

**NORTHEAST IOWA COMMUNITY COLLEGE  
CALMAR, IOWA**

**FINANCIAL REPORT**

**JUNE 30, 2018**

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NORTHEAST IOWA COMMUNITY COLLEGE

BOARD OF TRUSTEES AND COLLEGE OFFICIALS

Board of Trustees

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kenneth Reimer	President	2019
Jim Anderson	Vice-President	2019
Larry Blatz	Member	2019
Daniel White	Member	2019
Gene Fuelling	Member	2021
Kathy Gunderson	Member	2021
Sue Runyon	Member	2021
David Schueller	Member	2021
Bob Shafer	Member	2021

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Community College Officials

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Liang Chee Wee	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
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Heidi Herold	Board Treasurer, Executive Director of Finance

INDEPENDENT AUDITOR'S REPORT  
ON THE FINANCIAL STATEMENTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and each major fund of Northeast Iowa Community College, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and each major fund of Northeast Iowa Community College, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### Emphasis of a Matter

As discussed in Note 21 to the financial statements, Northeast Iowa Community College adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 4f, 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 39 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018, on our consideration of Northeast Iowa Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northeast Iowa Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northeast Iowa Community College's internal control over financial reporting and compliance.

*Hacher, Nelson & Co., P.C.*

Decorah, Iowa  
October 19, 2018

NORTHEAST IOWA COMMUNITY COLLEGE  
CALMAR, IOWA

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018

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, 2018.

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.

2018 FINANCIAL HIGHLIGHTS

The College implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018. The beginning net position was restated by \$329,709 to retroactively report the decrease in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available. The tables below reflect the restatement in the unrestricted net position.

Operating revenues increased overall by 0.62% from fiscal year 2017 due to an increase in miscellaneous income. Nonoperating revenues increased by 10.00% due to increase in property taxes.

Operating expenses were 1.25% higher from fiscal year 2017. The College had a 25.73% increase in general institution expenses, 15.70% decrease in general administration expenses, 134.35% increase in other expenses, and 18.33% decrease in auxiliary enterprises expense. The College had moderate changes in all the other expenses. See page 4d for explanations.

The College's financial statement and table below reflect total net position increased from fiscal year 2017.

CHANGE IN NET POSITION COMPARISON BY FUND

	Unrestricted	Auxiliary	Restricted	Scholarship	Plant	Total Net Position
FY 2018	(2,794,581)	2,162,227	2,155,111	415,434	38,325,735	40,263,926
FY 2017, restated	(3,345,681)	2,158,975	1,156,996	379,390	36,794,753	37,144,433
\$ Change	551,100	3,252	998,115	36,044	1,530,982	3,119,493

## 2018 FINANCIAL HIGHLIGHTS (Continued)

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 2018	(2,794,581)	2,162,227	2,155,111	415,434	38,325,735	40,263,926
FY 2017, restated	(3,345,681)	2,158,975	1,156,996	379,390	36,794,753	37,144,433
FY 2016	(3,033,408)	3,059,662	1,961,116	192,103	33,612,913	35,792,386
FY 2015	(1,924,875)	3,855,856	5,835,415	201,454	29,948,121	37,915,971
FY 2014	5,967,177	4,770,714	5,078,957		26,934,590	42,751,438

### 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.

## REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)

### *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 capital assets is liquidated with resources other than capital assets. The restricted portion of the net position includes resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The remaining net position is the unrestricted net position which can be used to meet the College's obligations as they come due.

	Condensed Statement of Net Position (Expressed in Thousands)	
	2018	2017 (Not Restated)
Current and other assets	\$ 56,329	\$ 54,556
Other noncurrent assets	7,785	10,416
Capital assets, net	46,426	49,054
Total assets	\$ 110,540	\$ 114,026
Deferred outflows of resources	\$ 3,404	\$ 3,507
Current liabilities	\$ 13,213	\$ 12,689
Noncurrent liabilities	38,519	46,384
Total liabilities	\$ 51,732	\$ 59,073
Deferred inflows of resources	\$ 21,948	\$ 21,645
Net position:		
Net investment in capital assets	\$ 35,791	\$ 37,996
Restricted	2,600	1,588
Unrestricted (deficit)	1,873	(2,769)
Total net position	\$ 40,264	\$ 36,815

### *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.

**REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)**

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

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 2018, operating revenues resulted in the following changes:

- Revenues decreased due to enrollment decrease.
- The New Jobs Training Program received more revenue in fiscal year 2018 versus 2017.

