

**NORTHEAST IOWA COMMUNITY COLLEGE
CALMAR, IOWA**

FINANCIAL REPORT

JUNE 30, 2022

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

Board of Trustees

Name	Title	Term Expires
Jim Anderson	President	2023
Bob Shafer	Vice President	2025
Larry Blatz	Member	2023
Daniel White	Member	2023
Kent Nelson	Member	Resigned 2022
Dean Sherman	Member	2025 (Appointed to Replace Kent Nelson)
Kathy Gunderson	Member	2025
Sue Runyon	Member	2025
Gary McAndrew	Member	2025
Kenneth Reimer	Member	Resigned 2021
John Finley	Member	2023 (Appointed to Replace Kenneth Reimer)

Community College Officials

Liang Chee Wee	President (Retired as of June 30, 2022)
Herbert Riedel	President
David Dahms	Vice President, Finance & Administration
Wendy Mihm-Herold	Vice President, Business & Community Solutions
Kathy Nacos-Burds	Vice President, Learning & Student Success
Wendy Knight	Vice President, Institutional Effectiveness
Julia Sollien	Board Secretary
Heidi Herold	Board Treasurer, Executive Director of Finance (Retired as of June 30, 2022)
Lexi Wagner	Board Treasurer, Executive 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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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 present component unit, and each major fund of Northeast Iowa Community College as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northeast Iowa Community College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 20 to the financial statements, Northeast Iowa Community College adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northeast Iowa Community College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northeast Iowa Community College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northeast Iowa Community College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 5g, 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 42 through 45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 10, 2022, on our consideration of the 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., CPAs

Decorah, Iowa
November 10, 2022

NORTHEAST IOWA COMMUNITY COLLEGE
CALMAR, IOWA

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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, 2022.

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.

2022 FINANCIAL HIGHLIGHTS

The College implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, *Leases*, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however, had no effect on the beginning net position.

Operating revenues increased overall by 18.15% from fiscal year 2021 due to an increase in federal appropriations and Iowa Industrial New Jobs Training Program fees. Nonoperating revenues decreased by 1.10% due to a decrease in investment income, PELL, and property tax.

Operating expenses were 11.23% higher from fiscal year 2021. The College had an 104.96% increase in general administration expenses, 74.96% increase in cooperative services expenses, 77.45% increase in student services expenses, and 47.31% decrease in general institution expenses. The College had moderate changes in all the other expenses. See page 5d for explanations.

The College's financial statement and table below reflect total net position increased from fiscal year 2021.

CHANGE IN NET POSITION COMPARISON BY FUND

	Unrestricted	Auxiliary	Restricted	Scholarship	Plant	Total Net Position
FY 2022	2,200,660	7,076,295	5,975,757	701,615	46,943,358	62,897,685
FY 2021	(236,152)	7,164,395	5,878,234	491,882	44,722,576	58,020,935
\$ Change	2,436,812	(88,100)	97,523	209,733	2,220,782	4,876,750

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 2022	2,200,660	7,076,295	5,975,757	701,615	46,943,358	62,897,685
FY 2021	(236,152)	7,164,395	5,878,234	491,882	44,722,576	58,020,935
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

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 \$1,419,000 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 \$3,159,000 due to increase in operating revenues and negative pension expense due to increase in investments within the Iowa Public Employees' Retirement System.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)

Comparison of Net Position (Continued)

Statements of net position as of June 30, 2022 and 2021 are as follows:

	Condensed Statement of Net Position	
	(Expressed in Thousands)	
	2022	2021
Current and other assets	\$ 74,909	\$ 76,837
Other noncurrent assets	2,905	1,262
Capital assets, net	<u>74,253</u>	<u>65,798</u>
Total assets	\$ 152,067	\$ 143,897
Deferred outflows of resources	<u>\$ 1,551</u>	<u>\$ 2,282</u>
Current liabilities	\$ 13,243	\$ 14,608
Noncurrent liabilities	<u>50,534</u>	<u>54,497</u>
Total liabilities	\$ 63,777	\$ 69,105
Deferred inflows of resources	<u>\$ 26,943</u>	<u>\$ 19,053</u>
Net position:		
Net investment in capital assets	\$ 42,542	\$ 41,123
Restricted	6,724	6,425
Unrestricted	<u>13,632</u>	<u>10,473</u>
Total net position	\$ 62,898	\$ 58,021

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 2022, 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 more revenue in fiscal year 2022 versus 2021.

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, 2022 and 2021 are as follows:

	Changes in Net Position (Expressed in Thousands)	
	2022	2021
OPERATING REVENUES		
Tuition and fees	\$ 8,288	\$ 7,746
Federal appropriations	14,844	13,847
Iowa Industrial New Jobs Training Program	6,437	2,675
Sales and services	1,939	1,871
Miscellaneous	2,839	2,931
	<hr/>	<hr/>
Total operating revenues	34,347	29,070
	<hr/>	<hr/>
Total operating expenses	57,150	51,378
	<hr/>	<hr/>
Operating loss	(22,803)	(22,308)
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	13,125	12,885
Pell Grant	3,632	3,856
Property taxes	11,839	12,123
Investment income	151	199
Gain (loss) on sale of capital assets	32	(70)
Donated plant assets received	50	64
Interest on indebtedness	(1,149)	(1,070)
	<hr/>	<hr/>
Net nonoperating revenues (expenses)	27,680	27,987
	<hr/>	<hr/>
Increase in net position	4,877	5,679
	<hr/>	<hr/>
NET POSITION, beginning of year	58,021	52,342
	<hr/>	<hr/>
NET POSITION, end of year	\$ 62,898	\$ 58,021
	<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, 2022 and 2021 are as follows:

	Operating Expenses	
	(Expressed in Thousands)	
	<u>2022</u>	<u>2021</u>
Education and support:		
Liberal arts and sciences	\$ 3,920	\$ 3,807
Vocational technical	9,710	8,977
Adult education	4,254	3,686
Cooperative services	9,105	5,204
General administration	2,271	1,108
Student services	6,988	3,938
Learning resources	739	751
Physical plant	3,763	3,572
General institution	4,054	7,694
Auxiliary enterprises	3,715	3,241
Scholarships and grants	3,534	4,622
Depreciation	3,548	3,224
Other	1,549	1,554
	<u> </u>	<u> </u>
Total operating expenses	<u>\$ 57,150</u>	<u>\$ 51,378</u>

In fiscal year 2022, operating expenses resulted in the following changes:

- Increase in cooperative services expenses as a result of larger 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.
- Increase in general administration expenses due to increase in health insurance claims.
- Increase in student services expenses due to grant funds awarded to students through the Higher Education Emergency Relief Funds.
- Decrease in general institution expenses due to spending fewer grant funds received 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)	
	2022	2021
Cash provided by (used in):		
Operating activities	\$ (23,943)	\$ (16,981)
Non-capital financing activities	28,616	28,900
Capital and related financing activities	(8,551)	1,114
Investing activities	(2,828)	5,278
Net (decrease) increase in cash	(6,706)	18,311
Cash, beginning of year	56,949	38,638
Cash, end of year	\$ 50,243	\$ 56,949

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 (used in) provided by 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 (used in) provided by investing activities includes investment income received and the purchase of investments.

CAPITAL ASSETS

At June 30, 2022, the College had approximately \$124.9 million invested in capital assets, less accumulated depreciation and amortization of \$50.7 million. Depreciation and amortization expense totaled \$3,548,065 and \$3,224,426 for fiscal years 2022 and 2021, respectively. Details of net capital assets are shown below:

	Capital Assets, Net	
	(Expressed in Thousands)	
	2022	2021 (As Restated)*
Land	\$ 1,017	\$ 1,017
Buildings	43,917	39,689
Construction in progress	22,656	18,933
Other structures and improvements	1,876	1,743
Right-to-use leased buildings and vehicles	441	660
Intangibles	42	44
Furniture and equipment	4,304	4,018
Total	\$ 74,253	\$ 66,104

*Beginning capital assets was restated to implement GASB Statement No. 87, *Leases*.

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

DEBT

At June 30, 2022, the College had \$57.2 million in debt outstanding, an increase of \$4.7 million from 2021. The table below summarizes these amounts by type.

	Long-term Debt (Expressed in Thousands)	
	2022	2021 (As Restated)*
Certificates payable	\$ 16,975	\$ 16,211
Notes payable		550
Bonds payable	38,691	33,553
Lease agreements	438	660
Termination benefits	1,150	1,600
	<u>57,254</u>	<u>52,574</u>
Total	<u>\$ 57,254</u>	<u>\$ 52,574</u>

*Beginning debt was restated to implement GASB Statement No. 87, *Leases*.

