

**NORTHEAST IOWA COMMUNITY COLLEGE
CALMAR, IOWA**

FINANCIAL REPORT

JUNE 30, 2021

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**NORTHEAST IOWA COMMUNITY COLLEGE
BOARD OF TRUSTEES AND COLLEGE OFFICIALS**

Board of Trustees

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kenneth Reimer	President	2023
Jim Anderson	Vice President	2023
Larry Blatz	Member	2023
Daniel White	Member	2023
Gene Fuelling	Member	2021
Kathy Gunderson	Member	2021
Sue Runyon	Member	2021
David Schueller	Member	2021
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Community College Officials

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Lexi Wagner	Director of Finance



Hacker Nelson & Co., CPAs

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Trustees
Northeast Iowa Community College
Calmar, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and each major fund of Northeast Iowa Community College, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College'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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and each major fund of Northeast Iowa Community College, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 4g, the schedule of the College's proportionate share of the net pension liability, the schedule of College contributions and the schedule of changes in the College's total OPEB liability, related ratios and notes on pages 38 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 02, 2021, on our consideration of Northeast Iowa Community College'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 solely 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 effectiveness of the Northeast Iowa Community College's 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 Northeast Iowa Community College's internal control over financial reporting and compliance.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
November 02, 2021

**NORTHEAST IOWA COMMUNITY COLLEGE
CALMAR, IOWA**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Northeast Iowa Community College provides this management's discussion and analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021.

The intent of this discussion and analysis is to look at Northeast Iowa Community College's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the College's financial performance. This information does not include the discretely presented component unit, Northeast Iowa Community College Foundation; therefore, readers should review the basic financial statements and notes of the discretely presented component unit.

2021 FINANCIAL HIGHLIGHTS

Operating revenues increased overall by 7.18% from fiscal year 2020 due to an increase in federal appropriations with decreases in all of the other types of revenue. Nonoperating revenues decreased by 8.14% due to a decrease in investment income, PELL and property tax.

Operating expenses were 1.85% lower from fiscal year 2020. The College had an 2.42% increase in vocational technical expenses, 26.58% increase in student services expenses, 30.38% increase in general institution expenses, and 26.07% decrease in scholarships and grants expenses. The College had moderate changes in all the other expenses. See page 4d for explanations.

The College's financial statement and table below reflect total net position increased from fiscal year 2020.

CHANGE IN NET POSITION COMPARISON BY FUND

	Unrestricted	Auxiliary	Restricted	Scholarship	Plant	Total Net Position
FY 2021	(236,153)	7,164,395	5,878,234	491,880	44,722,577	58,020,933
FY 2020	(689,870)	3,601,087	5,607,353	417,718	43,405,405	52,341,693
\$ Change	453,717	3,563,308	270,881	74,162	1,317,172	5,679,240

The following table reflects the changes in net position for the past five years:

NET POSITION COMPARISON BY FUND

	Unrestricted	Auxiliary	Restricted	Scholarship	Plant	Total Net Position
FY 2021	(236,153)	7,164,395	5,878,234	491,880	44,722,577	58,020,933
FY 2020	(689,870)	3,601,087	5,607,353	417,718	43,405,405	52,341,693
FY 2019	(1,622,052)	2,659,272	4,164,481	469,832	41,336,709	47,008,242
FY 2018	(2,794,581)	2,162,227	2,155,111	415,434	38,325,735	40,263,926
FY 2017, restated	(3,345,681)	2,158,975	1,156,996	379,390	36,794,753	37,144,433

USING THIS ANNUAL REPORT

These statements are organized so the reader can understand Northeast Iowa Community College as a financial whole or as an entire operating entity. The annual report consists of a series of financial statements, notes to those statements and other information, as follows:

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

The basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

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

Required supplementary information presents the College's proportionate share of the net pension liability and related contributions, as well as presenting the changes in the College's total OPEB liability, related ratios and notes.

Supplementary information provides detailed information about the individual funds. The budgetary comparison schedule of expenditures - budget to actual further explains and supports the financial statements with a comparison of the College's budget for the year. The schedule of expenditures of federal awards provides details of various federal programs benefiting the College.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Position

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

Comparison of Net Position

The largest portion of the College's net position is invested in capital assets (e.g., land, buildings, intangibles and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. The net investments in capital assets increased approximately \$2,789,000 over the prior year, primarily due to construction in progress related to building renovations.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased approximately by \$2,558,000 due to decreasing operating expenses and increase in operating revenues.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)

Comparison of Net Position (Continued)

Statements of net position as of June 30, 2021 and 2020 are as follows:

	Condensed Statement of Net Position (Expressed in Thousands)	
	2021	2020
Current and other assets	\$ 76,837	\$ 62,302
Other noncurrent assets	1,262	3,630
Capital assets, net	65,798	50,640
Total assets	\$ 143,897	\$ 116,572
Deferred outflows of resources	\$ 2,282	\$ 1,966
Current liabilities	\$ 14,608	\$ 12,366
Noncurrent liabilities	54,497	33,552
Total liabilities	\$ 69,105	\$ 45,918
Deferred inflows of resources	\$ 19,053	\$ 20,278
Net position:		
Net investment in capital assets	\$ 41,123	\$ 38,334
Restricted	6,425	6,093
Unrestricted	10,473	7,915
Total net position	\$ 58,021	\$ 52,342

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position presented in the statement of net position are based on the activity presented in the statement of revenues, expenses and changes in net position. The purpose of the statement is to present the revenues earned by the College, both operating and nonoperating, the expenses incurred by the College, both operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the College.

In general, a public college, such as Northeast Iowa Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as nonoperating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Nonoperating 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.

The statement of revenues, expenses and changes in net position reflects an increase in the net position at the end of the fiscal year.

In fiscal year 2021, operating revenues resulted in the following changes:

- Revenues increased due to increase in federal appropriations due to COVID-19.
- The New Jobs Training Program received less revenue in fiscal year 2021 versus 2020.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)

Statement of Revenues, Expenses and Changes in Net Position (Continued)

The statements of activities for the years ended June 30, 2021 and 2020 are as follows:

	Changes in Net Position (Expressed in Thousands)	
	2021	2020
OPERATING REVENUES		
Tuition and fees	\$ 7,746	\$ 8,743
Federal appropriations	13,847	8,657
Iowa Industrial New Jobs Training Program	2,675	4,114
Sales and services	1,871	2,199
Miscellaneous	2,931	3,409
	<hr/>	<hr/>
Total operating revenues	29,070	27,122
	<hr/>	<hr/>
Total operating expenses	51,378	52,342
	<hr/>	<hr/>
Operating loss	(22,308)	(25,220)
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	12,885	13,636
Pell Grant	3,856	4,373
Property taxes	12,123	12,708
Investment income	199	860
Loss on sale of capital assets	(70)	(49)
Donated plant assets received	64	130
Interest on indebtedness	(1,070)	(1,104)
	<hr/>	<hr/>
Net nonoperating revenues (expenses)	27,987	30,554
	<hr/>	<hr/>
Increase in net position	5,679	5,334
	<hr/>	<hr/>
NET POSITION, beginning of year	52,342	47,008
	<hr/>	<hr/>
NET POSITION, end of year	\$ 58,021	\$ 52,342
	<hr/>	<hr/>

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Operating expenses for the years ended June 30, 2021 and 2020 are as follows:

	Operating Expenses (Expressed in Thousands)	
	2021	2020
Education and support:		
Liberal arts and sciences	\$ 3,807	\$ 3,685
Vocational technical	8,977	8,765
Adult education	3,686	3,373
Cooperative services	5,204	6,292
General administration	1,108	1,382
Student services	3,938	3,111
Learning resources	751	893
Physical plant	3,572	4,247
General institution	7,694	5,901
Auxiliary enterprises	3,241	3,634
Scholarships and grants	4,622	6,252
Depreciation	3,224	3,070
Other	1,554	1,737
	<u> </u>	<u> </u>
Total operating expenses	\$ 51,378	\$ 52,342

In fiscal year 2021, operating expenses resulted in the following changes:

- Decrease in cooperative services expenses as a result of smaller payments made to the companies participating in the Iowa Industrial New Jobs Training Program. These expenses are dependent on the needs of the participating companies.
- Decrease in scholarships and grants expenses due to reduction in enrollment.
- Increase in student services expenses due to grant funds awarded to students through the CARES Act.
- Increase in general institution expenses due to receiving additional grants through the federal government to deal with COVID-19 issues.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)

Statement of Cash Flows

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

	Cash Flows	
	(Expressed in Thousands)	
	2021	2020
Cash provided by (used in):		
Operating activities	\$ (16,981)	\$ (21,207)
Non-capital financing activities	28,900	30,604
Capital and related financing activities	1,114	(16,102)
Investing activities	5,278	3,679
	<hr/>	<hr/>
Net increase (decrease) in cash	18,311	(3,026)
	<hr/>	<hr/>
Cash, beginning of year	38,638	41,664
	<hr/>	<hr/>
Cash, end of year	\$ 56,949	\$ 38,638

Cash (used in) operating activities includes tuition, fees, operating grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, Pell Grant, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash provided by (used in) capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase and proceeds from the sale of capital assets. Cash provided by investing activities includes investment income received and the purchase of investments.

CAPITAL ASSETS

At June 30, 2021, the College had approximately \$112.6 million invested in capital assets, less accumulated depreciation and amortization of \$46.7 million. Depreciation and amortization expense totaled \$3,224,426 and \$3,070,367 for fiscal years 2021 and 2020, respectively. Details of net capital assets are shown below:

	Capital Assets, Net	
	(Expressed in Thousands)	
	2021	2020
Land	\$ 1,017	\$ 1,017
Buildings	39,689	39,374
Construction in progress	18,933	4,524
Other structures and improvements	1,743	1,781
Intangibles	44	46
Furniture and equipment	4,372	3,898
	<hr/>	<hr/>
Total	\$ 65,798	\$ 50,640

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

DEBT

At June 30, 2021, the College had \$52.3 million in debt outstanding, an increase of \$19.3 million from 2020. The table below summarizes these amounts by type.

	Long-term Debt	
	(Expressed in Thousands)	
	2021	2020
Certificates payable	\$ 16,211	\$ 17,165
Notes payable	550	850
Bonds payable	33,553	13,580
Capital leases payable	353	491
Early retirement payable	1,600	894
	<hr/>	<hr/>
Total	<u>\$ 52,267</u>	<u>\$ 32,980</u>

More detailed information about the College's outstanding debt is presented in Note 6 to the financial statements.

NORTHEAST IOWA COMMUNITY COLLEGE ECONOMIC FACTORS

The College takes pride in managing its financial position during the current fiscal year. The economic factors of the College are impacted by the state's overall economy, enrollment trends, and educational funding to the College. These factors remain a priority to the College officials. The College is prepared to address the economic challenges we face in the future. We offer the following highlights in support of this statement:

There continues to be positive indicators for business and workforce growth in Northeast Iowa. Although we experienced a few spikes of unemployment in the winter months, we continue to be lower than the state of Iowa UI rate of 4.1% in all of our counties. We have seen rates as low as 2.1% up to 3.9% with the average in the 2% range. The district has a diverse sector of industry which includes manufacturing, business, financial, information technology, and healthcare. Currently, we have job openings in most of our sectors and most companies are having trouble hiring the skilled workforce they need. This poses a unique challenge for NICC due to high school students and adult students being hired at higher rates than ever before without training. This makes programs such as the Workforce Training and Economic Development funds imperative and allow the College to provide customized contracted training services to students who are employed along with recertification and up-skilling to 95 businesses. One hundred percent of these funds were used to train 1,817 employees. The College had a total of 23 Iowa New Job Training 260F projects with awards totaling \$147,905 and 444 employees trained. The College has multiple 260E projects with a balance of \$11,326,351 in training funds. These funds are available to the businesses for employee training or potential debt reduction. We are working closely with the businesses through COVID-19 to provide support and ensure compliance with the 260E program. In June/July 2021, the College had a 260E bond sale in the amount of \$4,685,000 for eight companies with a total of 379 jobs. We are also projecting a 260E bond sale in the spring of 2022. Further, the Business and Community Solutions (BCS) division has applied for several grants and started new services to assist businesses in our region through the COVID-19 economic downturn. Two of those services were a Business COVID-19 helpline that served over 1,000 businesses and a Business Consulting Service designed to assist businesses and nonprofits and served over 20 nonprofit and businesses to date.

