1. The bond will mature in 2020. The new issue will reduce debt service payments by \$204,428 with an economic gain of \$166,284. The balance of the bond at June 30, 2014 was \$845,000.

On July 15, 2013, the College issued \$4,600,000 of general obligation capital loan notes for the purpose of maintaining, improving, or expanding buildings of the Community College. Annual principal payments began June 1, 2014. Interest payments are due semi-annually each June and December. The capital loan notes will mature in 2022. The balance of the notes at June 30, 2014 was \$4,105,000.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 5 -- LONG-TERM DEBT (Continued)

Details of the Community College's June 30, 2014 bonded indebtedness maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 785,000	\$ 205,621	\$ 990,621
2016	810,000	193,274	1,003,274
2017	1,455,000	179,639	1,634,639
2018	760,000	130,009	890,009
2019	750,000	118,209	868,209
2020-2024	2,090,000	387,992	2,477,992
2025-2029	560,000	175,276	735,276
2030	140,000	9,977	149,977
Total	<u>\$ 7,350,000</u>	<u>\$ 1,399,997</u>	<u>\$ 8,749,997</u>

Note 6 -- IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

Plan members are required to contribute 5.95% of their annual covered salary and Iowa Lakes Community College is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. Iowa Lakes Community College's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$475,230, \$518,603, and \$469,667, respectively, equal to the required contribution for each year.

Note 7 -- TEACHERS INSURANCE AND ANNUITY ASSOCIATION -- COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for Iowa Lakes Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.95% and Iowa Lakes Community College is required to contribute 8.93%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2014, were \$693,229 and \$461,894, respectively.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 8 -- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The College operates a single-employer retiree benefit plan which provides medical/prescription drug/dental benefits for retirees and their dependents under certain conditions. There are approximately 218 active and 14 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug/dental coverage is provided through a fully-insured (or self-insured) plan. Retirees under age 65 pay the same premium for the medical/prescription drug/dental benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual Required Contribution	\$ 15,840
Interest on Net OPEB Obligation	1,070
Adjustment to Annual Required Contribution	(1,460)
Annual OPEB Cost	15,450
Net OPEB Obligation Beginning of Year	11,586
Annual OPEB Cost	15,450
Employer Contributions Made	(15,450)
Expected Net OPEB Obligation End of Year	\$ 11,586

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 17,338	66.0%	\$ 11,788
June 30, 2010	\$ 17,338	65.4%	\$ 17,788
June 30, 2011	\$ 17,338	65.4%	\$ 23,788
June 30, 2012	\$ 15,450	179.0%	\$ 11,586
June 30, 2013	\$ 15,450	179.0%	\$ 11,586
June 30, 2014	\$ 15,450	100.0%	\$ 11,586

Funded Status and Funding Progress- As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$185,241, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$185,241. The covered payroll (annual payroll of active employees covered by the plan) was \$11,605,625 and the ratio of the UAAL to covered payroll was 1.6%. As of June 30, 2014, there were no trust fund assets.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 8 -- OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Methods and Assumptions- Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions include a 4.5% investment return. The projected annual medical trend (inflation) rate is 6%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the Scale T-7 of the Actuary's Pension Handbook. The salary increase rate was assumed to be 3.0% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Note 9 -- RISK POOL

The Community College has secured insurance purchased from commercial insurance carriers to provide coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials bonds, property and inland marine, errors and omissions and School Board legal liability, workers compensation and employers liability, crime insurance and fiduciary bonds, boiler and machinery, activities involving Federal programs, student nursing programs, computer equipment, workers compensation, surety bond coverage, farm buildings, livestock and crops, student athletics, and the aviation program. There have been no reductions in insurance coverage from prior years. Settled claims resulting from the risks have not exceeded commercial insurance coverage in any of the past three years.

Note 10 -- NEW JOBS TRAINING PROGRAMS

Iowa Lakes Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Merged Area III in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property tax. Since inception, the Community College has administered 90 projects. Of these projects, 65 have been completed and the certificates have been paid.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 10 -- NEW JOBS TRAINING PROGRAMS (Continued)

Iowa Lakes Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Merged Area III in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. The Community College has administered a total of 212 retraining projects under Chapter 260F. Of these 212 projects, 5 were performed during fiscal year 2014.

Note 11 -- SELF-FUNDED HEALTH INSURANCE PROGRAM

During fiscal year 1995, the Community College implemented a self-funded health insurance program. Iowa Lakes Community College pays the actual claims and has a stop-loss arrangement whereby the total losses cannot exceed the contractual maximum liability with the insurer, which is \$3,973,605.

The Community College's monthly contributions to the program fund current operations and provide capital for future claims. Monthly operating contributions are those amounts necessary to fund, on a cash basis, the programs general and administrative expenses and claims. The College uses reinsurance to reduce its exposure for losses that carries a specific stop loss of \$80,000 per covered individual and an aggregate stop loss of 125% of total estimated claims. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR).

The changes in the aggregate liabilities for claims included in Reported and Unreported Insurance Claims Payable and insurance Reserve for the year ended June 30, 2014 are as follows:

Medical Reserve Fund Balance, Beginning of Year	\$ 1,449,223
Claims Recognized	4,015,179
Claim Payments	<u>(3,963,126)</u>
Medical Reserve Fund Balance, End of Year	<u>\$ 1,501,276</u>
Reported and Unreported Insurance Claims Payable	\$ 506,056
Insurance Reserve	<u>995,220</u>
	<u>\$ 1,501,276</u>

Note 12 -- EARLY RETIREMENT PROGRAM

On December 17, 2013, the Board of Trustees passed an annual Voluntary Early Retirement plan. All full-time staff that are 59 years of age by June 30 of the year they wish to retire and who have at least 10 years of full-time service with the Community College are eligible for early retirement remuneration. Early retirement is effective at the end of the employee's contract or June 30th for those not employed under a contract. A retiring employee will receive two benefits. The first benefit includes a percentage of their base salary, dependent upon their age. Payment will be made on July 30th up to the maximum allowed by law. Second and third payments, if required, will be made on January 31st of subsequent years. The second benefit involves the purchase of medical insurance for the employee at the premium rate at the time of retirement until the participant is eligible for Medicare. Subsequent annual increases in the premium are the responsibility of the participant. During fiscal year 2014, there was one new participant in this program.

On September 18, 2012, the Board of Trustees passed a one-time Voluntary Early Retirement Plan in which the College offered one-time cash payments, which have subsequently been paid, and single medical coverage to participants at the premium rate at the time of retirement until he or she is Medicare eligible. At June 30, 2014 there were thirteen participants receiving medical coverage under this plan.

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 12 -- EARLY RETIREMENT PROGRAM (Continued)

On December 15, 2009, the Board of Trustees passed a one-time Voluntary Early Retirement Plan in which the College offered one-time cash payments, which have subsequently been paid, and single medical coverage to participants at the premium rate at the time of retirement until he or she is Medicare eligible. At June 30, 2014 there were three participants receiving medical coverage under this plan.