More detailed information about the College's outstanding debt is presented in Note 7 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 see new capital expansions and unemployment rates at all time lows. With the state of Iowa unemployment rate at 2.6%, 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 26 businesses. One hundred percent of these funds were used to train 691 employees. The College had a total of 31 Iowa Job Training 260F projects with awards totaling \$231,442 and 757 employees trained. The College has multiple 260E projects with a balance of \$12,401,719 in training funds. These funds are available to the businesses for employee training or potential debt reduction. In June/July 2022, the College had a 260E bond sale in the amount of \$6,240,000 for twelve companies with a total of 605 jobs. We are also projecting a 260E bond sale in the summer of 2023.

In fiscal year 2022, our numbers were at an all time high in providing business and upskill training to over 19,173 individuals bringing in \$4.2 million in revenue to the college. This is the highest amount of short-term training and skills upgrading we have achieved in our history. This trend is expected to continue with hiring and unemployment rates and businesses continuing to need our assistance to train individuals on needed skills.

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 2021-22 Academic Year (fall 2021, spring 2022, and summer 2022) we awarded 287 students \$356,465 in Kibbie Grants and 495 students \$1,580,952 in Last Dollar Scholarships for a total of 782 students and \$1,937,417.

Credit enrollment was steady for fiscal year 2022, and we are at 96% of our goal. We have strong enrollment in high school concurrent classes and, with programs such as Last Dollar Scholar and Kibbie, we are rebounding well with Career and Technical Programs. We have a strategy in place to serve AA/transfer students for fiscal year 2023 and we are confident we will remain stable with enrollment.

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 year-to-date 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, 2022

	Business-type Activities	Component Unit Foundation		Business-type Activities	Component Unit Foundation
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	\$ 50,243,564	\$ 178,003	Liabilities:		
Investments	3,004,631		Accounts payable	\$ 4,270,256	\$ 2,150
Receivables:			Salaries and benefits payable	1,492,323	
Accounts, less allowance of \$536,616	4,962,258		Accrued interest payable	94,251	
Promises, net discount		323,928	Long-term liabilities due within one year:		
Accrued interest	715		Compensated absences payable	139,283	
Property tax:			Termination benefits	808,754	
Current year delinquent	83,412		Lease agreements	218,352	
Succeeding year	12,178,442		Bonds payable	2,915,000	
Due from other governments	2,276,945		Certificates payable	3,304,900	
Inventories	88,903		Total current liabilities	13,243,119	2,150
Prepaid expenses	46,029				
Notes receivable	94,457		Noncurrent liabilities:		
Lease receivable	71,040		Long-term liabilities due over one year:		
Due from Iowa Industrial New Jobs Training Program	1,858,298		Total OPEB liability	335,299	
Total current assets	74,908,694	501,931	Net pension liability	191,991	
			Termination benefits	340,982	
NONCURRENT ASSETS			Lease agreements	219,213	
Investments		5,183,594	Bonds payable	35,776,469	
Promises, net discount		504,073	Certificates payable	13,670,000	
Notes receivable	63,715		Total noncurrent liabilities	50,533,954	-
Lease receivable	115,276				
Due from Iowa Industrial New Jobs Training Program	2,726,085		Total liabilities	63,777,073	2,150
Capital assets, non-depreciable	23,673,066				
Capital assets, net accumulated depreciation/amortization	50,579,702		Deferred inflows of resources:		
Total noncurrent assets	77,157,844	5,687,667	Lease related	186,243	
			Succeeding year property tax	12,178,442	
DEFERRED OUTFLOWS OF RESOURCES			Pension related deferred inflows	7,503,021	
Pension related deferred outflows	1,520,133		OPEB related deferred inflows	113,842	
OPEB related deferred outflows	30,896		Other	6,961,261	
	1,551,029	-	Total deferred inflows of resources	26,942,809	-
			Net investment in capital assets	42,542,095	
			Restricted for specific purposes	6,723,572	4,520,359
			Unrestricted	13,632,018	1,667,089
			Total net position	62,897,685	6,187,448
Total assets and deferred outflows of resources	\$ 153,617,567	\$ 6,189,598	Total liabilities, deferred inflows of resources and net position	\$ 153,617,567	\$ 6,189,598

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2022

	Business-type Activities	Component Unit Foundation
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$5,949,847	\$ 8,288,382	
Federal appropriations	14,844,144	
Iowa Industrial New Jobs Training Program	6,437,117	
Sales and services, net of scholarship allowances of \$655,829	1,939,226	
Miscellaneous	2,838,329	\$ 2,370,625
Total operating revenues	34,347,198	2,370,625
OPERATING EXPENSES		
Education and support:		
Liberal arts and sciences	3,920,022	
Vocational technical	9,710,517	
Adult education	4,254,195	
Cooperative services	9,104,532	
General administration	2,271,366	19,653
Student services	6,988,227	
Learning resources	738,696	
Physical plant	3,762,860	
General institution	4,054,309	
Auxiliary enterprises	3,715,075	
Scholarships and grants	3,533,609	508,470
Depreciation/amortization	3,548,065	
Other	1,548,960	1,082,916
Total operating expenses	57,150,433	1,611,039
Operating (loss) income	(22,803,235)	759,586
NONOPERATING REVENUES (EXPENSES)		
State appropriations	13,124,745	
Pell Grant	3,632,110	
Property taxes	11,838,742	
Investment income (loss)	151,425	(850,730)
Gain on sale of capital assets	32,245	
Donated plant assets received (transferred)	50,000	(50,000)
Interest on indebtedness	(1,149,282)	
Net nonoperating revenues (expenses)	27,679,985	(900,730)
Change in net position	4,876,750	(141,144)
NET POSITION		
Beginning of year	58,020,935	6,328,592
End of year	\$ 62,897,685	\$ 6,187,448

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES
June 30, 2022

	Current Funds					Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships			
ASSETS							
Current assets:							
Cash	\$ 10,796,867	\$ 6,691,174	\$ 18,510,744	\$ 125,954	\$ 14,118,825	\$ 50,243,564	
Investments			3,004,631			3,004,631	
Receivables:							
Accounts, less allowance of \$536,616	4,241,931	318,260	138,128	251,768	12,171	4,962,258	
Accrued interest			715			715	
Property tax:							
Current year delinquent	18,174		19,038		46,200	83,412	
Succeeding year	2,665,322		2,791,988		6,721,132	12,178,442	
Due from other governments	729,849	2,808	1,220,395	323,893		2,276,945	
Inventories		88,903				88,903	
Prepaid expenses			46,029			46,029	
Notes receivable		94,457				94,457	
Lease receivable					71,040	71,040	
Due from Iowa Industrial New Jobs Training Program			1,858,298			1,858,298	
Total current assets	18,452,143	7,195,602	27,589,966	701,615	20,969,368	74,908,694	
Noncurrent assets:							
Due from Iowa Industrial New Jobs Training Program			2,726,085			2,726,085	
Notes receivable		63,715				63,715	
Lease receivable					115,276	115,276	
Capital assets, non-depreciable					23,673,066	23,673,066	
Capital assets, net					50,579,702	50,579,702	
Total noncurrent assets	-	63,715	2,726,085	-	74,368,044	77,157,844	
Total assets	18,452,143	7,259,317	30,316,051	701,615	95,337,412	152,066,538	
DEFERRED OUTFLOWS OF RESOURCES							
Pension related deferred outflows	1,520,133					1,520,133	
OPEB related deferred outflows	30,896					30,896	
Total deferred outflows of resources	1,551,029	-	-	-	-	1,551,029	
Total assets and deferred outflows of resources	\$ 20,003,172	\$ 7,259,317	\$ 30,316,051	\$ 701,615	\$ 95,337,412	\$ 153,617,567	

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES
June 30, 2022

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 949,893	\$ 146,610	\$ 920,847		\$ 2,252,906	\$ 4,270,256
Salaries and benefits payable	1,426,847	27,049	33,618		4,809	1,492,323
Accrued interest payable					94,251	94,251
Long-term liabilities due within one year:						
Compensated absences payable	129,920	9,363				139,283
Termination benefits			808,754			808,754
Lease agreements					218,352	218,352
Bonds payable					2,915,000	2,915,000
Certificates payable			3,304,900			3,304,900
Total current liabilities	2,506,660	183,022	5,068,119	\$ -	5,485,318	13,243,119
Noncurrent liabilities:						
Long-term liabilities due over one year:						
Total OPEB liability	335,299					335,299
Net pension liability	191,991					191,991
Termination benefits			340,982			340,982
Lease agreements					219,213	219,213
Bonds payable					35,776,469	35,776,469
Certificates payable			13,670,000			13,670,000
Total noncurrent liabilities	527,290	-	14,010,982	-	35,995,682	50,533,954
Total liabilities	3,033,950	183,022	19,079,101	-	41,481,000	63,777,073
DEFERRED INFLOWS OF RESOURCES						
Lease related					186,243	186,243
Succeeding year property tax	2,665,322		2,791,988		6,721,132	12,178,442
Pension related deferred inflows	7,503,021					7,503,021
OPEB related deferred inflows	113,842					113,842
Other	4,486,377		2,469,205		5,679	6,961,261
Total deferred inflows of resources	14,768,562	-	5,261,193	-	6,913,054	26,942,809
NET POSITION						
Net investment in capital assets					42,542,095	42,542,095
Restricted for specific purposes			5,975,757	701,615	46,200	6,723,572
Unrestricted	2,200,660	7,076,295			4,355,063	13,632,018
Total net position	2,200,660	7,076,295	5,975,757	701,615	46,943,358	62,897,685
Total liabilities, deferred inflows of resources and net position	\$ 20,003,172	\$ 7,259,317	\$ 30,316,051	\$ 701,615	\$ 95,337,412	\$ 153,617,567

