

**ITASCA COMMUNITY COLLEGE
STUDENT HOUSING
GRAND RAPIDS, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

Bill Maki, President
Itasca Community College
Minnesota State Colleges and Universities
Grand Rapids, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Minnesota State Colleges and Universities Itasca Community College Student Housing (ICCSH), Grand Rapids, Minnesota, an Enterprise Fund of Itasca Community College, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise ICCSH's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Bill Maki, President
Itasca Community College
Minnesota State Colleges and Universities

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ICCSH as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Itasca Community College Student Housing and do not purport to, and do not present fairly the financial position of Itasca Community College or Minnesota State Colleges and Universities as of June 30, 2016, the changes in its financial position, or cash flows for the year then ended in accordance with accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Itasca Community College has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

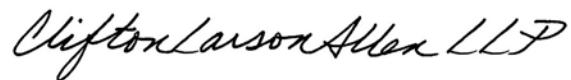
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ICCSH's basic financial statements. The Combining statement of net position – by facility, combining statement of revenues, expenses and changes in net position – by facility, and combining statement of cash flows – by facility are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statement of net position – by facility, combining statement of revenues, expenses and changes in net position – by facility, and combining statement of cash flows – by facility are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position – by facility, combining statement of revenues, expenses and changes in net position – by facility, and combining statement of cash flows – by facility are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bill Maki, President
Itasca Community College
Minnesota State Colleges and Universities

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2016, on our consideration of ICCSH's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ICCSH's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 8, 2016

BASIC FINANCIAL STATEMENTS

**ITASCA COMMUNITY COLLEGE STUDENT HOUSING
STATEMENT OF NET POSITION
JUNE 30, 2016**

ASSETS

CURRENT ASSETS

Cash	\$	351,137
Accounts Receivable, Net		36,627
Other Assets		69
Total Current Assets		387,833

NONCURRENT ASSETS

Restricted Cash and Investments:		
Reserve Account		180,681
Repair and Replacement Account		114,847
Total Restricted Investments		295,528
Capital Assets, Net of Accumulated Depreciation:		
Buildings		2,833,866
Total Noncurrent Assets		3,129,394
Total Assets	\$	3,517,227

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$	6,749
Payable to Other Itasca Community College Funds		2,104
Salaries Payable		2,520
Unearned Revenue		1,883
Revenue Bonds Payable		130,000
Total Current Liabilities		143,256

NONCURRENT LIABILITIES

Revenue Bonds Payable, Net of Discount		1,470,000
Total Liabilities		1,613,256

NET POSITION

Net Investment in Capital Assets		1,233,866
Restricted for Bond Covenants		295,528
Unrestricted		374,577
Total Net Position		1,903,971
Total Liabilities and Net Position	\$	3,517,227

See accompanying Notes to Financial Statements.

**ITASCA COMMUNITY COLLEGE STUDENT HOUSING
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2016**

OPERATING REVENUES

Room and Board	\$	453,075
Sales and Services		40,168
Other Income		1,851
Total Operating Revenues		495,094

OPERATING EXPENSES

Salaries		114,872
Purchased Services		67,790
Supplies		18,881
Repairs and Maintenance		5,868
Depreciation		118,584
Other Expense		2,170
Total Operating Expenses		328,165

OPERATING INCOME

166,929

NONOPERATING REVENUES (EXPENSES)

Investment Income		4,659
Interest Expense		(46,240)
Total Nonoperating Revenues (Expenses)		(41,581)

CHANGE IN NET POSITION

125,348

NET POSITION

Beginning of Year		1,778,623
End of Year		\$ 1,903,971

See accompanying Notes to Financial Statements.

**ITASCA COMMUNITY COLLEGE STUDENT HOUSING
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016**

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 474,079
Payments to Suppliers	(88,301)
Payments to Employees	(114,359)
Net Cash Provided by Operating Activities	271,419
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Paid on Debt	(120,000)
Interest Paid on Debt	(46,240)
Net Cash Used by Capital and Related Financing Activities	(166,240)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends Received	4,651
NET INCREASE IN CASH	109,830
Cash - Beginning of Year	241,307
CASH - END OF YEAR	\$ 351,137
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 166,929
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	118,584
(Increase) Decrease in Assets:	
Accounts Receivable	(18,464)
Other Assets	2,006
Increase (Decrease) in Liabilities:	
Accounts Payable	6,497
Payable to Other Funds	(89)
Salaries and Benefits Payable	513
Total Adjustments	104,490
Net Cash Provided by Operating Activities	\$ 271,419

See accompanying Notes to Financial Statements.

ITASCA COMMUNITY COLLEGE STUDENT HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Itasca Community College conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

A. Financial Reporting Entity

Itasca Community College Student Housing (ICCSH) is an Enterprise Fund of Itasca Community College, a member of Minnesota State Colleges and Universities, an agency of the State of Minnesota, established to provide housing for college students in the Grand Rapids, Minnesota area. These financial statements include only the operations of Itasca Community College Student Housing.

B. Basis of Accounting

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are incurred. Itasca Community College Student Housing reports as a business-type activity, as defined by GASB Statement No. 35.