On November 11 2008, the Board of Trustees passed a one-time Voluntary Early Retirement Plan in which the College offered one-time cash payments, which have subsequently been paid, and single medical coverage to participants at the premium rate at the time of retirement until he or she is Medicare eligible. At June 30, 2014 there were five participants receiving medical coverage under this plan.

On September 18, 2007, the Board of Trustees passed a one-time Voluntary Early Retirement Plan in which the College offered one-time cash payments, which have subsequently been paid, and single medical coverage to participants at the premium rate at the time of retirement until he or she is Medicare eligible. At June 30, 2014 there was one participant receiving medical coverage under this plan.

On November 15, 2005, the Board of Trustees passed a one-time Voluntary Early Retirement Plan in which the College offered one-time cash payments, which have subsequently been paid, and single medical coverage to participants at the premium rate at the time of retirement until he or she is Medicare eligible. At June 30, 2014 there was one participant receiving medical coverage under this plan.

At June 30, 2014, there were twenty-three participants receiving medical coverage under these plans, with a total liability of payments and medical coverage of \$1,005,538. The liability is calculated based on unadjusted premium amounts to be paid over the term of each participant's involvement in the plan. The Community College's early retirement expense for the year ended June 30, 2014 was \$87,938.

Note 13 -- PRIOR YEAR ADJUSTMENT

During the current year, it was determined that depreciation expense for the prior year was calculated incorrectly. The error has been corrected and has the following effect on beginning net position:

Beginning Net Position, as Previously Stated	\$ 32,768,227
Prior Year Adjustment - Depreciation	(446,146)
Beginning Net Position, Restated	<u>\$ 32,322,081</u>

Note 14 -- SUBSEQUENT EVENT

On July 15, 2014, the College certificates totaling \$2,990,000 for various NJTP projects. The debt was incurred as allowed by Chapter 260E of the Code of Iowa and will mature beginning on June 1, 2015.

Note 15 -- PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68 Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Required Supplementary Information

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2009	July 1, 2008	\$ -	\$ 131,359	\$ 131,359	0.0%	\$ 8,985,390	1.5%
2010	July 1, 2008	\$ -	\$ 131,359	\$ 131,359	0.0%	\$ 8,985,390	1.5%
2011	July 1, 2008	\$ -	\$ 131,359	\$ 131,359	0.0%	\$ 8,985,390	1.5%
2012	July 1, 2008	\$ -	\$ 131,359	\$ 131,359	0.0%	\$ 8,985,390	1.5%
2013	July 1, 2012	\$ -	\$ 185,241	\$ 185,241	0.0%	\$ 11,608,625	1.6%
2014	July 1, 2012	\$ -	\$ 185,241	\$ 185,241	0.0%	\$ 11,608,625	1.6%

See Note 8 to the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, and the funded status and funding progress.

Other Supplementary Information

**IOWA LAKES COMMUNITY COLLEGE
NOTES TO OTHER SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

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

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

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

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

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

Loan Funds -- The Loan Funds are used to account for loans to students, and are financed primarily by the Federal government.

Endowment -- The Endowment Funds are used to account for resources, the principal of which is maintained inviolate to conform with restrictions by donors or other outside agencies. Generally, only the income from these funds may be used.

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

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

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

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

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

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

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

IOWA LAKES COMMUNITY COLLEGE
 BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES
 BUDGET (NON-GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2014

Funds/Levy	Original Budget	Actual	Variance between Actual and Budget
Unrestricted	<u>\$ 23,135,000</u>	<u>\$ 20,667,979</u>	<u>\$ 2,467,021</u>
Restricted	7,825,000	4,047,910	3,777,090
Early Retirement	-	87,938	(87,938)
Unemployment	5,000	11,138	(6,138)
Tort Liability	300,000	251,130	48,870
Insurance	685,000	717,306	(32,306)
Equipment Replacement	510,000	267,017	242,983
Standby	83,000	83,140	(140)
Total Restricted	<u>9,408,000</u>	<u>5,465,579</u>	<u>3,942,421</u>
Plant	<u>5,000,000</u>	<u>5,827,542</u>	<u>(827,542)</u>
 Total	 <u>\$ 37,543,000</u>	 <u>\$ 31,961,100</u>	 <u>\$ 5,581,900</u>

**IOWA LAKES COMMUNITY COLLEGE
NOTE TO BUDGETARY REPORTING
JUNE 30, 2014**

While the College reports financial position, results of operation and changes in net position on the basis of generally accepted accounting principles (GAAP), the Board of Trustees annually prepares a budget designating the proposed expenditures for operation of the Community College on a budgetary basis that is accrual basis with the exception of capital outlay and debt service payments. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Trustees certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures. There were no budget amendments during the year.

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

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

	Total Funds
Total Actual Expenditures, Budgetary Basis	\$ 31,961,100
Items Not Required to be Budgeted:	
Auxiliary Enterprises	6,228,882
Scholarships and Grants Accounts	5,388,545
Investment in Plant	4,750,239
Combining Adjustments	(13,844,134)
GAAP Basis	\$ 34,484,632

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

Total Operating Expenses	\$ 34,166,919
Loss on Sale of Capital Assets	19,383
Interest on Indebtedness	298,330
	\$ 34,484,632

**IOWA LAKES COMMUNITY COLLEGE
COMBINING BALANCE SHEET
JUNE 30, 2014**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
ASSETS:			
Cash and Pooled Investments:			
Cash and Pooled Investments	\$ 5,129,978	\$ 5,483,062	\$ (108,800)
Receivables:			
Due from Others	753,020	7,593	3,048
Accrued Interest	1,004	-	-
Property Taxes - Succeeding Year	1,135,133	1,389,603	-
Nursing Loans	-	-	5,388
Iowa Industrial New Jobs Training Program	-	314,383	-
Due From Iowa Lakes Community College Foundation	-	96,662	-
Due From Other Governments	10,442	554,305	115,209
Inventories	682,825	-	-
Prepaid Expenses	290,514	9,059	-
Capital Assets:			
Land	-	-	-
Buildings	-	-	-
Other Structures and Improvements	-	-	-
Furniture and Equipment	12,500	-	-
Construction in Progress	-	-	-
Accumulated Depreciation	-	-	-
Total Assets	<u>\$ 8,015,416</u>	<u>\$ 7,854,667</u>	<u>\$ 14,845</u>

