

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2017

EASTERN IOWA COMMUNITY COLLEGE DISTRICT

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EASTERN IOWA COMMUNITY COLLEGE DISTRICT

OFFICIALS

Name	Title	Term Expires
Robert H. Gallagher	President	2019
Kendra Beck	Vice-President	2019
Kim Clausen	Member	2017
Denise Hollonbeck	Member	2017
Bill Phelan	Member	2017
Milton Shaw	Member	2017
Dr. Joseph D'Souza	Member	2019
Michelle Garvin	Member	2019
Bill Vetter	Member	2019
Community College:		
Dr. Donald Doucette	Chancellor	Appointed
Honey H. Bedell	Board Secretary	Appointed
Suteesh Tandon	Board Treasurer	Appointed



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Iowa Community College District (District), Davenport, Iowa, and its discretely presented component units, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Scott Community College Foundation as discussed in Note 1, which represent 9.9% of the assets, 9.9% of the net assets, and 14.9% of the revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Eastern Iowa Community College District and its discretely presented component units, as of June 30, 2017, 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 on pages 5 through 13, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 46 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eastern Iowa Community College District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the year ended June 30, 2008, were audited by other auditors whose reports expressed unmodified opinions on those financial statements. The statements and schedules listed in the table of contents as supplementary information on pages 51 through 70, as well as the accompanying schedule of expenditures of federal awards required by Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017, on our consideration of Eastern Iowa Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Iowa Community College District's internal control over financial reporting and compliance.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
October 25, 2017

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2017

Eastern Iowa Community College District provides this Management's Discussion and Analysis of the District's annual financial statements. This narrative overview and analysis of the financial activities of Eastern Iowa Community College District is for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Eastern Iowa Community College District is a public, comprehensive community college district established by Iowa Code 260C.1 in 1966 that includes Clinton, Muscatine, and Scott Community Colleges. The District encompasses all or part of eight counties, serving a population base of almost 285,840 citizens. Each year, the District serves 6,661 full-time equivalent credit students in approximately 60 arts and science and 49 career technology award programs. Non-credit programming serves 64,492 participants each year in areas such as adult basic education, job skills training, English as a Second Language, computer skills training, state-mandated training, community interest classes, and developmental education. The District provides a variety of services and customized training for business and industry and offers more targeted training through its three technology centers, the Advanced Technology Environmental Education Center (ATEEC), the Clinton Community College Technology Center, and the John T. Blong Technology Center.

The District is governed by a nine-member Board of Directors whose members are elected to four-year terms by voters within their individual districts. The EICCD colleges are accredited as a single district as part of the Higher Learning Commission/North Central Association's Academic Quality Improvement Program (AQIP).

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

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2017

Financial Highlights

- District revenues totaled \$79,491,729 compared to \$76,974,332 for 2016.
- District expenses were \$73,001,908 compared to \$74,043,598 for 2016.
- The District's change in net position was \$6,489,821 compared to \$2,930,734 in 2016.

Using This Annual Report

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

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

The basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These provide information about the activities of the District as a whole and present an overall view of the District's finances. The District presents schedules of discretely presented component units' financial statements in separate presentations.

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

Required Supplementary Information presents the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

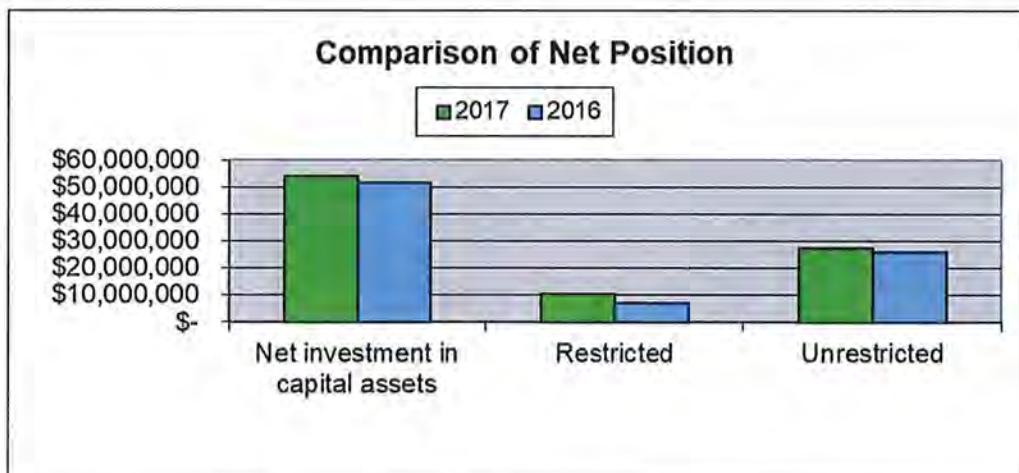
Supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, and the supplementary information provides detailed information about the individual funds of the District. The Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

Reporting the District as a Whole

Statement of Net Position - The Statement of Net Position presents financial information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the District to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources and net position. Over time, readers of the financial statements will be able to determine the District's financial position by analyzing the increases and decreases in net position. This statement is also a good source for readers to determine how much the District owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2017

	June 30,	
	<u>2017</u>	<u>2016</u>
Net position		
Current and other assets	\$ 110,489,437	\$ 106,794,673
Capital assets, net of accumulated depreciation	67,718,462	68,623,913
Total assets	<u>178,207,899</u>	<u>175,418,586</u>
Deferred outflows of resources	3,796,994	2,063,847
Current liabilities	21,627,163	24,205,303
Noncurrent liabilities	54,202,832	54,143,865
Total liabilities	<u>75,829,995</u>	<u>78,349,168</u>
Deferred inflows of resources	14,849,171	14,297,359
Net position		
Net investment in capital assets	53,853,587	51,609,039
Restricted	10,176,603	7,096,429
Unrestricted	27,295,537	26,130,438
Total net position	<u>\$ 91,325,727</u>	<u>\$ 84,835,906</u>



The largest portion of the District's net position (59.0%) for 2017 and (60.8%) for 2016 is the net investment in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net position (11.1%) for 2017 and (8.4%) for 2016 includes resources that are subject to external restrictions. The remaining net position (29.9%) for 2017 and (30.8%) for 2016 is the unrestricted net position that can be used to meet the District's obligations as they come due.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2017

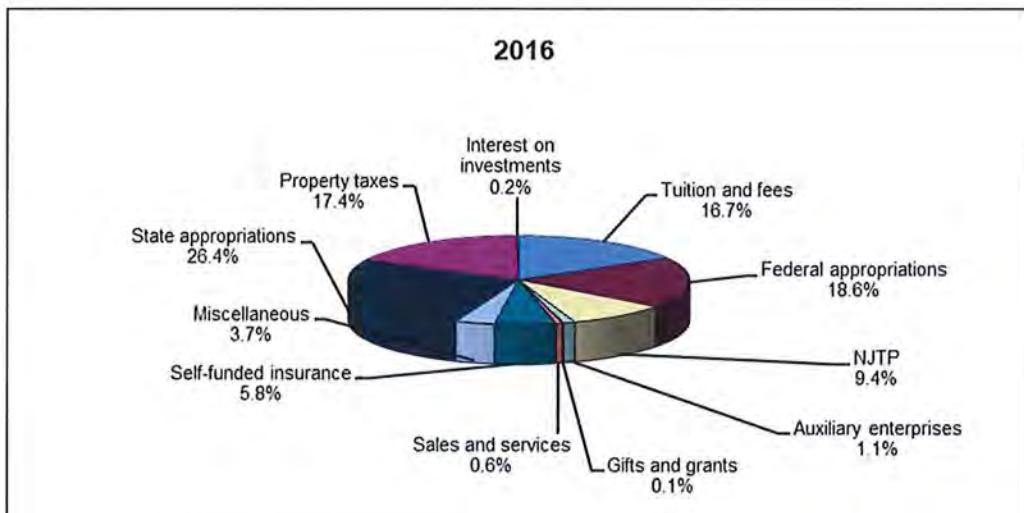
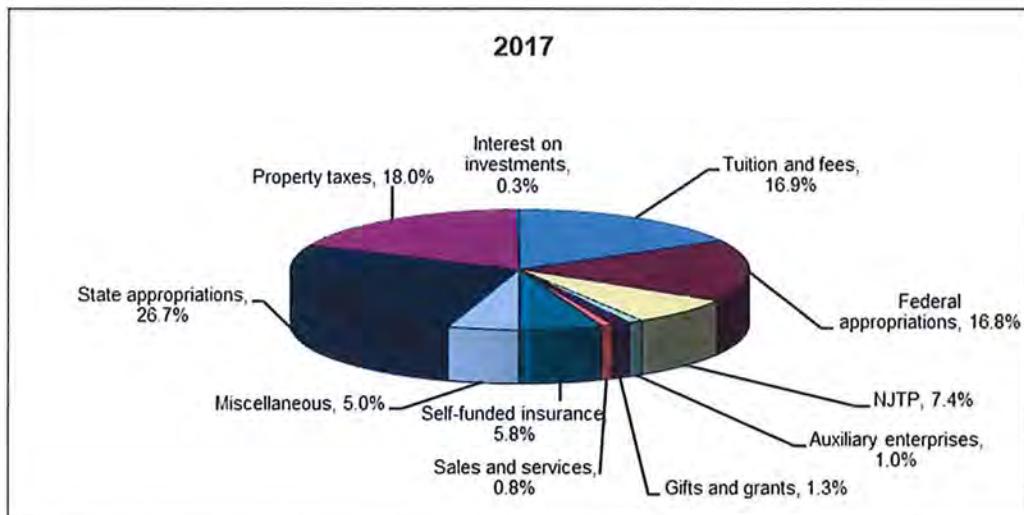
Statement of Revenues, Expenses and Changes in Net Position - Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned by the District, both operating and non-operating, and the expenses incurred by the District, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the District. In general, a public college, such as Eastern Iowa Community College District, will report an operating loss since the financial reporting model classifies state appropriations and property taxes as non-operating revenues. Operating revenues are received for providing goods and services to the various students, customers and constituencies of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the District. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

	Year Ended June 30,	
	2017	2016
Changes in net position		
Operating revenues:		
Tuition and fees	\$ 13,397,213	\$ 12,715,143
Federal appropriations	4,334,062	5,179,010
Iowa Industrial New Jobs Training Program	5,908,887	7,221,703
Auxiliary enterprises revenue	805,331	865,600
Sales and services	610,288	495,766
Self-funded insurance	4,598,903	4,498,282
Miscellaneous	3,968,559	2,885,582
Total revenues	<u>33,623,243</u>	<u>33,861,086</u>
Total operating expenses	<u>71,328,329</u>	<u>72,108,514</u>
Operating loss	<u>(37,705,086)</u>	<u>(38,247,428)</u>
Non-operating revenues (expenses)		
State appropriations	21,261,528	20,358,923
Pell grant	9,016,252	9,123,274
Property taxes	14,287,284	13,369,860
Gifts and grants	1,009,980	83,936
Interest on investments	293,442	177,253
Loss on disposal of capital assets	(12,779)	(122,703)
Interest on indebtedness	(1,660,800)	(1,812,381)
Net non-operating revenues (expenses)	<u>44,194,907</u>	<u>41,178,162</u>
Changes in net position	6,489,821	2,930,734
Net position:		
Beginning	\$ 84,835,906	\$ 81,905,172
Ending	<u>\$ 91,325,727</u>	<u>\$ 84,835,906</u>

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2017

Total Revenue by Source

The Statement of Revenues, Expenses and Changes in Net Position reflects positive years for both 2017 and 2016, with an increase in net position of \$6,489,821 and \$2,930,734, respectively.



