



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

January 11, 2012

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Indian Hills Community College in Ottumwa, Iowa.

The College's primary government operating revenues totaled \$28,016,407 for the year ended June 30, 2011, a 4.2% decrease from prior year, and included \$13,714,519 from tuition and fees, \$5,474,826 from the federal government and \$6,279,847 from auxiliary enterprises.

Operating expenses for the year totaled \$54,542,173, a less than 1% decrease from the prior year, and included \$29,896,454 for salaries and benefits, \$6,922,186 for services and \$2,677,567 for materials and supplies.

Non-operating revenues totaled \$31,834,432, including \$13,491,892 from the state, \$12,605,343 from Pell grants, \$4,292,781 from property tax and \$1,076,490 in scholarships for the benefit of students from the Indian Hills Community College Foundation. Non-operating expenses totaled \$735,800, consisting primarily of interest on indebtedness of \$643,022. The College's net assets increased \$4,572,867 during the year.

A copy of the audit report is available for review in the Board Secretary's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1131-1500-B00F.pdf>.

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INDIAN HILLS COMMUNITY COLLEGE
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

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Indian Hills Community College

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Trustees		
John Pothoven	President	2011
Robert L. Pitsch	Vice President	2013
Sharon Kline	Member	2011
Kevin M. Kness	Member	2011
H. Roy Lamansky	Member	2011
George E. Manning	Member	2011
Richard J. Gaumer	Member	2013
Tom Keck	Member	2013
Richard C. Sharp	Member	2013

Community College

Dr. Jim Lindenmayer	President
Susan Pixley	Chief Financial Officer and Board Treasurer
Anne Leathers	College Accountant
Kathy Pink	Controller\Grants Accountant

Indian Hills Community College



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David A. Vaudt, CPA
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Independent Auditor's Report

To the Board of Trustees of
Indian Hills Community College:

We have audited the accompanying financial statements of Indian Hills Community College, Ottumwa, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2011, which collectively comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of Indian Hills Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component units, Indian Hills Community College Development Corporation, Inc. and Indian Hills Community College Foundation, Inc., discussed in note 1, which represent 100% of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to those units, is based on the reports of the other auditors.

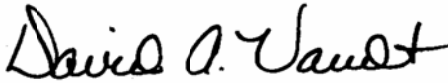
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the component units were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Indian Hills Community College and its aggregate discretely presented component units at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

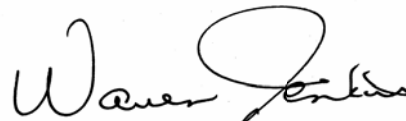
In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2011 on our consideration of Indian Hills Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Funding Progress for the Retiree Health Plan on pages 8 through 14 and 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Indian Hills Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 22, 2011

Indian Hills Community College

MANAGEMENT'S DISCUSSION AND ANALYSIS

Indian Hills Community College provides this Management's Discussion and Analysis of the College's financial statements for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- An additional 3% growth in credit hour enrollment followed the impressive fiscal year 2010 enrollment growth of nearly 20%. For 2011, Indian Hills reported the highest ever credit hour production of 139,839 hours.
- College operating revenues decreased during fiscal year 2011 due to the elimination of the American Recovery and Reinvestment Act Federal appropriation which had served to backfill the fiscal year 2010 reduction in State aid.
- Non-operating revenues grew by 11% with increases in State appropriations and Pell grants from fiscal year 2010 to fiscal year 2011.
- Net assets of the College increased approximately \$4.57 million, or 8%.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to Indian Hills Community College's basic financial statements and provide an analytical overview of the College's financial activities. The annual report consists of a series of financial statements, as follows: The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These statements provide information about the activities of the College as a whole and present an overall view of the College's finances. The Notes to Financial Statements provide a narrative of accounting policies and further explanation essential to understanding the data provided in the financial statements. Required Supplementary Information includes the Schedule of Funding Progress for the Retiree Health Plan. Other supplementary schedules provide a comparison of the College's budget for the year, detailed information about the individual funds and the Schedule of Expenditures of Federal Awards, which provides details of various federal programs benefiting the College.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities and net assets of the College as a whole as of the end of the fiscal year. This point-in-time statement distinguishes current and non-current assets and identifies the categories and amounts of current and non-current liabilities. The statement presents the available assets that can be used to satisfy liabilities owed to outside vendors and creditors.

	June 30,	
	2011	2010
Current and other assets	\$ 41,162,291	39,752,106
Capital assets, net of accumulated depreciation/amortization	42,852,713	42,604,843
Total assets	84,015,004	82,356,949
Current liabilities	13,615,857	13,710,544
Noncurrent liabilities	9,612,271	12,432,396
Total liabilities	23,228,128	26,142,940
Net assets:		
Invested in capital assets, net of related debt	40,297,713	39,794,843
Restricted	1,624,147	1,434,072
Unrestricted	18,865,016	14,985,094
Total net assets	\$ 60,786,876	56,214,009

The largest portion of the College's net assets (66%) is in the category 'Invested in Capital Assets' (land, buildings and equipment), net of related debt. The restricted portion of net assets represents resources subject to external restrictions. The remaining net assets are unrestricted and may be used to meet the College's operating obligations as they become due.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented in the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the College's revenues earned and expenses incurred, classified by operating and non-operating, and any other revenues, expenses, gains and losses incurred during the fiscal year.

Generally, a public, state supported college, such as Indian Hills Community College, will report an operating loss as the financial reporting model required by GASB 34/35 classifies state appropriations, Pell grants and property tax as non-operating revenues. Operating revenue is defined to include only revenues received for providing goods and services to the various students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire and produce the goods and services (perform the mission of the College) in return for the operating revenues. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation/amortization, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets

	Year ended June 30,	
	2011	2010
Operating revenues:		
Tuition and fees	\$ 13,714,519	12,284,782
Federal appropriations	5,474,826	8,356,527
Sales and services	673,996	528,419
Iowa Industrial New Jobs Training Program	1,230,400	1,472,688
Auxiliary enterprise revenue	6,279,847	5,929,790
Miscellaneous	642,821	669,082
Total operating revenues	<u>28,016,409</u>	<u>29,241,288</u>
 Total operating expenses	 <u>54,542,173</u>	 <u>55,004,366</u>
 Operating loss	 <u>(26,525,764)</u>	 <u>(25,763,078)</u>
Non-operating revenues (expenses):		
State appropriations	13,491,892	12,267,335
Pell grants	12,605,343	11,386,340
Property tax	4,292,781	4,033,815
Gifts from IHCC Foundation	1,076,490	911,866
Interest on investments	117,074	128,299
Donated capital assets	250,851	35,000
Loss on disposal of capital assets	(8,539)	(9,633)
Interest on indebtedness	(643,022)	(707,363)
Amortization of bond issue costs	(84,239)	(80,864)
Net non-operating revenues	<u>31,098,631</u>	<u>27,964,795</u>
 Increase in net assets	 4,572,867	 2,201,717
Net assets beginning of year	<u>56,214,009</u>	<u>54,012,292</u>
 Net assets end of year	 <u>\$ 60,786,876</u>	 <u>56,214,009</u>

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year with an increase in net assets.

In fiscal year 2011, operating revenues totaled approximately \$28 million and net non-operating revenues totaled approximately \$31 million. Observations regarding the changes in operating and non-operating revenues follow:

- Tuition and fees, as reported herein net of scholarship allowances, increased 11.6%. This increase is attributable to a 3.1% growth in credit hour enrollment and a tuition rate increase of 4.8% effective for the 2010 fall term.
- Federal appropriations decreased approximately \$2.9 million, or 34%, from fiscal year 2010 to fiscal year 2011. Approximately \$2 million of this decrease was attributable to American Recovery and Reinvestment Act of 2009 (ARRA) funds received through Iowa's State Fiscal Stabilization Fund (SFSF), which was one-time federal funding used to backfill the reduction in the state aid allocation for fiscal year 2010.
- State appropriations rebounded nearly 10%, or an increase of approximately \$1.2 million, during fiscal year 2011.

- Pell grant awards increased another 10.7% during fiscal year 2011, with the increase attributable to the 3% enrollment growth, economic conditions and changes in federal legislation. This followed the fiscal year 2010 Pell grant awards increase of 96% or nearly \$5.6 million resulting from a 19% increase in credit hour enrollment, as well as a 13.1% federal increase in the individual award amount.
- The increase in net non-operating revenues, offset by a net operating loss, resulted in an increase in the College's net assets of approximately \$4.6 million, or 8.1%, over the fiscal year.