The property tax base for the College, which is the fourth largest amongst the Iowa community colleges, continues to exhibit steady growth.

NORTHEAST IOWA COMMUNITY COLLEGE ECONOMIC FACTORS (Continued)

The Student Services and Strategic Enrollment Management teams have been effective in stabilizing enrollment by refining our student management process to improve earlier connections and more personalized outreach at key times during the enrollment lifecycle. Through the guided pathway model, we continue to focus efforts on retention and persistence of students so recruitment efforts can focus on gaining new enrollments at a healthy rate in shrinking markets. Our strategy for combating declining high school enrollment is to increase customized Earn/Learn training programs to address business skills demands and by partnering with the State of Iowa on their Future Ready Iowa Initiative to work towards a goal of 70% of Iowans having up to a 2-year degree or certificate. For the 2020-21 Academic Year (fall 2020, spring 2021, and summer 2021) we awarded 542 students \$1,537,411 Future Ready Iowa Last Dollar Scholarships. We awarded 313 students \$357,550 in Kibbie Grants in 2020-21. Note that 595 unique students received both the Kibbie Grant and Last Dollar Scholarship that school year.

On September 11, 2018, the voters within our district passed our \$39 million bond levy to improve its infrastructure, enhance security, update our technology, and create innovative and collaborative learning spaces across our district. The College had multiple construction projects throughout the district during the year and is on pace with construction schedules and set construction budgets.

The College continues its efforts to control rising operating expenses and provide for a balanced budget. The Senior Leadership Team comprised of our four Vice Presidents, Associate Vice President of Operations, and the Executive Director of Human Resources is managing all hiring and replacements of staff and faculty. The College administration has integrated the annual budget process throughout the College by engaging budget managers' input for their respective department's budget. The College budgets for two years out on a monthly basis and prepares five-year annual forecasts. The College reviews monthly with its Board of Trustees its YTD financial progress related to budget and projections for the remaining part of the fiscal year.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our constituents with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact David Dahms, Vice President, Finance & Administration at Northeast Iowa Community College, telephone 844-642-2338.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
June 30, 2021

	Business-type Activities	Component Unit Foundation		Business-type Activities	Component Unit Foundation
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	\$ 56,949,085	\$ 76,561	Liabilities:		
Receivables:			Accounts payable	\$ 5,262,490	\$ 2,360
Accounts, less allowance of \$802,769	4,670,223	60,417	Salaries and benefits payable	1,524,032	
Promises, net discount		68,057	Accrued interest payable	64,065	
Accrued interest	8,937		Long-term liabilities due within one year:		
Property tax:			Compensated absences payable	172,578	
Current year delinquent	103,418		Early retirement payable	450,600	
Succeeding year	11,809,224		Notes payable	300,000	
Due from other governments	1,583,342		Bonds payable	3,100,000	
Inventories	72,770		Capital leases payable	148,569	
Notes receivable	159,601		Certificates payable	3,585,600	
Due from Iowa Industrial New Jobs Training Program	1,480,492				
			Total current liabilities	14,607,934	2,360
Total current assets	76,837,092	205,035			
NONCURRENT ASSETS			Noncurrent liabilities:		
Investments		6,045,210	Long-term liabilities due over one year:		
Promises, net discount		80,707	Total OPEB liability	305,003	
Notes receivable	15,986		Net pension liability	9,509,183	
Due from Iowa Industrial New Jobs Training Program	1,245,593		Early retirement payable	1,149,736	
Capital assets, non-depreciable	19,950,046		Notes payable	250,000	
Capital assets, net accumulated depreciation	45,847,705		Bonds payable	30,453,327	
			Capital leases payable	204,622	
Total noncurrent assets	67,059,330	6,125,917	Certificates payable	12,625,000	
DEFERRED OUTFLOWS OF RESOURCES			Total noncurrent liabilities	54,496,871	-
Pension related deferred outflows	2,246,508		Total liabilities	69,104,805	2,360
OPEB related deferred outflows	35,758				
	2,282,266	-	Deferred inflows of resources:		
			Succeeding year property tax	11,809,224	
			Pension related deferred inflows	871,312	
			OPEB related deferred inflows	128,978	
			Other	6,243,436	
			Total deferred inflows of resources	19,052,950	-
Total assets and deferred outflows of resources	\$ 146,178,688	\$ 6,330,952	Net position:		
			Net investment in capital assets	41,122,908	
			Restricted for specific purposes	6,424,758	3,623,252
			Unrestricted	10,473,267	2,705,340
			Total net position	58,020,933	6,328,592
			Total liabilities, deferred inflows of resources and net position	\$ 146,178,688	\$ 6,330,952

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

	Business-type Activities	Component Unit Foundation
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$5,740,579	\$ 7,746,303	
Federal appropriations	13,846,821	
Iowa Industrial New Jobs Training Program	2,675,052	
Sales and services, net of scholarship allowances of \$570,005	1,870,632	
Miscellaneous	2,931,189	\$ 1,509,235
Total operating revenues	29,069,997	1,509,235
OPERATING EXPENSES		
Education and support:		
Liberal arts and sciences	3,807,131	
Vocational technical	8,976,625	
Adult education	3,685,508	
Cooperative services	5,203,672	
General administration	1,108,296	17,133
Student services	3,938,403	
Learning resources	751,312	
Physical plant	3,571,972	
General institution	7,694,120	
Auxiliary enterprises	3,241,461	
Scholarships and grants	4,621,918	296,661
Depreciation	3,224,426	
Other	1,553,426	1,059,016
Total operating expenses	51,378,270	1,372,810
Operating (loss) income	(22,308,273)	136,425
NONOPERATING REVENUES (EXPENSES)		
State appropriations	12,885,522	
Pell Grant	3,855,994	
Property taxes	12,123,047	
Investment income	198,907	1,324,224
Loss on sale of capital assets	(69,792)	
Donated plant assets received (transferred)	64,296	(64,296)
Interest on indebtedness	(1,070,461)	
Net nonoperating revenues (expenses)	27,987,513	1,259,928
Change in net position	5,679,240	1,396,353
NET POSITION		
Beginning of year	52,341,693	4,932,239
End of year	\$ 58,020,933	\$ 6,328,592

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES
June 30, 2021

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
ASSETS						
Current assets:						
Cash	\$ 10,981,492	\$ 6,640,916	\$ 22,351,101	\$ 351,724	\$ 16,623,852	\$ 56,949,085
Receivables:						
Accounts, less allowance of \$802,769	3,894,916	334,853	415,730	17,852	6,872	4,670,223
Accrued interest		8,937				8,937
Property tax:						
Current year delinquent	21,623		27,151		54,644	103,418
Succeeding year	2,586,621		2,709,609		6,512,994	11,809,224
Due from other governments	213,560	2,424	1,241,464	125,894		1,583,342
Inventories		72,770				72,770
Notes receivable		159,601				159,601
Due from Iowa Industrial New Jobs Training Program			1,480,492			1,480,492
Total current assets	17,698,212	7,219,501	28,225,547	495,470	23,198,362	76,837,092
Noncurrent assets:						
Due from Iowa Industrial New Jobs Training Program			1,245,593			1,245,593
Notes receivable		15,986				15,986
Capital assets, non-depreciable					19,950,046	19,950,046
Capital assets, net					45,847,705	45,847,705
Total noncurrent assets	-	15,986	1,245,593	-	65,797,751	67,059,330
Total assets	17,698,212	7,235,487	29,471,140	495,470	88,996,113	143,896,422
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows	2,246,508					2,246,508
OPEB related deferred outflows	35,758					35,758
Total deferred outflows of resources	2,282,266	-	-	-	-	2,282,266
Total assets and deferred outflows of resources	\$ 19,980,478	\$ 7,235,487	\$ 29,471,140	\$ 495,470	\$ 88,996,113	\$ 146,178,688
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 989,376	\$ 32,087	\$ 1,000,185	\$ 3,590	\$ 3,237,252	\$ 5,262,490
Salaries and benefits payable	1,463,826	24,807	32,692		2,707	1,524,032
Accrued interest payable					64,065	64,065
Long-term liabilities due within one year:						
Compensated absences payable	158,380	14,198				172,578
Early retirement payable			450,600			450,600
Notes payable					300,000	300,000
Bonds payable					3,100,000	3,100,000
Capital leases payable					148,569	148,569
Certificates payable			3,585,600			3,585,600
Total current liabilities	2,611,582	71,092	5,069,077	3,590	6,852,593	14,607,934

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES
June 30, 2021

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
LIABILITIES (Continued)						
Noncurrent liabilities:						
Long-term liabilities due over one year:						
Total OPEB liability	\$ 305,003					\$ 305,003
Net pension liability	9,509,183					9,509,183
Early retirement payable			\$ 1,149,736			1,149,736
Notes payable					\$ 250,000	250,000
Bonds payable					30,453,327	30,453,327
Capital leases payable					204,622	204,622
Certificates payable			12,625,000			12,625,000
Total noncurrent liabilities	9,814,186	\$ -	13,774,736	\$ -	30,907,949	54,496,871
Total liabilities	12,425,768	71,092	18,843,813	3,590	37,760,542	69,104,805
DEFERRED INFLOWS OF RESOURCES						
Succeeding year property tax	2,586,621		2,709,609		6,512,994	11,809,224
Pension related deferred inflows	871,312					871,312
OPEB related deferred inflows	128,978					128,978
Other	4,203,952		2,039,484			6,243,436
Total deferred inflows of resources	7,790,863	-	4,749,093	-	6,512,994	19,052,950
NET POSITION						
Net investment in capital assets					41,122,908	41,122,908
Restricted for specific purposes			5,878,234	491,880	54,644	6,424,758
Unrestricted (deficit)	(236,153)	7,164,395			3,545,025	10,473,267
Total net position (deficit)	(236,153)	7,164,395	5,878,234	491,880	44,722,577	58,020,933
Total liabilities, deferred inflows of resources and net position	\$ 19,980,478	\$ 7,235,487	\$ 29,471,140	\$ 495,470	\$ 88,996,113	\$ 146,178,688

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET POSITION
BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2021