SCHEDULE 2

Endowment and Similar Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant			
\$ 1,000,000	\$ 2,169,434	\$ 269,500	\$ -	\$ 524,287	\$ -	\$ 14,467,461
-	-	-	-	33,411	-	797,072
-	2,455	-	-	166	-	3,625
-	1,135,133	-	-	-	-	3,659,869
-	-	-	-	-	-	5,388
-	-	-	-	-	-	314,383
-	-	-	-	-	-	96,662
-	9,298	-	-	-	-	689,254
-	-	-	247,910	-	-	930,735
-	-	-	-	99,589	-	399,162
-	-	-	1,385,940	-	-	1,385,940
-	-	-	38,480,473	-	-	38,480,473
-	-	-	3,487,229	-	-	3,487,229
-	-	-	9,936,595	586,047	-	10,535,142
-	-	-	4,442,853	-	-	4,442,853
-	-	-	-	-	(24,500,283)	(24,500,283)
<u>\$ 1,000,000</u>	<u>\$ 3,316,320</u>	<u>\$ 269,500</u>	<u>\$ 57,981,000</u>	<u>\$ 1,243,500</u>	<u>\$ (24,500,283)</u>	<u>\$ 55,194,965</u>

**IOWA LAKES COMMUNITY COLLEGE
COMBINING BALANCE SHEET
JUNE 30, 2014**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 1,184,708	\$ 1,288	\$ -
Salaries and Benefits Payable	917,497	85	-
Accrued Interest	-	8,529	-
Unearned Revenue	383,112	446,304	-
Compensated Absences Payable	98,700	498	-
Early Retirement Payable	-	1,005,538	-
Deposits Held in Custody for Others	38,716	-	-
Due to Others	5,906	875	-
Reported and Unreported Insurance Claims Payable	506,056	-	-
Insurance Reserve	995,220	-	-
Certificates Payable	-	2,840,000	-
Bonds and Other Long-Term Debt	-	-	-
Net OPEB Liability	11,586	-	-
Total Liabilities	4,141,501	4,303,117	-
Deferred Inflows of Resources:			
Succeeding Year Property Tax	1,135,133	1,389,603	-
Fund Balance:			
Invested in Capital Assets, Net of Related Debt	12,500	-	-
Restricted:			
Nonexpendable:			
Scholarships	-	-	-
Expendable:			
Scholarships	-	521,250	-
Loans	-	-	14,845
Debt Service	-	-	-
Cash Reserve	-	286,030	-
Other	-	1,354,667	-
Unrestricted	2,589,187	-	-
Auxiliary Enterprises	137,095	-	-
Total Fund Balance	2,738,782	2,161,947	14,845
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 8,015,416</u>	<u>\$ 7,854,667</u>	<u>\$ 14,845</u>

SCHEDULE 2

Endowment and Similar Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,185,996
-	-	-	-	987	-	918,569
-	-	13,383	-	-	-	21,912
-	-	-	-	-	-	829,416
-	-	-	-	5,955	-	105,153
-	-	-	-	-	-	1,005,538
-	-	-	-	1,230,867	(337,031)	932,552
-	-	-	-	5,691	-	12,472
-	-	-	-	-	-	506,056
-	-	-	-	-	-	995,220
-	-	-	-	-	-	2,840,000
-	-	-	7,350,000	-	-	7,350,000
-	-	-	-	-	-	11,586
-	-	13,383	7,350,000	1,243,500	(337,031)	16,714,470
-	1,135,133	-	-	-	-	3,659,869
-	-	-	50,383,090	-	(24,163,252)	26,232,338
1,000,000	-	-	-	-	-	1,000,000
-	-	-	-	-	-	521,250
-	-	-	-	-	-	14,845
-	-	256,117	-	-	-	256,117
-	-	-	-	-	-	286,030
-	-	-	-	-	-	1,354,667
-	2,181,187	-	247,910	-	-	5,018,284
-	-	-	-	-	-	137,095
1,000,000	2,181,187	256,117	50,631,000	-	(24,163,252)	34,820,626
<u>\$ 1,000,000</u>	<u>\$ 3,316,320</u>	<u>\$ 269,500</u>	<u>\$ 57,981,000</u>	<u>\$ 1,243,500</u>	<u>\$ (24,500,283)</u>	<u>\$ 55,194,965</u>

**IOWA LAKES COMMUNITY COLLEGE
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 OTHER CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2014**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
REVENUES AND OTHER ADDITIONS:			
General:			
State Appropriations and Grants	\$ 9,059,052	\$ 2,293,013	\$ -
Tuition and Fees	8,678,986	-	-
Property Taxes	1,104,760	3,521,856	-
Federal Appropriations and Grants	4,970	5,336,248	-
Gifts and Grants	-	786,689	-
Interest on Investments	-	15,782	-
Iowa Industrial New Jobs Training Program Expended for Plant Facilities (Including \$759,427 charged to current funds)	-	435,244	-
Principal Retired	-	-	-
Proceeds from New Debt	-	-	-
Miscellaneous	1,612,076	732,544	-
	<u>20,459,844</u>	<u>13,121,376</u>	<u>-</u>
Auxiliary Enterprises			
Tuition and Fees	633,395	-	-
Sales and Services	4,739,462	-	-
Interest on Investments	30,762	-	-
Federal Grants and Contracts	29,482	-	-
Miscellaneous	1,294,477	-	-
	<u>6,727,578</u>	<u>-</u>	<u>-</u>
 Total Revenues and Other Additions	 <u>\$ 27,187,422</u>	 <u>\$ 13,121,376</u>	 <u>\$ -</u>

SCHEDULE 3

Endowment and Similar Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ 11,752,065
-	-	-	-	(3,494,270)	5,184,716
-	1,104,760	-	-	-	5,731,376
-	31,024	-	-	-	5,372,242
-	15,019	-	-	-	801,708
-	24,485	1,160	-	-	41,427
-	-	-	-	-	435,244
-	-	-	5,203,657	(5,203,657)	-
-	-	-	785,000	(785,000)	-
-	4,600,000	-	-	(4,600,000)	-
-	71,680	-	-	(71,300)	2,345,000
-	<u>6,246,968</u>	<u>1,160</u>	<u>5,988,657</u>	<u>(14,154,227)</u>	<u>31,663,778</u>
-	-	-	-	-	633,395
-	-	-	-	(1,234,631)	3,504,831
-	-	-	-	-	30,762
-	-	-	-	-	29,482
-	-	-	-	(173,548)	1,120,929
-	-	-	-	(1,408,179)	5,319,399
\$ -	\$ <u>6,246,968</u>	\$ <u>1,160</u>	\$ <u>5,988,657</u>	\$ <u>(15,562,406)</u>	\$ <u>36,983,177</u>

**IOWA LAKES COMMUNITY COLLEGE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
OTHER CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2014**