Operating Expenses

	Year ended June 30,	
	2011	2010
Education and support:		
Liberal arts and sciences	\$ 5,661,862	5,155,290
Vocational technical	12,285,672	11,529,941
Adult education	2,257,162	2,128,518
Cooperative services	587,568	828,003
Administration	1,829,677	2,064,635
Student services	3,857,074	3,639,905
Learning resources	604,835	710,339
Physical plant	4,684,228	4,013,657
General institution	4,436,499	6,954,368
Auxiliary enterprises	7,325,580	6,820,411
Scholarships and grants	7,372,358	6,601,353
Workforce Investment Act	1,455,604	2,339,810
Plant operations	93,492	112,612
Depreciation/amortization	2,090,562	2,105,524
Total	\$ 54,542,173	55,004,366

The following factors address operating expenses:

- An overall reduction in Education and Support expenses was realized as a result of expense management and enrollment levels providing economies of scale in operations.
- Vocational technical expenses increased due to expanded program offerings, increased educational delivery costs and continued enrollment growth.
- General institution expenses returned to normal levels after completion of the fiscal year 2010 Higher Learning Commission 10 year accreditation renewal and incented retirement offering.
- Scholarships and grants expenses increased due to an increased number of qualifying students.

Statement of Cash Flows

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

Cash Flows

	Year ended June 30,	
	2011	2010
Cash provided (used) by:		
Operating activities	\$ (24,834,369)	(20,566,589)
Non-capital financing activities	29,202,093	26,835,851
Capital and related financing activities	(2,495,837)	(1,705,125)
Investing activities	119,607	160,612
Net increase in cash	1,991,494	4,724,749
Cash and cash equivalents beginning of year	25,433,754	20,709,005
Cash and cash equivalents end of year	\$ 27,425,248	25,433,754

Cash provided by operating activities includes revenues from tuition and fees, grants, contracts and auxiliary enterprise receipts. Cash used for operating activities includes payments for salaries and benefits, goods and services, scholarships and auxiliary enterprise payments. Cash provided by non-capital financing activities includes state appropriations, Pell grants, property tax, the receipt and disbursement of federal direct loan program proceeds and the issuance of debt for the New Jobs Training Programs. Cash used for capital and related financing activities represents the principal and interest payments on debt and the proceeds from sales of capital assets offset by the purchase of capital assets. Cash provided by investing activities includes interest earnings.

CAPITAL ASSETS

At June 30, 2011, the College had approximately \$42.9 million invested in capital assets, net of accumulated depreciation/amortization of approximately \$26.6 million. Depreciation and amortization charges totaled \$2,090,562 for fiscal year 2011. A summary of capital assets, net of accumulated depreciation/amortization, is shown below.

Net Capital Assets

	June 30,	
	2011	2010
Land	\$ 402,989	340,590
Construction in progress	1,155,376	910,288
Capital assets not being depreciated/amortized	1,558,365	1,250,878
Buildings	37,735,173	37,704,205
Improvements	2,037,429	2,163,988
Intangibles	86,769	115,692
Equipment and vehicles	1,434,977	1,370,080
Total	\$ 42,852,713	42,604,843

The Accelerated College Career Academy serving area high school students opened at the North Campus during the fall of 2010. Capital projects in progress during fiscal year 2011 include construction of the Rural Emergency Services Training Facility at the North Campus and the Main Campus expansion, renovation of the science labs and HVAC services in Efner Hall and the relocation/widening of the Net Center access road. The funding of the six-cent instructional equipment levy has assisted with equipment upgrades to keep pace with technology and student demand. An inventory replacement schedule is utilized to maintain information technology equipment at required levels. Facility maintenance is scheduled to meet needs and budgetary constraints. Additional information is provided in Note 4 to the financial statements.

LONG-TERM DEBT

Outstanding debt at June 30, 2011 was \$10,785,000. Current debt consists of certificates issued for Iowa New Jobs Training projects and dormitory revenue bonds. Detailed information is presented in Note 5 to the financial statements.

Outstanding Debt

	June 30,	
	2011	2010
Certificates payable	\$ 8,230,000	10,045,000
Bonds payable	2,555,000	2,810,000
Total	<u>\$ 10,785,000</u>	<u>12,855,000</u>

ECONOMIC FACTORS

Indian Hills Community College managed its financial position carefully during the current fiscal year. With an additional 3% growth in credit hour enrollment in fiscal year 2011 following a 19% increase during fiscal year 2010, credit enrollment delivered tuition revenue beyond budget. The resulting economies of scale allowed the College to fund additional educational improvements and finish the year with an increase in net assets of approximately \$4.6 million. The economic position of the College remains closely tied to the State of Iowa, with the State's overall economy, educational funding and allocation a priority to College officials. Like many state assisted colleges, Indian Hills Community College faces the following potential financial challenges:

- To maintain current levels of services and operations, tuition revenue from rate increases and/or enrollment growth must continue to offset any reduction or deappropriation in state funding levels.
- Higher tuition is followed by an increased need for student financial aid and scholarship support. Student demand for Federal student loans continues to grow.
- The continued high unemployment rate and highest ever credit hour enrollment allowed the College to maximize efficiencies and realize economies of scale in operations.
- The College continues to offer additional new and relevant educational programs and student support services to attract and retain the diverse population the College serves.
- College facilities and infrastructure require continual maintenance and renovation to meet current technology and delivery needs.
- Technology continues to advance rapidly, challenging the College to provide up-to-date instructional equipment and conduct operations at current technological levels.

The College continues monitoring expenses, implementing process improvements, pursuit of new revenue resources and maintaining budget flexibility and resources to react to unexpected opportunities or challenges. The emphasis is to fulfill the mission of Indian Hills Community College while maintaining high quality instructional programs and services.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it is provided. If you have questions about this report or need additional financial information, please contact Indian Hills Community College, 525 Grandview Avenue, Building #1, Ottumwa, Iowa 52501.

Basic Financial Statements

Indian Hills Community College

Statement of Net Assets

June 30, 2011

	<u>Primary Government</u>	<u>Component Units</u>
Assets		
Current assets:		
Cash and investments:		
Cash and pooled investments	\$ 18,054,912	15,657,626
Restricted cash and investments	-	6,770,402
Property held for sale	-	61,921
Receivables:		
Accounts, net of allowance for uncollectible accounts of \$555,620	2,652,378	88,963
Succeeding year property tax	3,880,692	-
Due from other governments	2,174,393	-
Prepaid expense	190,005	-
Unamortized debt issuance cost	312,180	-
Inventories	1,085,177	-
Total current assets	<u>28,349,737</u>	<u>22,578,912</u>
Noncurrent assets:		
Cash and pooled investments	9,370,336	-
Receivable for Iowa Industrial New Jobs Training Program	2,564,318	-
Unamortized bond issuance cost	877,900	-
Capital assets, net of accumulated depreciation/amortization	42,852,713	10,289
Total noncurrent assets	<u>55,665,267</u>	<u>10,289</u>
Total assets	<u>84,015,004</u>	<u>22,589,201</u>

Indian Hills Community College

Statement of Net Assets

June 30, 2011

	Primary Government	Component Units
Liabilities		
Current liabilities:		
Accounts payable	878,341	198,082
Salaries and benefits payable	1,323,463	-
Interest payable	44,217	-
Deferred revenue:		
Succeeding year property tax	3,880,692	-
Other	3,978,546	-
Early retirement payable	1,051,129	-
Compensated absences payable	741,642	-
Deposits held in custody for others	207,827	-
Certificates payable	1,245,000	-
Bonds payable	265,000	-
Total current liabilities	<u>13,615,857</u>	<u>198,082</u>
Noncurrent liabilities:		
Early retirement payable	279,144	-
Certificates payable	6,985,000	-
Bonds payable	2,290,000	-
Net OPEB liability	58,127	-
Total noncurrent liabilities	<u>9,612,271</u>	<u>-</u>
Total liabilities	<u>23,228,128</u>	<u>198,082</u>
Net assets		
Invested in capital assets, net of related debt	40,297,713	10,289
Restricted:		
Nonexpendable:		
Other	-	1,519,503
Expendable:		
Scholarships and fellowships	78,748	-
Debt service	826,570	-
Cash reserve	288,745	-
Other	430,084	8,303,812
Unrestricted	<u>18,865,016</u>	<u>12,557,515</u>
Total net assets	<u>\$ 60,786,876</u>	<u>22,391,119</u>

See notes to financial statements.