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
OPERATING REVENUES						
General:						
Tuition and fees	\$ 7,637,456	\$ 108,847				\$ 7,746,303
Federal appropriations	1,890,425	587,194	\$ 7,059,359	\$ 4,309,843		13,846,821
Iowa Industrial New Jobs Training Program			2,675,052			2,675,052
Sales and services	24,210	1,846,422				1,870,632
Miscellaneous	366,152	492,683	1,583,335	266,527	\$ 222,492	2,931,189
Total operating revenues	9,918,243	3,035,146	11,317,746	4,576,370	222,492	29,069,997
OPERATING EXPENSES						
Education and support:						
Liberal arts and sciences	3,804,401		2,730			3,807,131
Vocational technical	8,128,533		848,092			8,976,625
Adult education	3,213,554		471,954			3,685,508
Cooperative services	2,312,555		2,891,117			5,203,672
General administration	1,108,296					1,108,296
Student services	2,492,117		1,446,286			3,938,403
Learning resources	669,096		82,216			751,312
Physical plant	2,138,048		1,433,924			3,571,972
General institution	5,078,488		2,615,632			7,694,120
Auxiliary enterprises		3,241,461				3,241,461
Scholarships and grants				4,621,918		4,621,918
Depreciation					3,224,426	3,224,426
Other					1,553,426	1,553,426
Total operating expenses	28,945,088	3,241,461	9,791,951	4,621,918	4,777,852	51,378,270
Operating (loss) income	(19,026,845)	(206,315)	1,525,795	(45,548)	(4,555,360)	(22,308,273)
NONOPERATING REVENUES (EXPENSES)						
State appropriations	10,407,709	54,462	2,217,593	85,799	119,959	12,885,522
Pell Grant	3,855,994					3,855,994
Property taxes	2,539,274		3,189,246		6,394,527	12,123,047
Investment income	179,683	6,003	4		13,217	198,907
Loss on sale of capital assets					(69,792)	(69,792)
Donated plant assets received					64,296	64,296
Interest on indebtedness					(584,772)	(1,070,461)
Net nonoperating revenues (expenses)	16,982,660	60,465	4,921,154	85,799	5,937,435	27,987,513
Change in net position before transfers	(2,044,185)	(145,850)	6,446,949	40,251	1,382,075	5,679,240
Transfers	2,497,902	3,709,158	(6,176,068)	33,911	(64,903)	-
Change in net position	453,717	3,563,308	270,881	74,162	1,317,172	5,679,240
NET POSITION (deficit)						
Beginning of year	(689,870)	3,601,087	5,607,353	417,718	43,405,405	52,341,693
End of year	\$ (236,153)	\$ 7,164,395	\$ 5,878,234	\$ 491,880	\$ 44,722,577	\$ 58,020,933

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2021

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
CASH FLOWS FROM OPERATING ACTIVITIES						
Tuition and fees	\$ 7,460,405	\$ 108,847				\$ 7,569,252
Federal appropriations	1,842,052	584,770	\$ 6,303,287	\$ 2,070,398		10,800,507
Iowa Industrial New Jobs Training Program			3,993,480			3,993,480
Payments to employees for salaries and benefits	(18,199,880)	(1,035,961)	(516,993)			(19,752,834)
Payments to suppliers for goods and services	(4,653,469)	(337,960)	(4,951,532)		\$ (1,522,611)	(11,465,572)
Payments to NJTP recipients			(1,635,001)			(1,635,001)
Cost of goods sold		(1,451,474)				(1,451,474)
Scholarships				(2,055,458)		(2,055,458)
Auxiliary enterprise receipts		1,823,499				1,823,499
Other operating payments paid on employees' behalf	(5,780,464)	(317,188)	(1,799,227)			(7,896,879)
Other operating receipts	390,362	492,683	1,583,335	400,651	221,837	3,088,868
Net cash (used in) provided by operating activities	(18,940,994)	(132,784)	2,977,349	415,591	(1,300,774)	(16,981,612)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
State appropriations	10,407,709	54,462	2,217,593	85,799	119,959	12,885,522
Pell Grant	3,855,994					3,855,994
Property taxes	2,544,462		3,206,895		6,407,438	12,158,795
Decrease in due from other funds	183,577					183,577
(Decrease) in due to other funds				(183,577)		(183,577)
Transfers	2,497,902	3,709,158	(6,176,068)	33,911	(64,903)	-
Federal direct lending receipts	6,055,383	570,005	102,025	2,567,601		9,295,014
Federal direct lending disbursements	(6,055,383)	(570,005)	(102,025)	(2,567,601)		(9,295,014)
Net cash provided by (used in) non-capital financing activities	19,489,644	3,763,620	(751,580)	(63,867)	6,462,494	28,900,311
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from issuance of debt			2,800,600		23,277,183	26,077,783
Proceeds from sale of capital assets					13,448	13,448
Acquisition of capital assets					(16,452,964)	(16,452,964)
Principal paid on debt and leases			(3,755,000)		(3,728,501)	(7,483,501)
Interest paid on debt and leases			(485,689)		(554,815)	(1,040,504)
Net cash (used in) provided by capital and related financing activities	-	-	(1,440,089)	-	2,554,351	1,114,262
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments made on note receivable		10,100				10,100
Sale of investments			2,000,000		3,034,669	5,034,669
Interest on investments	179,683	1,017	11,884		40,368	232,952
Net cash provided by investing activities	179,683	11,117	2,011,884	-	3,075,037	5,277,721
Net increase in cash	728,333	3,641,953	2,797,564	351,724	10,791,108	18,310,682
CASH, beginning of year	10,253,159	2,998,963	19,553,537	-	5,832,744	38,638,403
CASH, end of year	\$ 10,981,492	\$ 6,640,916	\$ 22,351,101	\$ 351,724	\$ 16,623,852	\$ 56,949,085

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2021

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:						
Operating (loss) income	\$ (19,026,845)	\$ (206,315)	\$ 1,525,795	\$ (45,548)	\$ (4,555,360)	\$ (22,308,273)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:						
Depreciation					3,224,426	3,224,426
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	(356,313)	(22,923)	(78,316)	134,124	(655)	(324,083)
Decrease in NJTP receivable			1,480,492			1,480,492
(Increase) decrease in due from other governments	(48,380)	(2,424)	(756,072)	328,156		(478,720)
Decrease in inventories		153,672				153,672
Increase (decrease) in accounts payable and accrued liabilities	159,731	(56,145)	182,609	(1,141)	30,815	315,869
Decrease in postemployment benefits	(13,589)					(13,589)
Increase in net pension liability	1,737,250					1,737,250
Decrease in deferred outflows of resources	(316,059)					(316,059)
(Decrease) in deferred inflows of resources	(943,168)		(83,748)			(1,026,916)
Increase in early retirement payable			706,589			706,589
(Decrease) increase in compensated absences payable	(133,621)	1,351				(132,270)
Net cash (used in) provided by operating activities	\$ (18,940,994)	\$ (132,784)	\$ 2,977,349	\$ 415,591	\$ (1,300,774)	\$ (16,981,612)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

The College accepted donated capital assets with a fair value of \$64,296 during the year ended June 30, 2021.

Capital asset additions included in accounts payable \$3,162,645.

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Northeast Iowa Community College (College) is a publicly supported school established and operated by Merged Area I under the provisions of Chapter 260C of the Code of Iowa. The 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. The College also offers up to two years of career and technical education, training or retraining to persons who are preparing to enter the labor market. The College maintains campuses in Calmar and Peosta, Iowa, and has its administrative offices in Calmar. The College also has service locations in Cresco, Dubuque, Manchester, New Hampton, Oelwein, and Waukon. The College is governed by a Board of Trustees whose members are elected from each director district within Merged Area 1.

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

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, Northeast Iowa 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; or the organization is fiscally dependent on the primary government. In addition, any other organizations due to the nature or significance of their relationship with the College should be included in the financial statements as component units.

These financial statements present Northeast Iowa Community College (the primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational or financial relationship with the College. Certain disclosures about the component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the Northeast Iowa Community College District Office located at Hwy 150 South, Calmar, Iowa 52132.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Discrete Component Unit

The College has one component unit that meets the Governmental Accounting Standards Board (GASB) criteria. The Northeast Iowa Community College Foundation (College Foundation) is a nonprofit corporation that is governed by a separate Board of Directors. The College Foundation's purpose is to support the College through donations to provide scholarships to students and for the enhancement and extension of facilities, equipment, and services. The activities of the College Foundation are reported using the discrete method. The independent auditor's report on the component unit financial statements for year ended June 30, 2021 expresses an unmodified opinion dated November 5, 2021.

The College Foundation is a nonprofit organization that reports under accounting standards established by the Financial Accounting Standards Board (FASB). The College Foundation's financial statements were prepared in accordance with the provisions of *Financial Statements of Not-For-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the College Foundation's financial information in the College's financial reporting for these differences. The College Foundation reports net assets, which is equivalent to net position reported by the College.

Related Party

The Northeast Iowa Community-Based Dairy Foundation (Dairy Foundation) is a nonprofit corporation that is governed by a separate Board of Directors. The Dairy Foundation's purpose is to support educational efforts relating to the needs of dairy industry research, development, instruction, and outreach in Northeast Iowa. The Dairy Foundation is considered a related party but is not considered a part of the financial reporting entity of the College.

Fund Financial Statements

Separate financial statements are provided for the separate funds. Major individual funds are reported as separate columns in the fund financial statements. The current-unrestricted fund, auxiliary funds, restricted funds, scholarships fund and the plant fund are the major funds for the College. The funds of the financial reporting entity are described below.

Current Funds

These funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the College and consist of the following:

Unrestricted Fund

The education and support subgroup accounts for the general operations of the College. All revenues not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses and the fixed charges not paid from other funds.

Restricted Funds

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

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Current Funds (Continued)

Auxiliary Funds

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

Scholarships Fund

The scholarships fund is used to account for transactions relating to scholarships and grants received for students attending the College.

Plant Fund

The plant fund is used to account for transactions relating to investment in the College properties.

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. This means that all assets and liabilities, deferred outflows of resources and deferred inflows of resources whether current or noncurrent associated with their activity are included on their statement of net position.

The financial statements of the College have been prepared on 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 distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the College's principal ongoing operations. The principal operating revenues of the College are charges to customers for sales and services. Operating expenses for the College include the cost of sales and services, administrative expenses, interest expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

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

The following accounting policies are followed in preparing the statement of net position:

Cash and 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. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The College's policy is to classify non-negotiable certificates of deposit as investments on the financial statements.

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 amount of cash and, at the day of purchase, have a maturity date no longer than three months.

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 prior to 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 reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied.

Accounts Receivable

Accounts receivable consists of payments due from students and third parties for tuition and reimbursements.

The College considers accounts receivable under 120 days to be fully collectible; accordingly, allowance for doubtful accounts includes accounts over 120 days. The College does not deem student accounts uncollectible if the student re-enrolls. The account must be paid in full before the student can re-enroll.

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 the 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

The following accounting policies are followed in preparing the statement of net position (continued):

Receivable for Iowa Industrial New Jobs Training Program (NJTP)

This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2021 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets

Capital assets, which include property, intangibles, buildings, other structures and improvements, and furniture and equipment are recorded at cost or estimated historical cost if actual historical cost records are not available. Donated capital assets are stated at their estimated fair value as of the date received.

The costs of normal maintenance and repair that do not add to the value of the asset 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:

Asset Class	Amount
Land	\$ 25,000
Furniture and equipment	5,000
Intangible assets	200,000
Buildings and improvements	25,000

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

Asset Class	In Years
Furniture and equipment	5-10
Intangible assets	25
Buildings and improvements	30

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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

The following accounting policies are followed in preparing the statement of net position (continued):

Deferred Outflows of Resources

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

Salaries and Benefits Payable

Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Compensated Absences

College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death, or retirement. Amounts representing the cost of compensated absences are recorded as liabilities of the appropriate fund and have been computed based on rates of pay in effect as of June 30, 2021.