**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2017

In fiscal year 2017, the major fluctuations in revenues were a result of the following changes:

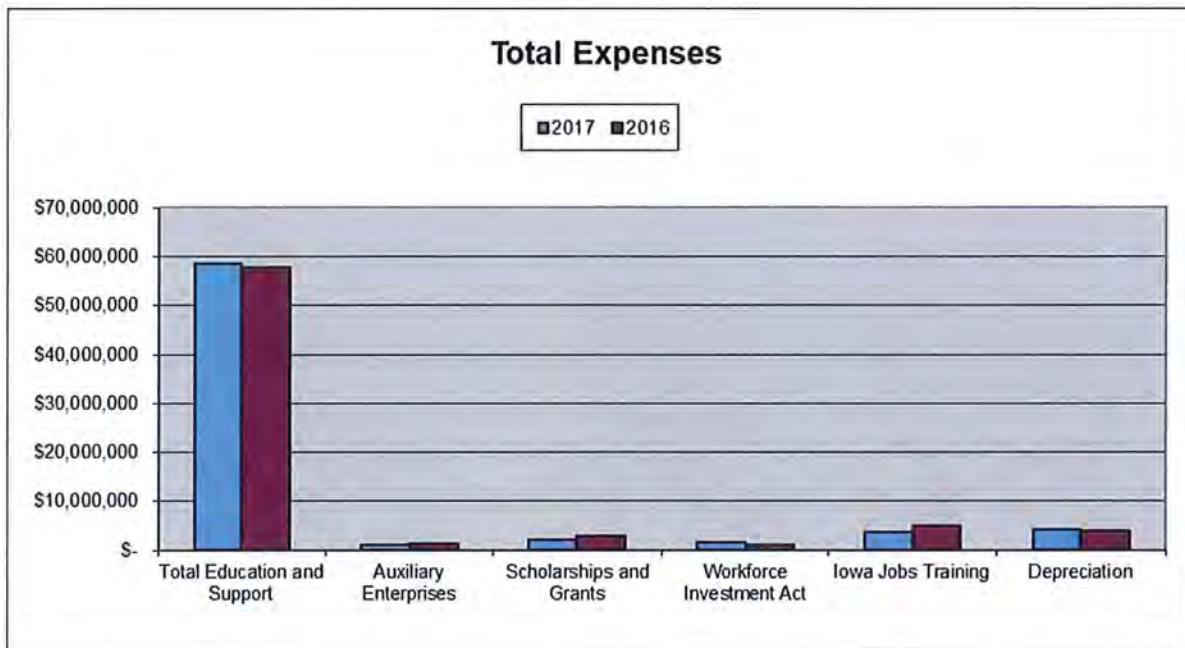
- Tuition and fees increased approximately \$682,000.
- Federal appropriations, including Pell grants, decreased approximately \$952,000.
- Iowa Industrial New Jobs Training Program decreased by approximately \$1,313,000.
- State appropriations increased by approximately \$903,000.
- Property taxes increased approximately \$917,000.
- Miscellaneous revenue increased by approximately \$1,083,000.

In fiscal year 2016, the major fluctuations in revenues were a result of the following changes:

- Tuition and fees increased approximately \$1,042,000.
- Federal appropriations, including Pell grants, decreased approximately \$2,030,000.
- Iowa Industrial New Jobs Training Program increased by approximately \$700,000.
- State appropriations decreased by approximately \$1,123,000.
- Property taxes increased approximately \$985,000.
- Miscellaneous revenue increased by approximately \$2,841,000.

Operating expenses	Year Ended June 30,	
	2017	2016
Education and support:		
Liberal arts and sciences	\$ 11,232,285	\$ 10,841,652
Vocational technical	11,653,226	11,815,828
Adult education	6,036,976	5,132,879
Cooperative services	666,446	836,767
General administration	8,553,745	9,510,759
Student services	4,972,705	4,815,311
Learning resources	710,284	684,774
Physical plant	6,841,171	6,420,924
General institution	7,853,284	7,788,440
Auxiliary enterprises	1,225,690	1,261,076
Scholarships and grants	2,140,195	2,810,113
Workforce Investment Act	1,618,360	1,155,612
Iowa Industrial New Jobs Training Program	3,721,996	5,055,055
Depreciation expense	4,101,966	3,979,324
Total operating expenses	\$ 71,328,329	\$ 72,108,514

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2017



In fiscal year 2017, the major fluctuations in operating expenses were a result of the following factors:

- Vocational technical expenses decreased approximately \$163,000.
- General administration expenses decreased approximately \$957,000.
- General Institution expenses increased approximately \$65,000.
- Workforce Investment Act expenses increased approximately \$463,000.
- Iowa Industrial New Jobs Training Program expenses decreased approximately \$1,333,000.

In fiscal year 2016, the major fluctuations in operating expenses were a result of the following factors:

- Vocational technical expenses decreased approximately \$713,000.
- General administration expenses increased approximately \$3,413,000.
- General institution expenses decreased approximately \$388,000.
- Workforce Investment Act expenses increased approximately \$440,000.
- Iowa Industrial New Jobs Training Program expenses increased approximately \$919,000.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2017

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

Cash flows	Year Ended June 30,	
	2017	2016
Cash provided by (used in):		
Operating activities	\$(30,872,755)	\$(31,129,276)
Non-capital financing activities	44,210,973	43,163,095
Capital and related financing activities	(7,062,832)	(10,678,785)
Investing activities	446,312	4,554,611
Net increase in cash	6,721,698	5,909,645
Cash:		
Beginning	62,691,990	56,782,345
Ending	\$ 69,413,688	\$ 62,691,990

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

Capital Assets

As of June 30, 2017, the District had \$67,718,462 invested in capital assets, net of accumulated depreciation of \$56,611,322. Depreciation charges totaled \$4,101,966 for fiscal year 2017. As of June 30, 2016, the District had \$68,623,913 invested in capital assets, net of accumulated depreciation of \$53,182,247. Depreciation charges totaled \$3,979,324 for fiscal year 2016. Details of the capital assets are shown below.

Capital Assets, Net, at Year-End	June 30,	
	2017	2016
Land	\$ 4,174,178	\$ 4,174,178
Buildings	50,731,108	50,782,035
Other structures and improvements	6,895,565	7,218,058
Furniture and equipment	5,917,611	6,449,642
Totals	\$ 67,718,462	\$ 68,623,913

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**
June 30, 2017

Debt

As of June 30, 2017, the District had \$46,583,381 in debt outstanding, a decrease of \$3,594,601 from 2016. The majority of the decrease is due to principal payments. As of June 30, 2016, the District had \$50,177,982 in debt outstanding, a decrease of \$1,832,018 from 2015. The majority of the decrease is due to principal payments.

Outstanding debt	June 30,	
	2017	2016
Certificates payable*	\$ 32,493,381	\$ 32,937,982
Note payable	150,000	175,000
Revenue bonds payable	910,000	1,050,000
GO bonds payable	13,030,000	16,015,000
Totals	\$ 46,583,381	\$ 50,177,982

*Net of discounts and premiums on issuance

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

Economic factors

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

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION - PRIMARY INSTITUTION
June 30, 2017

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 69,413,688
Investments	14,915,977
Receivables:	
Property taxes	14,065,650
Other	1,928,848
Due from other governments	2,189,040
Prepaid expenses	3,400
Total current assets	<u>102,516,603</u>
Noncurrent assets:	
Due from Iowa Industrial New Jobs Training Program	7,972,834
Capital assets:	
Land	4,174,178
Buildings	91,651,734
Other structures and Improvements	11,865,780
Furniture and equipment	16,638,092
Accumulated depreciation	(56,611,322)
Total noncurrent assets	<u>75,691,296</u>
TOTAL ASSETS	<u>178,207,899</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	<u>3,796,994</u>
LIABILITIES	
Current liabilities:	
Accounts payable	3,252,051
Salaries and benefits payable	1,894,258
Accrued interest payable	119,929
Advances from grantors	304,116
Advances from others	4,661,411
Compensated absences	1,471,392
Early retirement payable	529,134
Assets held in custody for others	1,115,726
Reported and unreported insurance claims payable	513,708
Insurance reserve	695,438
Certificates payable	3,800,000
Notes and bonds payable	3,270,000
Total current liabilities	<u>21,627,163</u>
Noncurrent liabilities:	
Early retirement payable	105,206
Certificates payable, net of premium	28,693,381
Notes and bonds payable	10,820,000
Net pension liability	13,154,174
Net OPEB liability	1,430,071
Total noncurrent liabilities	<u>54,202,832</u>
TOTAL LIABILITIES	<u>75,829,995</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable property tax revenue	14,065,650
Pension related deferred inflows	<u>783,521</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>14,849,171</u>
NET POSITION	
Net investment in capital assets	53,853,587
Restricted for:	
Education and support	9,772,135
Property tax cash reserve	404,468
Unrestricted	27,295,537
TOTAL NET POSITION	<u>\$ 91,325,727</u>

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

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PRIMARY INSTITUTION
Year Ended June 30, 2017

OPERATING REVENUES

Tuition and fees, net of scholarship allowances of \$9,158,990	\$ 13,397,213
Federal appropriations	4,334,062
Iowa Industrial New Jobs Training Program	5,908,887
Auxiliary enterprises revenue	805,331
Sales and services	610,288
Self-funded insurance	4,598,903
Miscellaneous	<u>3,968,559</u>
Total operating revenues	<u>33,623,243</u>

OPERATING EXPENSES

Education and support:	
Liberal arts and sciences	11,232,285
Vocational technical	11,653,226
Adult education	6,036,976
Cooperative services	666,446
General administration	8,553,745
Student services	4,972,705
Learning resources	710,284
Physical plant	6,841,171
General institution	7,853,284
Auxiliary enterprises	1,225,690
Scholarships and grants	2,140,195
Workforce Investment Act	1,618,360
Iowa Industrial New Jobs Training Program	3,721,996
Depreciation expense	<u>4,101,966</u>
Total operating expenses	<u>71,328,329</u>
Operating loss	<u>(37,705,086)</u>

NON-OPERATING REVENUES (EXPENSES)