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, 2022

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
OPERATING REVENUES						
General:						
Tuition and fees	\$ 8,181,478	\$ 106,904				\$ 8,288,382
Federal appropriations	2,323,812	685,267	\$ 8,653,235	\$ 3,181,830		14,844,144
Iowa Industrial New Jobs Training Program			6,437,117			6,437,117
Sales and services	22,392	1,916,834				1,939,226
Miscellaneous	263,826	591,869	1,289,679	463,075	\$ 229,880	2,838,329
Total operating revenues	10,791,508	3,300,874	16,380,031	3,644,905	229,880	34,347,198
OPERATING EXPENSES						
Education and support:						
Liberal arts and sciences	3,907,663		12,359			3,920,022
Vocational technical	8,609,884		1,100,633			9,710,517
Adult education	3,764,553		489,642			4,254,195
Cooperative services	2,454,976		6,649,556			9,104,532
General administration	2,271,366					2,271,366
Student services	2,667,708		4,320,519			6,988,227
Learning resources	633,984		104,712			738,696
Physical plant	2,388,500		1,374,360			3,762,860
General institution	3,037,693		1,016,616			4,054,309
Auxiliary enterprises		3,715,075				3,715,075
Scholarships and grants				3,533,609		3,533,609
Depreciation/amortization					3,548,065	3,548,065
Other					1,548,960	1,548,960
Total operating expenses	29,736,327	3,715,075	15,068,397	3,533,609	5,097,025	57,150,433
Operating (loss) income	(18,944,819)	(414,201)	1,311,634	111,296	(4,867,145)	(22,803,235)
NONOPERATING REVENUES (EXPENSES)						
State appropriations	10,716,950	20,545	2,188,307	81,128	117,815	13,124,745
Pell Grant	3,632,110					3,632,110
Property taxes	2,592,132		2,715,733		6,530,877	11,838,742
Investment income	125,887	7,905	5,345		12,288	151,425
Gain on sale of capital assets					32,245	32,245
Donated plant assets received					50,000	50,000
Interest on indebtedness			(457,098)		(692,184)	(1,149,282)
Net nonoperating revenues (expenses)	17,067,079	28,450	4,452,287	81,128	6,051,041	27,679,985
Change in net position before transfers	(1,877,740)	(385,751)	5,763,921	192,424	1,183,896	4,876,750
Transfers	4,314,552	297,651	(5,666,398)	17,309	1,036,886	-
Change in net position	2,436,812	(88,100)	97,523	209,733	2,220,782	4,876,750
NET POSITION (deficit)						
Beginning of year	(236,152)	7,164,395	5,878,234	491,882	44,722,576	58,020,935
End of year	\$ 2,200,660	\$ 7,076,295	\$ 5,975,757	\$ 701,615	\$ 46,943,358	\$ 62,897,685

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2022

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
CASH FLOWS FROM OPERATING ACTIVITIES						
Tuition and fees	\$ 8,116,888	\$ 106,904				\$ 8,223,792
Federal appropriations	1,807,523	684,883	\$ 8,674,304	\$ 913,007		12,079,717
Iowa Industrial New Jobs Training Program			5,286,142			5,286,142
Payments to employees for salaries and benefits	(19,242,995)	(1,128,962)	(1,730,597)			(22,102,554)
Payments to suppliers for goods and services	(5,434,480)	(524,908)	(8,272,288)		\$ (1,583,678)	(15,815,354)
Payments to NJTP recipients			(5,243,694)			(5,243,694)
Cost of goods sold		(1,649,243)				(1,649,243)
Scholarships				(1,466,373)		(1,466,373)
Auxiliary enterprise receipts		1,933,427				1,933,427
Other operating payments paid on employees' behalf	(7,102,859)	(316,165)	(396,859)			(7,815,883)
Other operating receipts	286,218	591,869	1,289,679	229,159	230,260	2,627,185
Net cash (used in) operating activities	(21,569,705)	(302,195)	(393,313)	(324,207)	(1,353,418)	(23,942,838)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
State appropriations	10,716,950	20,545	2,188,307	81,128	117,815	13,124,745
Pell Grant	3,632,110					3,632,110
Property taxes	2,595,581		2,723,846		6,539,321	11,858,748
Transfers	4,314,552	297,651	(5,666,398)	17,309	1,036,886	-
Federal direct lending receipts	7,883,577	655,829	104,128	2,070,826		10,714,360
Federal direct lending disbursements	(7,883,577)	(655,829)	(104,128)	(2,070,826)		(10,714,360)
Net cash provided by (used in) non-capital financing activities	21,259,193	318,196	(754,245)	98,437	7,694,022	28,615,603
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from issuance of debt			4,749,900		8,472,996	13,222,896
Proceeds from sale of capital assets					44,507	44,507
Acquisition of capital assets					(12,620,180)	(12,620,180)
Principal paid on debt and leases			(3,985,600)		(4,093,244)	(8,078,844)
Interest paid on debt and leases			(457,098)		(661,998)	(1,119,096)
Net cash provided by (used in) capital and related financing activities	-	-	307,202	-	(8,857,919)	(8,550,717)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments			(3,004,631)			(3,004,631)
Payments made on note receivable		17,415				17,415
Interest on investments	125,887	16,842	4,630		12,288	159,647
Net cash provided by (used in) investing activities	125,887	34,257	(3,000,001)	-	12,288	(2,827,569)
Net (decrease) increase in cash	(184,625)	50,258	(3,840,357)	(225,770)	(2,505,027)	(6,705,521)
CASH, beginning of year	10,981,492	6,640,916	22,351,101	351,724	16,623,852	56,949,085
CASH, end of year	\$ 10,796,867	\$ 6,691,174	\$ 18,510,744	\$ 125,954	\$ 14,118,825	\$ 50,243,564

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2022

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
Reconciliation of operating (loss) income to net cash (used in) operating activities:						
Operating (loss) income	\$ (18,944,819)	\$ (414,201)	\$ 1,311,634	\$ 111,296	\$ (4,867,145)	\$ (22,803,235)
Adjustments to reconcile operating (loss) income to net cash (used in) operating activities:						
Depreciation/amortization					3,548,065	3,548,065
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	(346,999)	16,592	277,602	(233,914)	(5,299)	(292,018)
(Increase) in NJTP receivable			(1,858,298)			(1,858,298)
(Increase) decrease in due from other governments	(516,304)	(383)	21,069	(197,999)		(693,617)
(Increase) in inventories		(16,133)				(16,133)
(Increase) in prepaid expenses			(46,029)			(46,029)
(Decrease) increase in accounts payable and accrued liabilities	(76,462)	116,765	(78,412)	(3,590)	(34,718)	(76,417)
Increase in postemployment benefits	30,296					30,296
(Decrease) in net pension liability	(9,317,192)					(9,317,192)
Decrease in deferred outflows of resources	731,237				5,679	736,916
Increase in deferred inflows of resources	6,898,998		429,721			7,328,719
(Decrease) in termination benefits			(450,600)			(450,600)
(Decrease) in compensated absences payable	(28,460)	(4,835)				(33,295)
Net cash (used in) operating activities	\$ (21,569,705)	\$ (302,195)	\$ (393,313)	\$ (324,207)	\$ (1,353,418)	\$ (23,942,838)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

The College accepted donated capital assets with a fair value of \$50,000 during the year ended June 30, 2022.

Capital asset additions included in accounts payable \$2,224,293

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, 2022 expresses an unmodified opinion dated November 23, 2022.

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 Dairy & Agriculture 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, 2022 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 (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below). 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.

Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. 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
Right-to-use leased assets	5,000
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
Right-to-use leased assets	2-15
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):

Leases - College as Lessee

Northeast Iowa Community College is the lessee for a noncancellable lease of buildings. The College has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The College recognizes leases liabilities with an initial, individual value of \$5,000 or more.