C. Cash

As of June 30, 2016, the operating cash balance represents cash pooled with the accounts of Itasca Community College.

D. Receivables

Receivables are shown net of an allowance for uncollectibles of \$16,368. The receivable allowance ranges from 15% to 95% based on the age of each receivable at June 30, 2016.

E. Capital Assets

Capital assets are recorded at cost or, for donated assets, at fair value at the date of acquisition. Itasca Community College Student Housing buildings are depreciated using the straight-line method over 35 years.

F. Long-Term Liabilities

Long-term liabilities include revenue bonds issued to construct the Itasca Residence Hall.

**ITASCA COMMUNITY COLLEGE STUDENT HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 CASH BALANCES

Minnesota Statutes Section 9.031 requires deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. This statute further requires that such insurance and collateral shall be in amounts sufficient to ensure that the deposits do not exceed 90% of the sum of the insured amount and the fair value of the collateral. Minnesota State Colleges and Universities is responsible for ensuring compliance with state statutes and assessing risks with regard to the cash balances of Itasca Community College Student Housing.

NOTE 3 RESTRICTED CASH AND INVESTMENTS

Restricted investments totaling \$295,528 consist of various reserve accounts required by the \$1,970,000 restructured revenue bond invested in US Bank Money Market Funds as follows:

- The bond account receives amounts from the Itasca Community College and distributes funds for bond debt service payments.
- The reserve account is a required reserve until final bond payments have been made.
- The repair and replacement account is a reserve set aside for future housing repairs.

As of June 30, 2016, ICCSH had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Concentration Risk</u>
Money Market	*	\$ 145,528	NR	N/A
Municipal Security Rhineland Wisconsin	12/1/2025	150,000	A+	50.8%

NR = Not Rated

N/A = Not Subject To Concentration Risk Calculation

* = No Stated Maturity Date

**ITASCA COMMUNITY COLLEGE STUDENT HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 RESTRICTED CASH AND INVESTMENTS (CONTINUED)

A. Fair Value Measurements

Student Housing uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

Student Housing follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, student housing has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets Measured at fair value on recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Rhineland Wisconsin	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>

**ITASCA COMMUNITY COLLEGE STUDENT HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 CAPITAL ASSETS

As of June 30, 2016, ICCSH had the following capital assets:

	Balance 6/30/2015	Additions	Reductions	Balance 6/30/2016
Capital Assets:				
Buildings	\$ 4,150,429	\$ -	\$ -	\$ 4,150,429
Accumulated Depreciation	(1,197,979)	(118,584)	-	(1,316,563)
Total	<u>\$ 2,952,450</u>	<u>\$ (118,584)</u>	<u>\$ -</u>	<u>\$ 2,833,866</u>

NOTE 5 LONG-TERM DEBT

As of June 30, 2016, ICCSH had the following long-term debt:

	Interest Rates	Original Issue	Principal Outstanding	Due Within One Year
Student Housing Lease Revenue Refunding Bonds, Series 2013, Issued through the Housing and Redevelopment Authority of Itasca County, Maturing in 2026	0.75% - 3.65%	<u>\$ 1,970,000</u>	<u>\$ 1,600,000</u>	<u>\$ 130,000</u>

A summary of long-term obligations at June 30, 2016 and the changes during the fiscal year were as follows:

	Balance 6/30/2015	Additions	Reductions	Balance 6/30/2016	Net Ending Balance
Revenue Bonds	<u>\$ 1,720,000</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>

Interest paid during the year ended June 30, 2016 totaled \$46,240.

Minimum annual principal and interest payments required to retire bonds and liabilities are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 130,000	\$ 44,482	\$ 174,482
2018	130,000	42,337	172,337
2019	130,000	39,868	169,868
2020	135,000	36,983	171,983
2021	135,000	33,709	168,709
2022-2026	940,000	97,781	1,037,781
Total	<u>\$ 1,600,000</u>	<u>\$ 295,160</u>	<u>\$ 1,895,160</u>

The bond documents require the pledging of housing dormitory revenues to fund the revenue bond requirements to the Itasca County Housing and Redevelopment Authority.

ITASCA COMMUNITY COLLEGE STUDENT HOUSING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 RISK MANAGEMENT

Itasca Community College Student Housing is exposed to various risks of loss related to tort: theft of, damage to or destruction of assets, errors or omissions and employer obligations. Minnesota State Colleges and Universities is responsible for managing these risks.