State appropriations	21,261,528
Pell grant	9,016,252
Property taxes	14,287,284
Gifts and grants	1,009,980
Interest on investments	293,442
Loss on disposal of capital assets	(12,779)
Interest on indebtedness	<u>(1,660,800)</u>
Net non-operating revenues (expenses)	<u>44,194,907</u>
Change in net position	<u>6,489,821</u>

NET POSITION

Beginning	<u>84,835,906</u>
Ending	<u>\$ 91,325,727</u>

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY INSTITUTION
Year Ended June 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 13,992,441
Federal appropriations	4,593,976
Iowa Industrial New Jobs Training Program	7,977,298
Payments to employees for salaries and benefits	(39,478,693)
Payments to suppliers for goods and services	(26,305,324)
Scholarships	(2,140,195)
Auxiliary enterprise	805,331
Other receipts	9,682,413
Net cash used in operating activities	<u>(30,872,755)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State appropriations	21,261,528
Pell grant	9,016,252
Property taxes	14,287,284
Gift and grants	1,009,980
Proceeds from certificates payable	8,000,000
Premium on issuance	8,931
Payments on certificates payable	(6,415,000)
Interest on certificates payable	(933,690)
Agency Fund receipts	1,350,138
Agency Fund disbursements	(1,374,450)
Net cash provided by non-capital financing activities	<u>44,210,973</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(3,209,294)
Principal paid on notes and bonds payable	(3,150,000)
Interest paid on notes and bonds payable	(703,538)
Net cash used in capital and related financing activities	<u>(7,062,832)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	293,442
Proceeds from sale of investments	152,870
Net cash provided by investing activities	<u>446,312</u>
Net increase in cash and cash equivalents	6,721,698

CASH AND CASH EQUIVALENTS

Beginning	62,691,990
Ending	<u>\$ 69,413,688</u>

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

Operating loss	\$ (37,705,086)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	4,101,966
Changes in assets and liabilities:	
Decrease in due from other governments	952,773
Decrease in other receivables	504,663
Increase in prepaid expenses	(818)
Decrease in due from Iowa Industrial New Jobs Training Program	2,119,190
Increase in deferred outflows of resources	(1,733,147)
Increase in accounts payable	185,782
Decrease in salaries and benefits payable	(737,727)
Increase in advances from grantors	(692,859)
Increase in advances from others	544,447
Decrease in compensated absences	42,072
Increase in early retirement payable	(981,741)
Increase in reported and unreported insurance claims payable	67,575
Increase in insurance reserve	468,713
Increase in net pension liability	1,938,309
Increase in OPEB liability	203,065
Decrease in deferred inflows of resources	(149,932)
Total adjustments	<u>6,832,331</u>
Net cash used in operating activities	<u>\$ (30,872,755)</u>

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

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

			December 31, 2016			
	June 30, 2017	August 31, 2016	Scott	Eastern Iowa	Eastern Iowa	
	Muscatine Community College Foundation	Paul B. Sharar Foundation for Clinton Campus	Community College Foundation	Community College District Foundation	Community College District Downtown Campus Foundation	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 65,659	\$ 850,333	\$ 115,944	\$ 106,154	\$ 1,670,600	
Temporary cash investments, certificates of deposit	-	-	-	11,346	-	
Investments	-	5,853,237	-	350,005	-	
Land	-	-	-	211,564	-	
Artwork collection	-	48,000	-	-	-	
Receivables	25,000	-	6,549	8,999	366,286	
Total current assets	90,659	6,751,570	122,493	688,068	2,036,886	
NONCURRENT ASSETS						
Receivables	125,000	-	11,333	-	561,419	
Investments	13,295,066	-	2,447,710	-	-	
Beneficial interest in assets held by Community Foundation	-	-	10,127	-	-	
Total noncurrent assets	13,420,066	-	2,469,170	-	561,419	
TOTAL ASSETS	\$ 13,510,725	\$ 6,751,570	\$ 2,591,663	\$ 688,068	\$ 2,598,305	
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accrued property taxes	\$ -	\$ -	\$ -	\$ 2,760	\$ -	
NET ASSETS						
Unrestricted	414,148	1,215,185	576,688	249,927	-	
Temporarily restricted	6,403,283	1,776,459	1,235,945	370,381	2,598,305	
Permanently restricted	6,693,294	3,759,926	779,030	65,000	-	
Total net assets	13,510,725	6,751,570	2,591,663	685,308	2,598,305	
TOTAL LIABILITIES AND NET ASSETS	\$ 13,510,725	\$ 6,751,570	\$ 2,591,663	\$ 688,068	\$ 2,598,305	

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

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

	June 30, 2017	August 31, 2016		December 31, 2016	
	Muscataine Community College Foundation	Paul B. Sharar Foundation for Clinton Campus	Scott Community College Foundation	Eastern Iowa Community College District Foundation	Eastern Iowa Community College District Downtown Campus Foundation
REVENUES				December 31, 2016	
Operating revenue, gifts and grants	\$ 234,325	\$ 459,515	\$ 260,221	\$ 73,204	\$ 507,889
EXPENSES					
Operating expenses:					
Scholarships and grants	231,772	321,513	207,117	149,865	-
Bickelhaupt Arboretum expense	-	203,210	-	-	-
Miscellaneous expense	34,283	16,322	69,213	30,911	8,959
Total operating expenses	<u>266,055</u>	<u>541,045</u>	<u>276,330</u>	<u>180,776</u>	<u>8,959</u>
Operating income (loss)	(31,730)	(81,530)	(16,109)	(107,572)	498,930
NON-OPERATING REVENUES (EXPENSES)					
Unrealized gain on investments	860,794	-	146,040	2,685	-
Realized gain (loss) on sale of investments	-	28,323	(17,910)	(690)	-
Investment earnings	275,340	132,654	48,947	19,393	486
Net non-operating revenues (expenses)	<u>1,136,134</u>	<u>160,977</u>	<u>177,077</u>	<u>21,388</u>	<u>486</u>
Change in net assets	1,104,404	79,447	160,968	(86,184)	499,416
NET ASSETS					
Beginning	12,406,321	6,672,123	2,430,695	771,492	2,098,889
Ending	<u>\$ 13,510,725</u>	<u>\$ 6,751,570</u>	<u>\$ 2,591,663</u>	<u>\$ 685,308</u>	<u>\$ 2,598,305</u>

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

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

					December 31, 2016			
					Eastern Iowa			
	June 30, 2017	August 31, 2016	Scott	Eastern Iowa	Eastern Iowa	Community	Community	
	Muscatine Community College Foundation	Paul B. Sharar Foundation for Clinton Campus	Community College Foundation	College District	Downtown Campus	College District	Downtown Campus	
CASH FLOWS FROM OPERATING ACTIVITIES								
Gifts and grants	\$ 234,325	\$ 459,515	\$ 260,221	\$ 73,204	\$ 656,415			
Payments to suppliers for goods and services	(34,283)	(219,532)	(89,213)	(46,792)	(8,959)			
Scholarships and grants	(206,772)	(321,513)	(166,930)	(146,037)	(95,000)			
Net cash provided by (used in) operating activities	<u>(6,730)</u>	<u>(81,530)</u>	<u>24,078</u>	<u>(119,625)</u>	<u>552,456</u>			
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	275,340	132,654	48,947	19,393	486			
Purchase of temporary cash investments, certificates of deposit	-	-	-	(11,379)	-			
Proceeds of temporary cash investments, certificates of deposit	-	-	-	11,173	-			
Purchase of investments	(781,070)	487,779	(1,443,656)	(79,000)	-			
Proceeds of investments	534,400	138,384	1,393,852	184,953	-			
Net cash provided by (used in) investing activities	<u>28,670</u>	<u>758,817</u>	<u>(857)</u>	<u>125,140</u>	<u>486</u>			
Net increase in cash and cash equivalents	21,940	677,287	23,221	5,515	552,942			
CASH AND CASH EQUIVALENTS								
Beginning	43,718	173,046	92,723	100,639	1,117,658			
Ending	<u>\$ 65,659</u>	<u>\$ 850,333</u>	<u>\$ 115,944</u>	<u>\$ 106,154</u>	<u>\$ 1,670,600</u>			
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)								
OPERATING ACTIVITIES								
Operating income (loss)	\$ (31,730)	\$ (81,530)	\$ (16,109)	\$ (107,572)	\$ 498,930			
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
(Increase) decrease in receivables	25,000	-	(1,571)	3,828	(95,000)			
Decrease in prepaid expenses	-	-	4,721	-	-			
Decrease in unconditional promises to give	-	-	37,037	-	148,526			
Decrease in payables	-	-	-	(15,881)	-			
Total adjustments	<u>25,000</u>	<u>-</u>	<u>40,187</u>	<u>(12,053)</u>	<u>53,526</u>			
Net cash provided by (used in) operating activities	<u>\$ (6,730)</u>	<u>\$ (81,530)</u>	<u>\$ 24,078</u>	<u>\$ (119,625)</u>	<u>\$ 552,456</u>			

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

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eastern Iowa Community College District (District) is a publicly-supported post-secondary two-year institution established and operated by Merged Area IX under the provisions of Chapter 260C of the Code of Iowa. The District has statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease or mortgage property in its own name.

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

Financial Reporting Entity

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

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS**
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discrete Component Units

The District is considered to be a primary government and has included Muscatine Community College Foundation, Scott Community College Foundation, Paul B. Sharar Foundation for Clinton Campus, Eastern Iowa Community College District Foundation and Eastern Iowa Community College District Downtown Campus Foundation as discretely presented component units in their basic financial statements in the current year due to the nature of their relationship with the District.

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

Muscatine Community College Foundation	June 30, 2017
Paul B. Sharar Foundation for Clinton Campus	August 31, 2016
Scott Community College Foundation	December 31, 2016
Eastern Iowa Community College District Foundation	December 31, 2016
Eastern Iowa Community College District Downtown Campus Foundation	December 31, 2016

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

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

Basis of Presentation

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

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

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Position

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

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

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

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

Measurement Focus and Basis of Accounting

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

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

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Due from Iowa Industrial New Jobs Training Program (NJTP) - This receivable represents the total amount to be remitted to the District for training projects entered into between the District and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on NJTP project expenditures incurred through June 30, 2017, plus interest incurred on NJTP certificates, less reimbursements received to date.

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

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

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

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

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

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

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

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred outflows of resources - Deferred outflows of resources represent a consumption of net position that applies to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the District after the measurement date but before the end of the District's reporting period.

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, have been accrued as liabilities.

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

Advances from grantors - Advances from grantors represents grant proceeds which have been received by the District, but will be spent in a succeeding fiscal year.

Advances from others - Advances from others represents fees and rental payments received in the current fiscal year, but the revenues will not be earned until the following fiscal year.

Compensated absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use. Earned but unused vacation is paid to the employee upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as compensated absences. These liabilities have been computed based on rates of pay in effect as of June 30, 2017.