At the commencement of the lease, the College initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Northeast Iowa Community College determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Northeast Iowa Community College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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):

Leases - College as Lessor

Northeast Iowa Community College is the lessor for a noncancellable lease of buildings. The College recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the College initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how Northeast Iowa Community College determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Northeast Iowa Community College uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

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):

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, 2022.

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, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and deferred amounts related to leases.

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.

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 (Continued)

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.

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.

NOTES TO 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):

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, 2022 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.

The College's petty cash and deposit accounts as of June 30, 2022 consist of the following:

Petty cash	\$ 3,105
Other deposit accounts	<u>50,240,459</u>
Total	<u>\$ 50,243,564</u>

The College's investments as of June 30, 2022 consist of the following:

Certificates of deposit	<u>\$ 3,004,631</u>
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NOTES TO FINANCIAL STATEMENTS

2. Cash and Investments (Continued)

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, 2022, the College had investments in the ISJIT, as follows:

Investments	Amortized Cost
Diversified portfolio	\$ 11,255,819

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	\$ 74,416		\$ 74,416
Bond funds	1,007,858		1,007,858
Corporate bonds		\$ 45,239	45,239
Common stock	1,270,243		1,270,243
Preferred stock	197,547		197,547
Mutual funds	1,823,096		1,823,096
REIT's	14,802		14,802
	\$ 4,387,962	\$ 45,239	4,433,201
Alternative investments, measured at NAV as a practical expedient			750,393
Total investments			\$ 5,183,594

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, 2022:

Interest and dividend income	\$ 224,158
Net realized and unrealized losses	(1,020,877)
Investment expense	<u>(54,011)</u>
 Total investment return	 <u><u>\$ (850,730)</u></u>

Funds have been contributed on behalf of the College in the amount of \$6,979 to the Community Foundation of Greater Dubuque and that organization manages the money. The College receives unrestricted allocated earnings from these assets.

3. Inventories

The College's inventories as of June 30, 2022 are as follows:

Type	Amount
Supplies and materials	\$ 12,007
Merchandise held for resale	<u>76,896</u>
Total	<u><u>\$ 88,903</u></u>

4. Note Receivable

The Northeast Iowa Dairy & Agriculture 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%, which was paid off as of June 30, 2022. The second note payable is due in monthly payments of \$337 with an interest rate of 2.96%. Both notes receivable 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, which is due in monthly payments of \$8,600 with interest rate of 4.0% through January 1, 2024. A summary of the principal and interest maturities are as follows:

Year Ending June 30,	Total	
	Principal	Interest
2023	\$ 94,457	\$ 599
2024	63,379	878
2025	<u>336</u>	<u>2</u>
Minimum note payments	<u><u>\$ 158,172</u></u>	<u><u>\$ 1,479</u></u>

NOTES TO FINANCIAL STATEMENTS

5. Town Clock Center Lease Receivable

The College owns the Town Clock Center. The College entered into two separate three-year lease agreements to rent the top floor of the building. The College is to receive \$77,700 in building rent annually with an implicit rate of .1% and .2%. The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments following June 30, 2022.

Year Ending June 30,	Total
2023	\$ 71,225
2024	77,700
2025	37,695
Total minimum lease payments	186,620
Less amount representing interest	(304)
Present value of net minimum lease payments	\$ 186,316

6. Capital Assets

Capital assets activity for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021 As Restated	Additions	Deletions	Balance June 30, 2022
Capital non-depreciable assets:				
Land	\$ 1,016,866			\$ 1,016,866
Construction in progress	18,933,180	\$ 10,335,162	\$ 6,612,142	22,656,200
Capital assets, non-depreciable	19,950,046	10,335,162	6,612,142	23,673,066
Capital assets, being depreciated:				
Buildings	77,924,398	6,612,142		84,536,540
Other structures and improvements	4,075,115	253,681		4,328,796
Intangibles	48,369			48,369
Furniture and equipment	9,953,852	1,097,120	233,816	10,817,156
Gross capital assets being depreciated	92,001,734	7,962,943	233,816	99,730,861
Less accumulated depreciation:				
Buildings	38,236,071	2,383,776		40,619,847
Other structures and improvements	2,331,836	121,194		2,453,030
Furniture and equipment	5,935,451	799,330	221,554	6,513,227
Intangibles	3,868	1,935		5,803
Total accumulated depreciation	46,507,226	3,306,235	221,554	49,591,907
Net capital assets being depreciated	45,494,508	4,656,708	12,262	50,138,954

NOTES TO FINANCIAL STATEMENTS

6. Capital Assets (Continued)

Capital assets activity for the year ended June 30, 2022 is as follows (continued):

	Balance June 30, 2021 As Restated	Additions	Deletions	Balance June 30, 2022
Intangible right-to-use assets:				
Leased buildings and vehicles	\$ 1,557,152	\$ 36,614	\$ 19,413	\$ 1,574,353
Less accumulated amortization	897,540	241,830	5,765	1,133,605
Capital assets, non-depreciable	659,612	(205,216)	13,648	440,748
Capital assets, net	\$ 66,104,166	\$ 14,786,654	\$ 6,638,052	\$ 74,252,768

7. Long-term Obligations

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021 As Restated	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Certificates payable	\$ 16,210,600	\$ 4,749,900	\$ 3,985,600	\$ 16,974,900	\$ 3,304,900
Notes payable	550,000		550,000	-	
Bonds payable	31,800,000	8,035,000	3,100,000	36,735,000	2,915,000
Premium on bonds	1,753,327	401,382	198,240	1,956,469	
Lease agreements	659,606	36,614	258,655	437,565	218,352
Other liabilities:					
Termination benefits	1,600,336		450,600	1,149,736	808,754
Long-term liabilities	\$ 52,573,869	\$ 13,222,896	\$ 8,543,095	\$ 57,253,670	\$ 7,247,006

a. Certificates Payable

In accordance with agreements dated between July 1, 2013 and June 30, 2022, the College issued certificates totaling \$16,974,900 with interest rates ranging from 1.00% to 3.60% 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, 2022, principal and interest paid were \$3,985,000 and \$457,098, respectively. \$4,749,900 of NJTP certificates were issued during the year ended June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

7. **Long-term Obligations (Continued)**

Long-term liability activity for the year ended June 30, 2022 was as follows (continued):

a. **Certificates Payable (Continued)**

The certificates payable will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 3,304,900	\$ 374,528	\$ 3,679,428
2024	3,040,000	297,767	3,337,767
2025	2,670,000	224,548	2,894,548
2026	2,190,000	161,773	2,351,773
2027	2,000,000	114,480	2,114,480
2028-2032	3,770,000	138,150	3,908,150
Total	\$ 16,974,900	\$ 1,311,246	\$ 18,286,146

b. **Bonded Indebtedness**

\$8,885,000 General Obligation School Refunding Bonds Series 2019, due annually in varying installments June 1, 2022 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, 2022 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.

\$7,550,000 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.

\$8,035,000 General Obligation School Bonds Series 2022, due annually in varying installments June 1, 2023 through June 1, 2026 plus interest semiannually with interest rate of 5.00%. The proceeds of these bonds were used to provide resources to improve the College's infrastructure, security, technology, and create innovative learning spaces.

NOTES TO FINANCIAL STATEMENTS

7. **Long-term Obligations (Continued)**

Long-term liability activity for the year ended June 30, 2022 was as follows (continued):

b. **Bonded Indebtedness (Continued)**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,915,000	\$ 1,131,484	\$ 4,046,484
2024	3,070,000	986,850	4,056,850
2025	3,220,000	833,350	4,053,350
2026	3,380,000	703,350	4,083,350
2027	2,000,000	594,350	2,594,350
2028-2032	12,065,000	2,296,250	14,361,250
2033-2036	10,085,000	706,500	10,791,500
Total	\$ 36,735,000	\$ 7,252,134	\$ 43,987,134

c. **Lease Agreements**

The College has entered into various lease agreements for facilities within the area to house different divisions of the College. Initial lease liability was recorded in the amount of \$306,415 per Accounting Change/Restatement Note 20. The agreements require various monthly payments over five years with various implicit interest rates. The leases expire in 2023 through 2027.

The College entered into thirty agreements to lease thirty fleet vehicles. The agreements are for a period of four years. The agreements require various monthly payments over four years with various implicit interest rates. The leases expire in 2023 through 2024 which requires the payment of normal maintenance charges.