Pensions

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

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on Northeast Iowa Community College's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the statement of net position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned administrative costs for NJTP, advanced student tuition, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

The following accounting policies are followed in preparing the statement of net position (continued):

Net Position

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

Net Investment in Capital Assets

Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position:

Nonexpendable

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

Expendable

Net position whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net position.

Unrestricted Net Position

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

GASB Statement No. 35 also requires the statements of net position, revenues, expenses and changes in net position and cash flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

Operating and Nonoperating Activities

Operating activities, as reported in the statement of revenues, expenses and changes in net position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations, Pell Grant, property tax and investment income.

Auxiliary Enterprise Revenues

Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, child care, farm, trade and industry, professional development and miscellaneous items.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

The following accounting policies are followed in preparing the statement of net position (continued):

Summer Session

The College operates summer sessions during June, July, and August. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar and the College's refund policy.

Tuition and Fees

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

Use of 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. Actual results could differ from those estimates.

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 that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

2. Cash and Investments

The College's deposits in banks at June 30, 2021 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 ensure 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.

NOTES TO FINANCIAL STATEMENTS

2. Cash and Investments (Continued)

The College's petty cash and deposit accounts as of June 30, 2021 consist of the following:

Petty cash	\$	2,605
Other deposit accounts		56,946,480
Total		\$ 56,949,085

a. Iowa Schools Joint Investment Trust (ISJIT)

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. At June 30, 2021, the College had investments in the ISJIT, as follows:

Investments		Amortized Cost
Diversified portfolio	\$	17,770,036

The investments are valued at an amortized cost. There were no limitations or restrictions on withdrawals for the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

Interest Rate Risk

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

b. Component Unit

The College Foundation's investments are stated at fair value, are subject to risk categorization and consist of the following:

Investments	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Money market funds	\$ 90,204		\$ 90,204
Bond funds	1,116,302		1,116,302
Corporate bonds		\$ 23,428	23,428
Common stock	1,444,831		1,444,831
Preferred stock	235,199		235,199
Mutual funds	2,265,639		2,265,639
REIT's	23,535		23,535
	\$ 5,175,710	\$ 23,428	5,199,138
Alternative investments, measured at NAV as a practical expedient			846,072
Total investments			\$ 6,045,210

NOTES TO FINANCIAL STATEMENTS

2. Cash and Investments (Continued)

b. Component Unit (Continued)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date. Level 2 inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

The following schedule summarizes the College Foundation's investment return and its classification in the statement of revenues, expenses and changes in net position for the year ended June 30, 2021:

Interest and dividend income	\$	129,367
Net realized and unrealized gains		1,242,764
Investment expense		<u>(47,907)</u>
 Total investment return	 \$	 <u>1,324,224</u>

Funds have been contributed on behalf of the College in the amount of \$10,431 to the Community Foundation of Greater Dubuque and \$0 to the Community Foundation of Northeast Iowa. Each organization manages the money. The College receives unrestricted allocated earnings from these assets.

3. Inventories

The College's inventories as of June 30, 2021 are as follows:

<u>Type</u>		<u>Amount</u>
Supplies and materials	\$	11,781
Merchandise held for resale		<u>60,989</u>
 Total	 \$	 <u>72,770</u>

4. Note Receivable

The Northeast Iowa Community-Based Dairy Foundation (Dairy Foundation) has entered into two five-year notes payable with the College. One note payable is due in monthly payments of \$589 with an interest rate of 3.5%. The other note payable is due in monthly payments of \$337 with an interest rate of 3.0%. Both are for the purchase of New Holland skid loaders. The Dairy Foundation has also entered into a revolving loan in the amount of \$150,000 with the College. This note payable is due on June 30, 2022 plus interest at the rate of 4.0%. A summary of the principal and interest maturities are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 159,601	\$ 9,649
2023	10,761	362
2024	4,553	343
2025	<u>672</u>	<u>2</u>
 Minimum note payments	 <u>\$ 175,587</u>	 <u>\$ 10,356</u>

NOTES TO FINANCIAL STATEMENTS

5. Capital Assets

Capital assets activity for the year ended June 30, 2021 is as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital non-depreciable assets:				
Land	\$ 1,016,866			\$ 1,016,866
Construction in progress	4,524,410	\$ 17,807,691	\$ 3,398,921	18,933,180
Capital assets, non-depreciable	5,541,276	17,807,691	3,398,921	19,950,046
Capital assets, being depreciated:				
Buildings	75,421,575	2,502,823		77,924,398
Other structures and improvements	3,992,262	82,853		4,075,115
Intangibles	48,369			48,369
Furniture and equipment	10,949,803	1,484,443	1,869,360	10,564,886
Gross capital assets being depreciated	90,412,009	4,070,119	1,869,360	92,612,768
Less accumulated depreciation:				
Buildings	36,048,624	2,187,447		38,236,071
Other structures and improvements	2,210,541	121,295		2,331,836
Furniture and equipment	7,052,068	913,750	1,772,530	6,193,288
Intangibles	1,934	1,934		3,868
Total accumulated depreciation	45,313,167	3,224,426	1,772,530	46,765,063
Net capital assets being depreciated	45,098,842	845,693	96,830	45,847,705
Capital assets, net	\$ 50,640,118	\$ 18,653,384	\$ 3,495,751	\$ 65,797,751

6. Long-term Obligations

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Certificates payable	\$ 17,165,000	\$ 2,800,600	\$ 3,755,000	\$ 16,210,600	\$ 3,585,600
Notes payable	850,000		300,000	550,000	300,000
Bonds payable	13,340,000	21,700,000	3,240,000	31,800,000	3,100,000
Premium on bonds	239,970	1,577,183	63,826	1,753,327	
Capital leases payable	491,456		138,265	353,191	148,569
Other liabilities:					
Early retirement payable	893,747	1,337,631	631,042	1,600,336	450,600
Long-term liabilities	\$ 32,980,173	\$ 27,415,414	\$ 8,128,133	\$ 52,267,454	\$ 7,584,769

NOTES TO FINANCIAL STATEMENTS

6. Long-term Obligations (Continued)

a. Capital Leases

The College entered into thirty-one agreements to lease thirty-one fleet vehicles. The agreements are for a period of four years. The leases expire in 2022 through 2024 which requires the payment of normal maintenance charges.

The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments under the agreement described above in effect at June 30, 2021:

Year Ending June 30,	Total
2022	\$ 172,958
2023	134,648
2024	90,008
Total minimum lease payments	397,614
Less amount representing interest	(44,423)
Present value of net minimum lease payments	\$ 353,191

b. Certificates Payable

In accordance with agreements dated between July 1, 2011 and June 30, 2021, the College issued certificates totaling \$16,210,600 with interest rates ranging from 1.00% to 3.85% per annum. The debt was incurred to fund the development and training costs related 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. During the year ended June 30, 2021, principal and interest paid were \$3,755,000 and \$485,689, respectively. \$2,800,600 of NJTP certificates were issued during the year ended June 30, 2021.

The certificates payable will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,585,600	\$ 405,038	\$ 3,990,638
2023	2,840,000	319,598	3,159,598
2024	2,585,000	246,837	2,831,837
2025	2,210,000	178,168	2,388,168
2026	1,725,000	119,994	1,844,994
2027-2031	3,265,000	133,960	3,398,960
Total	\$ 16,210,600	\$ 1,403,595	\$ 17,614,195

NOTES TO FINANCIAL STATEMENTS

6. Long-term Obligations (Continued)

c. Notes Payable

The College has issued notes payable for the purchase and construction of College properties. As of June 30, 2021, the notes payable outstanding consist of the following:

\$550,000 Refunding Certificates of Participation Evidencing Undivided Proportionate Interests in Base Lease Payments Pursuant to a Lease Purchase Agreement, due annually in varying installments December 1, 2021 through December 1, 2022 plus interest semiannually with interest rates of the lease varying from 2.00% to 2.30%. The lease was issued to refund the lease to purchase the Town Clock Center.

\$ 550,000

Details of the College's notes payable indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 300,000	\$ 6,100	\$ 306,100
2023	250,000	5,750	255,750
Total	<u>\$ 550,000</u>	<u>\$ 11,850</u>	<u>\$ 561,850</u>

d. Bonded Indebtedness

\$10,435,000 General Obligation School Refunding Bonds Series 2019, due annually in varying installments June 1, 2021 through June 1, 2036 plus interest semiannually with interest rate of 3.00%. The proceeds of these bonds were used to refinance existing debt and provide resources to improve the College's infrastructure, security, technology, and create innovative learning spaces.

\$12,265,000 General Obligation School Bonds Series 2020, due annually in varying installments June 1, 2021 through June 1, 2033 plus interest semiannually with interest rates of 1.50% to 2.00%. The proceeds of these bonds were used to provide resources to improve the College's infrastructure, security, technology, and create innovative learning spaces.

\$9,100,000 General Obligation School Bonds Series 2021, due annually in varying installments June 1, 2022 through June 1, 2028 plus interest semiannually with interest rate of 3.00%. The proceeds of these bonds were used to provide resources to improve the College's infrastructure, security, technology, and create innovative learning spaces.

Details of the College's bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,100,000	\$ 818,542	\$ 3,918,542
2023		730,850	730,850
2024		730,850	730,850
2025	1,550,000	730,850	2,280,850
2026	3,000,000	684,350	3,684,350
2027-2031	10,800,000	2,534,750	13,334,750
2032-2036	13,350,000	1,062,350	14,412,350
Total	<u>\$ 31,800,000</u>	<u>\$ 7,292,542</u>	<u>\$ 39,092,542</u>

6. Long-term Obligations (Continued)

e. Operating Leases

The College leases various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2022 and 2024 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year following June 30, 2021:

Year Ending June 30,	Total
2022	\$ 131,447
2023	71,447
2024	6,677
Minimum lease payments for all operating leases	\$ 209,571

Rents for fiscal year 2021 totaled \$164,548 for all operating leases.

7. Early Retirement

The College offered a voluntary early retirement plan to its employees for the academic year ending June 30, 2016, with options to retire at various dates in 2016, 2017, and 2018. In December of 2017, the College offered a voluntary early retirement plan with options to retire between June 30, 2018 and August 15, 2019. The College offered a similar early retirement plan to its employees for the academic year ending June 30, 2021, with options to retire at dates in 2021 or 2022.

In either plan, employees qualifying for early retirement must have completed at least ten years of full-time staff and regular part-time (minimum of 80% FTE) service and must have reached the minimum age of 55 years. The application for early retirement was subject to approval by the Board of Trustees during the year the plan was offered.

Those eligible employees who were approved to receive benefits under the early retirement plan received a cash payment equal to 50% plus an additional .75% of their regular contractual salary for each full year of consecutive service beyond ten years. Retirees in either plans receive their cash payout in their choice of one year (26 biweekly payments) or two years (two lump sum payments).

The College also contributes a set amount toward single plan health insurance for the retiree, if the retiree chooses to remain in the employer's health insurance plan. This contribution continues until the day the retiree is eligible under another group plan or until the end of the month prior to the month in which the retiree becomes eligible for Medicare. The plan is funded on a pay-as-you-go basis through property tax levies. At June 30, 2021, the College has obligations to seventy-six participants with a total early retirement liability of \$1,600,336. Actual early retirement expenditures for the year ended June 30, 2021 totaled \$631,042.