Indian Hills Community College

Statement of Revenues, Expenses and
Changes in Net Assets

Year ended June 30, 2011

	Primary Government	Component Units
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$5,052,744	\$ 13,714,519	-
Federal appropriations	5,474,826	-
Sales and services	673,996	-
Iowa Industrial New Jobs Training Program	1,230,400	-
Auxiliary enterprises, net of scholarship allowances of \$1,446,092	6,279,847	-
Contributions	-	1,251,870
Rental income and facility management	-	526,481
Fines, damages and forfeitures	-	33,012
Miscellaneous	642,821	83,064
Total operating revenues	28,016,409	1,894,427
Operating expenses:		
Education and support:		
Liberal arts and sciences	5,661,862	-
Vocational technical	12,285,672	-
Adult education	2,257,162	-
Cooperative services	587,568	-
Administration	1,829,677	-
Student services	3,857,074	-
Learning resources	604,835	-
Physical plant	4,684,228	-
General institution	4,436,499	-
Auxiliary enterprises	7,325,580	-
Scholarships and grants	7,372,358	-
Workforce Investment Act	1,455,604	-
Plant operations	93,492	-
General and administrative Programs	-	339,022
	-	429,495
Depreciation/amortization	2,090,562	-
Total operating expenses	54,542,173	768,517
Operating income (loss)	(26,525,764)	1,125,910

Indian Hills Community College
Statement of Revenues, Expenses and
Changes in Net Assets
Year ended June 30, 2011

	Primary Government	Component Units
Non-operating revenues (expenses):		
State appropriations	13,491,892	-
Pell grants	12,605,343	-
Property tax	4,292,781	-
Gifts from Indian Hills Community College Foundation for student scholarships	1,076,490	-
Investment income	117,074	2,675,344
Donated capital assets	250,851	-
Loss on disposal of capital assets	(8,539)	-
Gifts to Indian Hills Community College for student scholarships	-	(1,076,490)
Interest on indebtedness	(643,022)	-
Amortization of debt issuance cost	(84,239)	-
Net non-operating revenues (expenses)	<u>31,098,631</u>	<u>1,598,854</u>
Change in net assets	4,572,867	2,724,764
Net assets beginning of year	<u>56,214,009</u>	<u>19,666,355</u>
Net assets end of year	<u><u>\$ 60,786,876</u></u>	<u><u>22,391,119</u></u>

See notes to financial statements.

Indian Hills Community College

Statement of Cash Flows

Year ended June 30, 2011

	<u>Primary Government</u>
Cash flows from operating activities:	
Tuition and fees	\$ 13,217,378
Federal appropriations	5,507,674
Iowa Industrial New Jobs Training Program	2,052,503
Payments to employees for salaries and benefits	(31,389,753)
Payments to suppliers for goods and services	(13,629,176)
Payments to NJTP recipients	(327,863)
Scholarships	(7,372,358)
Payments to subrecipients	(375,205)
Auxiliary enterprise receipts	6,283,971
Other receipts	1,198,460
Net cash used by operating activities	<u>(24,834,369)</u>
Cash flows from non-capital financing activities:	
State appropriations	13,746,780
Pell grants	12,605,343
Property tax	4,292,781
Gifts	1,076,490
Federal direct lending receipts	23,017,789
Federal direct lending disbursements	(23,017,789)
Proceeds from issuance of debt	550,000
Principal paid on debt	(2,365,000)
Interest paid on debt	(506,809)
Bond issue costs	(22,227)
Agency receipts	416,947
Agency disbursements	(592,212)
Net cash provided by non-capital financing activities	<u>29,202,093</u>
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	1,000
Acquisition of capital assets	(2,097,120)
Principal paid on debt	(255,000)
Interest paid on debt	(144,717)
Net cash used by capital and related financing activities	<u>(2,495,837)</u>
Cash flows from investing activities:	
Interest on investments	<u>119,607</u>
Net increase in cash and cash equivalents	1,991,494
Cash and cash equivalents beginning of year	<u>25,433,754</u>
Cash and cash equivalents end of year	<u>\$ 27,425,248</u>

Indian Hills Community College

Statement of Cash Flows

Year ended June 30, 2011

	Primary Government
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (26,525,764)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation/amortization	2,090,562
Provision for doubtful accounts	40,115
Amortization of debt issuance cost	(47,270)
Changes in assets and liabilities:	
(Increase) in accounts receivable	(352,241)
Decrease in NJTP receivable	828,190
Decrease in due from other governments	32,848
(Increase) in prepaid expenses	(151,642)
Decrease in inventories	283,287
(Decrease) in accounts payable	(59,426)
Increase in salaries and benefits payable	217,155
(Decrease) in deferred revenue	(258,065)
(Decrease) in compensated absences	(7,072)
Increase in other postemployment benefits	24,681
(Decrease) in early retirement payable	(949,727)
	1,691,395
 Total adjustments	 1,691,395
 Net cash used by operating activities	 \$ (24,834,369)

Noncash capital and related financing activities:

Donated capital assets totaled \$250,851 and the trade-in value of equipment deleted was \$37,800.

See notes to financial statements.

Indian Hills Community College

Statement of Net Assets
Component Units

June 30, 2011

	Indian Hills Community College Development Corp., Inc.	Indian Hills Community College Foundation, Inc.	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 576,623	405,467	982,090
Investments	-	14,613,615	14,613,615
Restricted cash and investments	-	6,832,323	6,832,323
Property held for sale	-	61,921	61,921
Accounts receivable	12,799	76,164	88,963
Total current assets	589,422	21,989,490	22,578,912
Noncurrent assets:			
Capital assets, net of accumulated depreciation	10,289	-	10,289
Total assets	599,711	21,989,490	22,589,201
Liabilities			
Current liabilities:			
Accounts payable	171,421	18,025	189,446
Liability under unitrust agreement	-	8,636	8,636
Total liabilities	171,421	26,661	198,082
Net assets			
Invested in capital assets	10,289	-	10,289
Restricted:			
Nonexpendable:			
Other	-	1,519,503	1,519,503
Expendable:			
Other	-	8,303,812	8,303,812
Unrestricted	418,001	12,139,514	12,557,515
Total net assets	\$ 428,290	21,962,829	22,391,119

See notes to financial statements.

Indian Hills Community College
Statement of Revenues, Expenses and
Changes in Net Assets
Component Units

Year ended June 30, 2011

	Indian Hills Community College Development Corp., Inc.	Indian Hills Community College Foundation, Inc.	Total
Operating revenues:			
Contributions	\$ -	1,251,870	1,251,870
Rental income and facility management	526,481	-	526,481
Fines, damages and forfeitures	33,012	-	33,012
Miscellaneous	1,451	81,613	83,064
Total operating revenues	560,944	1,333,483	1,894,427
Operating expenses:			
General and administrative	339,022	-	339,022
Programs	402,487	27,008	429,495
Total operating expenses	741,509	27,008	768,517
Operating income (loss)	(180,565)	1,306,475	1,125,910
Non-operating revenues (expenses):			
Interest on investments, net of \$69,883 of investment expenses	552	2,674,792	2,675,344
Gifts to Indian Hills Community College	-	(1,076,490)	(1,076,490)
Net non-operating revenues (expenses)	552	1,598,302	1,598,854
Change in net assets	(180,013)	2,904,777	2,724,764
Net assets beginning of year	608,303	19,058,052	19,666,355
Net assets end of year	\$ 428,290	21,962,829	22,391,119

See notes to financial statements.

Indian Hills Community College

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

Discretely Presented Component Units

Indian Hills Community College Development Corporation, Inc. is a legally separate not-for-profit corporation established to operate the dormitories for Indian Hills Community College and assist in promoting the College. Although the College does not control the timing or amount of receipts from the Development Corporation, the majority of the resources held are used for the benefit of Indian Hills Community College.

Indian Hills Community College Foundation, Inc. is a legally separate not-for-profit organization established to solicit and receive gifts and grants and make contributions to or for the benefit of Indian Hills Community College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources are used for the benefit of Indian Hills Community College.

B. Basis of Presentation

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

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

Restricted Net Assets:

Nonexpendable – Net assets subject to externally imposed stipulations they be maintained permanently by the College.

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

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

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

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is 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.

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

D. Assets, Liabilities and Net Assets

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

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

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

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expense at the time individual inventory items are consumed.

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

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenses incurred through June 30, 2011 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements, intangibles, equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 College as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

<u>Asset class</u>	<u>Amount</u>
Land, buildings and improvements	\$25,000
Intangible assets	10,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	15-50
Intangibles	5
Equipment	3-5
Vehicles	5

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

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.

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

Compensated Absences – College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2011.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, printing, central stores and athletics.

Summer Session – The College operates summer sessions during May, June and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the number of calendar days in a session.

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 and fellowship expenses.

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

Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business 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 revenues. The amount reported as operating expenses represents the portion of aid provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

(2) Cash and Pooled Investments

The College's deposits in banks at June 30, 2011 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 College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2010, the College had investments of \$16,643,193 in a diversified portfolio in the Iowa Schools Joint Investment Trust.

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

Credit risk - The College's investments in the Iowa Schools Joint Investment Trust at June 30, 2011 were rated Aaa by Moody's Investors Service.