	Changes in Net Position (Expressed in Thousands)	
	2018	2017 (Not Restated)
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 8,395	\$ 8,999
Federal appropriations	9,552	9,616
Iowa Industrial New Jobs Training Program	4,395	3,809
Sales and services	2,771	2,961
Miscellaneous	3,665	3,215
	<hr/>	<hr/>
Total operating revenues	28,778	28,600
	<hr/>	<hr/>
Total operating expenses	54,138	53,468
	<hr/>	<hr/>
Operating loss	(25,360)	(24,868)
	<hr/>	<hr/>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	12,336	12,359
Pell Grant	4,539	4,272
Property taxes	12,540	10,376
Investment income	446	343
Loss on sale of capital assets	(11)	(14)
Donated plant assets received		52
Interest on indebtedness	(1,370)	(1,498)
	<hr/>	<hr/>
Net nonoperating revenues (expenses)	28,480	25,890
	<hr/>	<hr/>
Increase in net position	3,120	1,022
	<hr/>	<hr/>
Net position, Beginning of Year, as restated	37,144	35,793
	<hr/>	<hr/>
Net position, End of Year	\$ 40,264	\$ 36,815
	<hr/> <hr/>	<hr/> <hr/>

## REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)

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

	Operating Expenses	
	(Expressed in Thousands)	
	2018	2017
Education and support:		
Liberal arts and sciences	\$ 6,285	\$ 6,713
Vocational technical	7,189	7,644
Adult education	3,647	3,252
Cooperative services	6,696	7,189
General administration	1,149	1,363
Student services	2,097	2,057
Learning resources	838	885
Physical plant	4,143	3,966
General institution	8,919	7,094
Auxiliary enterprises	3,489	4,272
Scholarships and grants	5,705	5,590
Depreciation	2,978	3,015
Other	1,003	428
	<hr/>	<hr/>
Total operating expenses	\$ 54,138	\$ 53,468

In fiscal year 2018, operating expenses resulted in the following changes:

- Decrease in general administration expenses due to decrease in salaries and benefits along with use of outside services.
- Increase in general institution expenses is due to increase in early retirees in early retirement plan.
- Expenses for auxiliary enterprises decreased due to decline in enrollment.
- Increase in other expenses due to purchases of technology services and software.

### *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)	
	2018	2017
Cash provided by (used in):		
Operating activities	\$ (18,521)	\$ (19,924)
Non-capital financing activities	29,458	26,971
Capital and related financing activities	(10,242)	(4,794)
Investing activities	(1,739)	16,879
	<hr/>	<hr/>
Net (decrease) increase in cash	(1,044)	19,132
	<hr/>	<hr/>
Cash, beginning of year	29,493	10,361
	<hr/>	<hr/>
Cash, end of year	\$ 28,449	\$ 29,493

## REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)

### *Statement of Cash Flows (Continued)*

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 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, 2018, the College had approximately \$85.7 million invested in capital assets, less accumulated depreciation of \$40.0 million. Depreciation expense totaled \$2,977,837 and \$3,015,377 for fiscal years 2018 and 2017, respectively. Details of net capital assets are shown below:

	Capital Assets, Net (Expressed in Thousands)	
	2018	2017
Land	\$ 655	\$ 683
Buildings	40,585	42,453
Construction in progress		93
Other structures and improvements	1,815	1,871
Equipment and vehicles	3,371	3,954
Total	\$ 46,426	\$ 49,054

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

### DEBT

At June 30, 2018, the College had \$37.5 million in debt outstanding, a decrease of \$7.5 million from 2017. The table below summarizes these amounts by type.