	Current Funds		Loan Funds
	Unrestricted	Restricted	
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and Support:			
Liberal Arts and Sciences	\$ 6,247,182	\$ -	\$ -
Vocational Technical	4,431,169	-	-
Adult Education	730,643	-	-
Cooperative Services	706,569	477,516	-
Administration	1,148,734	-	-
Student Services	1,871,219	-	-
Learning Resources	1,394,798	-	-
Physical Plant	2,431,292	6,789	-
General Institution	1,706,373	4,849,330	-
Total Education and Support	<u>20,667,979</u>	<u>5,333,635</u>	-
Auxiliary Enterprises	6,228,882	-	-
Scholarships and Grants	-	5,388,545	-
Plant Asset Acquisitions	-	-	-
Retirement of Indebtedness	-	-	-
Disposal of Plant Assets	-	-	-
Loss on Sale of Capital Assets	-	-	-
Interest on Indebtedness	-	131,944	-
Issuance of Long-Term Debt	-	-	-
Depreciation	-	-	-
Total Expenditures and Other Deductions	<u>26,896,861</u>	<u>10,854,124</u>	-
Excess (Deficiency) of Revenues and Other Additions Over (Under) Expenditures and Other Deductions	290,561	2,267,252	-
TRANSFERS:			
Mandatory Transfers	(670,985)	-	-
Non-mandatory Transfers	<u>(13,298)</u>	<u>285,804</u>	-
Total Transfers	<u>(684,283)</u>	<u>285,804</u>	-
Net Increase (Decrease) for the Year	(393,722)	2,553,056	-
Fund Balance - June 30, 2013	3,132,504	(391,109)	14,845
Prior Period Adjustment	-	-	-
Fund Balance - June 30, 2013 - Restated	<u>3,132,504</u>	<u>(391,109)</u>	<u>14,845</u>
Fund Balance - June 30, 2014	<u>\$ 2,738,782</u>	<u>\$ 2,161,947</u>	<u>\$ 14,845</u>

SCHEDULE 3

Endowment and Similar Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ -	\$ -	\$ -	\$ -	\$ (20,143)	\$ 6,227,039
-	6,000	-	-	(76,809)	4,360,360
-	-	-	-	(9,756)	720,887
-	-	-	-	(3,028)	1,181,057
-	-	-	-	(2,385)	1,146,349
-	-	-	-	(80,644)	1,790,575
-	-	-	-	(1,107)	1,393,691
-	381,101	-	-	(653,922)	2,165,260
-	44,825	-	-	(72,434)	6,528,094
-	431,926	-	-	(920,228)	25,513,312
-	-	-	-	(218,390)	6,010,492
-	-	-	-	(4,523,258)	865,287
-	4,444,230	-	-	(4,444,230)	-
-	-	785,000	-	(785,000)	-
-	-	-	150,239	(150,239)	-
-	-	-	-	19,383	19,383
-	-	166,386	-	-	298,330
-	-	-	4,600,000	(4,600,000)	-
-	-	-	-	1,777,828	1,777,828
-	4,876,156	951,386	4,750,239	(13,844,134)	34,484,632
-	1,370,812	(950,226)	1,238,418	(1,718,272)	2,498,545
-	-	670,985	-	-	-
-	(535,652)	275,146	(12,000)	-	-
-	(535,652)	946,131	(12,000)	-	-
-	835,160	(4,095)	1,226,418	(1,718,272)	2,498,545
1,000,000	1,346,027	260,212	49,404,582	(21,998,834)	32,768,227
-	-	-	-	(446,146)	(446,146)
1,000,000	1,346,027	260,212	49,404,582	(22,444,980)	32,322,081
<u>\$ 1,000,000</u>	<u>\$ 2,181,187</u>	<u>\$ 256,117</u>	<u>\$ 50,631,000</u>	<u>\$ (24,163,252)</u>	<u>\$ 34,820,626</u>

**IOWA LAKES COMMUNITY COLLEGE
CURRENT UNRESTRICTED FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
EDUCATION AND SUPPORT
YEAR ENDED JUNE 30, 2014**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
REVENUES:				
State Appropriations and Grants	\$ 270	\$ 135	\$ -	\$ -
Tuition and Fees	5,690,863	2,082,606	438,404	345,861
Property Taxes	-	-	-	-
Federal Grants and Contracts	-	-	-	-
Miscellaneous	800,365	26,445	116,404	3,044
	<u>6,491,498</u>	<u>2,109,186</u>	<u>554,808</u>	<u>348,905</u>
Total Revenues	12,032,763	7,048,997	1,029,179	348,905
EXPENDITURES:				
Salaries and Benefits	5,302,133	4,246,003	560,543	689,283
Services	859,345	58,621	136,852	5,581
Materials and Supplies	41,490	54,019	20,925	3,113
Travel	44,283	67,763	11,773	8,592
Miscellaneous	(69)	4,763	550	-
	<u>6,247,182</u>	<u>4,431,169</u>	<u>730,643</u>	<u>706,569</u>
Total Expenditures	<u>10,572,994</u>	<u>8,287,453</u>	<u>1,100,963</u>	<u>706,569</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,459,769	(1,238,456)	(71,784)	(357,664)
TRANSFERS:				
Non-mandatory Transfers	<u>11,141</u>	<u>-</u>	<u>-</u>	<u>139,606</u>
Total Transfers	<u>11,141</u>	<u>-</u>	<u>-</u>	<u>139,606</u>
Net Increase (Decrease) for the Year	<u>\$ 1,470,910</u>	<u>\$ (1,238,456)</u>	<u>\$ (71,784)</u>	<u>\$ (218,058)</u>

SCHEDULE 4

Support					
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	Total
\$ -	\$ -	\$ -	\$ 30	\$ 9,058,617	\$ 9,059,052
-	-	100	-	121,152	8,678,986
-	-	-	-	1,104,760	1,104,760
-	-	-	-	4,970	4,970
-	616	5,625	61,089	598,488	1,612,076
-	616	5,725	61,119	10,887,987	20,459,844
-	-	-	-	-	20,459,844
1,036,008	1,617,084	909,059	1,298,498	659,700	16,318,311
65,064	134,495	416,752	950,551	943,695	3,570,956
5,664	33,613	64,905	154,480	50,187	428,396
41,998	86,027	4,082	23,554	71,487	359,559
-	-	-	4,209	(18,696)	(9,243)
1,148,734	1,871,219	1,394,798	2,431,292	1,706,373	20,667,979
-	-	-	-	-	20,667,979
-	-	-	-	-	(208,135)
-	(2,000)	-	300	66,412	215,459
-	(2,000)	-	300	66,412	215,459
\$ -	\$ (2,000)	\$ -	\$ 300	\$ 66,412	7,324
Fund Balance June 30, 2013					2,581,863
Fund Balance June 30, 2014					\$ 2,589,187

**IOWA LAKES COMMUNITY COLLEGE
CURRENT UNRESTRICTED FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISES
YEAR ENDED JUNE 30, 2014**