8. Iowa Public Employees' Retirement System (IPERS)

Plan Description

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

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

Pension Benefits

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

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

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

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

Disability and Death Benefits

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

8. Iowa Public Employees' Retirement System (IPERS) (Continued)

Contributions

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

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the College contributed 9.44% of covered payroll, for a total rate of 15.73%.

The College's contributions to IPERS for the year ended June 30, 2021 totaled \$1,054,223.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the College reported a liability of \$9,509,183 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the College's proportion was 0.135367%, which was a decrease of 0.00115% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the College recognized pension expense of \$1,311,347. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,505	\$ 225,392
Changes of assumptions	488,103	
Net difference between projected and actual earnings on IPERS' investments	534,567	
Changes in proportion and differences between College contributions and the College's proportionate share of contributions	159,110	645,920
College contributions subsequent to the measurement date	<u>1,054,223</u>	
Total	<u>\$ 2,246,508</u>	<u>\$ 871,312</u>

8. Iowa Public Employees' Retirement System (IPERS) (Continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$1,054,223 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ (71,402)
2023	(9,416)
2024	90,670
2025	297,865
2026	13,256
Total	\$ 320,973

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

NOTES TO FINANCIAL STATEMENTS

8. Iowa Public Employees' Retirement System (IPERS) (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the College will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	\$ 15,855,759	\$ 9,509,183	\$ 4,187,675

IPERS' Fiduciary Net Position

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

8. Iowa Public Employees' Retirement System (IPERS) (Continued)

Payables to IPERS

At June 30, 2021, the College reported payables to IPERS of \$122,106 for legally required College contributions and \$80,105 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

9. Teachers Insurance and Annuity Association (TIAA)

As required by Chapter 97B.42 of the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. In lieu of participating in IPERS, eligible employees may participate in the Iowa Association of Community College Trustees 403(a) plan, which is a defined contribution pension plan administered by the Teachers Insurance and Annuity Association (TIAA). The defined contribution retirement plan provides individual annuities for each plan participant.

Benefit terms, including contribution requirements, for TIAA are established and specified by the plan with TIAA and in accordance with the Code of Iowa. For each employee in the pension plan, the College is required to contribute 9.44% of annual salary, including overtime pay, to an individual employee account for each of the years ended June 30, 2021, 2020, 2019, respectively. Each employee is required to contribute 6.29% for the years ended June 30, 2021, 2020, and 2019, respectively. Contributions made by both the College and employees vest immediately. For the employees' required and actual contributions to TIAA for the years ended June 30, 2021, 2020, and 2019 were \$495,245, \$489,892, and \$489,953, respectively. The College's required and actual contributions to TIAA for the years ended June 30, 2021, 2020, and 2019 were \$743,260, \$734,545, and \$736,002, respectively.

At June 30, 2021, the College reported payables to the TIAA of \$25,368 for legally required College contributions and \$16,744 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA.

10. Other Postemployment Benefits (OPEB)

Plan Description

The College administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees, and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits

Individuals who are employed by the College are eligible to participate in the group health plan and are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, there were 303 active employees covered by the benefit terms.

Total OPEB Liability

The College's total OPEB liability of \$305,003 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

NOTES TO FINANCIAL STATEMENTS

10. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2021)	3.00% per annum.
Rates of salary increase (effective June 30, 2021)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2021)	2.21% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	6.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP 2020 generational projection of future mortality improvement.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 318,592
Changes for the year:	
Service cost	34,014
Interest cost	6,657
Difference between expected and actual experiences	(68,262)
Changes in assumptions	19,794
Benefit payments	(5,792)
Net change	(13,589)
Total OPEB liability end of year	\$ 305,003

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2020 to 2.21% in fiscal year 2021.

NOTES TO FINANCIAL STATEMENTS

10. **Other Postemployment Benefits (OPEB) (Continued)**

Sensitivity of the College's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.21%) or 1% higher (3.21%) than the current discount rate.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 325,388	\$ 305,003	\$ 285,622

Sensitivity of the College's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease 5.0% decreasing to 4.0%	Current Healthcare Cost Trend Rate 6.0% decreasing to 5.0%	1% Increase 7.0% decreasing to 6.0%
Total OPEB liability	\$ 271,972	\$ 305,003	\$ 343,622

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the College recognized OPEB expense of \$30,397. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 124,511
Changes in assumptions	\$ 35,758	4,467
Total	\$ 35,758	\$ 128,978

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2022	\$ (10,274)
2023	(10,274)
2024	(10,274)
2025	(10,274)
2026	(10,274)
Thereafter	(41,850)
Total	\$ (93,220)

NOTES TO FINANCIAL STATEMENTS

11. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

	Transfers In	Transfers Out
Unrestricted fund:		
Restricted fund	\$ 4,897,363	\$ 85,100
Scholarships fund	3,653	17,204
Plant fund	701,083	
Auxiliary fund		3,001,893
	5,602,099	3,104,197
Auxiliary fund:		
Unrestricted fund	3,001,893	
Restricted fund	707,257	29
Scholarships fund	37	
	3,709,187	29
Restricted fund:		
Unrestricted fund	85,100	4,897,363
Auxiliary fund	29	707,257
Scholarships fund		20,397
Plant fund		636,180
	85,129	6,261,197
Scholarships fund:		
Unrestricted fund	17,204	3,653
Auxiliary fund		37
Restricted fund	20,397	
	37,601	3,690
Plant fund:		
Unrestricted fund		701,083
Restricted fund	636,180	
	636,180	701,083
Total	\$ 10,070,196	\$ 10,070,196

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

NOTES TO FINANCIAL STATEMENTS

12. Related Organizations

Northeast Iowa Community-Based Dairy Foundation is a nonprofit organization whose goal is to support educational efforts and whose financial activities are not included in these financial statements. The Board of Trustees of the College has a member who is an ex-officio member of the Board of Directors of the above Foundation. However, these members do not compromise a majority in the above Foundation's Board. Audited financial statements of Northeast Iowa Community-Based Dairy Foundation are available at the Northeast Iowa Community College District Office located at Hwy 150 South, Calmar, Iowa 52132.

Significant financial data for the year ended June 30, 2021, which is audited, is as follows:

Total assets	\$ 1,168,280
Total liabilities	\$ 622,754
Total net assets	\$ 545,526
Total revenue	\$ 2,145,813
Total expenses	\$ 2,189,635

13. New Jobs Training Programs

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area I 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 taxes, incremental property tax, budgeted reserves and in the case of default, from standby property tax. Since inception, the College has administered 338 projects. There are 268 projects that have been completed and 70 are currently open.

The College also administers the Iowa Jobs Training Program (IJTP) in Area I in accordance with Chapter 260F of the Code of Iowa. The current program's purpose is to provide tax-aided training or retraining for employers 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 has administered 499 projects with 23 new projects in the year ended June 30, 2021.

14. Commitments

The College is a member of ACCES, Inc. (Alliance for Community Colleges for Electronic Sharing), a computer consortium of ten (10) Iowa community colleges. The College will continue to be a member of ACCES, Inc. for the foreseeable future. ACCES, Inc. has changed its mission from a consortium for providing administrative software services to a buying consortium for the acquisition and maintenance of Ellucian Colleague and other administrative software. The ongoing expenditures for the Ellucian Colleague software and maintenance will be paid through ACCES Consortium. The College is committed to paying ACCES, Inc. consortium \$138,627 for software, licensing, and maintenance for fiscal year 2022.

As of June 30, 2021, the College has entered into various agreements for equipment and construction contracts for a total of \$8,660,594.

The College entered into an operational agreement on September 16, 2019 with the Dairy Foundation. The Dairy Foundation will manage the livestock and day-to-day operations of the agricultural items. The College will provide fiscal, custodial and maintenance personnel. The College will also rent the buildings and land to the Dairy Foundation.

15. **Contingent Liabilities**

The College participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If the grantor government disallows expenses due to noncompliance with grant program regulations, the College may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenses have not been audited by granting authorities, but the College believes that disallowed expenses, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the College.

16. **Risk Management Policies**

The College carries commercial insurance coverage for coverage associated with property and inland marine, general liability, automobile liability, automobile physical damage, fidelity bonds, health, cyber, and worker's compensation. The College also carries coverage for operating equipment protection insurance up to \$1.26 million of costs. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The College is self-insured with respect to their health insurance coverage. The College maintains reinsurance that carries a specific stop loss of \$100,000 per employee covered and an aggregate stop loss of 125% of total estimated claims. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR).

The changes in the aggregate liabilities for claims included in accounts payable for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Estimated claims payable, beginning of year	\$ 600,000	\$ 450,000
Claims recognized	3,724,084	4,198,126
Claim payments	(3,724,084)	(4,048,126)
Estimated claims payable, end of year	\$ 600,000	\$ 600,000

17. **Tax Abatements**

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

College Tax Abatements

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

For the year ended June 30, 2021, the College had no abatements of property tax and \$3,534,570 of state income tax withholding under the projects.

17. Tax Abatements (Continued)

Tax Abatements of Other Entities

Other entities within the College also provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, cities offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the College were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Ashbury	Other tax abatement program	\$ 6,539
City of Calmar	Other tax abatement program	690
City of Calmar	Urban renewal and economic	606
City of Cascade	Other tax abatement program	2,572
City of Decorah	Other tax abatement program	3,117
City of Delhi	Other tax abatement program	536
City of Dubuque	Other tax abatement program	61,764
Dubuque County	Other tax abatement program	3,764
City of Dyersville	Other tax abatement program	13,694
City of Edgewood	Other tax abatement program	279
City of Elkader	Other tax abatement program	1,858
City of Elkader	Urban renewal and economic	312
City of Elma	Other tax abatement program	222
City of Farley	Other tax abatement program	12,417
City of Farley	Urban renewal and economic	4,928
City of Fayette	Other tax abatement program	1,129
Fayette County	Other tax abatement program	5,802
City of Hawkeye	Other tax abatement program	274
Howard County	Other tax abatement program	28,921
City of Lansing	Other tax abatement program	224
City of Luana	Other tax abatement program	903
City of Manchester	Other tax abatement program	2,836
City of McGregor	Other tax abatement program	123
City of McIntire	Other tax abatement program	1,532
City of Monona	Other tax abatement program	2,954
City of New Hampton	Other tax abatement program	5,797
City of Oelwein	Other tax abatement program	5,869
City of Oelwein	Urban renewal and economic	4,835
City of Ossian	Urban renewal and economic	256
City of Peosta	Other tax abatement program	7,232
City of Riceville	Other tax abatement program	1,397
City of Waukon	Other tax abatement program	1,480
City of West Union	Other tax abatement program	2,132

18. Net Position

The statement of net position reports \$6,424,758 of restricted net position, of which \$5,639,952 is restricted by enabling legislation.

19. Net Position Deficit

The unrestricted fund has a deficit net position as of June 30, 2021. The deficit was incurred due to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*.

20. Prospective Accounting Change

The Governmental Accounting Standards Board (GASB) has issued one statement not yet implemented by the College. This statement which might impact the College is as follows:

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the fiscal year ending June 30, 2022. The Statement increases the usefulness of governments' financial statement by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

The College's management has not yet determined the effect this statement will have on the College's financial statements.