	Long-term Debt (Expressed in Thousands)	
	2018	2017
Notes payable	\$ 1,400	\$ 1,675
Certificates payable	21,500	26,465
Bonds payable	12,155	15,435
Capital leases payable	46	
Early retirement payable	2,424	1,440
Total	\$ 37,525	\$ 45,015

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. The district has experienced stable job growth and has a diverse sector of industry which includes manufacturing, business, financial, information technology, and healthcare. Our eight-county district has unemployment rates ranging from 1.7% to 2.5%. The College's Business & Community Solutions Division continues to successfully work with area employers. Through the Iowa Jobs Training Program along with Workforce Training and Economic Development funds, we were able to provide customized contract training services along with recertification and up-skilling for 22,756 individuals, serving 485 businesses throughout our district.

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

The declining enrollment trend continues to be a challenge for the College. Low unemployment rates in the College's district, lower numbers of high school graduates, and limited population growth are all contributing factors to this trend. The College completed an extensive analysis of potential academic programs to address enrollment declines and an increasing need for more career and technical programs due to business growth and demand for employees. From this analysis, we are targeting specific market needs and providing programming in the manner students wish to receive education. The College is also developing an online Associate of Arts degree with open educational resources and diversifying its training opportunities including customizing onboard training for businesses in our district.

The College has implemented several initiatives in an effort to control rising operating expenses and provide for a balanced budget. Those initiatives include the early retirement program which began in 2016, the restructuring of departments, and a review of academic programs including the alignment of program schedules to ensure maximal course capacity. In addition, the Senior Leadership Team comprised of our four Vice Presidents, Assoc. Vice President of Operations, and the Executive Director of Human Resources is managing all hiring and replacements. These initiatives have resulted in a significant payroll cost savings.

State general aid represented approximately 35% of the College's unrestricted fund revenue in FY18. In March 2018, the State of Iowa reduced the community colleges' FY18 state general aid by \$500,000. This resulted in a slight reduction to the College of approximately \$24,600 for 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 1-800-728-2256.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF NET POSITION  
June 30, 2018

	Business-type Activities	Component Unit Foundation		Business-type Activities	Component Unit Foundation
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash	\$ 28,448,584	\$ 94,424	Liabilities:		
Investments	6,000,000		Accounts payable	\$ 1,591,439	\$ 10,129
Receivables:			Salaries and benefits payable	1,552,638	
Accounts, less allowance of \$1,872,073	5,288,680		Deposits held in custody for others	230,904	
Promises, net discount		102,693	Accrued interest payable	132,816	
Accrued interest	13,772		Long-term liabilities due within one year:		
Property tax:			Compensated absences	87,603	
Current year delinquent	63,438		Early retirement payable	1,083,523	
Succeeding year	13,204,402		Notes payable	275,000	
Due from other governments	1,357,024		Bonds payable	3,315,000	
Inventories	258,625		Capital leases payable	9,204	
Prepaid expenses	392,787		Certificates payable	4,935,000	
Notes receivable	376,677				
Lease receivable	157,075		Total current liabilities	13,213,127	10,129
Due from Iowa Industrial New Jobs Training Program	767,514				
			Noncurrent liabilities:		
Total current assets	56,328,578	197,117	Long-term liabilities due over one year:		
			Total OPEB liability	361,238	
<b>NONCURRENT ASSETS</b>			Net pension liability	10,250,962	
Investments		3,328,049	Early retirement payable	1,340,647	
Promises, net discount		27,361	Notes payable	1,125,000	
Note receivable	995,126		Bonds payable	8,840,000	
Lease receivable	1,407,925		Capital leases payable	36,513	
Due from Iowa Industrial New Jobs Training Program	5,381,916		Certificates payable	16,565,000	
Capital assets, non-depreciable	655,366				
Capital assets, net accumulated depreciation	45,771,068		Total noncurrent liabilities	38,519,360	-
Total noncurrent assets	54,211,401	3,355,410	Total liabilities	51,732,487	10,129
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			Deferred inflows of resources:		
Pension related deferred outflows	3,377,114		Succeeding year property tax	13,204,402	
OPEB related deferred outflows	27,138		Pension related deferred inflows	267,806	
			Other	8,475,610	
Total deferred outflows of resources	3,404,252	-			
			Total deferred inflows of resources	21,947,818	-
			Net position:		
Total assets and deferred outflows of resources	\$ 113,944,231	\$ 3,552,527	Net investment in capital assets	35,790,717	
			Restricted:		
			Restricted for specific purposes	2,600,021	2,317,834
			Unrestricted	1,873,188	1,224,564
			Total net position	40,263,926	3,542,398
			Total liabilities, deferred inflows of resources and net position	\$ 113,944,231	\$ 3,552,527