Early retirement payable - Expenditures for employees who have elected and been approved for early retirement are paid over a minimum of two and a maximum of five equal installments.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred inflows of resources - Deferred inflows of resources represents an acquisition of net position that applies to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Auxiliary enterprises revenues and expenses - Auxiliary enterprises revenues and expenses primarily represent revenues generated and expenses associated with bookstore, cafeteria, daycare, parts, printing, student housing, video consortium and Kahl Auxiliary.

Summer session - The District operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the District Registrar.

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

Operating and non-operating activities - Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, Pell grant, property taxes, gifts and grants, interest on investments, loss on disposal of capital assets and interest on indebtedness.

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

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

Subsequent events - Management has evaluated subsequent events through October 25, 2017, the date the financial statements were available to be issued.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Primary Institution

The District's deposits in banks at June 30, 2017 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 District is authorized by statute to invest public funds in obligations of the United States government; its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. However, the District's investment policy additionally limits investments in commercial paper to obligations that mature within 270 days and that is rated within the two highest classifications, as established by at least one of the standard rating services, with no more than 5% at the time of purchase placed in the second highest classification. At the time of purchase, no more than 10% of the investment portfolio can be in these investments and no more than 5% of the investment portfolio can be invested in the securities of a single issuer.

As of June 30, 2017, the District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

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

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

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

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2017, the carrying amount of the District's deposits excluding \$6,335 of petty cash totaled \$84,323,330, with a bank balance of \$84,793,854.

A reconciliation of deposits and investments as shown on the Statement of Net Position - Primary Institution follows:

Carrying amount of deposits	\$ 84,323,330
Petty cash	<u>6,335</u>
Total	<u>\$ 84,329,665</u>
Cash and cash equivalents	\$ 69,413,688
Investments	<u>14,915,977</u>
Total	<u>\$ 84,329,665</u>

B. Component Units

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

	Market Value	Cost
Government and corporate bonds	\$ 1,461,036	\$ 1,407,749
Mutual and equity funds	19,322,802	15,390,022
Money market accounts	1,090,825	1,090,825
Certificates of deposit	337,156	337,156
Real estate	<u>198,549</u>	<u>20,032</u>
Total	<u>\$ 22,410,368</u>	<u>\$ 18,245,784</u>

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 is as follows:

	<u>Balance</u> <u>June 30,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2017</u>
Capital assets not being depreciated:				
Land	<u>\$ 4,174,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,174,178</u>
Capital assets being depreciated:				
Buildings	89,774,436	1,877,298	-	91,651,734
Other structures and improvements	11,761,897	103,883	-	11,865,780
Furniture and equipment	16,095,649	1,228,113	685,670	16,638,092
Total capital assets being depreciated	<u>117,631,982</u>	<u>3,209,294</u>	<u>685,670</u>	<u>120,155,606</u>
Less accumulated depreciation for:				
Buildings	38,992,401	1,928,225	-	40,920,626
Other structures and improvements	4,543,839	426,376	-	4,970,215
Furniture and equipment	9,646,007	1,747,365	672,891	10,720,481
Total accumulated depreciation	<u>53,182,247</u>	<u>4,101,966</u>	<u>672,891</u>	<u>56,611,322</u>
Total capital assets being depreciated, net	<u>64,449,735</u>	<u>(892,672)</u>	<u>12,779</u>	<u>63,544,284</u>
Total capital assets, net	<u>\$68,623,913</u>	<u>\$ (892,672)</u>	<u>\$ 12,779</u>	<u>\$67,718,462</u>

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

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities for the year ended June 30, 2017 is as follows:

	Balance June 30, <u>2016</u>	Additions	Reductions	Balance June 30, <u>2017</u>	Amount Due Within One Year
Certificates payable	\$ 32,660,000	\$ 6,000,000	\$ 6,415,000	\$ 32,245,000	\$ 3,800,000
Premium/(discount), net	<u>277,982</u>	8,931	38,532	248,381	-
Certificates payable, net	32,937,982	6,008,931	6,453,532	32,493,381	3,800,000
 Note payable	 175,000	 -	 25,000	 150,000	 25,000
Dormitory revenue bonds	1,050,000	-	140,000	910,000	155,000
GO bonds payable	16,015,000	-	2,985,000	13,030,000	3,090,000
Early retirement	1,616,081	930,446	1,912,187	634,340	529,134
Compensated absences	1,429,320	1,471,392	1,429,320	1,471,392	1,471,392
Net pension liability	11,215,865	1,938,309	-	13,154,174	-
Net OPEB liability	<u>1,227,006</u>	857,698	654,633	1,430,071	-
Total	<u>\$65,666,254</u>	<u>\$11,206,776</u>	<u>\$13,599,672</u>	<u>\$63,273,358</u>	<u>\$ 9,070,526</u>

In accordance with agreements dated between June 30, 2007 and June 30, 2017, the District issued certificates with a June 30, 2017 outstanding balance of \$32,245,000, with interest rates ranging from 1.20% to 5.00% per annum and net bond premiums totaling \$248,381. These certificates were issued to finance the development and training costs incurred relative to implementing the Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest on the certificates is payable semiannually, while the principal matures annually. The certificates are to be retired from the proceeds of withholding taxes remitted by the State of Iowa, incremental property taxes, budgeted reserves, and in the case of default, from standby property taxes collected.

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

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,800,000	\$ 862,075	\$ 4,662,075
2019	3,985,000	754,153	4,739,153
2020	4,380,000	662,205	5,042,205
2021	4,475,000	549,085	5,024,085
2022	4,705,000	433,688	5,138,688
2023-2027	<u>10,900,000</u>	<u>811,630</u>	<u>11,711,630</u>
Total	<u>\$ 32,245,000</u>	<u>\$ 4,072,836</u>	<u>\$ 36,317,836</u>

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - NONCURRENT LIABILITIES (CONTINUED)

The District issued dormitory revenue bonds, Series 2001 with a balance of \$910,000 as of June 30, 2017. Rates range from 5.00% to 5.85%. Interest is due semiannually and principal is due annually in varying amounts through 2022. The proceeds of the bond were used for the construction of college apartments. Revenues earned by the project will be pledged for repayment of the bonds payable. The bonds are collateralized by a mortgage on the dormitory property.

The District issued General Obligation Bonds, Series 2008, with a balance of \$1,400,000 as of June 30, 2017. Rates range from 3.75% to 4.50% with final maturity on June 1, 2019. The proceeds of the bonds were used for specific District-wide projects.

The District issued General Obligation Bonds, Series 2009, with a balance of \$5,815,000 as of June 30, 2017. Rates range from 2.25% to 3.60% with final maturity on June 1, 2020. The proceeds of the bonds were used to finance various improvements and additions at all campus and enrollment locations of the District.

The District issued General Obligation Bonds, Series 2010A, with a balance of \$5,815,000 as of June 30, 2017. Rates range from 2.00% to 5.00% with final maturity on June 1, 2021. The proceeds of the bonds were used to finance various improvements and additions at all campus and enrollment locations of the District.

The District borrowed \$250,000 during the fiscal year ending June 30, 2013 from Muscatine Community College Foundation. The note is non-interest bearing and was loaned in support of the construction of a new facility in Columbus Junction. The loan is to be repaid within ten years. The balance remaining on the loan was \$150,000 as of June 30, 2017.

Future maturities and interest of the notes and bonds payable as of June 30, 2017 are as follows:

Year Ended <u>June 30,</u>	Principal	Interest	Total
2018	\$ 3,270,000	\$ 585,018	\$ 3,855,018
2019	3,395,000	460,588	3,855,588
2020	3,515,000	328,143	3,843,143
2021	3,650,000	195,193	3,845,193
2022	235,000	12,285	247,285
2023	25,000	-	25,000
Total	\$ 14,090,000	\$ 1,581,227	\$ 15,671,227

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 5 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Plan Description - IPERS membership is mandatory for employees of Eastern Iowa Community College District except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS**
June 30, 2017

NOTE 5 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (CONTINUED)

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and the Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2017 were \$1,432,883.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the District reported a liability of \$13,154,174 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the District's proportion was 0.209018%, which was a decrease of 0.018002% from its proportion measured as of June 30, 2015.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (CONTINUED)

For the year ended June 30, 2017, the District recognized pension expense of \$1,488,113. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 116,256	\$ 156,990
Changes of assumptions	200,692	-
Net difference between projected and actual earnings on IPERS' investments	1,874,054	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	173,109	626,531
District contributions subsequent to the measurement date	1,432,883	-
Total	<u>\$ 3,796,994</u>	<u>\$ 783,521</u>

\$1,432,883 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>		<u>Amount</u>
<u>June 30,</u>		
2018		\$ 180,740
2019		180,740
2020		869,710
2021		407,443
2022		(58,043)
Total		<u>\$ 1,580,590</u>

There are no non-employer contributing entities at IPERS.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (CONTINUED)

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	1.90%
Domestic equity	24%	5.85%
International equity	16%	6.32%
Private equity/debt	11%	10.31%
Real estate	8%	3.87%
Credit opportunities	5%	4.48%
U.S. TIPS	5%	1.36%
Other real assets	2%	6.42%
Cash	1%	-0.26%
Total	<u>100%</u>	

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 5 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (CONTINUED)

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

	1.00% Decrease (6.50%)	Discount Rate (7.50%)	1.00% Increase (8.50%)
District's proportionate share of the net pension liability	\$21,281,674	\$ 13,154,174	\$6,294,458

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS' - At June 30, 2017, the District reported payables to IPERS of \$76,933 for legally required employer contributions and \$51,260 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 6 - TEACHERS INSURANCE AND ANNUITY ASSOCIATION - (TIAA)

Eastern Iowa Community College District contributes to the TIAA-CREF retirement program which is a defined contribution pension plan. TIAA administers the retirement plan for the District. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible District employees must participate in a retirement plan from the date they are employed.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 6 - TEACHERS INSURANCE AND ANNUITY ASSOCIATION - (TIAA) (CONTINUED)

Benefit terms, including contribution requirements, for TIAA are established and specified by the plan with TIAA and in accordance with the Code of Iowa. For each employee in the pension plan, the District is required to contribute 8.93% of annual salary, including overtime pay, to an individual employee account. Each employee is required to contribute 5.95%. Contributions made by both the District and employees vest immediately. For the year ended June 30, 2017, employee contributions totaled \$516,126 and the District recognized pension expense of \$774,622.

At June 30, 2017, the District reported payables to TIAA of \$41,425 for legally required employer contributions and \$27,601 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - Eastern Iowa Community College District operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 334 active and 69 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a self-insured plan. The District pays 100 percent of the single premium for retirees. Covered spouses and surviving spouses must pay the difference between the family and single premium, which results in an implicit subsidy and an OPEB liability.