(3) Inventories

The College's inventories at June 30, 2011 are as follows:

Type	Amount
Supplies and materials	\$ 778,966
Work in progress	20,908
Merchandise held for resale	285,303
Total	<u>\$ 1,085,177</u>

(4) Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated/amortized:				
Land	\$ 340,590	62,399	-	402,989
Construction in progress	910,288	1,088,646	843,558	1,155,376
Total capital assets not being depreciated/amortized	<u>1,250,878</u>	<u>1,151,045</u>	<u>843,558</u>	<u>1,558,365</u>
Capital assets being depreciated/amortized:				
Buildings	55,987,876	1,482,638	-	57,470,514
Improvements other than buildings	3,269,646	-	-	3,269,646
Intangibles	401,507	-	-	401,507
Equipment and vehicles	6,570,888	595,646	438,829	6,727,705
Total capital assets being depreciated/amortized	<u>66,229,917</u>	<u>2,078,284</u>	<u>438,829</u>	<u>67,869,372</u>
Less accumulated depreciation/amortization for:				
Buildings	18,283,671	1,451,670	-	19,735,341
Improvements other than buildings	1,105,658	126,559	-	1,232,217
Intangibles	285,815	28,923	-	314,738
Equipment and vehicles	5,200,808	483,410	391,490	5,292,728
Total accumulated depreciation/amortization	<u>24,875,952</u>	<u>2,090,562</u>	<u>391,490</u>	<u>26,575,024</u>
Total capital assets being depreciated/amortized, net	<u>41,353,965</u>	<u>(12,278)</u>	<u>47,339</u>	<u>41,294,348</u>
Capital assets, net	<u>\$ 42,604,843</u>	<u>1,138,767</u>	<u>890,897</u>	<u>42,852,713</u>

(5) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Certificates Payable	Bonds Payable	Total
Balance beginning of year	\$ 10,045,000	2,810,000	12,855,000
Additions	550,000	-	550,000
Reductions	2,365,000	255,000	2,620,000
Balance end of year	\$ 8,230,000	2,555,000	10,785,000
Due within one year	\$ 1,245,000	265,000	1,510,000

Certificates Payable

In accordance with agreements dated between March 10, 2003 and July 12, 2010, the College issued certificates totaling \$16,080,000 with interest rates ranging from 3.41% to 7.16% per annum. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding tax, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 1,245,000	399,029	1,644,029
2013	1,240,000	343,906	1,583,906
2014	1,305,000	286,461	1,591,461
2015	1,365,000	224,420	1,589,420
2016	1,440,000	157,418	1,597,418
2017-2020	1,635,000	156,965	1,791,965
Total	\$ 8,230,000	1,568,199	9,798,199

Dormitory Revenue Bonds

On March 1, 2000, the College issued revenue bonds of \$5,000,000 for the construction of a new dormitory as allowed by Section 260C.19 of the Code of Iowa and approved by the Iowa Department of Education. The interest rate is 5.15% per annum and the College is required to make semiannual interest payments and annual principal payments with a final maturity date of June 2, 2019. The bonds are to be repaid with anticipated revenue from dormitory operations. In fiscal year 2011, principal payments totaled \$255,000.

Details of the College's June 30, 2011 dormitory revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of March 1, 2000			
	Interest Rates	Principal	Interest	Total
2012	5.15%	\$ 265,000	131,583	396,583
2013	5.15	280,000	117,935	397,935
2014	5.15	295,000	103,515	398,515
2015	5.15	310,000	88,324	398,324
2016	5.15	325,000	72,358	397,358
2017-2019	5.15	1,080,000	113,298	1,193,298
Total		\$ 2,555,000	627,013	3,182,013

(6) Operating Leases

The College has leased 141 printers and three copiers. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2013 and 2015 and require various minimum monthly payments.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2011:

Year Ending June 30,	Printers	Copiers	Total
2012	\$ 158,781	42,053	200,834
2013	158,781	35,603	194,384
2014	27,202	26,573	53,775
2015	-	15,501	15,501
Total	\$ 344,764	119,730	464,494

Rents for the operating leases for the year ended June 30, 2011 totaled \$200,835.

(7) Iowa Public Employees Retirement System (IPERS)

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

Plan members are required to contribute 4.50% of their annual covered salary and the College is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$876,794, \$857,425 and \$804,319, respectively, equal to the required contributions for each year.

(8) Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF)

The College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.50% and the College is required to contribute 6.95%. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2011 were \$568,494 and \$368,090, respectively.

(9) Other Postemployment Benefits (OPEB)

Plan Description - The College operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 360 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 26,686
Interest on net OPEB obligation	1,338
Adjustment to annual required contribution	<u>(1,934)</u>
Annual OPEB cost	26,090
Contributions made	<u>(1,410)</u>
Increase in net OPEB obligation	24,680
Net OPEB obligation beginning of year	<u>33,446</u>
Net OPEB obligation end of year	<u>\$ 58,126</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of 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, 2011.

For the year ended June 30, 2011, the College contributed \$1,410 to the medical plan. No contributions were made by plan members for fiscal year 2011.

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 25,678	17.0%	\$ 21,318
2010	25,331	52.1%	33,446
2011	26,090	5.4%	58,126

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$202,576, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$202,576. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$17,379,000 and the ratio of the UAAL to covered payroll was 1.2%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to 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 designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the College's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP 2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the rates on Scale T-6 of the Actuary's Pension Handbook.

Projected claim costs of the medical plan are \$14,219 per year for retirees less than age 65 and \$15,641 per year for spouses of retirees less than age 65. All coverage ceases when the retiree attains age 65. Therefore, claim costs are not calculated for retirees over the age of 65. 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.

(10) Risk Pool

The College 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 risk-sharing pool whose five members include Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance for its members. The Program provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials bonds, property and inland marine, errors and omission and College Board legal liability, workers compensation and employers liability, crime insurance and fiduciary bonds and boiler and machinery. There have been no reductions in insurance coverage 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 College's contributions to the risk pool are recorded as prepaid expense from its operating funds at the time of payment to the risk pool. The College amortizes the expense over the periods for which the pool is expected to provide coverage.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self insured retention of \$200,000 per claim, except for errors and omissions which has a retention of \$100,000. Excess insurance for all lines is \$800,000 per occurrence, except for errors and omissions which is \$900,000 and workers compensation which is \$300,000. There is additional excess above that for another \$9,000,000 per member. Property is insured with excess coverage over the self insured retention of up to \$250,000,000. Flood and earthquake exposures are covered in the property program each having \$16,000,000 limits. Also covered is employee fidelity up to \$1,000,000 and boiler and machinery coverage up to \$100,000,000. Stop gap loss protection is provided above the member's loss fund.

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, 2011, no liability has been recorded in the College's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance 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 College also carries commercial insurance purchased from other insurers for coverage associated with catastrophic, accidental death and dismemberment and underground storage tanks. 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.

(11) New Jobs Training Programs

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area XV 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 College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding tax, incremental property tax, budgeted reserves and, in the case of default, from standby property tax. Since inception, the College has administered 83 projects, with 11 currently receiving project funding. Of the remaining 72 projects, 65 projects have been completed, of which 48 have been fully repaid and 17 are in the repayment process. Seven projects have defaulted, one of which was repaid by the guarantor bank and six were repaid by standby property tax.

The College also administers the Iowa Jobs Training Program in Area XV in accordance with Chapter 260F of the Code of Iowa. The current program's purpose is to provide tax-aided training or retraining for employees of businesses whose training costs cannot be economically funded under Chapter 260E. Approved businesses received forgivable loans from the Workforce Development Fund, a State administered fund. Since inception of this program, the College administered 383 projects. Of these 383 projects, five defaulted, three withdrew and 20 are active projects.

Previously, the College administered the Iowa Small Business New Jobs Training Program (SBNJTP), formerly authorized by Chapter 280C of the Code of Iowa. The SBNJTP's purpose was to provide tax-aided training for employees of small businesses which were new to or were expanding their operations within the State of Iowa. Approved small businesses received loans from the Iowa Employment Training Fund, a State administered fund. The College administered ten projects. Of the ten projects, four were completed and six defaulted.

(12) Termination Benefits

On November 10, 2003, December 11, 2006 and November 9, 2009, the Board of Trustees adopted voluntary early retirement programs. The program enrollment periods ran from November 11, 2003 until January 15, 2004, December 14, 2006 until January 15, 2007 and November 10, 2009 until January 15, 2010, respectively. Full-time staff who had reached the age of 55, had been employed by the College continually for the previous 10 years and were eligible for the College's group health plan during those 10 years were eligible.

Early retirement would begin at the end of the employee's contract or by June 30, 2004, June 30, 2007 or June 30, 2010, respectively. Employees who accepted early retirement would receive a cash payment equal to 5% of the employee's annualized salary for each full year of employment, up to 100%. The employee had the option to receive a one time payment or installments as approved by the employee and the College for the plans offered in 2004 and 2007. The 2010 plan required the employee to receive the incentive retirement benefits in two equal installments. For each plan, employees could also elect to receive single coverage health insurance paid by the College until the age of Medicare eligibility or a cash payment made monthly for a maximum of 12 months or until the age of Medicare eligibility.

The liability at June 30, 2011 for those employees who elected early retirement under the November 10, 2003, December 11, 2006 and November 9, 2009 programs was \$17,589, \$16,182 and \$1,296,502, respectively. Early retirement is funded on a pay-as-you-go basis through property tax levies. During the year ended June 30, 2011, \$949,727 was paid for early retirement benefits.