21. COVID-19

The COVID-19 outbreak necessitated immediate actions by the College to mitigate the social risk for students, staff, and faculty. This included, among other things, increasing alternative education delivery options from a traditional face-to-face environment to the majority of classes being held on-line or in a synchronous solution, modifying classrooms for social distancing, providing proper personal protective equipment (PPE) throughout the College, enhancing faculty technology and devices to conduct classes in alternative modes, and moving the majority of staff off campus with devices to support a work from home environment. The College experienced a marginal decline in traditional credit hour and did incur a reduction in revenue from business educational classes conducted through the Business and Community Solutions (BCS) division. Auxiliary services (day care and cafeteria) were temporarily suspended but have since reopened. The College received significant federal grant support through the CARES Act to provide financial assistance to students and assistance to College operations to support the change in delivery of education due to COVID-19. The assistance to operations helped offset College expenses for PPE, classroom and faculty technology, and other expenses related to the change in delivery of education due to COVID-19.

In addition to College educational revenue, the College's primary revenue source is from property taxes which are expected to remain stable. Also, it is not anticipated there will be a reduction in state aid for the fiscal 2022 budget. These revenue sources along with the College's stable financial operations will help dampen any long-term impact that may result from the duration and severity of the COVID-19 crisis.

22. Subsequent Events

Management has evaluated subsequent events through November 02, 2021, the date on which the financial statements were available to be issued.

The College authorized to redeem the outstanding balance of the \$550,000 Refunding Certificates of Participation Evidencing Undivided Proportionate Interests in Base Lease Payments Pursuant to a Lease Purchase Agreement early.

NORTHEAST IOWA COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 For the Last Seven Years*
 (In Thousands)

	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.135367%	0.134215%	0.141353%	0.153889%	0.155812%	0.155012%	0.143749%
College's proportionate share of the net pension liability	\$ 9,509	\$ 7,772	\$ 8,945	\$ 10,251	\$ 9,806	\$ 7,658	\$ 5,701
College's covered payroll	\$ 10,752	\$ 10,244	\$ 10,616	\$ 11,630	\$ 11,254	\$ 10,621	\$ 9,410
College's proportionate share of the net pension liability as a percentage of its covered payroll	88.44%	75.87%	84.26%	88.14%	87.13%	72.10%	60.58%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

See Notes to Required Pension Liability Information and Independent Auditor's Report.

NORTHEAST IOWA COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF COLLEGE CONTRIBUTIONS
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 For the Last Ten Years
 (In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 1,051	\$ 1,015	\$ 967	\$ 948	\$ 1,039	\$ 1,005	\$ 948	\$ 840	\$ 730	\$ 635
Contributions in relation to the statutorily required contribution	<u>(1,051)</u>	<u>(1,015)</u>	<u>(967)</u>	<u>(948)</u>	<u>(1,039)</u>	<u>(1,005)</u>	<u>(948)</u>	<u>(840)</u>	<u>(730)</u>	<u>(635)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 11,130	\$ 10,752	\$ 10,244	\$ 10,616	\$ 11,630	\$ 11,254	\$ 10,621	\$ 9,410	\$ 8,420	\$ 7,869
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

See Notes to Required Pension Liability Information and Independent Auditor's Report.

NORTHEAST IOWA COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
For the Year Ended June 30, 2021

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

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

See Independent Auditor's Report.

NORTHEAST IOWA COMMUNITY COLLEGE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE COLLEGE'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
 For the Last Four Years
 (In Thousands)

	2021	2020	2019	2018
Service cost	\$ 34,014	\$ 22,921	\$ 22,253	\$ 27,682
Interest cost	6,657	12,084	11,090	12,951
Difference between expected and actual experiences	(68,262)		(88,024)	
Changes in assumptions	19,794		(6,330)	30,294
Benefit payments	(5,792)	(11,500)	(5,140)	(26,946)
Net change in total OPEB liability	(13,589)	23,505	(66,151)	43,981
Total OPEB liability beginning of year	318,592	295,087	361,238	317,257
Total OPEB liability end of year	<u>\$ 305,003</u>	<u>\$ 318,592</u>	<u>\$ 295,087</u>	<u>\$ 361,238</u>
Covered-employee payroll	\$ 15,265,890	\$ 14,772,964	\$ 13,826,660	\$ 14,781,549
Total OPEB liability as a percentage of covered-employee payroll	2.00%	2.16%	2.13%	2.44%

Notes to Schedule of Changes in the College's Total OPEB Liability and Related Ratios

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Year ended June 30, 2021	2.21%
Year ended June 30, 2020	3.87%
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%

See Independent Auditor's Report.



Hacker Nelson & Co., CPAs

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Trustees
Northeast Iowa Community College
Calmar, Iowa

We have audited the financial statements of Northeast Iowa Community College as of and for the year ended June 30, 2021, and have issued our report thereon dated November 02, 2021, which expressed unmodified opinions on the financial statements, appears on pages 2 through 3. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northeast Iowa Community College's basic financial statements. The supplementary information included in Schedules 1 through 9, and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis using statutory basis of accounting and are not a required part of the basic financial statements. Such information is 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, 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, the financial statements for the nine years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. Those audits were conducted for purposes of forming opinions on the basic financial statements as a whole. The revenue and expenditure information for the nine years ended June 30, 2020 is presented on Schedules 6 and 7. The Schedules 6 through 8 using statutory basis of accounting are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The 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 U.S. generally accepted auditing standards. In our opinion, the Schedules 6 through 8 are fairly stated, in all material respects, in relation to the basic financial statements from which it has been derived.

Decorah, Iowa
November 02, 2021

Hacker, Nelson & Co., P.C.

NORTHEAST IOWA COMMUNITY COLLEGE
BALANCE SHEET
June 30, 2021

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
ASSETS									
Cash	\$ 10,981,492	\$ 6,640,916	\$ 22,351,101	\$ 351,724	\$ 16,623,852				\$ 56,949,085
Receivables:									
Accounts, less allowance of \$802,769	3,894,916	334,853	415,730	17,852	6,872				4,670,223
Accrued interest		8,937							8,937
Property tax:									
Current year delinquent	21,623		27,151			\$ 54,644			103,418
Succeeding year	2,586,621		2,709,609			6,512,994			11,809,224
Due from other governments	213,560	2,424	1,241,464	125,894					1,583,342
Inventories		72,770							72,770
Due from Iowa Industrial New Jobs Training Program			2,726,085						2,726,085
Notes receivable		175,587							175,587
Capital assets:									
Land							\$ 1,016,866		1,016,866
Construction in progress							18,933,180		18,933,180
Intangibles							48,369		48,369
Buildings							77,924,398		77,924,398
Other structures and improvements							4,075,115		4,075,115
Furniture and equipment, including assets acquired							10,564,886		10,564,886
Accumulated depreciation and amortization							(46,765,063)		(46,765,063)
Total assets	17,698,212	7,235,487	29,471,140	495,470	16,630,724	6,567,638	65,797,751	\$ -	143,896,422
DEFERRED OUTFLOWS OF RESOURCES									
Pension related deferred outflows								2,246,508	2,246,508
OPEB related deferred outflows								35,758	35,758
Total deferred outflows of resources	-	-	-	-	-	-	-	2,282,266	2,282,266
Total assets and deferred outflows of resources	\$ 17,698,212	\$ 7,235,487	\$ 29,471,140	\$ 495,470	\$ 16,630,724	\$ 6,567,638	\$ 65,797,751	\$ 2,282,266	\$ 146,178,688
LIABILITIES									
Accounts payable	\$ 989,376	\$ 32,087	\$ 1,000,185	\$ 3,590	\$ 3,237,252				\$ 5,262,490
Salaries and benefits payable	1,463,826	24,807	32,692		2,707				1,524,032
Accrued interest payable					64,065				64,065
Compensated absences payable	158,380	14,198							172,578
Early retirement payable			1,600,336						1,600,336
Total OPEB liability								\$ 305,003	305,003
Net pension liability								9,509,183	9,509,183
Notes payable					550,000				550,000
Bonds payable					9,231,675		\$ 24,321,652		33,553,327
Capital leases payable							353,191		353,191
Certificates payable			16,210,600						16,210,600
Total liabilities	2,611,582	71,092	18,843,813	3,590	13,085,699	\$ -	24,674,843	9,814,186	69,104,805

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
BALANCE SHEET
June 30, 2021

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
DEFERRED INFLOWS OF RESOURCES									
Succeeding year property tax	\$ 2,586,621		\$ 2,709,609			\$ 6,512,994			\$ 11,809,224
Pension related deferred inflows								\$ 871,312	871,312
OPEB related deferred inflows								128,978	128,978
Other	4,203,952		2,039,484						6,243,436
Total deferred inflows of resources	6,790,573	\$ -	4,749,093	\$ -	\$ -	6,512,994	\$ -	1,000,290	19,052,950
FUND BALANCE									
Net investment in capital assets							41,122,908		41,122,908
Fund balances:									
Restricted for specific purposes			5,878,234	491,880		54,644			6,424,758
Designated for health insurance	1,117,535								1,117,535
Unrestricted (deficit)	7,178,522	7,164,395			3,545,025			(8,532,210)	9,355,732
Total fund balance (deficit)	8,296,057	7,164,395	5,878,234	491,880	3,545,025	54,644	41,122,908	(8,532,210)	58,020,933
Total liabilities, deferred inflows of resources and fund balance	\$ 17,698,212	\$ 7,235,487	\$ 29,471,140	\$ 495,470	\$ 16,630,724	\$ 6,567,638	\$ 65,797,751	\$ 2,282,266	\$ 146,178,688

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
For the Year Ended June 30, 2021

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
REVENUES AND OTHER ADDITIONS									
General:									
State appropriations	\$ 10,407,709	\$ 54,462	\$ 2,217,593	\$ 2,019,599	\$ 119,959			\$ (1,933,800)	\$ 12,885,522
Tuition and fees	13,378,036	108,847						(5,740,579)	7,746,304
Property taxes	2,539,274		3,189,246		2,080,575	\$ 4,313,952			12,123,047
Federal appropriations	5,840	17,189	7,059,359	8,619,462				2,000,965	17,702,815
Investment income	179,683	6,003	4		13,217				198,907
Iowa Industrial New Jobs Training Program			2,675,052						2,675,052
Sales and services	24,210								24,210
Miscellaneous	366,152		1,583,335	333,693	222,492			(67,166)	2,438,506
	<u>26,900,904</u>	<u>186,501</u>	<u>16,724,589</u>	<u>10,972,754</u>	<u>2,436,243</u>	<u>4,313,952</u>	<u>\$ -</u>	<u>(5,740,580)</u>	<u>55,794,363</u>
Auxiliary enterprises:									
Sales and services		2,416,427						(570,005)	1,846,422
Miscellaneous		492,683							492,683
	<u>-</u>	<u>2,909,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(570,005)</u>	<u>2,339,105</u>
Total revenues and other additions	<u>26,900,904</u>	<u>3,095,611</u>	<u>16,724,589</u>	<u>10,972,754</u>	<u>2,436,243</u>	<u>4,313,952</u>	<u>-</u>	<u>(6,310,585)</u>	<u>58,133,468</u>
EXPENDITURES AND OTHER DEDUCTIONS									
Education and support:									
Liberal arts and sciences	3,804,408		2,730						3,807,138
Vocational technical	8,128,533		988,971					(140,879)	8,976,625
Adult education	3,213,554		474,255					(2,301)	3,685,508
Cooperative services	2,312,555		3,458,596					(567,479)	5,203,672
General administration	1,108,296								1,108,296
Student services	2,492,117		1,446,286						3,938,403
Learning resources	669,096		82,216						751,312
Physical plant	2,138,048		1,433,924						3,571,972
General institution	4,793,316		2,854,731					46,073	7,694,120
	<u>28,659,923</u>	<u>-</u>	<u>10,741,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(664,586)</u>	<u>38,737,046</u>
Auxiliary enterprises									
Scholarships and grants		3,241,461		10,932,503				(6,310,585)	3,241,461
Plant asset acquisitions					18,002,984			(18,002,984)	-
Interest on indebtedness						584,772		485,689	1,070,461
Other					1,489,124				1,489,124
Expended for plant assets							(757,804)	757,804	-
Bond payable for plant assets							(17,644,947)	17,644,947	-
Retirement of indebtedness					(16,125,546)	3,742,091	12,383,455		-
Disposal of plant assets							69,792		69,792
Depreciation							3,224,426		3,224,426
Donated plant assets received							(64,296)	64,296	-
	<u>-</u>	<u>3,241,461</u>	<u>-</u>	<u>10,932,503</u>	<u>3,366,562</u>	<u>4,326,863</u>	<u>(2,789,374)</u>	<u>(5,360,833)</u>	<u>13,717,182</u>
Total expenditures and other deductions	<u>28,659,923</u>	<u>3,241,461</u>	<u>10,741,709</u>	<u>10,932,503</u>	<u>3,366,562</u>	<u>4,326,863</u>	<u>(2,789,374)</u>	<u>(6,025,419)</u>	<u>52,454,228</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
For the Year Ended June 30, 2021