During the year ended June 30, 2022, principal and interest paid were \$258,655 and \$13,870, respectively. Details of the College's lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 218,352	\$ 8,285	\$ 226,637
2024	103,329	4,526	107,855
2025	74,024	2,628	76,652
2026	29,624	1,426	31,050
2027	12,236	618	12,854
Total	\$ 437,565	\$ 17,483	\$ 455,048

8. Termination Benefits

In April of 2021, the College offered a voluntary early retirement plan with options to retire between June 30, 2021 and August 16, 2022. Staff eligible under this offer could retire on June 30, 2021 or select a retirement date in fiscal year 2022 (July 1, 2021 through June 30, 2022). Faculty eligible under this offer could retire August 15, 2021, December 31, 2021, or August 15, 2022.

In the College's policy, 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 with the College 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 the 2021 plan receive their cash payout in their choice of one year (26 biweekly payments) or two years (two equal installments).

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, 2022, the College has obligations to seventy-six participants with a total early retirement liability of \$1,149,736. Actual early retirement expenditures for the year ended June 30, 2022 totaled \$450,600.

9. 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.

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

Pension Benefits (Continued)

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.

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 2022, 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, 2022 totaled \$1,100,341.

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

At June 30, 2022, the College reported a net pension liability of \$191,991 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, the College's proportion was (.055613)%, which was a decrease of 0.190980% from its proportion measured as of June 30, 2020.

NOTES TO FINANCIAL STATEMENTS

9. 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)

For the year ended June 30, 2022, the College recognized pension expense of \$(863,727). At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146,078	\$ 146,671
Changes of assumptions	125,578	
Net difference between projected and actual earnings on IPERS' investments		6,956,137
Changes in proportion and differences between College contributions and the College's proportionate share of contributions	148,136	400,213
College contributions subsequent to the measurement date	1,100,341	
Total	\$ 1,520,133	\$ 7,503,021

\$1,100,341 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, 2023. 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
2023	\$ (1,882,003)
2024	(1,781,962)
2025	(1,574,182)
2026	(1,860,284)
2027	15,202
Total	\$ (7,083,229)

There were no non-employer contributing entities to IPERS.

NOTES TO FINANCIAL STATEMENTS

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

Actuarial Assumptions

The total pension liability in the June 30, 2021 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, 2021 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 2021 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. 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	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

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

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	\$ 6,795,180	\$ 191,991	\$ (5,341,902)

IPERS' Fiduciary Net Position

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

Payables to IPERS

At June 30, 2022, the College reported payables to IPERS of \$124,517 for legally required College contributions and \$83,716 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

10. 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, 2022, 2021, 2020, respectively. Each employee is required to contribute 6.29% for the years ended June 30, 2022, 2021, and 2020, 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, 2022, 2021, and 2020 were \$534,626, \$495,245, and \$489,892 respectively. The College's required and actual contributions to TIAA for the years ended June 30, 2022, 2021, and 2020 were \$802,205, \$743,260, and \$734,545, respectively.

At June 30, 2022, the College reported payables to the TIAA of \$28,883 for legally required College contributions and \$19,905 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA.

11. 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, 2022, there were 303 active employees covered by the benefit terms.

Total OPEB Liability

The College's total OPEB liability of \$335,299 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020.

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.

NOTES TO FINANCIAL STATEMENTS

11. Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 305,003
Changes for the year:	
Service cost	35,035
Interest cost	7,381
Benefit payments	(12,120)
Net change	30,296
Total OPEB liability end of year	\$ 335,299

Changes of assumptions reflect no change in the discount rate of 2.21% for fiscal year 2021 to fiscal year 2022.

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	\$ 357,709	\$ 335,299	\$ 313,992

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 (4.50%) or 1% higher (6.50%) than the current healthcare cost trend rates.

	1% Decrease 4.50% decreasing to 4.0%	Current Healthcare Cost Trend Rate 5.50% decreasing to 5.0%	1% Increase 6.50% decreasing to 6.0%
Total OPEB liability	\$ 298,987	\$ 335,299	\$ 377,754

NOTES TO FINANCIAL STATEMENTS

11. Other Postemployment Benefits (OPEB) (Continued)

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

For the year ended June 30, 2022, the College recognized OPEB expense of \$32,142. At June 30, 2022, 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		\$ 109,996
Changes in assumptions	\$ 30,896	3,846
Total	\$ 30,896	\$ 113,842

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
2023	\$ (10,274)
2024	(10,274)
2025	(10,274)
2026	(10,274)
2027	(10,274)
Thereafter	(31,576)
Total	\$ (82,946)

NOTES TO FINANCIAL STATEMENTS

12. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

	Transfers In	Transfers Out
Unrestricted fund:		
Restricted fund	\$ 4,032,570	\$ 80,259
Scholarships fund	12,596	21,500
Plant fund	824,539	
Auxiliary fund	2,038	455,432
	4,871,743	557,191
 Auxiliary fund:		
Unrestricted fund	455,432	2,038
Restricted fund	192,186	99
Scholarships fund	3,115	
Plant fund		350,945
	650,733	353,082
 Restricted fund:		
Unrestricted fund	80,259	4,032,570
Auxiliary fund	99	192,186
Scholarships fund		11,520
Plant fund		1,510,480
	80,358	5,746,756
 Scholarships fund:		
Unrestricted fund	21,500	12,596
Auxiliary fund		3,115
Restricted fund	11,520	
	33,020	15,711
 Plant fund:		
Unrestricted fund		824,539
Auxiliary fund	350,945	
Restricted fund	1,510,480	
	1,861,425	824,539
Total	\$ 7,497,279	\$ 7,497,279

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

13. Related Organizations

Northeast Iowa Dairy & Agriculture 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 Dairy & Agriculture 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, 2022, which is audited, is as follows:

Total assets	\$	1,188,104
Total liabilities	\$	637,144
Total net assets	\$	550,960
Total revenue	\$	2,316,427
Total expenses	\$	2,310,993

14. 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 350 projects. There are 281 projects that have been completed and 69 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 530 projects with 31 new projects in the year ended June 30, 2022.

15. 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 \$141,718 for software, licensing, and maintenance for fiscal year 2023.

As of June 30, 2022, the College has entered into various agreements for equipment and construction contracts for a total of \$2,206,851.

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. The agreement expired as of June 30, 2022.

16. 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, 2022, 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.

17. 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, 2022 and 2021 are as follows:

	2022	2021
Estimated claims payable, beginning of year	\$ 600,000	\$ 600,000
Claims recognized	6,179,434	3,724,084
Claim payments	(6,076,172)	(3,724,084)
Estimated claims payable, end of year	\$ 703,262	\$ 600,000

18. 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, 2022, the College had no abatements of property tax and \$3,904,732 of state income tax withholding under the projects.

18. 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, the following cities and counties 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, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Calmar	Other tax abatement program	\$ 850
City of Cascade	Other tax abatement program	3,177
City of Decorah	Other tax abatement program	155
City of Dubuque	Other tax abatement program	254,632
Dubuque County	Other tax abatement program	3,530
City of Dyersville	Other tax abatement program	13,694
City of Edgewood	Other tax abatement program	512
City of Elkader	Other tax abatement program	2,387
City of Elma	Other tax abatement program	208
City of Epworth	Other tax abatement program	381
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	5,019
City of Hawkeye	Other tax abatement program	254
Howard County	Other tax abatement program	24,467
City of Lansing	Other tax abatement program	224
City of Luana	Other tax abatement program	837
City of Manchester	Other tax abatement program	3,489
City of McGregor	Other tax abatement program	130
City of McIntire	Other tax abatement program	1,532
City of Monona	Other tax abatement program	2,927
City of New Hampton	Other tax abatement program	4,477
City of Oelwein	Other tax abatement program	5,255
City of Ossian	Urban renewal and economic	407
City of Peosta	Other tax abatement program	6,522
City of Riceville	Other tax abatement program	1,239
City of Waukon	Other tax abatement program	1,511
City of West Union	Other tax abatement program	1,477

NOTES TO FINANCIAL STATEMENTS

19. Net Position

The statement of net position reports \$6,723,572 of restricted net position, of which \$5,709,475 is restricted by enabling legislation.

20. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets	Long-term Liabilities Lease Agreements
Balances June 30, 2021, as previously reported	\$ 65,797,751	
Change to implement GASBS No. 87	306,415	\$ 306,415
Balances July 1, 2021, as restated	\$ 66,104,166	\$ 306,415

21. Subsequent Events

Management has evaluated subsequent events through November 10, 2022, the date on which the financial statements were available to be issued.

The College has entered into a lease agreement with the Dairy Foundation on August 26, 2022.