SUPPLEMENTARY INFORMATION

**ITASCA COMMUNITY COLLEGE STUDENT HOUSING
COMBINING STATEMENT OF NET POSITION – BY FACILITY
JUNE 30, 2016**

	Wenger Hall	Itasca Hall	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 415,844	\$ (64,707)	\$ 351,137
Accounts Receivable, Net	20,858	15,769	36,627
Other Assets	-	69	69
Total Current Assets	436,702	(48,869)	387,833
NONCURRENT ASSETS			
Restricted Investments:			
Reserve Account	-	180,681	180,681
Repair and Replacement Account	-	114,847	114,847
Total Restricted Investments	-	295,528	295,528
Capital Assets, Net of Accumulated Depreciation:			
Buildings	515,346	2,318,520	2,833,866
Total Noncurrent Assets	515,346	2,614,048	3,129,394
Total Assets	\$ 952,048	\$ 2,565,179	\$ 3,517,227
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ 1,333	\$ 5,416	\$ 6,749
Payable to Other Funds	795	1,309	2,104
Salaries Payable	1,458	1,062	2,520
Unearned Revenue	1,883	-	1,883
Revenue Bonds Payable	-	130,000	130,000
Total Current Liabilities	5,469	137,787	143,256
NONCURRENT LIABILITIES			
Revenue Bonds Payable	-	1,470,000	1,470,000
Total Liabilities	5,469	1,607,787	1,613,256
NET POSITION			
Net Investment in Capital Assets	515,346	718,520	1,233,866
Restricted for Bond Covenants	-	295,528	295,528
Unrestricted	431,233	(56,656)	374,577
Total Net Position	946,579	957,392	1,903,971
Total Liabilities and Net Position	\$ 952,048	\$ 2,565,179	\$ 3,517,227

**ITASCA COMMUNITY COLLEGE STUDENT HOUSING
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN NET POSITION—BY FACILITY
 YEAR ENDED JUNE 30, 2016**

	<u>Wenger Hall</u>	<u>Itasca Hall</u>	<u>Total</u>
OPERATING REVENUES			
Room and Board	\$ 131,462	\$ 321,613	\$ 453,075
Sales and Services	38,675	1,493	40,168
Other Income	1,537	314	1,851
Total Operating Revenues	<u>171,674</u>	<u>323,420</u>	<u>495,094</u>
OPERATING EXPENSES			
Salaries	51,599	63,273	114,872
Purchased Services	17,566	50,224	67,790
Supplies	9,574	9,307	18,881
Repairs and Maintenance	1,923	3,945	5,868
Depreciation and Amortization	23,970	94,614	118,584
Other Expense	796	1,374	2,170
Total Operating Expenses	<u>105,428</u>	<u>222,737</u>	<u>328,165</u>
OPERATING INCOME	66,246	100,683	166,929
NONOPERATING REVENUES (EXPENSES)			
Investment Income	-	4,659	4,659
Interest Expense	-	(46,240)	(46,240)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(41,581)</u>	<u>(41,581)</u>
CHANGE IN NET POSITION	66,246	59,102	125,348
NET POSITION			
Beginning of Year	<u>880,333</u>	<u>898,290</u>	<u>1,778,623</u>
End of Year	<u>\$ 946,579</u>	<u>\$ 957,392</u>	<u>\$ 1,903,971</u>

**ITASCA COMMUNITY COLLEGE STUDENT HOUSING
COMBINING STATEMENT OF CASH FLOWS—BY FACILITY
YEAR ENDED JUNE 30, 2016**

	Wenger Hall	Itasca Hall	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 155,309	\$ 318,770	\$ 474,079
Payments to Suppliers	(28,688)	(59,613)	(88,301)
Payments to Employees	(50,141)	(64,218)	(114,359)
Net Cash Provided by Operating Activities	<u>76,480</u>	<u>194,939</u>	<u>271,419</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Debt	-	(120,000)	(120,000)
Interest Paid on Debt	-	(46,240)	(46,240)
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(166,240)</u>	<u>(166,240)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends Received	<u>-</u>	<u>4,651</u>	<u>4,651</u>
NET INCREASE IN CASH	76,480	33,350	109,830
Cash (Deficit) - Beginning of Year	<u>339,364</u>	<u>(98,057)</u>	<u>241,307</u>
CASH (DEFICIT) - END OF YEAR	<u>\$ 415,844</u>	<u>\$ (64,707)</u>	<u>\$ 351,137</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 66,246	\$ 100,683	\$ 166,929
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	23,970	94,614	118,584
(Increase) Decrease in Assets:			
Accounts Receivable	(18,248)	(216)	(18,464)
Other Assets	-	2,006	2,006
Increase (Decrease) in Liabilities:			
Accounts Payable	1,247	5,250	6,497
Payable to Other Funds	(76)	(13)	(89)
Salaries and Benefits Payable	1,458	(945)	513
Total Adjustments	<u>10,234</u>	<u>94,256</u>	<u>104,490</u>
Net Cash Provided by Operating Activities	<u>\$ 76,480</u>	<u>\$ 194,939</u>	<u>\$ 271,419</u>

REPORT RELATED TO *GOVERNMENT AUDITING STANDARDS*



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

Bill Maki, President
Itasca Community College
Minnesota State Colleges and Universities
Grand Rapids, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Itasca Community College Student Housing (ICCSH), Grand Rapids, Minnesota, an Enterprise Fund of Itasca Community College, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise ICCSH's basic financial statements, and have issued our report thereon dated November 8, 2016.

Internal Control Over Financial Reporting

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

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

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

Bill Maki, President
Itasca Community College
Minnesota State Colleges and Universities

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 8, 2016