(13) Segment Reporting

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bond issues are outstanding. A segment has a specifically identifiable revenue stream pledged in support of revenue bonds and has related expenses, assets and liabilities required by an external party to be accounted for separately. The College has one segment meeting the reporting requirement of GASB Statement No. 35. The segment is the Residence System. The College is required to present the following condensed statements: Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and Statement of Cash Flows for the segment.

Dormitory revenue bonds were issued for the construction of a new residence hall. The bonds are payable from the net rents, profits and income derived from operation of the system. The primary source of revenue is dormitory room rental.

	<u>Residence System</u>
Condensed Statement of Net Assets	
Assets:	
Current assets	\$ 895,019
Capital assets, net of accumulated depreciation	7,537,805
Total assets	<u>8,432,824</u>
Liabilities:	
Current liabilities	265,000
Noncurrent liabilities	2,290,000
Deferred revenue	57,484
Total liabilities	<u>2,612,484</u>
Net assets:	
Invested in capital assets, net of related debt	4,982,805
Restricted	837,535
Total net assets	<u>\$ 5,820,340</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets	
Operating revenues:	
Sales and services	\$ 665,752
Operating expenses	(195,964)
Depreciation	(211,204)
Operating income	<u>258,584</u>
Nonoperating revenues (expenses):	
Investment income	7,784
Interest on indebtedness	(144,715)
Increase in net assets	121,653
Net assets beginning of year	5,698,687
Net assets end of year	<u>\$ 5,820,340</u>

Condensed Statement of Cash Flows

Net cash flows provided by operating activities	\$ 469,789
Net cash flows provided by investing activities	12,559
Net cash flows used by capital and related financing activities	<u>(399,715)</u>
Net increase in cash and cash equivalents	82,633
Cash and cash equivalents beginning of year	<u>750,012</u>
Cash and cash equivalents end of year	<u><u>\$ 832,645</u></u>

Portion of Revenue Pledged

Annual debt service (principal and interest)	\$ 399,715
Net operating revenue *	477,572
Annual debt service/net operating income (%)	83.7%

As of June 30, 2011, revenue pledged for future principal and interest payments was \$3,182,013.

* Net operating income plus investment income and depreciation expense.

(14) Construction Commitments

The College has entered into contracts totaling \$5,100,913 for building and road projects. As of June 30, 2011, costs of \$666,777 on the projects have been incurred. The balance of \$4,484,136 remaining on the contracts at June 30, 2011 will be paid as work on the projects progress.

Indian Hills Community College

Required Supplementary Information

Indian Hills Community College

Schedule of Funding Progress
for the Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)			
2009	Jul 1, 2008	-	\$ 198	198	0.0%	\$ 17,157	1.2%
2010	Jul 1, 2008	-	198	198	0.0	17,157	1.2
2011	Jul 1, 2010	-	203	203	0.0	17,379	1.2

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, the funded status and funding progress.

See accompanying independent auditor's report.

Other Supplementary Information

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

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

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

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

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

Quasi-Endowment Funds – The Quasi-Endowment Funds are used to account for resources, the principal of which is to be maintained to conform with restrictions by the Board of Trustees. Generally, only the income from these funds may be used.

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

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

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

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

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

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

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

Indian Hills Community College
 Budgetary Comparison Schedule of Expenditures -
 Budget to Actual

Year ended June 30, 2011

Funds/Levy	Original/ Final Budget	Actual	Variance between Actual and Budget
Unrestricted	\$ 33,477,834	32,749,428	728,406
Restricted	16,208,824	4,199,301	12,009,523
Unemployment Compensation	75,000	5,599	69,401
Insurance	678,208	581,436	96,772
Tort Liability	323,562	361,129	(37,567)
Early Retirement	885,539	-	885,539
Equipment Replacement	417,911	417,808	103
Standby	90,388	-	90,388
Total Restricted	18,679,432	5,565,273	13,114,159
Plant	13,672,329	1,780,960	11,891,369
Bonds and Interest	399,715	398,621	1,094
Total	\$ 66,229,310	40,494,282	25,735,028

Note to Budgetary Reporting:

The Board of Trustees annually prepares a budget designating the proposed expenditures for operation of the College on a basis consistent with U.S. generally accepting accounting principles. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Trustees certifies the approved budget to the appropriate County Auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

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

For the year ended June 30, 2011, the College's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report.

Indian Hills Community College

Balance Sheet
All Funds

June 30, 2011

	Current Funds		Quasi- Endowment Funds
	Unrestricted	Restricted	
Assets			
Cash and pooled investments	\$ 13,159,004	5,778,800	5,917,092
Receivables:			
Accounts net of allowance of \$555,620	2,520,098	31,607	3,923
Succeeding year property tax	878,790	2,123,112	-
Iowa Industrial New Jobs Training Program	-	2,564,318	-
Due from other funds	748,772	2,193,444	-
Due from other governments	179,445	1,212,844	-
Prepaid expenses	29,118	157,650	-
Unamortized debt issuance cost	-	1,190,080	-
Inventories	1,085,177	-	-
Capital assets:			
Land	-	-	-
Buildings	-	-	-
Construction in progress	-	-	-
Improvements other than buildings	-	-	-
Intangibles	-	-	-
Equipment and vehicles	-	-	-
Accumulated depreciation/amortization	-	-	-
Total assets	\$ 18,600,404	15,251,855	5,921,015

Plant Funds			Agency Funds	Adjustments	Total
Unex- pended	Retirement of Indebtedness	Investment in Plant			
1,615,532	832,645	-	122,175	-	27,425,248
17,526	4,890	-	74,334	-	2,652,378
878,790	-	-	-	-	3,880,692
-	-	-	-	-	2,564,318
123,490	-	-	1,187	(3,066,893)	-
432,705	-	-	349,399	-	2,174,393
-	-	-	3,237	-	190,005
-	-	-	-	-	1,190,080
-	-	-	-	-	1,085,177
-	-	402,989	-	-	402,989
-	-	57,470,514	-	-	57,470,514
-	-	1,155,376	-	-	1,155,376
-	-	3,269,646	-	-	3,269,646
-	-	401,507	-	-	401,507
-	-	6,727,705	-	-	6,727,705
-	-	-	-	(26,575,024)	(26,575,024)
3,068,043	837,535	69,427,737	550,332	(29,641,917)	84,015,004

Indian Hills Community College

Balance Sheet
All Funds

June 30, 2011

	Current Funds		Quasi- Endowment Funds
	Unrestricted	Restricted	
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 856,657	9,954	-
Salaries and benefits payable	1,236,571	85,705	-
Interest payable	-	33,252	-
Due to other funds	2,316,934	421,869	-
Deferred revenue:			
Succeeding year property tax	878,790	2,123,112	-
Other	1,461,777	2,217,524	-
Early retirement payable	35,857	1,294,416	-
Compensated absences	703,196	38,446	-
Deposits held in custody for others	-		-
Certificates payable	-	8,230,000	-
Bonds payable	-	-	-
Net OPEB liability	-	-	-
Total liabilities	<u>7,489,782</u>	<u>14,454,278</u>	-
Fund balances:			
Invested in capital assets, net of related debt	-	-	-
Fund balances:			
Restricted:			
Expendable:			
Scholarships and fellowships	-	78,748	-
Debt service	-	-	-
Cash reserve	-	288,745	-
Other	-	430,084	-
Unrestricted	5,988,716	-	5,921,015
Auxiliary enterprises	5,121,906	-	-
Total fund balances	<u>11,110,622</u>	<u>797,577</u>	<u>5,921,015</u>
Total liabilities and fund balances	<u>\$ 18,600,404</u>	<u>15,251,855</u>	<u>5,921,015</u>

See accompanying independent auditor's report.

Plant Funds					
Unex- pended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
600	-	-	11,130	-	878,341
-	-	-	1,187	-	1,323,463
-	10,965	-	-	-	44,217
-	-	-	328,090	(3,066,893)	-
878,790	-	-	-	-	3,880,692
297,147	-	-	2,098	-	3,978,546
-	-	-	-	-	1,330,273
-	-	-	-	-	741,642
-	-	-	207,827	-	207,827
-	-	-	-	-	8,230,000
-	-	2,555,000	-	-	2,555,000
-	-	-	-	58,127	58,127
1,176,537	10,965	2,555,000	550,332	(3,008,766)	23,228,128
-	-	66,872,737	-	(26,575,024)	40,297,713
-	-	-	-	-	78,748
-	826,570	-	-	-	826,570
-	-	-	-	-	288,745
-	-	-	-	-	430,084
1,891,506	-	-	-	(58,127)	13,743,110
-	-	-	-	-	5,121,906
1,891,506	826,570	66,872,737	-	(26,633,151)	60,786,876
3,068,043	837,535	69,427,737	550,332	(29,641,917)	84,015,004