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 Eight Years*
 (In Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	-0.055613%	0.135367%	0.134215%	0.141353%	0.153889%	0.155812%	0.155012%	0.143749%
College's proportionate share of the net pension liability	\$ 192	\$ 9,509	\$ 7,772	\$ 8,945	\$ 10,251	\$ 9,806	\$ 7,658	\$ 5,701
College's covered payroll	\$ 11,130	\$ 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	1.73%	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	100.81%	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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 1,095	\$ 1,051	\$ 1,015	\$ 967	\$ 948	\$ 1,039	\$ 1,005	\$ 948	\$ 840	\$ 730
Contributions in relation to the statutorily required contribution	(1,095)	(1,051)	(1,015)	(967)	(948)	(1,039)	(1,005)	(948)	(840)	(730)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 11,600	\$ 11,130	\$ 10,752	\$ 10,244	\$ 10,616	\$ 11,630	\$ 11,254	\$ 10,621	\$ 9,410	\$ 8,420
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

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, 2022

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 Five Years
 (In Thousands)

	2022	2021	2020	2019	2018
Service cost	\$ 35,035	\$ 34,014	\$ 22,921	\$ 22,253	\$ 27,682
Interest cost	7,381	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	(12,120)	(5,792)	(11,500)	(5,140)	(26,946)
Net change in total OPEB liability	30,296	(13,589)	23,505	(66,151)	43,981
Total OPEB liability beginning of year	305,003	318,592	295,087	361,238	317,257
Total OPEB liability end of year	<u>\$ 335,299</u>	<u>\$ 305,003</u>	<u>\$ 318,592</u>	<u>\$ 295,087</u>	<u>\$ 361,238</u>
Covered-employee payroll	\$ 16,251,923	\$ 15,265,890	\$ 14,772,964	\$ 13,826,660	\$ 14,781,549
Total OPEB liability as a percentage of covered-employee payroll	2.06%	2.00%	2.16%	2.13%	2.44%

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

No assets were accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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, 2022	2.21%
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, 2022, and have issued our report thereon dated November 10, 2022, which expressed unmodified opinions on the financial statements, appears on pages 2 through 4. 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 and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 supplementary information included in Schedules 1 through 9, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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, 2021 (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, 2021 are presented on Schedules 6 and 7. The Schedules 6 and 7 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 was derived from and relates 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 and 7 are fairly stated, in all material respects, in relation to the basic financial statements from which it has been derived.

Hacker, Nelson & Co., CPAs

Decorah, Iowa
November 10, 2022

NORTHEAST IOWA COMMUNITY COLLEGE
BALANCE SHEET
June 30, 2022

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
ASSETS									
Cash	\$ 10,796,867	\$ 6,691,174	\$ 18,510,744	\$ 125,954	\$ 14,118,825				\$ 50,243,564
Investments			3,004,631						3,004,631
Receivables:									
Accounts, less allowance of \$536,616	4,241,931	318,260	138,128	251,768	12,171				4,962,258
Accrued interest			715						715
Property tax:									
Current year delinquent	18,174		19,038			\$ 46,200			83,412
Succeeding year	2,665,322		2,791,988			6,721,132			12,178,442
Due from other governments	729,849	2,808	1,220,395	323,893					2,276,945
Inventories		88,903							88,903
Due from Iowa Industrial New Jobs Training Program			4,584,383						4,584,383
Prepaid expenses			46,029						46,029
Notes receivable		158,172							158,172
Lease receivable					186,316				186,316
Capital assets:									
Land							\$ 1,016,866		1,016,866
Construction in progress							22,656,200		22,656,200
Intangibles							48,369		48,369
Buildings							84,536,540		84,536,540
Other structures and improvements							4,328,796		4,328,796
Furniture and equipment, including assets acquired							12,391,511		12,391,511
Accumulated depreciation and amortization							(50,725,514)		(50,725,514)
Total assets	18,452,143	7,259,317	30,316,051	701,615	14,317,312	6,767,332	74,252,768	\$ -	152,066,538
DEFERRED OUTFLOWS OF RESOURCES									
Pension related deferred outflows								1,520,133	1,520,133
OPEB related deferred outflows								30,896	30,896
Total deferred outflows of resources	-	-	-	-	-	-	-	1,551,029	1,551,029
Total assets and deferred outflows of resources	\$ 18,452,143	\$ 7,259,317	\$ 30,316,051	\$ 701,615	\$ 14,317,312	\$ 6,767,332	\$ 74,252,768	\$ 1,551,029	\$ 153,617,567

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
BALANCE SHEET
June 30, 2022

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
LIABILITIES									
Accounts payable	\$ 949,893	\$ 146,610	\$ 920,847		\$ 2,252,906				\$ 4,270,256
Salaries and benefits payable	1,426,847	27,049	33,618		4,809				1,492,323
Accrued interest payable					94,251				94,251
Compensated absences payable	129,920	9,363							139,283
Termination benefits			1,149,736						1,149,736
Total OPEB liability								\$ 335,299	335,299
Net pension liability								191,991	191,991
Lease agreements							\$ 437,565		437,565
Bonds payable					7,418,361		31,273,108		38,691,469
Certificates payable			16,974,900						16,974,900
Total liabilities	2,506,660	183,022	19,079,101	\$ -	9,770,327	\$ -	31,710,673	527,290	63,777,073
DEFERRED INFLOWS OF RESOURCES									
Lease related					186,243				186,243
Succeeding year property tax	2,665,322		2,791,988			6,721,132			12,178,442
Pension related deferred inflows								7,503,021	7,503,021
OPEB related deferred inflows								113,842	113,842
Other	4,486,377		2,469,205		5,679				6,961,261
Total deferred inflows of resources	7,151,699	-	5,261,193	-	191,922	6,721,132	-	7,616,863	26,942,809
FUND BALANCE									
Net investment in capital assets							42,542,095		42,542,095
Fund balances:									
Restricted for specific purposes			5,975,757	701,615		46,200			6,723,572
Designated for health insurance	1,136,758								1,136,758
Unrestricted (deficit)	7,657,026	7,076,295			4,355,063			(6,593,124)	12,495,260
Total fund balance (deficit)	8,793,784	7,076,295	5,975,757	701,615	4,355,063	46,200	42,542,095	(6,593,124)	62,897,685
Total liabilities, deferred inflows of resources and fund balance	\$ 18,452,143	\$ 7,259,317	\$ 30,316,051	\$ 701,615	\$ 14,317,312	\$ 6,767,332	\$ 74,252,768	\$ 1,551,029	\$ 153,617,567

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, 2022

	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	\$ 10,716,950	\$ 20,545	\$ 2,188,307	\$ 2,095,551	\$ 117,815			\$ (2,014,423)	\$ 13,124,745
Tuition and fees	14,131,325	106,904						(5,949,847)	8,288,382
Property taxes	2,592,132		2,715,733		1,733,992	\$ 4,796,885			11,838,742
Federal appropriations	6,075	29,438	8,653,235	7,672,508				2,114,998	18,476,254
Investment income	125,887	7,905	5,345		12,288				151,425
Iowa Industrial New Jobs Training Program			6,437,117						6,437,117
Sales and services	22,392								22,392
Miscellaneous	263,826		1,289,679	563,650	229,880			(100,575)	2,246,460
	<u>27,858,587</u>	<u>164,792</u>	<u>21,289,416</u>	<u>10,331,709</u>	<u>2,093,975</u>	<u>4,796,885</u>	<u>\$ -</u>	<u>(5,949,847)</u>	<u>60,585,517</u>
Auxiliary enterprises:									
Sales and services		2,572,663						(655,829)	1,916,834
Miscellaneous		591,869							591,869
	<u>-</u>	<u>3,164,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(655,829)</u>	<u>2,508,703</u>
Total revenues and other additions	<u>27,858,587</u>	<u>3,329,324</u>	<u>21,289,416</u>	<u>10,331,709</u>	<u>2,093,975</u>	<u>4,796,885</u>	<u>-</u>	<u>(6,605,676)</u>	<u>63,094,220</u>
EXPENDITURES AND OTHER DEDUCTIONS									
Education and support:									
Liberal arts and sciences	3,907,653		12,359						3,920,012
Vocational technical	8,609,884		1,567,276					(466,643)	9,710,517
Adult education	3,764,553		489,642						4,254,195
Cooperative services	2,454,976		7,198,717					(549,161)	9,104,532
General administration	2,271,366								2,271,366
Student services	2,667,708		4,320,519						6,988,227
Learning resources	633,984		104,712						738,696
Physical plant	2,388,500		1,374,360						3,762,860
General institution	4,976,788		1,495,263					(2,417,733)	4,054,318
	<u>31,675,412</u>	<u>-</u>	<u>16,562,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,433,537)</u>	<u>44,804,723</u>
Auxiliary enterprises									
Scholarships and grants		3,760,070		10,139,285				(44,995)	3,715,075
Plant asset acquisitions					10,488,071			(6,605,676)	3,533,609
Interest on indebtedness						692,184		(10,488,071)	-
Other					1,498,961			457,098	1,149,282
Expended for plant assets							6,124,527	(6,124,527)	-
Bond payable for plant assets							(17,644,947)	17,644,947	-
Retirement of indebtedness					(10,748,558)	4,113,145	6,635,413		-
Disposal of plant assets							(32,245)		(32,245)
Depreciation							3,548,065		3,548,065
Donated plant assets received							(50,000)	50,000	-
	<u>-</u>	<u>3,760,070</u>	<u>-</u>	<u>10,139,285</u>	<u>1,238,474</u>	<u>4,805,329</u>	<u>(1,419,187)</u>	<u>(5,111,224)</u>	<u>13,412,747</u>
Total expenditures and other deductions	<u>31,675,412</u>	<u>3,760,070</u>	<u>16,562,848</u>	<u>10,139,285</u>	<u>1,238,474</u>	<u>4,805,329</u>	<u>(1,419,187)</u>	<u>(8,544,761)</u>	<u>58,217,470</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, 2022