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
(Deficiency) excess of revenues and other additions (under) over expenditures and other deductions	\$ (1,759,019)	\$ (145,850)	\$ 5,982,880	\$ 40,251	\$ (930,319)	\$ (12,911)	\$ 2,789,374	\$ (285,166)	\$ 5,679,240
TRANSFERS									
Mandatory	673,031	(242,565)	(817,734)	17,032	127,670				(242,566)
Nonmandatory	1,824,871	3,951,723	(4,894,265)	16,879	(656,642)				242,566
Total transfers	2,497,902	3,709,158	(5,711,999)	33,911	(528,972)	-	-	-	-
Net increase (decrease) in fund balance	738,883	3,563,308	270,881	74,162	(1,459,291)	(12,911)	2,789,374	(285,166)	5,679,240
FUND BALANCE (deficit)									
Beginning of year	7,557,174	3,601,087	5,607,353	417,718	5,004,316	67,555	38,333,534	(8,247,044)	52,341,693
End of year	\$ 8,296,057	\$ 7,164,395	\$ 5,878,234	\$ 491,880	\$ 3,545,025	\$ 54,644	\$ 41,122,908	\$ (8,532,210)	\$ 58,020,933

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
 SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
 EDUCATION AND SUPPORT UNRESTRICTED CURRENT FUNDS
 For the Year Ended June 30, 2021

	Education			Support					Total
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services	General Administration	Student Services	Learning Resources	Physical Plant	
REVENUES AND OTHER ADDITIONS									
State appropriations	\$ 4,629,949	\$ 4,070,084	\$ 1,646,204		\$ 47,531			\$ 13,941	\$ 10,407,709
Tuition and fees	4,151,022	5,864,663	1,743,661	\$ 1,593,234		\$ 10,309		\$ 15,147	13,378,036
Property taxes					2,539,274				2,539,274
Federal appropriations		5,840							5,840
Investment income					179,683				179,683
Sales and services			7,263	900			\$ 12,000		4,047
Miscellaneous		600	23,447	200,368	2,572	1,000	28,958	3,456	105,751
Total revenues and other additions	8,780,971	9,941,187	3,420,575	1,794,502	2,769,060	11,309	40,958	17,397	124,945
EXPENDITURES AND OTHER DEDUCTIONS									
Salaries and wages	2,947,670	5,719,530	1,766,446	1,642,330	869,110	1,700,416	474,219	663,778	2,527,496
Employee fringe benefits	886,185	1,876,504	499,555	545,189	18,880	674,029	150,828	297,707	831,587
Services	30,099	157,626	882,329	105,026	205,174	96,796	1,510	1,032,904	1,289,993
Materials and supplies	16,673	379,063	45,829	11,722	1,543	20,597	42,013	143,537	122,132
Travel	362	10,893	19,395	8,288	3,834	279	526	122	20,970
Loan cancellation and bad debts	(76,581)	(110,202)			7,068				
Miscellaneous expenditure		95,119			2,687				1,138
Total expenditures and other deductions	3,804,408	8,128,533	3,213,554	2,312,555	1,108,296	2,492,117	669,096	2,138,048	4,793,316
Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions	4,976,563	1,812,654	207,021	(518,053)	1,660,764	(2,480,808)	(628,138)	(2,120,651)	(4,668,371)
TRANSFERS									
Mandatory		4,930		620,973	47,128				673,031
Nonmandatory	3,642	81,194	894,599	(2,441)	(29,799)	4,496	2,395	796,918	73,867
Total transfers	3,642	86,124	894,599	618,532	17,329	4,496	2,395	796,918	73,867
Net increase (decrease) in fund balance	\$ 4,980,205	\$ 1,898,778	\$ 1,101,620	\$ 100,479	\$ 1,678,093	\$ (2,476,312)	\$ (625,743)	\$ (1,323,733)	\$ (4,594,504)
FUND BALANCE									
Beginning of year									7,557,174
End of year									\$ 8,296,057

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
 SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
 AUXILIARY ENTERPRISE UNRESTRICTED CURRENT FUNDS
 For the Year Ended June 30, 2021

	Bookstore	Food Services	Child Care	Farm	Trade and Industry	Professional Development	Miscellaneous	Total
REVENUES AND OTHER ADDITIONS								
State appropriations			\$ 54,462					\$ 54,462
Tuition and fees						\$ 25,668	\$ 83,179	108,847
Federal appropriations			17,189					17,189
Sales and services	\$ 1,655,775	\$ 88,569	635,589		\$ 36,494			2,416,427
Investment income				\$ 6,003				6,003
Miscellaneous	17,478	1,319	59,530	21,600	4,962		387,794	492,683
Total revenues and other additions	1,673,253	89,888	766,770	27,603	41,456	25,668	470,973	3,095,611
EXPENDITURES AND OTHER DEDUCTIONS								
Salaries and wages	107,737	149,050	655,428		4,050		135,164	1,051,429
Employee fringe benefits	33,051	57,555	181,211		310		45,061	317,188
Services	9,268	2,709	34,407	2,925	12,615	560	49,104	111,588
Materials and supplies	465	9,376	65,195		38,053	338	22,824	136,251
Travel	95					1,463	10,107	11,665
Cost of goods sold	1,412,230	56,654		25,000	18,370		92,892	1,605,146
Miscellaneous expenditure	7,706						488	8,194
Total expenditures and other deductions	1,570,552	275,344	936,241	27,925	73,398	2,361	355,640	3,241,461
Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions	102,701	(185,456)	(169,471)	(322)	(31,942)	23,307	115,333	(145,850)
TRANSFERS								
Mandatory					(242,565)			(242,565)
Nonmandatory	37,720	243,465	392,508				3,278,030	3,951,723
	37,720	243,465	392,508	-	(242,565)	-	3,278,030	3,709,158
Net increase (decrease) in fund balance	140,421	58,009	223,037	(322)	(274,507)	23,307	3,393,363	3,563,308
FUND BALANCE (deficit)								
Beginning of year	2,232,923	(352,555)	(669,630)	(628,133)	409,210	69,024	2,540,248	3,601,087
End of year	<u>\$ 2,373,344</u>	<u>\$ (294,546)</u>	<u>\$ (446,593)</u>	<u>\$ (628,455)</u>	<u>\$ 134,703</u>	<u>\$ 92,331</u>	<u>\$ 5,933,611</u>	<u>\$ 7,164,395</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE
RESTRICTED CURRENT FUNDS
For the Year Ended June 30, 2021

	Restricted Property Tax Levies	Iowa Industrial New Jobs Training	Other Federal Programs	Miscellaneous	Total
REVENUES AND OTHER ADDITIONS					
State appropriations	\$ 58,847	\$ 164,258		\$ 1,994,488	\$ 2,217,593
Property taxes	3,189,246				3,189,246
Federal appropriations			\$ 6,924,161	135,198	7,059,359
Investment income		4			4
Iowa Industrial New Jobs Training Program		2,675,052			2,675,052
Miscellaneous	159,877	58,508	88	1,364,862	1,583,335
Total revenues and other additions	3,407,970	2,897,822	6,924,249	3,494,548	16,724,589
EXPENDITURES AND OTHER DEDUCTIONS					
Salaries and wages			565,743	668,349	1,234,092
Employee fringe benefits	1,445,941		166,911	186,375	1,799,227
Services	1,342,384	1,635,001	164,779	490,066	3,632,230
Materials and supplies	575,848		791,446	68,705	1,435,999
Travel			25,019	4,323	29,342
Plant asset acquisitions	140,879		315,889	7,301	464,069
Interest on indebtedness		485,689			485,689
Miscellaneous expenditure			1,654,515	6,546	1,661,061
Total expenditures and other deductions	3,505,052	2,120,690	3,684,302	1,431,665	10,741,709
(Deficiency) excess of revenues and other additions (under) over expenditures and other deductions	(97,082)	777,132	3,239,947	2,062,883	5,982,880
TRANSFERS					
Mandatory		(620,973)	(45,415)	(151,346)	(817,734)
Nonmandatory	(344,066)	230,733	(3,181,310)	(1,599,622)	(4,894,265)
Total transfers	(344,066)	(390,240)	(3,226,725)	(1,750,968)	(5,711,999)
Net (decrease) increase in fund balance	(441,148)	386,892	13,222	311,915	270,881
FUND BALANCE					
Beginning of year	4,527,641	25,906	-	1,053,806	5,607,353
End of year	<u>\$ 4,086,493</u>	<u>\$ 412,798</u>	<u>\$ 13,222</u>	<u>\$ 1,365,721</u>	<u>\$ 5,878,234</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
 COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUES
 Years Ended June 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Local (property tax)	\$ 12,123,047	\$ 12,708,408	\$ 13,230,509	\$ 12,540,258	\$ 10,376,338	\$ 9,544,851	\$ 9,328,085	\$ 8,900,292	\$ 9,319,214	\$ 9,722,498
State appropriations	12,885,522	13,636,511	12,294,936	12,336,125	12,358,774	12,262,797	12,468,392	11,659,341	10,490,504	8,976,053
Federal appropriations	17,702,815	13,030,670	13,217,605	14,090,430	13,888,483	17,072,041	21,953,991	27,040,609	28,726,546	26,677,663
Total	\$ 42,711,384	\$ 39,375,589	\$ 38,743,050	\$ 38,966,813	\$ 36,623,595	\$ 38,879,689	\$ 43,750,468	\$ 47,600,242	\$ 48,536,264	\$ 45,376,214

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
 COMPARISON OF CURRENT FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTIONS
 Years Ended June 30,