Indian Hills Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
All Funds

Year ended June 30, 2011

	Current Funds		Quasi- Endowment
	Unrestricted	Restricted	Funds
Revenues:			
General:			
State appropriations	\$ 12,228,982	404,855	-
Tuition and fees	18,767,263	-	-
Property tax	935,302	2,417,409	-
Federal appropriations	821,185	17,223,251	-
Sales and services	305,266	-	-
Interest on investments	78,071	19,517	10,131
Iowa Industrial New Jobs Training Program	-	1,606,070	-
Increase in plant investment due to donated plant assets	-	-	-
Increase in plant investment due to plant expenditures (including \$409,652 in current fund expenditures and \$37,800 in trade-in value)	-	-	-
Increase in plant investment due to retirement of debt	-	-	-
Gifts from the Indian Hills Community College Foundation	-	-	-
Miscellaneous	1,005,754	596,525	-
	34,141,823	22,267,627	10,131
Auxiliary enterprises:			
Tuition and fees	314,885	-	-
Federal appropriations	26,067	-	-
Sales and services	8,205,876	-	-
Interest on investments	20,291	-	-
Reimbursement from operating funds for self funded health insurance	133,383	-	-
Miscellaneous	139,620	-	-
	8,840,122	-	-
Total revenues	42,981,945	22,267,627	10,131
Expenditures:			
Education and support:			
Liberal arts and sciences	5,479,279	296,841	-
Vocational technical	11,208,434	1,453,677	-
Adult education	1,588,685	823,004	-
Cooperative services	183,019	871,725	-
Administration	1,599,402	423,407	-
Student services	3,707,986	254,652	-
Learning resources	611,580	-	-
Physical plant	4,177,081	581,436	-
General institution	4,193,962	361,130	-
Total education and support	32,749,428	5,065,872	-

Plant Funds				
Unex- pended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
858,055	-	-	-	13,491,892
-	-	-	(5,052,744)	13,714,519
940,070	-	-	-	4,292,781
35,733	-	-	-	18,080,169
368,730	-	-	-	673,996
1,571	7,784	-	-	117,074
-	-	-	(375,670)	1,230,400
-	-	250,851	-	250,851
-	-	2,134,920	(2,134,920)	-
-	-	255,000	(255,000)	-
-	-	-	1,076,490	1,076,490
118,032	-	-	(1,077,490)	642,821
2,322,191	7,784	2,640,771	(7,819,334)	53,570,993
-	-	-	-	314,885
-	-	-	-	26,067
-	-	-	(2,426,892)	5,778,984
-	-	-	-	20,291
-	-	-	(133,383)	-
-	-	-	-	139,620
-	-	-	(2,560,275)	6,279,847
2,322,191	7,784	2,640,771	(10,379,609)	59,850,840
-	-	-	(114,258)	5,661,862
-	-	-	(376,439)	12,285,672
-	-	-	(154,527)	2,257,162
-	-	-	(467,176)	587,568
-	-	-	(193,132)	1,829,677
-	-	-	(105,564)	3,857,074
-	-	-	(6,745)	604,835
-	-	-	(74,289)	4,684,228
-	-	-	(118,593)	4,436,499
-	-	-	(1,610,723)	36,204,577

Indian Hills Community College
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances
 All Funds

Year ended June 30, 2011

	Current Funds		Quasi- Endowment
	Unrestricted	Restricted	Funds
Expenditures (continued):			
Auxiliary enterprises	7,673,920	-	-
Scholarships and grants	-	13,871,194	-
Workforce Investment Act	-	1,455,604	-
Plant operations	-	-	-
Plant asset acquisitions	-	-	-
Retirement of indebtedness	-	-	-
Disposal of plant assets	-	-	-
Interest on indebtedness	-	499,401	-
Amortization of debt issuance cost	-	-	-
Loss on disposal of assets	-	-	-
Depreciation/amortization	-	-	-
Total expenditures	<u>40,423,348</u>	<u>20,892,071</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,558,597</u>	<u>1,375,556</u>	<u>10,131</u>
Transfers:			
Mandatory transfers	(469,789)	-	-
Non-mandatory transfers	924,508	(1,264,433)	-
Total transfers	<u>454,719</u>	<u>(1,264,433)</u>	<u>-</u>
Net	3,013,316	111,123	10,131
Fund balances beginning of year	<u>8,097,306</u>	<u>686,454</u>	<u>5,910,884</u>
Fund balances end of year	<u>\$ 11,110,622</u>	<u>797,577</u>	<u>5,921,015</u>

See accompanying independent auditor's report.

Plant Funds				
Unex- pended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
-	-	-	(348,340)	7,325,580
-	-	-	(6,498,836)	7,372,358
-	-	-	-	1,455,604
93,492	-	-	-	93,492
1,687,468	-	-	(1,687,468)	-
-	255,000	-	(255,000)	-
-	-	438,829	(438,829)	-
-	143,621	-	-	643,022
-	-	-	84,239	84,239
-	-	-	8,539	8,539
-	-	-	2,090,562	2,090,562
1,780,960	398,621	438,829	(8,655,856)	55,277,973
541,231	(390,837)	2,201,942	(1,723,753)	4,572,867
-	469,789	-	-	-
339,925	-	-	-	-
339,925	469,789	-	-	-
881,156	78,952	2,201,942	(1,723,753)	4,572,867
1,010,350	747,618	64,670,795	(24,909,398)	56,214,009
1,891,506	826,570	66,872,737	(26,633,151)	60,786,876

Indian Hills Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
Unrestricted Fund
Education and Support

Year ended June 30, 2011

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Coopera- tive Services
Revenues:				
State appropriations	\$ 4,582,046	6,553,729	960,439	23
Tuition and fees	7,244,689	10,882,921	540,650	73,496
Property tax	-	-	-	-
Federal appropriations	-	486,473	200,244	-
Sales and services	401	59,299	194,115	-
Interest on investments	59,168	-	-	-
Miscellaneous	180	98,182	12,299	4,323
Total revenues	11,886,484	18,080,604	1,907,747	77,842
Expenditures:				
Salaries and benefits	5,162,161	9,870,263	1,066,923	136,562
Services	112,577	385,826	212,878	9,071
Materials and supplies	102,948	643,470	113,099	31,647
Travel	37,314	104,177	15,152	2,550
Loan cancellations and bad debts	-	-	-	-
Plant asset acquisitions	-	97,262	-	-
Cost of goods sold	-	910	150,728	-
Miscellaneous	64,279	106,526	29,905	3,189
Total expenditures	5,479,279	11,208,434	1,588,685	183,019
Excess (deficiency) of revenues over (under) expenditures	6,407,205	6,872,170	319,062	(105,177)
Transfers:				
Non-mandatory transfers	-	-	-	-
Net	\$ 6,407,205	6,872,170	319,062	(105,177)
Fund balance beginning of year				
Fund balance end of year				

See accompanying independent auditor's report.

General Adminis- tration	Support				Education and Support Total
	Student Services	Learning Resources	Physical Plant	General Institution	
60,027	-	65,158	7,560	-	12,228,982
-	25,507	-	-	-	18,767,263
935,302	-	-	-	-	935,302
-	134,468	-	-	-	821,185
-	12,746	7,492	2,353	28,860	305,266
18,903	-	-	-	-	78,071
322,991	131	24,857	479,356	63,435	1,005,754
1,337,223	172,852	97,507	489,269	92,295	34,141,823
1,067,925	3,385,360	401,229	1,777,272	2,637,209	25,504,904
190,110	162,539	34,170	1,967,673	875,413	3,950,257
8,100	115,241	175,130	367,495	355,580	1,912,710
30,874	23,492	310	1,049	65,414	280,332
292,445	-	-	-	-	292,445
-	-	-	60,860	39,646	197,768
-	-	-	-	-	151,638
9,948	21,354	741	2,732	220,700	459,374
1,599,402	3,707,986	611,580	4,177,081	4,193,962	32,749,428
(262,179)	(3,535,134)	(514,073)	(3,687,812)	(4,101,667)	1,392,395
4,610	24,549	-	-	(4,267)	24,892
(257,569)	(3,510,585)	(514,073)	(3,687,812)	(4,105,934)	1,417,287
					4,571,429
					\$ 5,988,716

Indian Hills Community College

Indian Hills Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
Unrestricted Fund
Auxiliary Enterprises

Year ended June 30, 2011

	Institutional Services	Education Program	Miscellaneous	Total
Revenues:				
Tuition and fees	\$ -	284,885	30,000	314,885
Federal appropriations	-	26,067	-	26,067
Sales and services	4,709,863	2,809,305	686,708	8,205,876
Interest on investments	-	-	20,291	20,291
Reimbursements from operating funds for self funded health insurance	133,383	-	-	133,383
Miscellaneous	14,849	110,710	14,061	139,620
Total revenues	4,858,095	3,230,967	751,060	8,840,122
Expenditures:				
Salaries and benefits	332,831	1,195,311	110,899	1,639,041
Services	366,447	202,810	130,857	700,114
Materials and supplies	81,460	201,529	17,970	300,959
Travel	-	161,466	1,057	162,523
Loan cancellations and bad debts	51,625	4,654	-	56,279
Group health claims	113,201	-	-	113,201
Miscellaneous	779	71,643	2,821	75,243
Cost of goods sold	3,210,611	1,415,949	-	4,626,560
Total expenditures	4,156,954	3,253,362	263,604	7,673,920
Excess (deficiency) of revenues over (under) expenditures	701,141	(22,395)	487,456	1,166,202
Transfers:				
Mandatory transfers	-	-	(469,789)	(469,789)
Non-mandatory transfers	794,359	105,257	-	899,616
Total transfers	794,359	105,257	(469,789)	429,827
Net	1,495,500	82,862	17,667	1,596,029
Fund balances beginning of year	2,265,926	(202,549)	1,462,500	3,525,877
Fund balances end of year	\$ 3,761,426	(119,687)	1,480,167	5,121,906

See accompanying independent auditor's report.