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

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

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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

The following table shows the components of Eastern Iowa Community College District's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in Eastern Iowa Community College District's net OPEB obligation:

Annual required contribution	\$ 855,717
Interest on net OPEB obligation	49,080
Adjustment to annual required contribution	<u>(47,099)</u>
Annual OPEB cost	857,698
Actual contributions	<u>(654,633)</u>
Increase in net OPEB obligation	203,065
Net OPEB obligation beginning of year	<u>1,227,006</u>
Net OPEB obligation end of year	<u><u>\$ 1,430,071</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, Eastern Iowa Community College District contributed \$654,633 to the medical plan.

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

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 703,751	72.2%	\$1,220,705
June 30, 2016	857,446	99.2%	1,227,006
June 30, 2017	857,698	76.3%	1,430,071

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$9,125,159, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,125,159. The covered payroll (annual payroll of active employees covered by the plan) was not available and the ratio of the UAAL to covered payroll was not available. As of June 30, 2017, there were no trust fund assets.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 - 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 assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2015 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.00% discount rate based on Eastern Iowa Community College District's funding policy. The projected annual medical trend rate is 6.70%. The ultimate medical trend rate is 4.00%. The medical trend rate is reduced by 0.15% each year until reaching the 4.00% ultimate trend rate. An inflation rate of 2.5% is assumed for the purpose of this computation.

Mortality rates are from the RP-2014 White Collar Mortality Table, backed off to 2006 and Projected Generationally with Scale MP-2015. Monthly costs for the medical plan are \$662 per month for single coverage and \$1,656 per month for family coverage. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 8 - RELATED PARTY TRANSACTIONS

On August 15, 2016, the Eastern Iowa Community College District Board of Trustees approved the sale of four parcels of real estate to Eastern Iowa Community College District Downtown Campus Foundation for \$100 each, for a total of \$400.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9 - OPERATING LEASES

The District has leased various facilities, land, and vehicles under operating leases and, accordingly, all rents are expensed as incurred. The leases expire on various dates through 2022 and require various minimum annual rentals. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases.

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

Year Ended	
<u>June 30,</u>	
2018	\$ 129,268
2019	94,352
2020	59,326
2021	50,151
2022	41,792
Total	<u>\$ 374,889</u>

Rental payments made during the year ended June 30, 2017 for all operating leases totaled approximately \$143,955.

NOTE 10 - INSURANCE MANAGEMENT PROGRAM FOR AREA COMMUNITY COLLEGES

The District is a member of the Insurance Management Program for Area Community Colleges (IMPACC) as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a group self-insurance program whose five members are Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of giving its members more control over their property, liability and workers compensation insurance expenditures. The Program provides coverage and protection in the following categories: general liability, automobile liability and physical damage, property and inland marine, wrongful acts and educators' legal liability, workers compensation and employer's liability, crime and employee fidelity and equipment breakdown (boiler & machinery). There have been no reductions in insurance from prior years.

Each member's annual contributions to the Program fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Program's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year.

The District's contributions to the Program are recognized as expenditures at the time of payment. The District's total contributions to IMPACC for the year ended June 30, 2017 were \$536,147.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

**NOTE 10 - INSURANCE MANAGEMENT PROGRAM FOR AREA COMMUNITY COLLEGES
(CONTINUED)**

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$100,000 per occurrence for wrongful acts, employee benefits liability and educators' legal liability, \$250,000 per occurrence for workers compensation and employer's liability and \$200,000 per occurrence for most other claims. First layer excess insurance is \$800,000 per occurrence for property, general and automobile liability, \$900,000 per occurrence for wrongful acts, employee benefits liability and educators' legal liability and \$250,000 per occurrence for workers compensation. The Program's annual aggregate retention (loss fund) is \$925,000 with stop gap loss protection provided above the loss fund. There is additional excess insurance for workers' compensation to statutory limits and for liability claims to \$10,000,000 per occurrence. Property is insured with excess coverage over the self-insured retention and underlying layer of up to \$250,000,000 per occurrence.

The Program's intergovernmental contract with its members provides that in the event any claim or series of claims exceeds the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The College does not report a liability for losses in excess of reinsurance unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2017, no liability has been recorded in the College's financial statements. As of June 30, 2017, settled claims have not exceeded the Program's coverage in any of the past three fiscal years.

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

The District also carries commercial insurance purchased from other insurers for coverage associated with the Workforce Investment Act and for employee health claims. The College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - SELF-FUNDED HEALTH INSURANCE PROGRAM

During fiscal year 2016, the District implemented a self-funded health insurance program. Employee contributions fund current operations the District pays the actual claims. The District purchases commercial insurance to provide for aggregate stop-loss health coverage for 125% of the excess of estimated claims for the plan year and specific stop-loss health insurance coverage for claims in excess of \$75,000 for any one covered individual during the plan year. The District has a stop-loss arrangement whereby total losses cannot exceed the contractual maximum liability of the insurer, which is \$4,263,642.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 11 - SELF-FUNDED HEALTH INSURANCE PROGRAM (CONTINUED)

Payments are made to the plan based on actuarial estimates of amounts needed to pay current year claims and to establish a reserve for catastrophe losses. That reserve was \$695,438 at June 30, 2017. Changes in the aggregate claims liability for the current year is as follows:

Balance, beginning of year	\$ 672,858
Premiums paid	4,598,903
Claims paid	(3,223,331)
Fees	(839,284)
Balance, end of year	<u>\$ 1,209,146</u>
Reported and unreported claims payable	\$ 513,708
Insurance reserve	695,438
Insurance claims reserve	<u>\$ 1,209,146</u>

NOTE 12 - TERMINATION BENEFITS

The District has an approved Early Retirement Incentive Plan (ERIP) for fiscal and academic years 2013, 2014, 2015 and 2016. To be eligible for the ERIP, an employee must be employed full-time and be 55 years of age with 10 or more years of consecutive service with the District. Retirement is to begin at the end of the academic year for instructional staff and the end of the fiscal year for administration, professional, and support staff. Participation must be approved by the administrative office.

Early retirement benefits are equal to 75-95% of the employee's regular contractual salary in effect during the employee's year of service prior to retirement. Early retirement benefits will be divided into payments over a minimum of two and maximum of five calendar years.

At June 30, 2017, the District has obligations to 7 participants with a total liability of \$338,012.

The District has an approved Early Retirement Incentive Plan (ERIP) for fiscal and academic year 2017. To be eligible for the ERIP, an employee must be employed full-time and be 55 years of age with 10 or more years of consecutive service with the District. Retirement is to begin at the end of the academic year for instructional staff and the end of the fiscal year for administration, professional, and support staff. Participation must be approved by the administrative office.

Early retirement benefits are equal to 50-70% of the employee's regular contractual salary in effect during the employee's year of service prior to retirement based on years of service. Early retirement benefits will be paid in two equal installments over two calendar years.

At June 30, 2017, the District has obligations to 15 participants with a total liability of \$296,328.

Actual early retirement expenditures for the year ended June 30, 2017 totaled \$1,912,187.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 13 - CONTINGENCIES

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

NOTE 14 - JOBS TRAINING PROGRAMS

The District administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IX in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the District to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves, and in the case of default, from standby property taxes. The District is currently administering 126 projects receiving project funding or in the repayment stage. In cases where projects exceed the budgeted amounts, the District intends to obtain additional withholding revenue from the companies.

The District also administers the Iowa Jobs Training Program (IJTP) in Area IX in accordance with Chapter 260F of the Code of Iowa. The IJTP's purpose is to provide customized training for existing employers. Approved businesses receive loans from the Iowa Department of Economic Development. The District is currently administering 37 projects.

NOTE 15 - COMMITMENTS

At June 30, 2017, the District had the following construction contracts outstanding:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Portion at June 30, 2017</u>	
		<u>Completed</u>	<u>Committed</u>
CCC Library Project	\$ 1,632,772	\$ 1,570,258	\$ 62,514
MCC Loper Library Project	1,653,364	486,486	1,166,878
Total	<u>\$ 3,286,136</u>	<u>\$ 2,056,744</u>	<u>\$ 1,229,392</u>

NOTE 16 - TAX ABATEMENTS

Governmental Accounting Standards Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 16 - TAX ABATEMENTS (CONTINUED)

District Tax Abatements - The District provides tax abatements for industrial new jobs training projects with the tax increment financing as provided for in section 403.19 of the Code of Iowa and/or state income tax withholding as provided for in section 260E.5 of the Code of Iowa. For these types of projects, the District enters into agreements with employers which require the District, after employers meet the terms of the agreements, to pay the employers for the costs of on-the-job training not to exceed 50% of the annual gross payroll costs for up to one year of the new jobs. No other commitments were made by the District as part of these agreements.

For the year ended June 30, 2017, the District had no abatements of property tax and \$6,387,973 of state income tax withholding under the projects.

Tax Abatements of Other Entities - Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount Abated</u>
City of LeClaire	Urban Renewal Projects	\$ 49,943
City of Muscatine	Urban Renewal Projects	25,351
City of Walcott	Urban Renewal Projects	967
City of Princeton	Urban Renewal Projects	3,172
City of DeWitt	Urban Renewal Projects	4,669

NOTE 17 - NEW ACCOUNTING PRONOUNCEMENT

The District adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the College.

NOTE 18 - PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, 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 other postemployment benefits.

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Iowa Public Employees' Retirement System
Last Three Fiscal Years*

Required Supplementary Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.209018%	0.227020%	0.229448%
District's proportionate share of the net pension liability	\$ 13,154,174	\$ 11,215,865	\$ 9,099,684
District's covered-employee payroll	\$ 15,007,783	\$ 15,558,667	\$ 15,014,076
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.65%	72.09%	60.61%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Iowa Public Employees' Retirement System
Last 10 Fiscal Years**

	Required Supplementary Information									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Statutorily required contribution	\$ 1,432,883	\$ 1,340,195	\$ 1,389,389	\$ 1,340,757	\$ 1,226,915	\$ 1,129,617	\$ 1,012,524	\$ 908,214	\$ 937,070	\$ 851,730
Contributions in relation to the statutorily required contribution	<u>(1,432,883)</u>	<u>(1,340,195)</u>	<u>(1,389,389)</u>	<u>(1,340,757)</u>	<u>(1,226,915)</u>	<u>(1,129,617)</u>	<u>(1,012,524)</u>	<u>(908,214)</u>	<u>(937,070)</u>	<u>(851,730)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 16,045,722	\$ 15,007,783	\$ 15,558,667	\$ 15,014,076	\$ 14,151,269	\$ 13,997,732	\$ 14,568,691	\$ 13,657,353	\$ 14,757,008	\$ 14,078,182
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%

See accompanying independent auditor's report.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
Year Ended June 30, 2017**

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3.00% per year measured from the member's first unreduced retirement age to a 6.00% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