	Bookstore	Food Services	Wellness Center	Farm	Athletics	Residence Halls
REVENUES:						
Sales and Services	\$ 1,359,644	\$ 1,272,597	\$ 157,674	\$ 346,205	\$ 1,548	\$ 1,106,976
Interest on Investments	-	-	9,331	-	-	-
Tuition and Fees	-	-	8,033	52,686	19,046	-
Federal Grants and Contracts	-	11,082	12,303	6,097	-	-
Miscellaneous	250	2,123	123,817	83,175	91,953	28,547
Total Revenues	1,359,894	1,285,802	311,158	488,163	112,547	1,135,523
EXPENDITURES:						
Salaries and Benefits	213,744	504,354	230,937	55,543	6,433	280,204
Services	64,931	70,875	47,957	140,249	118,678	437,298
Materials and Supplies	4,051	36,279	19,864	191,282	147,494	34,382
Travel	1,748	4,451	788	9,185	253,218	1,981
Expended for Plant Facilities	-	-	-	94,530	-	-
Cost of Goods Sold	1,058,486	335,399	2,823	17,453	16,791	-
Miscellaneous	-	16,389	-	10	140	20,059
Total Expenditures	1,342,960	967,747	302,369	508,252	542,754	773,924
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,934	318,055	8,789	(20,089)	(430,207)	361,599
TRANSFERS:						
Mandatory Transfers	-	-	-	-	-	(670,985)
Non-mandatory Transfers	(2,008)	(435,098)	(500)	(2,897)	435,531	(114,787)
Total Transfers	(2,008)	(435,098)	(500)	(2,897)	435,531	(785,772)
Net Increase (Decrease) for the Year	14,926	(117,043)	8,289	(22,986)	5,324	(424,173)
Fund Balance (Deficit) June 30, 2013	(273,897)	1,052,672	20,041	346,964	17,881	(972,008)
Fund Balance (Deficit) June 30, 2014	<u>\$ (258,971)</u>	<u>\$ 935,629</u>	<u>\$ 28,330</u>	<u>\$ 323,978</u>	<u>\$ 23,205</u>	<u>\$(1,396,181)</u>

SCHEDULE 5

Aviation	Parts	Printing	Vehicles	Wind Turbine	Gateway North	Miscellaneous	Total
\$ -	\$ 254,763	\$ 57,613	\$ -	\$ -	\$ 153,506	\$ 28,936	\$ 4,739,462
-	-	-	-	-	854	20,577	30,762
186,608	-	-	-	-	-	367,022	633,395
-	-	-	-	-	-	-	29,482
<u>5,948</u>	<u>25,000</u>	<u>1,878</u>	<u>173,868</u>	<u>243,030</u>	<u>312,775</u>	<u>202,113</u>	<u>1,294,477</u>
192,556	279,763	59,491	173,868	243,030	467,135	618,648	6,727,578
45,227	62,255	-	-	-	38,019	14,912	1,451,628
4,967	1,056	513	(9)	91,253	270,649	287,195	1,535,612
128,565	478	33,421	87,446	-	6,350	253,040	942,652
526	254	-	11,199	-	1,183	39,612	324,145
-	-	-	23,276	-	-	6,500	124,306
-	226,038	9,341	-	-	-	4,393	1,670,724
-	-	-	-	-	143,217	-	179,815
<u>179,285</u>	<u>290,081</u>	<u>43,275</u>	<u>121,912</u>	<u>91,253</u>	<u>459,418</u>	<u>605,652</u>	<u>6,228,882</u>
13,271	(10,318)	16,216	51,956	151,777	7,717	12,996	498,696
-	-	-	-	-	-	-	(670,985)
<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,012)</u>	<u>(228,757)</u>
<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,012)</u>	<u>(899,742)</u>
13,285	(10,318)	16,216	51,956	151,777	7,717	(96,016)	(401,046)
<u>(65,067)</u>	<u>40,709</u>	<u>(233,801)</u>	<u>(14,179)</u>	<u>(150,343)</u>	<u>289,202</u>	<u>492,467</u>	<u>550,641</u>
<u>\$ (51,782)</u>	<u>\$ 30,391</u>	<u>\$ (217,585)</u>	<u>\$ 37,777</u>	<u>\$ 1,434</u>	<u>\$ 296,919</u>	<u>\$ 396,451</u>	<u>\$ 149,595</u>

**IOWA LAKES COMMUNITY COLLEGE
CURRENT RESTRICTED FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2014**

	Scholarships and Grants	Equipment Replacement	Insurance
REVENUES:			
State Appropriations	\$ 310,104	\$ -	\$ -
Property Taxes	-	491,002	895,754
Federal Appropriations and Grants	3,564,438	-	-
Scholarships, Grants, and Gifts	648,716	-	-
Interest on Investments	1,336	-	-
Iowa Industrial New Jobs Training Program	-	-	-
Miscellaneous	440,602	-	44,584
Total Revenues and Other Additions	4,965,196	491,002	940,338
EXPENDITURES AND OTHER DEDUCTIONS:			
Salaries and Benefits	-	-	99,746
Services	-	-	868,690
Materials and Supplies	-	-	-
Travel	-	-	-
Expended for Plant Facilities	-	6,789	-
Interest on Indebtedness	-	-	-
Federal Pell Grant Program	3,510,389	-	-
Federal Supplemental Educational Opportunity Grant	59,019	-	-
Iowa College Student Aid Commission	78,412	-	-
Private Scholarships	1,734,596	-	-
Miscellaneous	6,129	-	-
Total Expenditures and Other Deductions	5,388,545	6,789	968,436
Excess (Deficiency) of Revenues and Other Additions Over (Under) Expenditures and Other Deductions	(423,349)	484,213	(28,098)
TRANSFERS:			
Non-mandatory Transfers	444,940	(260,228)	-
Total Transfers	444,940	(260,228)	-
Net Increase (Decrease) for the Year	21,591	223,985	(28,098)
Fund Balance (Deficit) June 30, 2013	499,659	(37,229)	122,505
Fund Balance (Deficit) June 30, 2014	\$ 521,250	\$ 186,756	\$ 94,407

SCHEDULE 6

Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Iowa Small Business New Jobs Training Program	Miscellaneous	Total
\$ -	\$ -	\$ -	\$ -	\$ 155,953	\$ 1,826,956	\$ 2,293,013
-	2,051,960	-	83,140	-	-	3,521,856
-	-	-	-	-	1,771,810	5,336,248
-	-	-	-	-	137,973	786,689
-	-	-	-	-	14,446	15,782
-	-	-	435,244	-	-	435,244
-	-	-	-	-	247,358	732,544
-	2,051,960	-	518,384	155,953	3,998,543	13,121,376
11,138	87,938	-	-	-	1,705,649	1,904,471
-	-	-	386,440	58,842	661,119	1,975,091
-	-	-	-	-	455,346	455,346
-	-	-	-	-	109,146	109,146
-	-	-	-	-	628,332	635,121
-	-	-	131,944	-	-	131,944
-	-	-	-	-	-	3,510,389
-	-	-	-	-	-	59,019
-	-	-	-	-	-	78,412
-	-	-	-	-	124,014	1,858,610
-	-	-	-	32,234	98,212	136,575
11,138	87,938	-	518,384	91,076	3,781,818	10,854,124
(11,138)	1,964,022	-	-	64,877	216,725	2,267,252
-	-	-	-	-	101,092	285,804
-	-	-	-	-	101,092	285,804
(11,138)	1,964,022	-	-	64,877	317,817	2,553,056
9,050	(1,534,881)	286,030	-	-	263,757	(391,109)
\$ (2,088)	\$ 429,141	\$ 286,030	\$ -	\$ 64,877	\$ 581,574	\$ 2,161,947