	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	\$ (3,816,825)	\$ (430,746)	\$ 4,726,568	\$ 192,424	\$ 855,501	\$ (8,444)	\$ 1,419,187	\$ 1,939,085	\$ 4,876,750
TRANSFERS									
Mandatory	1,493,721		(1,501,862)	8,141					-
Nonmandatory	2,820,831	342,646	(3,127,183)	9,168	(45,462)				-
Total transfers	4,314,552	342,646	(4,629,045)	17,309	(45,462)	-	-	-	-
Net increase (decrease) in fund balance	497,727	(88,100)	97,523	209,733	810,039	(8,444)	1,419,187	1,939,085	4,876,750
FUND BALANCE (deficit)									
Beginning of year	8,296,057	7,164,395	5,878,234	491,882	3,545,024	54,644	41,122,908	(8,532,209)	58,020,935
End of year	\$ 8,793,784	\$ 7,076,295	\$ 5,975,757	\$ 701,615	\$ 4,355,063	\$ 46,200	\$ 42,542,095	\$ (6,593,124)	\$ 62,897,685

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, 2022

	Education			Support						Total
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services	General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
REVENUES AND OTHER ADDITIONS										
State appropriations	\$ 4,765,987	\$ 4,167,998	\$ 1,694,573	\$ 22,174	\$ 47,126			\$ 19,092		\$ 10,716,950
Tuition and fees	4,211,174	5,976,060	2,335,344	1,584,213		\$ 9,553			\$ 14,981	14,131,325
Property taxes					2,592,132					2,592,132
Federal appropriations		6,075								6,075
Investment income					125,887					125,887
Sales and services			9,023	532			\$ 12,000		837	22,392
Miscellaneous	3,186	1,000	19,622	200,000	2	700	29,161	5,284	4,871	263,826
Total revenues and other additions	8,980,347	10,151,133	4,058,562	1,806,919	2,765,147	10,253	41,161	24,376	20,689	27,858,587
EXPENDITURES AND OTHER DEDUCTIONS										
Salaries and wages	2,959,480	5,960,978	1,902,872	1,688,234	962,423	1,847,985	456,280	688,552	2,710,752	19,177,556
Employee fringe benefits	913,216	1,982,785	551,004	567,385	932,766	720,011	135,988	306,491	993,213	7,102,859
Services	32,141	177,469	1,230,383	166,023	339,581	67,195	1,285	1,179,277	1,129,184	4,322,538
Materials and supplies	22,235	427,579	47,999	16,834	3,384	28,320	39,256	213,983	88,782	888,372
Travel	3,528	15,953	32,295	16,500	33,122	4,197	1,175	197	49,920	156,887
Loan cancellation and bad debts	(22,947)	(33,007)			90					(55,864)
Miscellaneous expenditure		78,127							4,937	83,064
Total expenditures and other deductions	3,907,653	8,609,884	3,764,553	2,454,976	2,271,366	2,667,708	633,984	2,388,500	4,976,788	31,675,412
Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions	5,072,694	1,541,249	294,009	(648,057)	493,781	(2,657,455)	(592,823)	(2,364,124)	(4,956,099)	(3,816,825)
TRANSFERS										
Mandatory		780,058		674,084	39,579					1,493,721
Nonmandatory		576,274	908,800	(7,343)	(650,388)			951,344	1,042,144	2,820,831
Total transfers	-	1,356,332	908,800	666,741	(610,809)	-	-	951,344	1,042,144	4,314,552
Net increase (decrease) in fund balance	\$ 5,072,694	\$ 2,897,581	\$ 1,202,809	\$ 18,684	\$ (117,028)	\$ (2,657,455)	\$ (592,823)	\$ (1,412,780)	\$ (3,913,955)	497,727
FUND BALANCE										
Beginning of year										<u>8,296,057</u>
End of year										<u>\$ 8,793,784</u>

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, 2022

	Bookstore	Food Services	Child Care	Farm	Trade and Industry	Professional Development	Miscellaneous	Total
REVENUES AND OTHER ADDITIONS								
State appropriations			\$ 20,545					\$ 20,545
Tuition and fees						\$ 25,014	\$ 81,890	106,904
Federal appropriations			29,438					29,438
Sales and services	\$ 1,414,454	\$ 267,991	855,053		\$ 35,165			2,572,663
Investment income				\$ 7,905				7,905
Miscellaneous	69,528	2,398	65,164		10,021		444,758	591,869
Total revenues and other additions	1,483,982	270,389	970,200	7,905	45,186	25,014	526,648	3,329,324
EXPENDITURES AND OTHER DEDUCTIONS								
Salaries and wages	97,313	169,370	704,416		3,645	1,250	150,375	1,126,369
Employee fringe benefits	27,455	63,620	169,664		274	120	55,032	316,165
Services	24,791	15,673	34,238		9,823	8,911	251,294	344,730
Materials and supplies	888	23,291	82,430	725	105,879	1,202	37,948	252,363
Travel	263					6,471	16,284	23,018
Cost of goods sold	1,282,512	142,094			24,825		183,679	1,633,110
Plant asset acquisitions							44,995	44,995
Miscellaneous expenditure				15,956			3,364	19,320
Total expenditures and other deductions	1,433,222	414,048	990,748	16,681	144,446	17,954	742,971	3,760,070
Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions	50,760	(143,659)	(20,548)	(8,776)	(99,260)	7,060	(216,323)	(430,746)
TRANSFERS								
Nonmandatory	(232,648)	17,348	55,868	-	94,126	(48,539)	456,491	342,646
Net (decrease) increase in fund balance	(181,888)	(126,311)	35,320	(8,776)	(5,134)	(41,479)	240,168	(88,100)
FUND BALANCE (deficit)								
Beginning of year	2,373,344	(294,546)	(446,593)	(628,455)	134,703	92,331	5,933,611	7,164,395
End of year	\$ 2,191,456	\$ (420,857)	\$ (411,273)	\$ (637,231)	\$ 129,569	\$ 50,852	\$ 6,173,779	\$ 7,076,295

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, 2022

	Restricted Property Tax Levies	Iowa Industrial New Jobs Training	Other Federal Programs	Miscellaneous	Total
REVENUES AND OTHER ADDITIONS					
State appropriations	\$ 49,268	\$ 217,955	\$ 49,286	\$ 1,871,798	\$ 2,188,307
Property taxes	2,715,733				2,715,733
Federal appropriations			8,352,409	300,826	8,653,235
Investment income	4,396	949			5,345
Iowa Industrial New Jobs Training Program		6,437,117			6,437,117
Miscellaneous				1,289,679	1,289,679
Total revenues and other additions	<u>2,769,397</u>	<u>6,656,021</u>	<u>8,401,695</u>	<u>3,462,303</u>	<u>21,289,416</u>
EXPENDITURES AND OTHER DEDUCTIONS					
Salaries and wages			648,499	632,424	1,280,923
Employee fringe benefits	33,320		184,634	178,905	396,859
Services	1,295,443	5,243,694	155,501	429,620	7,124,258
Materials and supplies	903,059		301,177	212,206	1,416,442
Travel			40,675	55,973	96,648
Plant asset acquisitions	494,643		570,710		1,065,353
Interest on indebtedness		457,098			457,098
Miscellaneous expenditure		93,877	4,569,876	61,514	4,725,267
Total expenditures and other deductions	<u>2,726,465</u>	<u>5,794,669</u>	<u>6,471,072</u>	<u>1,570,642</u>	<u>16,562,848</u>
Excess of revenues and other additions over expenditures and other deductions	<u>42,932</u>	<u>861,352</u>	<u>1,930,623</u>	<u>1,891,661</u>	<u>4,726,568</u>
TRANSFERS					
Mandatory		(674,084)	(806,902)	(20,876)	(1,501,862)
Nonmandatory		(211,411)	(1,136,943)	(1,778,829)	(3,127,183)
Total transfers	<u>-</u>	<u>(885,495)</u>	<u>(1,943,845)</u>	<u>(1,799,705)</u>	<u>(4,629,045)</u>
Net increase (decrease) in fund balance	42,932	(24,143)	(13,222)	91,956	97,523
FUND BALANCE					
Beginning 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>
End of year	<u>\$ 4,129,425</u>	<u>\$ 388,655</u>	<u>\$ -</u>	<u>\$ 1,457,677</u>	<u>\$ 5,975,757</u>