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

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UALL) (b – a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a)/c)
2011	July 1, 2009	-	\$5,214,869	\$5,214,869	0.00%	Not avail	Not avail
2012	July 1, 2011	-	\$6,799,601	\$6,799,601	0.00%	Not avail	Not avail
2013	July 1, 2011	-	\$6,799,601	\$6,799,601	0.00%	Not avail	Not avail
2014	July 1, 2013	-	\$7,553,079	\$7,553,079	0.00%	Not avail	Not avail
2015	July 1, 2013	-	\$7,553,079	\$7,553,079	0.00%	Not avail	Not avail
2016	July 1, 2015	-	\$9,125,159	\$9,125,159	0.00%	Not avail	Not avail
2017	July 1, 2015	-	\$9,125,159	\$9,125,159	0.00%	Not avail	Not avail

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

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES -
BUDGET TO ACTUAL
Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Between Actual and Final Budget
Unrestricted	<u>\$51,973,936</u>	<u>\$51,973,936</u>	<u>\$42,997,787</u>	<u>\$ (8,976,149)</u>
Restricted	22,563,776	22,563,776	16,948,742	(5,615,034)
Unemployment	63,258	63,258	73,867	10,609
Insurance	1,039,159	1,039,159	1,054,072	14,913
Early retirement	1,562,258	1,562,258	1,585,588	23,330
Equipment replacement	2,165,145	2,165,145	609,892	(1,555,253)
Standby	273,438	273,438	276,813	3,375
Total restricted	<u>27,667,034</u>	<u>27,667,034</u>	<u>20,548,974</u>	<u>(7,118,060)</u>
Plant	<u>12,197,226</u>	<u>12,197,226</u>	<u>3,241,435</u>	<u>(8,955,791)</u>
Bond and interest	<u>3,627,851</u>	<u>3,627,851</u>	<u>3,843,797</u>	<u>215,946</u>
Total	<u>\$95,466,047</u>	<u>\$95,466,047</u>	<u>\$ 70,631,993</u>	<u>\$ (24,834,054)</u>

See accompanying independent auditor's report.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTE TO BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES
BUDGETARY REPORTING
Year Ended June 30, 2017

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

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

For the year ended June 30, 2017, the District's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
BALANCE SHEET - ALL FUNDS
June 30, 2017

	Current Funds		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash and cash equivalents	\$ 38,551,452	\$ 9,492,422	\$ 500
Investments	-	14,915,977	-
Receivables:			
Property taxes	2,732,358	5,105,123	-
Other	1,097,947	684,086	-
Due from other governments	-	1,048,756	-
Due from Iowa Industrial New Jobs Training Program	-	7,972,834	-
Due from other funds	20,109,351	17,864,416	36,715
Prepaid expenses	-	730	-
Capital assets:			
Land	-	-	-
Buildings	-	-	-
Other structures and improvements	-	-	-
Furniture and equipment	-	-	-
Accumulated depreciation	-	-	-
Total assets	<u>62,491,108</u>	<u>56,884,344</u>	<u>37,215</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	<u>\$ 62,491,108</u>	<u>\$ 56,884,344</u>	<u>\$ 37,215</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,262,439	\$ 364,373	\$ -
Salaries and benefits payable	1,798,983	87,317	-
Accrued interest payable	-	71,845	-
Due to other funds	33,957,728	7,399,067	914
Advances from grantors	-	252,238	-
Advances from others	2,605,352	209,259	-
Compensated absences	1,342,698	90,798	-
Early retirement payable	-	634,340	-
Assets held in custody for others	-	-	-
Reported and unreported insurance claims payable	-	-	-
Insurance reserve	-	-	-
Certificates payable, net of premium	-	32,493,381	-
Notes and bonds payable	-	-	-
Net pension liability	-	-	-
Net OPEB liability	-	-	-
Total liabilities	<u>41,967,200</u>	<u>41,602,618</u>	<u>914</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	2,732,358	5,105,123	-
Pension related deferred inflows	-	-	-
Total deferred inflows of resources	<u>2,732,358</u>	<u>5,105,123</u>	<u>-</u>
FUND BALANCES			
Net investment in capital assets	-	-	-
Restricted for:			
Education and support	-	9,772,135	-
Property tax cash reserve	-	404,468	-
Unrestricted	5,258,145	-	36,301
Auxiliary enterprises	12,533,405	-	-
Total fund balances	<u>17,791,550</u>	<u>10,176,603</u>	<u>36,301</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	<u>\$ 62,491,108</u>	<u>\$ 56,884,344</u>	<u>\$ 37,215</u>

See accompanying independent auditor's report.

<u>Plant Funds</u>	<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
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\$ 21,369,314	\$ -	\$ -	\$ 69,413,688
			14,915,977
6,228,169	-	-	14,065,650
39,593	107,222	-	1,928,848
-	1,140,284	-	2,189,040
-	-	-	7,972,634
3,688,579	4,937,690	(46,436,751)	-
	2,670	-	3,400
4,174,178	-	-	4,174,178
91,566,301	85,433	-	91,651,734
11,856,574	9,206	-	11,865,780
16,628,097	9,995	-	16,638,092
-	-	(56,611,322)	(56,611,322)
<u>155,550,805</u>	<u>6,292,500</u>	<u>(103,048,073)</u>	<u>178,207,899</u>
		<u>3,796,994</u>	<u>3,796,994</u>
<u>\$ 155,550,805</u>	<u>\$ 6,292,500</u>	<u>\$ (99,251,079)</u>	<u>\$ 182,004,893</u>

\$ 625,239	\$ -	\$ -	\$ 3,252,051
	7,958	-	1,894,258
48,084	-	-	119,929
-	5,079,042	(46,436,751)	-
-	51,878	-	304,116
1,846,800	-	-	4,661,411
-	37,896	-	1,471,392
-	-	-	634,340
-	1,115,726	-	1,115,726
-	-	513,708	513,708
-	-	695,438	695,438
-	-	-	32,493,381
14,090,000	-	-	14,090,000
-	-	13,154,174	13,154,174
-	-	1,430,071	1,430,071
<u>16,610,123</u>	<u>6,292,500</u>	<u>(30,643,360)</u>	<u>75,829,995</u>
6,228,169	-	-	14,065,650
-	-	783,521	783,521
<u>6,228,169</u>	<u>-</u>	<u>783,521</u>	<u>14,849,171</u>

110,464,908	-	(56,611,322)	53,863,587
-	-	-	9,772,135
-	-	-	404,468
22,247,604	-	(12,779,918)	14,762,132
-	-	-	12,533,405
<u>132,712,513</u>	<u>-</u>	<u>(89,391,240)</u>	<u>91,325,727</u>

<u>\$ 155,550,805</u>	<u>\$ 6,292,500</u>	<u>\$ (99,251,079)</u>	<u>\$ 182,004,893</u>
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EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL FUNDS
Year Ended June 30, 2017

	Current Funds		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>
REVENUES			
General:			
Tuition and fees	\$ 22,479,535	\$ 76,668	\$ -
Property taxes	2,834,289	4,880,929	-
State appropriations	17,127,418	4,148,613	-
Federal appropriations	190,304	13,335,751	-
Gifts and grants	23,250	-	-
Sales and services	145,943	1,215,444	-
Interest on investments	133,620	39,144	-
Iowa Industrial New Jobs Training Program	-	5,908,887	-
Self-funded insurance	-	4,598,903	-
Increase in plant investment due to plant expenditures (including \$1,632,679 in current fund expenditures)	-	-	-
Increase in plant investment due to retirement of debt	-	-	-
Miscellaneous	161,702	2,342,354	-
	43,096,061	36,546,693	-
Auxiliary enterprises:			
Sales and services	805,331	-	-
Miscellaneous	951,015	-	-
	1,756,346	-	-
Total revenues	44,852,407	36,546,693	-
EXPENDITURES			
Education and support:			
Liberal arts and sciences	11,161,985	-	-
Vocational technical	7,463,943	4,768,423	-
Adult education	4,119,658	1,914,310	-
Cooperative services	473,755	1,268,549	-
General administration	2,158,885	5,850,547	-
Student services	4,794,230	142,496	-
Learning resources	805,807	-	-
Physical plant	4,973,262	1,054,073	-
General institution	7,046,262	861,577	-
Total education and support	42,997,787	15,859,975	-
Auxiliary enterprises	1,225,690	-	-
Scholarships and grants	-	11,299,185	-
Workforce Investment Act	-	1,618,360	-
Iowa Industrial New Jobs Training Program	-	3,721,996	-
Plant asset acquisitions	-	-	-
Retirement of indebtedness	-	-	-
Disposal of plant assets	-	-	-
Interest on indebtedness	-	967,003	-
Depreciation expense	-	-	-
Loss on sale of capital assets	-	-	-
Total expenditures	44,223,477	33,466,519	-
Net change in fund balances	628,930	3,080,174	-
FUND BALANCES			
Beginning	17,162,620	7,096,429	36,301
Ending	\$ 17,791,550	\$ 10,176,603	\$ 36,301

See accompanying independent auditor's report.

Plant Funds					
<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>	<u>Adjustments</u>	<u>Total</u>	
\$ -	\$ -	\$ -	\$ (9,158,990)	\$ 13,397,213	\$ 14,287,284
2,839,698	3,732,368	-	-	(17,943)	21,261,528
3,440	-	-	-	(175,741)	13,350,314
-	-	-	-	-	1,009,980
986,730	-	-	-	-	610,288
219,581	-	-	(970,680)	-	293,442
120,678	-	-	-	-	5,908,887
-	-	-	-	-	4,598,903
-	-	3,209,294	(3,209,294)	-	-
-	-	3,150,000	(3,150,000)	-	-
<u>513,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,017,544</u>	
<u>4,683,615</u>	<u>3,732,368</u>	<u>6,359,294</u>	<u>(16,682,648)</u>	<u>77,735,383</u>	
-	-	-	-	-	805,331
-	-	-	-	-	951,015
-	-	-	-	-	1,756,346
<u>4,683,615</u>	<u>3,732,368</u>	<u>6,359,294</u>	<u>(16,682,648)</u>	<u>79,491,729</u>	
-	-	-	70,300	11,232,285	
-	-	-	(579,140)	11,653,226	
-	-	-	3,008	6,036,976	
-	-	-	(1,075,858)	666,446	
-	-	-	544,313	8,553,745	
-	-	-	35,979	4,972,705	
-	-	-	(95,523)	710,284	
1,664,820	-	-	(850,984)	6,841,171	
-	-	-	(54,555)	7,853,284	
<u>1,664,820</u>	<u>-</u>	<u>-</u>	<u>(2,002,460)</u>	<u>58,520,122</u>	
-	-	-	-	-	1,225,690
-	-	-	(9,158,990)	2,140,195	
-	-	-	-	-	1,618,360
-	-	-	-	-	3,721,996
1,576,615	-	-	(1,576,615)	-	-
165,000	2,985,000	-	(3,150,000)	-	-
-	-	685,670	(685,670)	-	-
60,034	633,763	-	-	1,660,800	
-	-	-	4,101,966	4,101,966	
-	-	-	12,779	12,779	
<u>3,466,469</u>	<u>3,618,763</u>	<u>685,670</u>	<u>(12,458,990)</u>	<u>73,001,908</u>	
1,217,146	113,605	5,673,624	(4,223,658)	6,489,821	
<u>20,750,186</u>	<u>166,667</u>	<u>104,791,285</u>	<u>(65,167,582)</u>	<u>84,835,906</u>	
<u>\$ 21,967,332</u>	<u>\$ 280,272</u>	<u>\$ 110,464,909</u>	<u>\$ (69,391,240)</u>	<u>\$ 91,325,727</u>	