Indian Hills Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
Restricted Fund

Year ended June 30, 2011

	Scholarships and Grants	Equipment Replacement	Tort Liability	Insurance
Revenues:				
State appropriations	\$ 368,209	-	-	-
Property tax	-	417,808	270,840	614,509
Federal appropriations	13,031,387	-	-	-
Interest on investments	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-
Miscellaneous	525,818	-	-	16,763
Total revenues	13,925,414	417,808	270,840	631,272
Expenditures:				
Salaries and benefits	-	-	66,421	-
Services	11,440	-	294,708	581,436
Materials and supplies	-	221,094	-	-
Travel	-	-	-	-
Interest on indebtedness	-	-	-	-
Awards to subrecipients	-	-	-	-
Plant asset acquisitions	-	196,714	-	-
Miscellaneous	-	-	-	-
Federal Pell grant program	12,605,343	-	-	-
Federal supplemental educational opportunity grant	69,967	-	-	-
Health and Human Services Nursing	209,152	-	-	-
Iowa College Student Aid Commission	97,250	-	-	-
Private scholarships	672,259	-	-	-
State of Iowa scholarships	205,783	-	-	-
Total expenditures	13,871,194	417,808	361,129	581,436
Excess (deficiency) of revenues over (under) expenditures	54,220	-	(90,289)	49,836
Transfers:				
Non-mandatory transfers	(24,549)	-	-	-
Net	29,671	-	(90,289)	49,836
Fund balances beginning of year	49,077	-	100,629	174,278
Fund balances end of year	\$ 78,748	-	10,340	224,114

See accompanying independent auditor's report.

Early Retirement	Unemployment Compensation	Title III	Workforce Investment Act	Iowa		Total
				Industrial New Jobs Training Program	Miscellaneous	
-	-	-	-	-	36,646	404,855
872,425	151,753	-	-	90,074	-	2,417,409
-	-	254,652	1,413,137	-	2,524,075	17,223,251
-	-	-	-	19,517	-	19,517
-	-	-	-	1,606,070	-	1,606,070
-	-	-	45,409	-	8,535	596,525
872,425	151,753	254,652	1,458,546	1,715,661	2,569,256	22,267,627
-	5,599	136,007	778,334	122,953	1,643,195	2,752,509
-	-	27,778	228,419	748,772	379,262	2,271,815
-	-	86,718	44,524	-	111,562	463,898
-	-	4,049	4,854	-	72,925	81,828
-	-	-	-	499,401	-	499,401
-	-	-	375,205	-	-	375,205
-	-	-	-	-	15,170	211,884
-	-	100	24,268	-	351,409	375,777
-	-	-	-	-	-	12,605,343
-	-	-	-	-	-	69,967
-	-	-	-	-	-	209,152
-	-	-	-	-	-	97,250
-	-	-	-	-	-	672,259
-	-	-	-	-	-	205,783
-	5,599	254,652	1,455,604	1,371,126	2,573,523	20,892,071
872,425	146,154	-	2,942	344,535	(4,267)	1,375,556
(872,425)	(27,191)	-	-	(344,535)	4,267	(1,264,433)
-	118,963	-	2,942	-	-	111,123
-	-	-	3,117	-	359,353	686,454
-	118,963	-	6,059	-	359,353	797,577

Schedule 7

Indian Hills Community College

Schedule of Changes in Deposits Held in Custody for Others
Agency Funds

Year ended June 30, 2011

	Athletics and Student Organizations	Federal Direct Student Loan Program	Retraining Program (HF 260F)	Miscel- laneous	Total
Balance beginning of year	\$ 86,464	-	201,134	3,357	290,955
Additions:					
State appropriations	-	-	60,957	49,396	110,353
Federal appropriations	-	23,017,789	-	-	23,017,789
Tuition and fees	73,500	-	-	-	73,500
Sales and services	66,681	-	-	-	66,681
Miscellaneous	6,616	-	-	257,150	263,766
Total additions	146,797	23,017,789	60,957	306,546	23,532,089
Deductions:					
Salaries and benefits	-	-	-	130,240	130,240
Services	42,804	-	139,915	175,681	358,400
Materials and supplies	16,152	-	-	-	16,152
Travel	43,329	-	-	-	43,329
Miscellaneous	47,405	-	-	-	47,405
Cost of goods sold	1,902	-	-	-	1,902
Direct student loans	-	23,017,789	-	-	23,017,789
Total deductions	151,592	23,017,789	139,915	305,921	23,615,217
Balance end of year	\$ 81,669	-	122,176	3,982	207,827

See accompanying independent auditor's report.

Indian Hills Community College
 Schedule of Credit and Contact Hours
 Year ended June 30, 2011

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	59,018	-	59,018			
Vocational Education	80,821	-	80,821			
Adult Education/ Continuing Education	-	-	-	238,726	12,387	251,113
Total	<u>139,839</u>	<u>-</u>	<u>139,839</u>			

See accompanying independent auditor's report.

Indian Hills Community College
Schedule of Tax and Intergovernmental Revenues
For the Last Ten Years

	2011	2010	2009	2008
Local (property tax)	\$ 4,292,781	4,033,815	3,573,445	3,283,331
State	13,491,892	12,267,335	15,615,288	15,262,550
Federal	18,106,236	19,768,049	10,665,497	9,071,675
Total	\$ 35,890,909	36,069,199	29,854,230	27,617,556

See accompanying independent auditor's report.

Years ended June 30,					
2007	2006	2005	2004	2003	2002
3,011,282	2,888,099	2,875,524	3,179,361	3,163,315	3,039,503
14,812,393	13,848,936	12,292,751	11,593,825	11,740,024	12,569,921
9,131,763	8,496,721	9,123,246	8,944,834	8,563,371	7,753,398
26,955,438	25,233,756	24,291,521	23,718,020	23,466,710	23,362,822

Indian Hills Community College

Schedule of Current Fund Revenues by Source
and Expenditures by Function

For the Last Ten Years

	2011	2010	2009	2008
Revenues:				
State appropriations	\$ 12,633,837	12,228,203	15,442,692	14,834,079
Tuition and fees	18,767,263	17,044,910	14,064,149	13,376,779
Property tax	3,352,711	3,131,607	2,707,554	2,468,561
Federal appropriations	18,044,436	19,742,867	10,632,557	9,045,531
Sales and services	305,266	250,654	226,627	185,247
Interest on investments	97,588	107,931	282,958	597,696
Iowa Industrial New Jobs Training Program	1,606,070	1,835,403	3,067,908	2,693,218
Auxiliary enterprises	8,840,122	8,343,338	9,306,142	9,920,671
Miscellaneous	1,602,279	1,475,699	2,667,175	2,203,443
Total	\$ 65,249,572	64,160,612	58,397,762	55,325,225
Expenditures:				
Liberal arts and sciences	\$ 5,776,120	5,254,600	5,227,040	4,940,265
Vocational technical	12,662,111	11,967,322	10,914,226	10,226,319
Adult education	2,411,689	2,314,128	2,673,018	2,805,029
Cooperative services	1,054,744	1,281,494	2,248,721	2,065,302
Administration	2,022,809	2,125,380	2,122,678	1,933,925
Student services	3,962,638	3,844,065	3,493,592	3,303,044
Learning resources	611,580	717,093	832,129	872,263
Physical plant	4,758,517	4,054,447	4,275,086	4,045,280
General institution	4,555,092	7,023,970	4,745,672	4,232,615
Auxiliary enterprises	7,673,920	7,152,283	8,879,662	9,045,392
Scholarships and grants	13,871,194	12,701,869	8,105,241	7,105,369
Workforce Investment Act	1,455,604	2,339,810	2,095,278	1,825,038
Interest on indebtedness	499,401	551,318	619,816	549,434
Total	\$ 61,315,419	61,327,779	56,232,159	52,949,275

See accompanying independent auditor's report.