See Independent Auditor's Report on the Supplementary Information.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Local (property tax)	\$ 11,838,742	\$ 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
State appropriations	13,124,745	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
Federal appropriations	18,476,254	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
Total	\$ 43,439,741	\$ 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

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
State appropriations	\$ 15,021,353	\$ 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
Tuition and fees	14,238,229	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
Property taxes	5,307,865	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
Federal appropriations	16,361,256	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
Investment income	139,137	185,690	704,399	682,959	438,773	342,710	294,668	265,419	314,897	277,580
Iowa Industrial New Jobs Training Program	6,437,117	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
Auxiliary enterprises	3,164,532	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
Miscellaneous	2,139,547	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
	<u>\$ 62,809,036</u>	<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>
EXPENDITURES										
Liberal arts and sciences	\$ 3,920,012	\$ 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
Vocational technical	10,177,160	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
Adult education	4,254,195	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
Cooperative services	9,653,693	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
General administration	2,271,366	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
Student services	6,988,227	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
Learning resources	738,696	751,312	892,573	812,952	838,155	885,016	1,288,052	879,430	977,697	877,371
Physical plant	3,762,860	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
General institution	6,472,051	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
Auxiliary enterprises	3,760,070	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
Scholarships and grants	10,139,285	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
	<u>\$ 62,137,615</u>	<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>

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, 2022

Funds/Levy	Original Budget	Actual	Variance Actual and Budget
Unrestricted	\$ 37,584,671	\$ 31,675,412	\$ 5,909,259
Restricted	18,600,000	13,836,383	4,763,617
Unemployment	60,000	25,392	34,608
Insurance	1,720,000	1,374,120	345,880
Early retirement	500,000	(70,749)	570,749
Equipment replacement	1,849,609	1,397,702	451,907
Total restricted	22,729,609	16,562,848	6,166,761
Plant:			
Plant	9,586,621	1,498,961	8,087,660
Bonds and interest	18,426,373	4,805,329	13,621,044
Total plant	28,012,994	6,304,290	21,708,704
Total	\$ 88,327,274	\$ 54,542,550	\$ 33,784,724

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, 2022, the College's expenditures did not exceed the amount budgeted.

See Independent Auditor's Report on the Supplementary Information.

**NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

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:
 - Federal Assistance Listing Number 84.031 - Higher Education Institutional Aid
 - Higher Education Emergency Relief Fund (HEERF):
 - Federal Assistance Listing Number 84.425E - COVID-19, Higher Education Emergency Relief Fund (HEERF) Student Aid Portion
 - Federal Assistance Listing Number 84.425F - COVID-19, HEERF Institutional Portion
 - Federal Assistance Listing Number 84.425M - CARES Act: Higher Education Emergency Relief Fund
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 10, 2022.

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, 2022

Grantor/Program	Federal Assistance Listing 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	\$ 3,311	
Passed through Iowa Department of Education:			
Child and Adult Care Food Program	10.558	29,438	
Passed through Northeast Community College:			
Soil and Water Conservation	10.902	4,341	
Subtotal U.S. Department of Agriculture		<u>37,090</u>	
U.S. Department of Commerce:			
Economic Development Cluster:			
Passed through East Central Intergovernmental Association:			
Economic Adjustment Assistance	11.307	80,561	
Passed through Upper Explorerland Regional Planning Commission:			
Economic Adjustment Assistance		13,430	
Subtotal U.S. Department of Commerce		<u>93,991</u>	
The Institute of Museum and Library Services:			
Passed through State Library of Iowa:			
Grants to States	45.310	5,000	
National Science Foundation:			
Passed through Upper Iowa University:			
Education and Human Resources	47.076	17,431	
Small Business Development Center:			
Passed through Iowa State University:			
Small Business Development Centers	59.037	56,044	
U.S. Department of Veteran Affairs:			
Direct:			
Post 9/11 Veterans Educational Assistance	64.027	63,308	
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Adult Education - Basic Grants to States	84.002	193,239	
Governor's Emergency Education Relief Fund (GEER)	84.425C	137,633	
Direct:			
Higher Education Institutional Aid	84.031	432,135	
TRIO Student Support Services	84.042	269,977	
Higher Education Emergency Relief Fund (HEERF):			
COVID-19, Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	4,270,112	
COVID-19, HEERF Institutional Portion	84.425F	2,352,590	
CARES Act: Higher Education Emergency Relief Fund	84.425M	360,717	
Total Higher Education Emergency Relief Fund (HEERF)		<u>6,983,419</u>	
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	83,861	
Federal Work - Study Program	84.033	72,124	
Federal Pell Grant Program	84.063	3,632,110	
Federal Direct Student Loans - Plus Loans	84.268		\$ 31,406
Federal Direct Student Loans - Subsidized Loans	84.268		1,790,997
Federal Direct Student Loans - Unsubsidized Loans	84.268		2,070,826
		<u>3,788,095</u>	<u>3,893,229</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, 2022

Grantor/Program	Federal Assistance Listing Number	Program Expenditures	New Loans and New Loan Guarantees
U.S. Department of Education (Continued):			
Direct (Continued):			
Passed through Iowa Vocational Rehabilitation Services:			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	\$ 65,542	
Vocational Education - Basic Grants to States:			
Passed through Iowa Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	291,758	
Subtotal U.S. Department of Education		12,161,798	\$ 3,893,229
U.S. Department of Health and Human Services:			
Passed through Iowa Department of Human Services:			
Child Care and Development Block Grant	93.575	27,290	
Total Federal Financial Assistance		\$ 12,461,952	\$ 3,893,229

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, 2022

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, 2022. 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:

- 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.
- 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, 2022, 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 10, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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., CPAs

Decorah, Iowa
November 10, 2022



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

Opinion on Each Major Federal Program

We have audited Northeast Iowa Community College's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northeast Iowa Community College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northeast Iowa Community College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Northeast Iowa Community College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northeast Iowa Community College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northeast Iowa Community College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northeast Iowa Community College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northeast Iowa Community College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Northeast Iowa Community College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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., CPAs

Decorah, Iowa
November 10, 2022



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, 2022, 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 10, 2022, contains our report on the College's internal control over financial reporting. This letter does not affect our report dated November 10, 2022, on the basic financial statements of Northeast Iowa Community College. Comment 10 is an unresolved comment from the prior year. These comments are not intended to and do not constitute legal opinions. We did not audit the College's responses and, accordingly, we express no opinion on them.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

1. **Certified Budget**
Expenditures for the year ended June 30, 2022 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 review on contracts, we noted two contract payments where the incorrect amount was paid. One contract payment was the amount to finish the contract not the work to date on the estimate. The other total amount for the work performed on the estimate was paid which included the retainage on the work performed. On both contracts the subsequent estimates did not record the amount actually paid by the College.

Recommendation

We recommend contract estimates be reviewed carefully so the proper amount is paid, and the subsequent estimates are reviewed to verify the proper amount is recorded for prior payments.

Response and Corrective Action Planned

We will have multiple individuals review pay applications from contractors to verify the amounts due and previously paid. The architects, engineers, and construction manager each review the pay application for accuracy. The Vice President of Operations gives the final approval, circles the amount to pay on the pay application, and submits it to Finance for processing. The Finance Bookkeeper vouchers the payment, the Accounts Payable Specialist prints the check, the Executive Director of Finance reviews the check register, and a different Finance Bookkeeper matches the check to the pay application and mails the check.

Conclusion

Response accepted.

11. Payroll Reports

During our audit of the 941 payroll reports, we noted the College incorrectly entered the 2022 limit for Social Security wages which allowed senior staff members to have the incorrect amount of social security tax withheld. The error was corrected on the next 941 payroll report.

Recommendation

We recommend extra care be taken when entering in new information and that the information is reviewed by an independent employee.

Response and Corrective Action Planned

We are implementing a new process that automatically updates the payroll tax tables in our system, reducing the risk of manually entering a number incorrectly. The Payroll Coordinator will complete the process at the beginning of the calendar year and the Director of Financial Operations will review the updated tax tables for accuracy.

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., CPAs

Decorah, Iowa
November 10, 2022