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
UNRESTRICTED CURRENT FUNDS
EDUCATION AND SUPPORT
Year Ended June 30, 2017

	Education			
	<u>Liberal Arts and Sciences</u>	<u>Vocational Technical</u>	<u>Adult Education</u>	<u>Cooperative Services</u>
REVENUES				
Tuition:				
Resident	\$ 13,558,564	\$ 4,229,945	\$ 2,256,717	\$ 650,960
Non-resident	174,490	123,830	-	-
Fees	1,157,265	180,869	123,675	-
Property taxes	-	-	-	-
State appropriations	17,079,443	-	30,032	-
Federal appropriations	-	-	-	-
Gifts and grants	1,250	12,000	-	-
Sales and services	-	475	-	-
Interest on investments	-	-	-	-
Miscellaneous	5,750	100,024	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	31,976,762	4,647,143	2,410,424	650,960
Allocation of support services revenues	1,432,525	1,296,093	682,154	-
Total revenues	<hr/>	<hr/>	<hr/>	<hr/>
	33,409,287	5,943,236	3,092,578	650,960
EXPENDITURES				
Salaries and benefits	9,805,680	6,532,275	2,946,256	223,845
Services	1,189,128	422,716	823,660	225,093
Materials and supplies	95,673	400,084	291,985	21,003
Travel	71,504	78,856	42,366	3,814
Plant asset acquisitions	-	30,012	15,391	-
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	11,161,985	7,463,943	4,119,658	473,755
Allocation of support services expenditures	8,306,948	7,515,809	3,955,689	-
Total expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	19,468,933	14,979,752	8,075,347	473,755
NET CHANGE IN FUND BALANCES	\$ 13,940,354	\$ (9,036,516)	\$ (4,982,769)	\$ 177,205
FUND BALANCES				
Beginning				
Ending				

See accompanying independent auditor's report.

Support						
<u>General Administration</u>	<u>Student Services</u>	<u>Learning Resources</u>	<u>Physical Plant</u>	<u>General Institution</u>		<u>Education and Support Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,696,186
-	-	-	-	-	-	298,320
-	23,220	-	-	-	-	1,485,029
2,834,289	-	-	-	-	-	2,834,289
17,943	-	-	-	-	-	17,127,418
188,846	1,458	-	-	-	-	190,304
-	10,000	-	-	-	-	23,250
138,968	140	5,677	683	-	-	145,943
133,620	-	-	-	-	-	133,620
25,177	2,985	184	25,224	2,358	-	161,702
3,338,843	37,803	5,861	25,907	2,358	-	43,096,061
(3,338,843)	(37,803)	(5,861)	(25,907)	(2,358)	-	-
-	-	-	-	-	-	43,096,061
1,766,944	4,529,607	568,437	1,015,550	3,699,047	31,087,641	
239,022	192,629	61,041	2,893,612	2,978,418	9,025,319	
39,710	42,471	74,257	205,339	205,660	1,376,182	
32,250	29,523	1,862	777	90,303	351,255	
5,663	-	100,210	857,984	72,834	1,082,094	
75,296	-	-	-	-	75,296	
2,158,885	4,794,230	805,807	4,973,262	7,046,262	42,997,787	
(2,158,885)	(4,794,230)	(805,807)	(4,973,262)	(7,046,262)	-	42,997,787
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	98,274
					5,159,871	
					\$ 5,258,145	

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
UNRESTRICTED CURRENT FUNDS
AUXILIARY ENTERPRISES
Year Ended June 30, 2017

	<u>Cafeteria</u>	<u>Bookstore</u>	<u>Daycare</u>	<u>Parts</u>
REVENUES				
Fees	\$ -	\$ -	\$ -	\$ -
Federal appropriations	-	-	9,828	-
Sales and services	22,447	315	240,848	4,710
Miscellaneous, primarily gifts	4,170	483,262	-	-
Total revenues	<u>26,617</u>	<u>483,577</u>	<u>250,676</u>	<u>4,710</u>
EXPENDITURES				
Salaries and benefits	-	21,930	234,287	-
Services	9,200	161,520	4,870	10
Materials and supplies	54	10,324	15,452	1,161
Merchandise purchased for sale	-	-	993	-
Expended for plant assets	-	15,047	-	-
Miscellaneous	-	460,774	-	-
Total expenditures	<u>9,254</u>	<u>669,595</u>	<u>255,602</u>	<u>1,171</u>
Net change in fund balances (deficits)	17,363	(186,018)	(4,926)	3,539
FUND BALANCES (DEFICITS)				
Beginning	184,247	2,575,728	-	15,175
Ending	<u>\$ 201,610</u>	<u>\$ 2,389,710</u>	<u>\$ (4,926)</u>	<u>\$ 18,714</u>

See accompanying independent auditor's report.

<u>Printing</u>	<u>Student Housing</u>	<u>Video Consortium</u>	<u>Kahl Auxiliary</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ 1,225	\$ -	\$ -	\$ 36	\$ 1,261
-	-	-	-	-	9,828
85,537	98,138	95,588	257,748	-	805,331
10,311	-	-	442,183	-	939,926
<u>95,848</u>	<u>99,363</u>	<u>95,588</u>	<u>699,931</u>	<u>36</u>	<u>1,756,346</u>
30,469	44,719	88,366	-	-	419,771
48,315	32,570	80	7,452	-	264,017
32,358	2,918	2,821	-	-	65,088
-	-	-	-	-	993
-	-	-	-	-	15,047
-	-	-	-	-	460,774
<u>111,142</u>	<u>80,207</u>	<u>91,267</u>	<u>7,452</u>	<u>-</u>	<u>1,225,690</u>
(15,294)	19,156	4,321	692,479	36	530,656
287,378	999,428	18,694	5,991,291	1,930,808	12,002,749
<u>\$ 272,084</u>	<u>\$ 1,018,584</u>	<u>\$ 23,015</u>	<u>\$ 6,683,770</u>	<u>\$ 1,930,844</u>	<u>\$ 12,533,405</u>

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
RESTRICTED CURRENT FUNDS
Year Ended June 30, 2017

	<u>Scholarships and Grants</u>	<u>Equipment Replacement</u>	<u>Insurance</u>	<u>Early Retirement</u>	<u>Unemployment Compensation</u>
REVENUES					
Tuition, resident	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	1,259,676	1,159,127	2,098,446	86,867
State appropriations	696,572	-	-	-	-
Federal appropriations	9,508,093	-	-	-	-
Sales and services	-	-	-	-	-
Interest	-	-	-	-	-
Iowa Industrial New Jobs Training Program	1,092,121	-	-	-	-
Self-funded insurance	-	-	-	-	-
Miscellaneous	176	-	-	-	-
Total revenues	11,296,962	1,259,676	1,159,127	2,098,446	86,867
EXPENDITURES					
Salaries and benefits	-	-	-	1,585,588	73,867
Services	-	-	1,054,072	-	-
Materials and supplies	-	226,520	-	-	-
Travel	-	-	-	-	-
Expended for plant assets	-	383,372	-	-	-
Interest on indebtedness	-	-	-	-	-
Employer reimbursements	-	-	-	-	-
Federal Pell Grant Program	9,016,252	-	-	-	-
Federal Supplemental Educational Opportunity Grant (SEOG)	119,610	-	-	-	-
Other miscellaneous scholarships	2,163,323	-	-	-	-
Self-funded insurance	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total expenditures	11,299,185	609,892	1,054,072	1,585,588	73,867
Net change in fund balances (deficits)	(2,223)	649,784	105,055	512,858	13,000
FUND BALANCES (DEFICITS)					
Beginning	128,087	3,315,202	37,907	(2,363,896)	(45,001)
Ending	\$ 125,864	\$ 3,964,986	\$ 142,962	\$ (1,851,038)	\$ (32,001)

See accompanying independent auditor's report.

Workforce Investment <u>Act</u>	Temporary Assistance for Needy Families	Iowa						<u>Total</u>
		Industrial New Jobs <u>Training Program</u>	Economic Development	Other Federal Programs	Miscellaneous	Cash Reserve		
\$ -	\$ -	\$ -	\$ -	\$ 76,668	\$ -	\$ 76,668		
-	-	276,813	-	-	-	-		4,880,929
-	-	332,280	-	-	3,119,761	-		4,148,613
1,618,360	-	-	2,209,298	-	-	-		13,335,751
-	-	198,055	880,715	-	136,674	-		1,215,444
-	-	(635,902)	675,046	-	-	-		39,144
-	-	4,268,783	-	-	547,983	-		5,908,887
-	-	-	-	-	4,598,903	-		4,598,903
-	-	225,000	-	-	2,117,178	-		2,342,354
<u>1,618,360</u>	<u>-</u>	<u>4,665,029</u>	<u>1,555,761</u>	<u>2,209,298</u>	<u>10,597,167</u>	<u>-</u>		<u>36,546,693</u>
762,518	-	-	305,892	1,481,292	2,161,136	-		6,370,293
177,867	-	3,178,091	104,914	432,908	1,318,665	-		6,266,517
24,621	-	9,900	491	80,126	154,026	-		495,684
20,073	-	-	2,558	105,074	58,031	-		185,736
-	-	-	-	98,688	56,234	-		538,294
-	-	967,003	-	-	-	-		967,003
-	-	492,250	-	-	-	-		492,250
-	-	-	-	-	-	-		9,016,252
-	-	-	-	-	-	-		119,610
-	-	-	11,210	-	312,865	-		2,487,398
-	-	-	-	-	4,062,614	-		4,062,614
<u>633,281</u>	<u>-</u>	<u>41,755</u>	<u>-</u>	<u>-</u>	<u>1,789,832</u>	<u>-</u>		<u>2,464,868</u>
<u>1,618,360</u>	<u>-</u>	<u>4,688,999</u>	<u>413,855</u>	<u>2,209,298</u>	<u>9,913,403</u>	<u>-</u>		<u>33,466,519</u>
-	-	(23,970)	1,141,906	-	683,764	-		3,080,174
-	-	218,047	1,992,511	-	3,409,104	404,468		7,096,429
\$ -	\$ -	\$ 194,077	\$ 3,134,417	\$ -	\$ 4,092,868	\$ 404,468		\$ 10,176,603

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN ASSETS HELD IN CUSTODY FOR OTHERS -
AGENCY FUNDS
Year Ended June 30, 2017

	<u>Athletics</u>	Clubs, Organizations, and Activities	<u>Other</u>	<u>Total</u>
BALANCES, BEGINNING	\$ 9,448	\$ 459,953	\$ 670,637	\$ 1,140,038
Additions:				
Tuition and fees	-	426,150	-	426,150
Federal appropriations	-	-	1,478	1,478
Gifts and grants	-	1,865	79,680	81,545
Sales and services	990	26,170	4,484	31,644
Other	222,804	164,598	421,919	809,321
Total additions	223,794	618,783	507,561	1,350,138
Deductions:				
Salaries and benefits	33,420	109,781	38,686	181,887
Services	21,409	97,612	448,659	567,680
Materials and supplies	20,019	42,811	1,300	64,130
Merchandise purchased for sale	-	1,879	-	1,879
Travel	37,099	99,258	5,687	142,044
Scholarships	43,500	7,500	-	51,000
Other	30,319	331,489	4,022	365,830
Total deductions	185,766	690,330	498,354	1,374,450
BALANCES, ENDING	\$ 47,476	\$ 388,406	\$ 679,844	\$ 1,115,726

See accompanying independent auditor's report.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
Year Ended June 30, 2017

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

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

The District utilizes the following fund groups:

Current Funds

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

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

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

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
Year Ended June 30, 2017**

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.