	Statutory Basis									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
State appropriations	\$ 14,699,363	\$ 13,934,735	\$ 12,528,025	\$ 12,608,131	\$ 12,498,883	\$ 12,491,879	\$ 12,770,142	\$ 11,982,240	\$ 10,825,716	\$ 8,922,833
Tuition and fees	13,486,883	14,265,310	14,541,728	14,003,180	14,495,965	15,005,062	15,610,737	16,572,799	17,520,534	17,846,943
Property taxes	5,728,520	6,541,041	7,208,365	6,611,738	4,490,655	3,639,966	3,503,188	3,318,633	3,718,588	4,284,334
Federal appropriations	15,701,850	12,456,976	12,533,127	13,410,996	13,302,701	16,322,449	21,249,569	26,288,608	27,084,729	25,762,439
Investment income	185,690	704,399	682,959	438,773	342,710	294,668	265,419	314,897	277,580	327,185
Iowa Industrial New Jobs Training Program	2,675,052	4,113,714	4,917,599	4,394,955	3,809,580	3,997,803	4,857,292	5,524,871	5,325,255	5,226,224
Auxiliary enterprises	2,909,110	3,614,252	3,821,997	3,556,143	3,914,866	4,010,072	4,306,681	4,265,807	4,472,772	4,331,066
Miscellaneous	2,307,390	2,590,476	3,316,878	3,544,066	3,099,802	1,006,592	2,131,992	612,913	1,641,872	770,406
	<u>\$ 57,693,858</u>	<u>\$ 58,220,903</u>	<u>\$ 59,550,678</u>	<u>\$ 58,567,982</u>	<u>\$ 55,955,162</u>	<u>\$ 56,768,491</u>	<u>\$ 64,695,020</u>	<u>\$ 68,880,768</u>	<u>\$ 70,867,046</u>	<u>\$ 67,471,430</u>
EXPENDITURES										
Liberal arts and sciences	\$ 3,807,138	\$ 3,685,252	\$ 6,127,445	\$ 6,285,530	\$ 6,713,289	\$ 7,509,574	\$ 6,280,039	\$ 5,384,048	\$ 5,477,329	\$ 5,879,893
Vocational technical	9,117,504	9,155,223	6,353,620	7,298,510	8,299,617	8,313,748	9,678,016	8,992,192	9,002,457	8,845,338
Adult education	3,687,809	3,372,709	3,576,329	3,654,389	3,251,667	4,492,912	3,929,376	3,499,933	3,502,795	3,293,160
Cooperative services	5,771,151	6,962,259	8,090,806	7,397,329	8,153,577	7,750,338	8,848,642	8,655,705	9,027,827	9,102,551
General administration	1,108,296	1,382,393	1,275,410	1,149,425	1,363,372	1,521,997	1,418,394	1,415,492	1,445,495	1,480,985
Student services	3,938,403	3,110,699	2,494,062	2,102,627	2,057,071	2,352,556	2,215,141	2,140,522	1,955,567	1,776,000
Learning resources	751,312	892,573	812,952	838,155	885,016	1,288,052	879,430	977,697	877,371	1,070,725
Physical plant	3,571,972	4,247,397	4,354,466	4,143,121	3,965,725	4,221,979	3,503,794	3,165,470	3,298,461	2,781,858
General institution	7,648,047	5,560,188	6,103,723	8,183,360	6,692,742	6,472,382	8,063,921	9,980,980	7,999,519	3,845,296
Auxiliary enterprises	3,241,461	3,697,006	4,424,482	3,564,208	4,349,088	4,164,126	4,622,210	4,445,701	4,302,533	4,220,714
Scholarships and grants	10,932,503	12,470,146	11,914,390	12,051,299	11,980,379	13,761,880	16,122,715	18,494,274	20,952,363	22,680,816
	<u>\$ 53,575,596</u>	<u>\$ 54,535,845</u>	<u>\$ 55,527,685</u>	<u>\$ 56,667,953</u>	<u>\$ 57,711,543</u>	<u>\$ 61,849,544</u>	<u>\$ 65,561,678</u>	<u>\$ 67,152,014</u>	<u>\$ 67,841,717</u>	<u>\$ 64,977,336</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
 BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES
 BUDGET TO ACTUAL
 For the Year Ended June 30, 2021

Funds/Levy	Original Budget	Actual	Variance Actual and Budget
Unrestricted	\$ 37,114,223	\$ 28,659,923	\$ 8,454,300
Restricted	19,600,000	7,236,657	12,363,343
Unemployment	62,000	18,646	43,354
Insurance	2,300,000	1,433,924	866,076
Early retirement	800,000	1,335,755	(535,755)
Equipment replacement	1,144,877	716,727	428,150
Total restricted	23,906,877	10,741,709	13,165,168
Plant:			
Plant	9,575,973	1,489,124	8,086,849
Bonds and interest	17,908,540	4,326,863	13,581,677
Total plant	27,484,513	5,815,987	21,668,526
Total	\$ 88,505,613	\$ 45,217,619	\$ 43,287,994

Note to Budgetary Reporting:

The Board of Directors (Trustees) annually prepares a budget designating the proposed expenditures for operation of the College on a statutory (regulatory) basis. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors (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 Loan Funds.

For the year ended June 30, 2021, the College's expenditures for the Restricted Fund - Unemployment Subgroup exceeded the amount budgeted.

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

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

1. The auditor's report expresses unmodified opinions on whether the financial statements of Northeast Iowa Community College were prepared in accordance with U.S. generally accepted accounting principles.
2. No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Northeast Iowa Community College, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over the major federal award programs were disclosed by the audit of the financial statements. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Northeast Iowa Community College expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were as follows:
 - CFDA Number 21.019 - Coronavirus Relief Fund
 - 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 - Subsidized/Unsubsidized Loans, Plus Loans
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Northeast Iowa Community College was determined to be a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Internal control deficiencies: no matters were noted.

Instances of noncompliance: no matters were noted.

Part III: Findings and Questioned Costs for Major Federal Awards:

Internal control deficiencies: no matters were noted.

Instances of noncompliance: no matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

See management letter dated November 02, 2021.

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
U.S. Department of Agriculture:			
Passed through North Central Tech College: Rural Development Cooperative Agreement Program	10.890	\$ 12,711	
Passed through Iowa Department of Education: Child and Adult Care Food Program	10.558	<u>17,189</u>	
Subtotal U.S. Department of Agriculture		<u>29,900</u>	
U.S. Department of Commerce:			
Economic Development Cluster:			
Passed through East Central Intergovernmental Association: Economic Adjustment Assistance	11.307	9,222	
Passed through Upper Explorerland Regional Planning Commission: Economic Adjustment Assistance		<u>7,441</u>	
		<u>16,663</u>	
Passed through Iowa State University: Manufacturing Extension Partnership	11.611	<u>47,335</u>	
Subtotal U.S. Department of Commerce		<u>63,998</u>	
U.S. Department of Treasury:			
Passed through Iowa Workforce Development: Coronavirus Relief Fund	21.019	250,000	
Passed through County Social Services: Coronavirus Relief Fund		<u>400,578</u>	
Subtotal U.S. Department of Treasury		<u>650,578</u>	
National Science Foundation:			
Direct:			
Education and Human Resources	47.076	29,088	
Passed through Upper Iowa University: Education and Human Resources		<u>1,306</u>	
Subtotal National Science Foundation		<u>30,394</u>	
Small Business Development Center:			
Passed through Iowa State University: Small Business Development Centers	59.037	<u>81,945</u>	
U.S. Department of Veteran Affairs:			
Direct:			
Post 9/11 Veterans Educational Assistance	64.027	<u>79,354</u>	
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Adult Education - Basic Grants to States	84.002	<u>143,530</u>	
Governor's Emergency Education Relief Fund (GEER)	84.425C	<u>141,233</u>	
Direct:			
Higher Education Institutional Aid	84.031	<u>66,492</u>	
TRIO Student Support Services	84.042	<u>254,145</u>	
Education Stabilization Fund:			
Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	1,397,424	
HEERF Institutional Portion	84.425F	3,590,570	
CARES Act: Higher Education Emergency Relief Fund	84.425M	<u>192,667</u>	
		<u>5,180,661</u>	

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
U.S. Department of Education (Continued):			
Direct (Continued):			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	\$ 101,080	
Federal Work - Study Program	84.033	53,253	
Federal Pell Grant Program	84.063	3,855,994	
Federal Direct Student Loans - Plus Loans	84.268		\$ 23,076
Federal Direct Student Loans - Subsidized Loans	84.268		1,992,357
Federal Direct Student Loans - Unsubsidized Loans	84.268		2,567,601
		<u>4,010,327</u>	<u>4,583,034</u>
Passed through Iowa Vocational Rehabilitation Services:			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	<u>87,056</u>	
Vocational Education - Basic Grants to States:			
Passed through Iowa Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	<u>288,885</u>	
Subtotal U.S. Department of Education		<u>10,172,329</u>	<u>4,583,034</u>
Total Federal Financial Assistance		<u>\$ 11,108,498</u>	<u>\$ 4,583,034</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Northeast Iowa Community College under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Northeast Iowa Community College, it is not intended to and does not present the financial position, changes in net position or cash flows of Northeast Iowa Community College.

Summary of Significant Accounting Policies:

- 1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

- 2) Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate:

Northeast Iowa Community College has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Subrecipients:

There were no awards passed through to subrecipients.

See Independent Auditor's Report on the Supplementary Information.



Hacker Nelson & Co., CPAs

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
Northeast Iowa Community College
Calmar, Iowa

We have audited, in accordance with the 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, the financial statements of the business-type activities, the discretely presented component unit, and each major fund of Northeast Iowa Community College, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Northeast Iowa Community College's basic financial statements, and have issued our report thereon dated November 02, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Iowa Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
November 02, 2021



Hacker Nelson & Co., CPAs

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

To the Board of Trustees
Northeast Iowa Community College
Calmar, Iowa

Report on Compliance for Each Major Federal Program

We have audited Northeast Iowa Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northeast Iowa Community College's major federal programs for the year ended June 30, 2021. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Northeast Iowa Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Northeast Iowa Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northeast Iowa Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Hacker, Nelson & Co., P.C.

Decorah, Iowa
November 02, 2021



Hacker Nelson & Co., CPAs

MANAGEMENT LETTER

To the Board of Trustees
Northeast Iowa Community College
Calmar, Iowa

In planning and performing our audit of the basic financial statements of the Northeast Iowa Community College for the year ended June 30, 2021, we considered the College's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the College's compliance with certain sections of the Iowa Code, Attorney General's Opinions, and other matters. Items 1 through 9 below are compliance comments required by the Iowa Auditor of State. A separate report dated November 02, 2021, contains our report on the College's internal control over financial reporting. This letter does not affect our report dated November 02, 2021, on the basic financial statements of Northeast Iowa Community College. Comment 10 is an unresolved comment from the prior year. All other prior year comments have been resolved. This comment is not intended to and does not constitute a legal opinion. We did not audit the College's response and, accordingly, we express no opinion on it.

1. Certified Budget

Expenditures for the year ended June 30, 2021 did not exceed the amounts budgeted in total.

2. Questionable Expenditures

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.

3. Travel Expense

No expenditures of College money for travel expenses of spouses of College officials and/or employees were noted. No travel advances to College officials or employees were noted.

4. Business Transactions

No business transactions between the College and College officials and/or employees were noted.

5. Restricted Donor Activity

No transactions were noted between the College, College officials, College employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

6. 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.

7. Trustee Minutes

No transactions were found that we believe should have been approved in the Board minutes but were not.

8. Publication

The College published a statement showing the receipts and disbursements of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.

9. Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.

10. Disbursements

During our testing of twenty-five regular disbursements and twenty-five grant disbursements, we noted one of each disbursement where sales tax was paid. The College is exempt from paying sales tax on its purchases.

Recommendation

We recommend all invoices be reviewed to verify there is no sales tax charged on the purchase.

Response and Corrective Action Planned

We will review the invoices to verify there is no sales tax charged on the purchase. We do keep track of employees who are typically paying sales tax and review proper procedures after each incident. Employees may no longer be eligible to use the purchasing card if they continue to be noncompliant.

Conclusion

Response accepted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Northeast Iowa 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.

Hacker, Nelson & Co., P.C.