**IOWA LAKES COMMUNITY COLLEGE
AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS
YEAR ENDED JUNE 30, 2014**

	Student Organizations	Emmetsburg Educational Foundation	ACCES
Balance June 30, 2013	\$ 138,735	\$ 302,779	\$ 217,532
ADDITIONS:			
Tuition and Fees	57,808	-	-
Interest on Investments	-	1,342	-
Miscellaneous	73,138	83,168	1,375,257
Total Additions	<u>130,946</u>	<u>84,510</u>	<u>1,375,257</u>
DEDUCTIONS:			
Salaries and Benefits	10,039	-	-
Services	34,829	28,342	1,238,650
Materials and Supplies	27,274	40,352	-
Travel	51,625	-	-
Cost of Sales	12,045	-	-
Miscellaneous	-	30,238	142,123
Total Deductions	<u>135,812</u>	<u>98,932</u>	<u>1,380,773</u>
Balance June 30, 2014	<u>\$ 133,869</u>	<u>\$ 288,357</u>	<u>\$ 212,016</u>

CAST	Miscellaneous	Total
<u>\$ 597,475</u>	<u>\$ 136,830</u>	<u>\$ 1,393,351</u>
-	-	57,808
-	48	1,390
<u>630,411</u>	<u>15,910</u>	<u>2,177,884</u>
<u>630,411</u>	<u>15,958</u>	<u>2,237,082</u>
397,054	-	407,093
164,473	84,976	1,551,270
82,824	4,069	154,519
5,440	45,213	102,278
-	-	12,045
-	-	172,361
<u>649,791</u>	<u>134,258</u>	<u>2,399,566</u>
<u>\$ 578,095</u>	<u>\$ 18,530</u>	<u>\$ 1,230,867</u>

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM
YEAR ENDED JUNE 30, 2014**

Project Name	Project Costs			Subtotal
	Training and Wages	Administration	Legal and Issue Costs	
Quality Processing	-	-	375	375
Shine Brothers	-	-	-	-
Country Maid Inc	-	-	-	-
Pharmacists Mutual II	-	-	-	-
GKN Armstrong V	-	-	-	-
Pure Fishing V	-	-	-	-
Voyager Ethanol	-	-	375	375
GKN Armstrong VI	-	-	-	-
Hydrogen Engine	-	-	-	-
KLM Acquisition Corp.	-	-	-	-
Pharmacist Mutual III	-	-	-	-
Pure Fishing VI	-	-	350	350
East Fork Biodiesel	-	-	-	-
Easy Energy Systems	-	-	-	-
Eaton Corp II	-	-	400	400
Pharmacists Mutual IV	-	-	-	-
Snap On Logistics Comp	-	-	-	-
Superior Ethanol	-	-	-	-
Art's Way	-	-	-	-
Farmers Coop	2,800	-	-	2,800
GKN Armstrong	-	-	-	-
Voyager Ethanol	-	-	400	400
Shine Brothers II	-	-	-	-
Country Maid	-	-	8,948	8,948
Polaris	101,922	-	525	102,447
GKN Armstrong Wheel	-	-	23,814	23,814
Eaton	-	-	6,713	6,713
Brownmed, Inc.	4,663	-	-	4,663
COZZINI, LLC	53,867	-	500	54,367
KLM Acquisition Corp.	4,027	-	-	4,027
Polaris Industries	172,099	-	-	172,099
Simonsen Iron Works	4,663	-	-	4,663
Total	\$ 344,041	\$ -	\$ 42,400	\$ 386,441

SCHEDULE 8

Retirement Costs		Total Current Year Expenditures	Less: Non- Budgeted Expenditures	Cumulative Prior Period Budgeted Expenditures	Total Budgeted Expenditures	Budget
Debt	Interest					
45,000	2,790	48,165	47,790	367,216	367,591	365,000
10,000	620	10,620	10,620	85,725	85,725	85,000
10,000	560	10,560	10,560	44,856	44,856	45,000
15,000	840	15,840	15,840	126,121	126,121	130,000
20,000	1,120	21,120	21,120	151,505	151,505	155,000
25,000	1,400	26,400	26,400	194,376	194,376	195,000
30,000	1,680	32,055	31,680	181,790	182,165	190,000
15,000	1,903	16,903	16,903	143,342	143,342	145,000
20,000	2,170	22,170	22,170	148,196	148,196	160,000
35,000	3,798	38,798	38,798	207,021	207,021	290,000
25,000	2,713	27,713	27,713	202,695	202,695	205,000
50,000	5,700	56,050	55,700	449,847	450,197	450,000
30,000	8,130	38,130	38,130	98,455	98,455	275,000
25,000	7,228	32,228	32,228	130,563	130,563	235,000
35,000	9,630	45,030	44,630	327,112	327,512	325,000
15,000	4,215	19,215	19,215	140,002	140,002	140,000
20,000	4,810	24,810	24,810	125,551	125,551	175,000
30,000	8,428	38,428	38,428	88,328	88,328	275,000
10,000	2,500	12,500	12,500	80,160	80,160	75,000
30,000	8,885	41,685	38,885	154,716	157,516	280,000
15,000	3,865	18,865	18,865	95,919	95,919	140,000
10,000	3,060	13,460	13,060	196,459	196,859	85,000
5,000	1,385	6,385	6,385	27,995	27,995	45,000
20,000	8,517	37,465	28,517	225,408	234,356	230,000
15,000	3,053	120,500	18,053	29,380	131,827	145,000
65,000	17,010	105,824	82,010	708,274	732,088	835,000
35,000	5,540	47,253	40,540	205,297	212,010	235,000
5,000	1,619	11,282	6,619	20,420	25,083	110,000
35,000	5,919	95,286	40,919	110,656	165,023	420,000
5,000	1,306	10,333	6,306	17,635	21,662	95,000
30,000	3,240	205,339	33,240	44,553	216,652	240,000
10,000	1,554	16,217	11,554	20,420	25,083	110,000
<u>\$ 745,000</u>	<u>\$ 135,188</u>	<u>\$ 1,266,629</u>	<u>\$ 880,188</u>	<u>\$ 5,149,993</u>	<u>\$ 5,536,434</u>	<u>\$ 6,885,000</u>

IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
IOWA JOBS TRAINING PROGRAM
YEAR ENDED JUNE 30, 2014

Project Name	Project Costs			Subtotal
	Training and Wages	Administration	Legal and Issue Costs	
Snap-On Tools	\$ 39,830	\$ 10,169	\$ -	\$ 49,999
Stateline Coop	38,353	10,088	-	48,441
Carey Electronics	4,440	1,168	-	5,608
Architectural Arts, Inc.	21,112	5,553	-	26,665
Country Maid	19,984	5,256	-	25,240
Total	\$ 123,719	\$ 32,234	\$ -	\$ 155,953

Retirement Costs		Total Current Year Expenditures	Less: Non- Budgeted Expenditures	Cumulative Prior Period Expenditures	Total Current Budgeted Expenditures	Budget
Debt	Interest					
\$ -	\$ -	\$ 10,169	\$ -	\$ -	\$ 10,169	\$ 49,999
-	-	48,441	-	-	48,441	48,441
-	-	1,673	-	-	1,673	5,608
-	-	5,553	-	-	5,553	26,665
-	-	25,240	-	-	25,240	25,240
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,076</u>	<u>\$ 155,953</u>

IOWA LAKES COMMUNITY COLLEGE
 SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT
 YEAR ENDED JUNE 30, 2014

	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	36,857	-	36,857			
Career Tech	24,283	-	24,283			
Non-Credit	-	-	-	72,152	2,118	74,270
Total	<u>61,140</u>	<u>-</u>	<u>61,140</u>	<u>72,152</u>	<u>2,118</u>	<u>74,270</u>

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

	Years Ended June 30,				
	2014	2013	2012	2011	2010
Local (Property Tax)	\$ 5,731,376	\$ 4,018,911	\$ 3,852,876	\$ 3,742,359	\$ 3,492,238
State	11,752,065	10,609,481	9,037,957	9,488,383	8,143,629
Federal	<u>5,401,724</u>	<u>5,989,557</u>	<u>7,410,158</u>	<u>9,621,779</u>	<u>9,787,959</u>
Total	<u>\$22,885,165</u>	<u>\$20,617,949</u>	<u>\$20,300,991</u>	<u>\$22,852,521</u>	<u>\$21,423,826</u>

	Years Ended June 30,				
	2009	2008	2007	2006	2005
Local (Property Tax)	\$ 3,260,386	\$ 2,862,695	\$ 3,206,033	\$ 2,716,060	\$ 2,466,198
State	9,976,437	10,485,952	9,452,328	8,866,106	8,179,334
Federal	<u>6,001,106</u>	<u>5,233,664</u>	<u>5,085,049</u>	<u>5,765,613</u>	<u>5,180,070</u>
Total	<u>\$19,237,929</u>	<u>\$18,582,311</u>	<u>\$17,743,410</u>	<u>\$17,347,779</u>	<u>\$15,825,602</u>

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

	Years Ended June 30,				
	2014	2013	2012	2011	2010
State Appropriations	\$ 11,352,065	\$ 9,874,153	\$ 8,497,225	\$ 8,448,231	\$ 8,143,629
Tuition and Fees	9,312,381	10,623,516	11,562,995	12,711,457	12,200,863
Property Tax	4,626,616	2,959,166	2,838,107	2,772,406	2,583,229
Federal Appropriations	5,370,700	5,956,808	7,375,112	9,580,749	9,787,959
Interest on Investments	46,544	52,032	181,194	151,940	165,272
Iowa Industrial New Jobs Training Program	435,244	306,799	649,046	788,128	345,424
Auxiliary Enterprises	6,033,939	6,180,471	6,600,371	6,683,897	6,368,839
Miscellaneous	3,131,309	3,348,307	3,597,894	3,433,384	3,878,594
Total	\$ 40,308,798	\$ 39,301,252	\$ 41,301,944	\$ 44,570,192	\$ 43,473,809
Liberal Arts and Sciences	\$ 6,247,182	\$ 6,828,692	\$ 6,883,802	\$ 6,790,652	\$ 6,862,449
Vocational Technical	4,431,169	4,709,151	4,811,110	4,673,770	4,456,540
Adult Education	730,643	849,247	762,119	766,684	843,913
Cooperative Services	706,569	887,104	984,889	954,062	1,170,703
Administration	1,148,734	1,084,312	1,094,401	1,061,581	1,028,055
Student Services	1,871,219	1,913,183	1,806,309	1,788,430	1,731,116
Learning Resources	1,394,798	1,192,836	1,244,545	1,579,607	1,166,906
Physical Plant	2,431,292	1,758,892	1,726,370	1,866,709	1,966,021
General Institution	1,706,373	1,973,444	2,158,354	3,113,447	2,931,043
Auxiliary Enterprises	6,228,882	6,503,303	6,823,898	6,296,249	5,767,824
Scholarships and Grants	5,388,545	6,368,235	6,735,919	8,475,059	7,553,637
Equipment Replacement	6,789	-	423,278	339,435	139,580
Insurance	968,436	928,648	976,938	927,080	926,320
Unemployment Compensation	11,138	9,815	4,247	9,527	13,577
Iowa Industrial New Jobs Training Program	386,440	275,352	578,991	680,580	190,462
Miscellaneous	3,869,756	4,155,211	1,889,969	2,543,473	3,708,998
Interest on Indebtness	131,944	156,730	195,282	200,868	232,798
Total	\$ 37,659,909	\$ 39,594,155	\$ 39,100,421	\$ 42,067,213	\$ 40,689,942

SCHEDULE 12

2009	2008	2007	2006	2005
\$ 9,869,941	\$ 9,474,935	\$ 8,732,997	\$ 8,395,040	\$ 8,179,334
10,079,225	9,225,858	9,217,809	8,560,998	8,765,233
2,389,148	2,080,414	2,426,144	2,009,864	1,772,283
6,001,106	5,233,664	5,085,049	5,765,613	5,180,070
173,895	356,159	379,505	321,253	219,453
728,455	1,306,979	609,046	1,386,733	1,186,301
5,493,824	5,281,500	5,254,383	4,726,313	4,263,240
3,078,071	2,974,402	2,836,702	2,685,777	2,468,845
<u>\$37,813,665</u>	<u>\$35,933,911</u>	<u>\$34,541,635</u>	<u>\$33,851,591</u>	<u>\$ 32,034,759</u>
\$ 6,287,148	\$ 6,218,529	\$ 5,854,390	\$ 5,557,072	\$ 5,281,128
4,279,344	4,222,452	3,961,474	3,594,393	3,464,605
840,256	835,182	786,093	814,965	812,132
1,117,641	1,078,981	1,029,777	1,218,726	1,341,078
1,028,973	998,320	907,986	913,293	853,202
1,733,461	1,609,283	1,410,637	1,343,883	1,231,922
1,371,155	1,439,011	1,355,360	1,001,229	906,724
2,025,334	1,680,835	1,616,294	1,530,164	1,574,406
2,689,976	2,226,137	2,329,662	2,177,966	2,767,784
5,167,318	5,204,675	5,232,653	4,832,100	6,329,189
4,763,194	4,192,721	3,941,496	3,720,692	3,973,499
195,067	152,835	224,088	204,927	116,123
889,929	914,852	860,579	993,375	840,352
8,971	20,054	10,891	9,028	2,571
445,360	1,021,927	353,576	1,107,391	850,502
3,479,209	3,078,171	2,298,495	2,962,567	2,022,790
283,095	285,052	255,470	280,091	274,346
<u>\$36,605,431</u>	<u>\$35,179,017</u>	<u>\$32,428,921</u>	<u>\$32,261,862</u>	<u>\$ 32,642,353</u>