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

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

Loan Funds

These funds are used to account for student loan transactions.

Plant Funds

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

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

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

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

Agency Funds

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

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CREDIT AND CONTACT HOUR ENROLLMENT
Academic Year 2017

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and sciences	100,496	-	100,496	-	-	-
Vocational education	49,110	-	49,110	-	-	-
Adult/continuing education	-	-	-	532,702	63,379	596,081
Cooperative programs/services	-	-	-	-	1,782	1,782
Related services and activities	-	-	-	-	716	716
Total	149,606	-	149,606	532,702	65,877	598,579

See accompanying independent auditor's report.

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

	Years Ended June 30,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Local (property tax)	\$ 14,287,284	\$ 13,369,860	\$ 12,384,658	\$ 11,898,855	\$ 11,533,507	\$ 12,383,877	\$ 10,768,028	\$ 9,896,031	\$ 6,521,951	\$ 6,234,473
State	21,261,528	20,358,923	21,481,655	20,150,625	18,403,089	16,503,880	15,709,803	17,786,482	18,440,501	17,904,822
Federal	13,350,314	14,302,284	16,331,928	16,016,921	17,648,332	20,713,970	22,930,378	22,866,414	14,032,972	11,820,809
	\$ 48,899,126	\$ 48,031,067	\$ 50,198,241	\$ 48,066,401	\$ 47,584,928	\$ 49,601,727	\$ 49,408,209	\$ 50,548,927	\$ 38,995,424	\$ 35,960,104

See accompanying independent auditor's report.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	New Loans
Direct Programs:				
U.S. Department of Agriculture: New ERA Rural Technology Competitive Grants Program	10.314	N/A	\$ 56,834	\$ -
Total U.S. Department of Agriculture			<u>56,834</u>	<u>-</u>
U.S. Department of Labor: Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	N/A	39,859	-
Mine Health and Safety Grants	17.600	N/A	119,950	-
Total U.S. Department of Labor			<u>159,809</u>	<u>-</u>
National Science Foundation: Education and Human Resources	47.076	N/A	370,662	-
Total National Science Foundation			<u>370,662</u>	<u>-</u>
U.S. Department of Veterans Affairs: Post-9/11 Veterans Educational Assistance	64.027	N/A	373,689	+
Total U.S. Department of Veterans Affairs			<u>373,689</u>	<u>+</u>
U.S. Environmental Protection Agency: Brownfields Training, Research, and Technical Assistance	66.814	N/A	163,339	-
Grants and Cooperative Agreements	66.951	N/A	9,148	-
Environmental Education Grants			<u>172,487</u>	<u>-</u>
Total U.S. Environmental Protection Agency				
U.S. Department of Education: Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	125,590	-
Federal Work-Study Program	84.033	N/A	149,621	-
Federal Pell Grant Program	84.063	N/A	9,016,252	-
Federal Direct Student Loans	84.268	N/A	-	10,019,133
Total Student Financial Assistance Cluster			<u>9,291,463</u>	<u>10,019,133</u>
TRIO_Student Support Services	84.042	N/A	245,150	-
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	N/A	33,146	-
Total U.S. Department of Education			<u>9,569,759</u>	<u>10,019,133</u>
Total Direct Programs			<u>10,703,240</u>	<u>10,019,133</u>
Indirect Programs:				
U.S. Department of Agriculture: Passed through Iowa Department of Education: Child and Adult Care Food Program	10.558	N/A	9,828	-
Total U.S. Department of Agriculture			<u>9,828</u>	<u>-</u>
U.S. Department of Labor: Passed through Iowa Workforce Development: Workforce Innovation and Opportunity Act (WIOA) Cluster:				
WIOA Adult Program	17.258	17-W-09-WI-OA	417,602	-
WIOA Youth Activities	17.259	17-W-09-WI-OA	448,822	-
WIOA Dislocated Worker Formula Grants	17.278	17-W-09-WI-OA	334,328	-
WIOA Administration	17.258, 17.259, 17.278	17-W-09-WI-OA	90,656	-
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			<u>1,291,408</u>	<u>-</u>
WIOA National Dislocated Worker Grants / WIA National Emergency Grants				
Job Driven National Emergency Grant (JD-NEG)	17.277	15-W-FR-JD-0-10	51,159	-
Sector Partnership National Dislocated Worker Grant (SP-DW NEG)	17.277	16-W-PF-SM-0-08	238,771	-
Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants			<u>289,930</u>	<u>-</u>
Passed through Des Moines Area Community College: Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	N/A	20,888	-
Passed through Hawkeye Community College: Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	N/A	178,563	-
Total U.S. Department of Labor			<u>1,780,789</u>	<u>-</u>

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>New Loans</u>
National Science Foundation:				
Passed through the National Partnership for Environmental Technology Education:				
Education and Human Resources	47,076	N/A	\$ 3,233	\$ -
Passed through Iowa State University:				
Education and Human Resources	47,076	N/A	<u>6,685</u>	<u>-</u>
Total National Science Foundation			<u>9,918</u>	<u>-</u>
U.S. Small Business Administration:				
Passed through Iowa State University:	59,037	N/A	<u>116,382</u>	<u>-</u>
Small Business Development Centers			<u>116,382</u>	<u>-</u>
Total U.S. Small Business Administration				
U.S. Department of Education:				
Passed through Iowa Department of Education:				
Adult Education - Basic Grants to States	84,002	N/A	235,858	-
Career and Technical Education – Basic Grants to States	84,048	N/A	<u>387,262</u>	<u>-</u>
Total U.S. Department of Education			<u>623,120</u>	<u>-</u>
U.S. Department of Health and Human Services:				
Passed through the National Partnership for Environmental Technology Education:				
NIEHS Hazardous Waste Worker Health and Safety Training	93,142	N/A	<u>79,844</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>79,844</u>	<u>-</u>
Total Indirect Programs			<u>2,619,881</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 13,323,121</u>	<u>\$ 10,019,133</u>

See accompanying independent auditor's report.

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in financial position or cash flows of the District.

NOTE 2 - STUDENT FINANCIAL ASSISTANCE

The District is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program, and accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the District under this program as of June 30, 2017.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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

To the Board of Directors
Eastern Iowa Community College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eastern Iowa Community College District, Davenport, Iowa, and the discretely presented component units, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Eastern Iowa Community College District's basic financial statements, and have issued our report thereon dated October 25, 2017. Our report includes a reference to other auditors who audited the financial statements of Scott Community College Foundation, as described in our report on Eastern Iowa Community College District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component units were not audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Eastern Iowa Community College District's Response to the Finding

Eastern Iowa Community College District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Eastern Iowa Community College District'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 and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
October 25, 2017



Certified Public Accountants & Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Eastern Iowa Community College District

Report on Compliance for Each Major Federal Program

We have audited Eastern Iowa Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Eastern Iowa Community College District's major federal programs for the year ended June 30, 2017. Eastern Iowa Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Eastern Iowa Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Eastern Iowa Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Eastern Iowa Community College District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Eastern Iowa Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Eastern Iowa Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Eastern Iowa Community College District's internal control over compliance.

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

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

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

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
October 25, 2017

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Part I - Summary of Independent Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

- | | | | | |
|---|--------------------------|-----|-------------------------------------|---------------|
| • Material weakness(es) identified? | <input type="checkbox"/> | yes | <input checked="" type="checkbox"/> | no |
| • Significant deficiency(ies) identified? | <input type="checkbox"/> | yes | <input checked="" type="checkbox"/> | none reported |
| Noncompliance material to financial statements noted? | <input type="checkbox"/> | yes | <input checked="" type="checkbox"/> | no |

Federal Awards

Internal control over major programs:

- | | | | | |
|---|--------------------------|-----|-------------------------------------|---------------|
| • Material weakness(es) identified? | <input type="checkbox"/> | yes | <input checked="" type="checkbox"/> | no |
| • Significant deficiency(ies) identified? | <input type="checkbox"/> | yes | <input checked="" type="checkbox"/> | none reported |

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

Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.515? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258	<u>Workforce Innovation and Opportunity Act (WIOA) Cluster:</u> <u>WIOA Adult Program</u>
17.259	<u>WIOA Youth Activities</u>
17.278	<u>WIOA Dislocated Worker Formula Grants</u>
84.007	<u>Student Financial Assistance Cluster:</u> <u>Federal Supplemental Educational Opportunity Grants</u>
84.033	<u>Federal Work-Study Program</u>
84.063	<u>Federal Pell Grant Program</u>
84.268	<u>Federal Direct Student Loans</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Part II - Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Part III - Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Part IV - Other Findings Related to Required Statutory Reporting:

- 2017-001 Certified budget - Expenditures for the year ended June 30, 2017 did not exceed the amount budgeted.
- 2017-002 Questionable expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 2017-003 Travel expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 2017-004 Business transactions - No business transactions between the District and District officials or employees were noted.
- 2017-005 Bond coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2017-006 Board minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2017-007 Publication - The District published a statement showing all receipts and disbursements of all funds, including the names of all persons, firms, or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- 2017-008 Deposits and investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- 2017-009 Credit/Contact Hours - Eligible credit and contact hours reported to the Iowa Department of Education by the District were supported by detailed records maintained by the District, except for an overstatement of 97 contact hours. The overstatement was attributable to a mathematical error when calculating contact hours for one conference.

	<u>Reported</u>	<u>Total Per Supporting Documentation</u>	<u>Difference</u>
Adult Education/Continuing Education: Contact Hours	596,081	595,984	97

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Part IV - Other Findings Related to Required Statutory Reporting (continued):

Recommendation - The District should develop procedures to ensure the report submitted to the Iowa Department of Education is accurate.

Response - The District will continue to monitor credit/contact hours to ensure all reports submitted are accurate.

Conclusion - Response accepted.

**EASTERN IOWA COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2017**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2016-001	Enrollment Reporting	Resolved

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2017

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
	None noted	