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Year Ended June 30, 2018

	Business-type Activities	Component Unit Foundation
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship allowances of \$5,735,742	\$ 8,395,320	
Federal appropriations	9,551,584	
Iowa Industrial New Jobs Training Program	4,394,955	
Sales and services, net of scholarship allowances of \$981,517	2,770,558	
Miscellaneous	3,665,493	\$ 970,381
Total operating revenues	<u>28,777,910</u>	<u>970,381</u>
<b>OPERATING EXPENSES</b>		
Education and support:		
Liberal arts and sciences	6,285,530	
Vocational technical	7,189,429	
Adult education	3,646,625	
Cooperative services	6,695,813	
General administration	1,149,425	42,530
Student services	2,096,959	
Learning resources	838,155	
Physical plant	4,143,121	
General institution	8,918,608	
Auxiliary enterprises	3,489,073	
Scholarships and grants	5,704,562	217,518
Depreciation	2,977,837	
Other	1,002,893	762,337
Total operating expenses	<u>54,138,030</u>	<u>1,022,385</u>
Operating loss	<u>(25,360,120)</u>	<u>(52,004)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	12,336,125	
Pell Grant	4,538,846	
Property taxes	12,540,258	
Investment income	445,776	262,684
Loss on sale of capital assets	(11,194)	
Interest on indebtedness	(1,370,198)	
Net nonoperating revenues (expenses)	<u>28,479,613</u>	<u>262,684</u>
Change in net position	3,119,493	210,680
<b>NET POSITION</b>		
Beginning of year, as restated	<u>37,144,433</u>	<u>3,331,718</u>
End of year	<u>\$ 40,263,926</u>	<u>\$ 3,542,398</u>

NORTHEAST IOWA COMMUNITY COLLEGE  
 STATEMENT OF NET POSITION  
 BUSINESS-TYPE ACTIVITIES  
 June 30, 2018

ASSETS	Current Funds					Total
	Unrestricted	Auxiliary	Restricted	Scholarships	Plant Fund	
<b>Current assets:</b>						
Cash	\$ 6,394,486	\$ 2,059,904	\$ 15,833,883	\$ 45,461	\$ 4,114,850	\$ 28,448,584
Investments			6,000,000			6,000,000
Receivables:						
Accounts, less allowance of \$1,872,073	4,898,870	51,398	335,769		2,643	5,288,680
Accrued interest		558	12,863		351	13,772
Property tax:						
Current year delinquent	11,622		22,340		29,476	63,438
Succeeding year	2,391,207		4,804,409		6,008,786	13,204,402
Due from other governments	303,117	2,520	666,637	377,302	7,448	1,357,024
Inventories	550	258,075				258,625
Prepaid expenses			392,787			392,787
Note receivable		318,946			57,731	376,677
Lease receivable		157,075				157,075
Due from Iowa Industrial New Jobs Training Program			767,514			767,514
<b>Total current assets</b>	<b>13,999,852</b>	<b>2,848,476</b>	<b>28,836,202</b>	<b>422,763</b>	<b>10,221,285</b>	<b>56,328,578</b>
<b>Noncurrent assets:</b>						
Due from Iowa Industrial New Jobs Training Program			5,381,916			5,381,916
Note receivable		25,947			969,179	995,126
Lease receivable		1,407,925				1,407,925
Capital assets, non-depreciable					655,366	655,366
Capital assets, net					45,771,068	45,771,068
<b>Total noncurrent assets</b>	<b>-</b>	<b>1,433,872</b>	<b>5,381,916</b>	<b>-</b>	<b>47,395,613</b>	<b>54,211,401</b>
<b>Total assets</b>	<b>13,999,852</b>	<b>4,282,348</b>	<b>34,218,118</b>	<b>422,763</b>	<b>57,616,898</b>	<b>110,539,979</b>
	<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related deferred outflows	3,377,114					3,377,114
OPEB related deferred outflows	27,138					27,138
<b>Total deferred outflows of resources</b>	<b>3,404,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,404,252</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 17,404,104</b>	<b>\$ 4,282,348</b>	<b>\$ 34,218,118</b>	<b>\$ 422,763</b>	<b>\$ 57,616,898</b>	<b>\$ 113,944,231</b>
	<b>LIABILITIES</b>					
<b>Current liabilities:</b>						
Accounts payable	\$ 371,217	\$ 536,673	\$ 665,055	\$ 7,329	\$ 11,165	\$ 1,591,439
Salaries and benefits payable	1,552,638					1,552,638
Deposits held in custody for others	230,904					230,904
Accrued interest payable		14,004			118,812	132,816
Long-term liabilities due within one year:						
Compensated absences	83,159	4,444				87,603
Early retirement payable			1,083,523			1,083,523
Notes payable					275,000	275,000
Bonds payable		85,000			3,230,000	3,315,000
Capital leases payable					9,204	9,204
Certificates payable			4,935,000			4,935,000
<b>Total current liabilities</b>	<b>2,237,918</b>	<b>640,121</b>	<b>6,683,578</b>	<b>7,329</b>	<b>3,644,181</b>	<b>13,213,127</b>