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014**

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
DIRECT:			
U. S. Department of Education:			
Student Financial Aid – Cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	\$ 59,019	\$ -
Federal Direct Student Loans	84.268	-	6,686,308
Federal Work-Study Program (FWS)	84.033	96,550	-
Federal Pell Grant Program	84.063	<u>3,510,389</u>	<u>-</u>
Total Student Financial Aid Cluster		3,665,958	6,686,308
TRIO - Cluster:			
Student Support Services	84.042	268,164	-
Talent Search	84.044	<u>337,221</u>	<u>-</u>
Total TRIO Cluster		605,385	
Total Direct U.S. Department of Education		4,271,343	6,686,308
Corporation for National and Community Services:			
Retired and Senior Volunteer Program	94.002	84,825	-
U.S. Department of Agriculture:			
Direct and Counter-cyclical Payments Program	10.055	6,097	-
National Science Foundation			
Education and Human Resources - Infinity Scholars Project	47.076	<u>120,703</u>	<u>-</u>
Total Direct Expenditures		4,482,968	6,686,308
INDIRECT:			
Small Business Administration:			
Indirect Through Iowa State University:			
Small Business Development Centers	59.037	94,571	-
U.S. Department of Education:			
Indirect Through the Iowa Department of Education:			
Adult Education - Basic Grants to States	84.002	61,392	-
Career and Technical Education - Basic Grants to States	84.048	<u>288,926</u>	<u>-</u>
Total Indirect U.S. Department of Education		350,318	-
U.S. Department of Labor:			
Indirect Through Des Moines Area Community College:			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	<u>442,842</u>	<u>-</u>
Total Indirect Expenditures		887,731	-
Total Direct and Indirect Expenditures		<u>\$ 5,370,699</u>	<u>\$ 6,686,308</u>

**IOWA LAKES COMMUNITY COLLEGE
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 JUNE 30, 2014**

Note 1 – BASIS OF PRESENTATION

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

Note 2 – LOANS OUTSTANDING

Although no new Nursing Student Loan advances occurred during the year ended June 30, 2014, the following loan balances were outstanding at June 30, 2014:

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

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

Board of Trustees
Iowa Lakes Community College
Estherville, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United State 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 and the aggregate discretely presented component units of Iowa Lakes Community College, Estherville, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Iowa Lakes Community College's basic financial statements and have issued our report thereon dated January 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Iowa Lakes Community College'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 Iowa Lakes Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of the Community College's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs, 2014-001, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa Lakes Community College'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 non-compliance that are required to be reported under *Government Auditing Standards*.

Iowa Lakes Community College's Response to Findings

Iowa Lakes Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance 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.

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

Williams & Company, P.C.

Certified Public Accountants

Spencer, Iowa
January 20, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

Board of Trustees
Iowa Lakes Community College
Estherville, Iowa

Report on Compliance for Each Major Federal Program

We have audited Iowa Lakes Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Iowa Lakes Community College's major federal programs for the year ended June 30, 2014. Iowa Lakes Community College's major federal programs are identified in Part I, Summary of Auditors' Results, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Iowa Lakes Community College'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 Iowa Lakes Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Iowa Lakes Community College's compliance.

Opinion on Each Major Federal Program

In our opinion, Iowa Lakes Community College 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, 2014.

Report on Internal Control over Compliance

Management of Iowa Lakes Community College 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 Iowa Community College'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 tests and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Lakes Community College's internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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

Williams + Company, P.C.

Certified Public Accountants

Spencer, Iowa
January 20, 2015

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

PART I – SUMMARY OF AUDITORS' RESULTS

- (A) An unmodified opinion was issued on the financial statements.
- (B) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (C) The audit did not disclose any non-compliance which is material to the financial statements.
- (D) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (E) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (F) The audit disclosed an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (G) Major programs were as follows:
 - Student Financial Aid Cluster:
 - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grant (FSEOG)
 - CFDA Number 84.268 – Federal Direct Student Loans
 - CFDA Number 84.033 – Federal Work-Study Program
 - CFDA Number 84.063 – Federal Pell Grant Program
 - Other Major Programs:
 - CFDA Number 17.282 – Trade Adjustment Assistance Community College and Career Training
- (H) The dollar threshold used to distinguish between Type A and Type B was \$300,000.
- (I) Iowa Lakes Community College did not qualify as a low-risk auditee.

PART II – FINDING RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

MATERIAL WEAKNESS:

2014-001 Financial Reporting – During the audit we identified immaterial amounts of accounts receivable, fixed assets, payables, and fund balance and material amounts associated with a new NJTP issuance, not recorded properly in the College's financial statements.

Recommendation – The College should implement procedures to ensure all accounts receivable, fixed assets, payables, fund balance and NJTP amounts are properly identified, classified, and included in the College's financial statements.

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

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE: No matters were reported.

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

SIGNIFICANT DEFICIENCIES: No matters were reported.

INSTANCES OF NON-COMPLIANCE: No matters were reported.

PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

IV-A-14: Certified Budget – Expenditures for the year ended June 30, 2014, did not exceed the amounts budgeted.

IV-B-14: Questionable Disbursements – No expenditures we believe did not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-14: Travel Expense – No expenditures of Iowa Lakes Community College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.

IV-D-14: Business Transactions – Business transactions between the Community College and the Community College officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Tom Quastad, Faculty Instructor Spouse of owner of Q Custom Designs	Services	\$ 3,190

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

IV-E-14: Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-14: Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-14: Publication – The Community College published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, by the second week in August, as required by Section 260C.14(12) of the Code of Iowa.

IV-H-14: Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.

IV-I-14: Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the Community College.

**IOWA LAKES COMMUNITY COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2014**

SIGNIFICANT DEFICIENCIES:

III-A-13 Finding – During our review of internal control procedures over the Student Financial Aid Cluster, we identified that the incorrect number of days was used in calculating the return of the Title IV funds.

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

Current Status – No issues related to the return of funds calculations were found during the current year testing, procedures appear to have been implemented.

INSTANCES OF NONCOMPLIANCE:

III-B-13 Finding – During our review of compliance requirements over the Student Financial Aid Cluster, we identified that the incorrect number of days was used in calculating the return of the Title IV funds.

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

Current Status – No issues related to the return of funds calculations were found during the current year testing, procedures appear to have been implemented.