Years ended June 30,					
2007	2006	2005	2004	2003	2002
14,073,316	12,763,819	12,055,153	11,877,824	11,740,024	11,903,254
12,206,286	11,241,360	10,431,661	10,085,886	9,290,403	8,153,196
2,209,835	2,101,756	2,082,575	1,464,791	1,444,351	1,456,252
8,340,575	8,254,634	9,095,078	8,925,246	8,552,156	7,741,431
165,304	134,153	107,876	702,491	57,281	28,982
742,983	577,753	345,361	103,560	204,443	323,758
2,403,017	2,058,203	3,586,833	2,605,028	2,044,904	2,691,786
8,574,455	7,424,262	7,211,806	6,801,482	6,445,944	6,092,312
2,034,241	1,745,273	1,623,025	964,840	1,418,976	973,531
50,750,012	46,301,213	46,539,368	43,531,148	41,198,482	39,364,502
4,917,349	4,373,871	3,913,839	3,910,501	3,519,765	3,130,772
9,906,322	9,350,631	9,148,834	8,473,152	7,862,347	7,681,105
2,566,441	2,663,422	2,584,709	3,048,487	3,099,715	2,222,860
1,597,677	1,484,142	2,485,196	1,773,900	1,890,954	2,637,049
1,892,886	1,866,882	1,652,553	1,575,133	1,535,790	1,269,738
3,046,111	3,060,406	3,129,312	3,242,171	3,038,017	2,952,997
854,279	966,732	953,797	938,187	867,409	804,581
3,709,805	3,410,401	3,296,010	3,064,897	3,111,572	2,661,665
5,076,544	3,500,220	3,055,668	3,975,255	2,977,428	2,843,839
7,665,202	6,790,798	6,450,441	5,781,303	5,690,620	5,339,799
6,097,517	5,865,340	6,050,306	5,630,328	5,283,155	4,196,945
1,685,342	1,233,997	1,193,859	1,402,372	1,444,968	2,015,869
515,116	538,980	548,322	585,424	632,708	652,472
49,530,591	45,105,822	44,462,846	43,401,110	40,954,448	38,409,691

Indian Hills Community College
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Direct:				
U.S. Department of Agriculture:				
New ERA Rural Technology Competitive Grants Program	10.314		\$ 18,008	-
U.S. Department of Commerce:				
Economic Development_Technical Assistance	11.303		12,800	-
U.S. Department of Labor:				
Community Based Job Training Grants	17.269		1,112,945	-
National Science Foundation:				
Education and Human Resources	47.076		130,510	-
U.S. Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007 *		105,956	-
Higher Education_Institutional Aid	84.031		254,652	-
Federal Work-Study Program	84.033 *		134,467	-
Federal Pell Grant Program	84.063 *		12,605,343	-
Fund for the Improvement of Postsecondary Education (\$128,398 provided to subrecipients)	84.116		153,506	-
Federal Direct Student Loans	84.268 *			23,017,789
Academic Competitiveness Grants	84.375 *		110,936	-
Trio Cluster:				
TRIO_Student Support Services	84.042		296,841	-
TRIO_Upward Bound	84.047		238,073	-
TRIO_Educational Opportunity Centers	84.066		226,735	-
			761,649	-
U.S. Department of Health and Human Services:				
ARRA - Scholarships for Disadvantaged Students	93.407		82,844	-
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925 *		126,308	-
Total direct			15,609,924	23,017,789
Indirect:				
U.S. Department of Agriculture:				
Iowa Department of Education				
Child and Adult Care Food Program	10.558		26,067	-
U.S. Department of Labor:				
Iowa Department of Education:				
Incentive Grants - WIA Section 503	17.267		32,777	-
Iowa Department of Workforce Development:				
Employment Service/Wagner-Peyser Funded Activities	17.207	7-W-15-FR-0	30,715	-
Unemployment Insurance	17.225	7-W-15-FR-0	14,553	-

Indian Hills Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures	New Loans and New Loan Guarantees
Indirect (continued):				
U.S. Department of Labor:				
Iowa Department of Workforce Development:				
WIA Cluster:				
WIA Adult Program	17.258	7-W-15-FR-0	227,347	-
ARRA - WIA Adult Program	17.258	7-W-15-FR-0	3,778	-
			231,125	-
WIA Youth Activities	17.259	7-W-15-FR-0	154,170	-
ARRA - Youth Activities	17.259	7-W-15-FR-0	789	-
			154,959	-
ARRA - WIA Dislocated Workers	17.260	7-W-15-FR-0	14,619	-
Workforce Investment Act (WIA) National				
Emergency Grants	17.277	7-W-15-FR-0	42,713	-
WIA Dislocated Worker Formula Grants	17.278	7-W-15-FR-0	419,546	-
			862,962	-
Disabled Veterans' Outreach Program	17.801	7-W-15-FR-0	3,394	-
Local Veterans' Employment Representative Program	17.804	7-W-15-FR-0	5,163	-
U.S. Small Business Administration:				
Iowa State University:				
Small Business Development Centers	59.037		73,317	-
U.S. Department of Energy:				
Iowa Office of Energy Independence:				
State Energy Program	81.041		35,733	-
U.S. Department of Education:				
Iowa Department of Education:				
Adult Education - Basic Grants to States	84.002		195,709	-
Career and Technical Education -- Basic Grants to States	84.048		589,287	-
U.S. Department of Health and Human Services:				
State University of Iowa:				
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107		130,285	-
Iowa Department of Workforce Development:				
Temporary Assistance for Needy Families	93.558	7-W-15-FR-0	454,038	-
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	7-W-15-FR-0	42,312	-
Total indirect			2,496,312	-
Total			\$ 18,106,236	23,017,789

* - Combined student financial assistance expenditures treated as major financial assistance program, Student Financial Assistance Cluster.

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

See accompanying independent auditor's report.

Indian Hills Community College



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Auditor of State

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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 Trustees of
Indian Hills Community College:

We have audited the accompanying financial statements of Indian Hills Community College, Ottumwa, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2011, which collectively comprise the College's basic financial statements listed in the table of contents, and have issued our report thereon dated November 22, 2011. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Indian Hills Community College Development Corporation, Inc. and Indian Hills Community College Foundation, Inc., as described in our report on Indian Hills Community College'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 reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

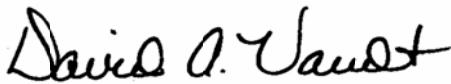
Compliance and Other Matters

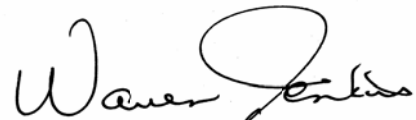
As part of obtaining reasonable assurance about whether Indian Hills Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct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

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 22, 2011



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133

To the Board of Trustees of
Indian Hills Community College:

Compliance

We have audited Indian Hills Community College, Ottumwa, Iowa's, compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Indian Hills Community College's major federal programs for the year ended June 30, 2011. Indian Hills Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Indian Hills Community College's management. Our responsibility is to express an opinion on Indian Hills Community College's compliance based on our audit.

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

In our opinion, Indian Hills Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

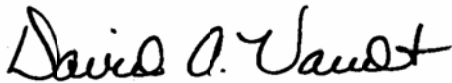
Internal Control Over Compliance


The management of Indian Hills Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Indian Hills Community College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Indian Hills Community College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined below.

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


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 22, 2011

Indian Hills Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number – 84.002 – Adult Education – Basic Grants to States
 - CFDA Number – 84.048 – Career and Technical Education -- Basic Grants to States
 - CFDA Number – 84.116 – Fund for the Improvement of Postsecondary Education
 - Clustered Programs:
 - Student Financial Assistance Cluster:
 - CFDA Number – 84.007 – Federal Supplemental Educational Opportunity Grants
 - CFDA Number – 84.033 – Federal Work-Study Program
 - CFDA Number – 84.063 – Federal Pell Grant Program
 - CFDA Number – 84.268 – Federal Direct Student Loans
 - CFDA Number – 84.375 – Academic Competitiveness Grant
 - CFDA Number – 93.925 – Scholarships for Health Professions Students from Disadvantaged Backgrounds
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$543,000.
- (i) Indian Hills Community College qualified as a low-risk auditee.

Indian Hills Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over financial reporting were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Indian Hills Community College
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011 did not exceed the amount budgeted.
- IV-B-11 Questionable Disbursements – No expenditures we believe did not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-11 Travel Expense – No expenditures of College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.
- IV-D-11 Business Transactions and Competitive Bidding Requirements – Business transactions between the College and College officials as detailed as follows:
- | Name, Title and
Business Connection | Description | Amount |
|--|------------------------------------|------------------|
| Tom Keck, Trustee, President
of Winger Services | Maintenance and repair,
per bid | <u>\$ 47,729</u> |
- In accordance with Chapter 279.7A of the Code of Iowa, the above transaction does not appear to represent a conflict of interest since it was competitively bid.
- IV-E-11 Bond Coverage – Surety bond coverage of College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-11 Publication – The College published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College’s investment policy were noted.
- IV-I-11 Credit and Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the College.

Indian Hills Community College

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Donald J. Lewis, CPA, Senior Auditor
Selina V. Johnson, CPA, Senior Auditor II
Samantha J. Brincks, CPA, Staff Auditor
Jenny M. Podrebarac, Staff Auditor
Ryan T. Jelsma, Assistant Auditor
Matthew S. Nye, Assistant Auditor
Matthew R. DeJong, Auditor Intern

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State