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF NET POSITION  
BUSINESS-TYPE ACTIVITIES  
June 30, 2018

	Current Funds					Total
	Unrestricted	Auxiliary	Restricted	Scholarships	Plant Fund	
<b>LIABILITIES (Continued)</b>						
<b>Noncurrent liabilities:</b>						
<b>Long-term liabilities due over one year:</b>						
Total OPEB liability	\$ 361,238					\$ 361,238
Net pension liability	10,250,962					10,250,962
Early retirement payable			\$ 1,340,647			1,340,647
Notes payable					\$ 1,125,000	1,125,000
Bonds payable		\$ 1,480,000			7,360,000	8,840,000
Capital leases payable					36,513	36,513
Certificates payable			16,565,000			16,565,000
<b>Total noncurrent liabilities</b>	<b>10,612,200</b>	<b>1,480,000</b>	<b>17,905,647</b>	<b>\$ -</b>	<b>8,521,513</b>	<b>38,519,360</b>
<b>Total liabilities</b>	<b>12,850,118</b>	<b>2,120,121</b>	<b>24,589,225</b>	<b>7,329</b>	<b>12,165,694</b>	<b>51,732,487</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Succeeding year property tax	2,391,207		4,804,409		6,008,786	13,204,402
Pension related deferred inflows	267,806					267,806
Other	4,689,554		2,669,373		1,116,683	8,475,610
<b>Total deferred inflows of resources</b>	<b>7,348,567</b>	<b>-</b>	<b>7,473,782</b>	<b>-</b>	<b>7,125,469</b>	<b>21,947,818</b>
<b>NET POSITION</b>						
Net investment in capital assets					35,790,717	35,790,717
Restricted for specific purposes			2,155,111	415,434	29,476	2,600,021
Unrestricted (deficit)	(2,794,581)	2,162,227			2,505,542	1,873,188
<b>Total net position (deficit)</b>	<b>(2,794,581)</b>	<b>2,162,227</b>	<b>2,155,111</b>	<b>415,434</b>	<b>38,325,735</b>	<b>40,263,926</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 17,404,104</b>	<b>\$ 4,282,348</b>	<b>\$ 34,218,118</b>	<b>\$ 422,763</b>	<b>\$ 57,616,898</b>	<b>\$ 113,944,231</b>

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET POSITION  
BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2018

	Current Funds					Total
	Unrestricted	Auxiliary	Restricted	Scholarships	Plant Fund	
<b>OPERATING REVENUES</b>						
General:						
Tuition and fees	\$ 8,364,664	\$ 30,656				\$ 8,395,320
Federal appropriations	1,112,104	766,272	\$ 2,046,177	\$ 5,460,576	\$ 166,455	9,551,584
Iowa Industrial New Jobs Training Program			4,394,955			4,394,955
Sales and services	73,664	2,620,641			76,253	2,770,558
Miscellaneous	1,546,940	196,625	1,625,992	181,843	114,093	3,665,493
<b>Total operating revenues</b>	<b>11,097,372</b>	<b>3,614,194</b>	<b>8,067,124</b>	<b>5,642,419</b>	<b>356,801</b>	<b>28,777,910</b>
<b>OPERATING EXPENSES</b>						
Education and support:						
Liberal arts and sciences	6,284,378		1,152			6,285,530
Vocational technical	6,251,697		937,732			7,189,429
Adult education	3,103,160		543,465			3,646,625
Cooperative services	2,277,672		4,418,141			6,695,813
General administration	1,149,425					1,149,425
Student services	2,094,659		2,300			2,096,959
Learning resources	654,916		183,239			838,155
Physical plant	2,492,332		1,650,789			4,143,121
General institution	6,594,632		2,323,976			8,918,608
Auxiliary enterprises		3,489,073				3,489,073
Scholarships and grants				5,704,562		5,704,562
Depreciation					2,977,837	2,977,837
Other					1,002,893	1,002,893
<b>Total operating expenses</b>	<b>30,902,871</b>	<b>3,489,073</b>	<b>10,060,794</b>	<b>5,704,562</b>	<b>3,980,730</b>	<b>54,138,030</b>
<b>Operating (loss) income</b>	<b>(19,805,499)</b>	<b>125,121</b>	<b>(1,993,670)</b>	<b>(62,143)</b>	<b>(3,623,929)</b>	<b>(25,360,120)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
State appropriations	9,969,369	482	2,141,880	99,048	125,346	12,336,125
Pell Grant	4,538,846					4,538,846
Property taxes	2,260,276		4,351,462		5,928,520	12,540,258
Investment income	249,337	29,365	135,581	24,490	7,003	445,776
Loss on sale of capital assets					(11,194)	(11,194)
Interest on indebtedness		(75,135)	(601,715)		(693,348)	(1,370,198)
<b>Net nonoperating revenues (expenses)</b>	<b>17,017,828</b>	<b>(45,288)</b>	<b>6,027,208</b>	<b>123,538</b>	<b>5,356,327</b>	<b>28,479,613</b>
<b>Change in net position before transfers</b>	<b>(2,787,671)</b>	<b>79,833</b>	<b>4,033,538</b>	<b>61,395</b>	<b>1,732,398</b>	<b>3,119,493</b>
Transfers	3,338,771	(76,581)	(3,035,423)	(25,351)	(201,416)	-
<b>Change in net position</b>	<b>551,100</b>	<b>3,252</b>	<b>998,115</b>	<b>36,044</b>	<b>1,530,982</b>	<b>3,119,493</b>
<b>NET POSITION (deficit)</b>						
Beginning of year, as restated	(3,345,681)	2,158,975	1,156,996	379,390	36,794,753	37,144,433
End of year	\$ (2,794,581)	\$ 2,162,227	\$ 2,155,111	\$ 415,434	\$ 38,325,735	\$ 40,263,926

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2018

	Current Funds					Total
	Unrestricted	Auxiliary	Restricted	Scholarships	Plant Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Tuition and fees	\$ 8,517,177	\$ 30,656				\$ 8,547,833
Federal appropriations	1,493,782	767,864	\$ 1,911,871	\$ 1,846,902	\$ 159,007	6,179,426
Iowa Industrial New Jobs Training Program			6,047,230			6,047,230
Payments to employees for salaries and benefits	(18,031,545)	(1,010,205)	(1,088,116)			(20,129,866)
Payments to suppliers for goods and services	(6,098,186)	(207,984)	(3,986,350)		(991,728)	(11,284,248)
Payments to NJTP recipients			(1,996,828)			(1,996,828)
Cost of goods sold		(1,862,443)				(1,862,443)
Scholarships				(2,143,280)		(2,143,280)
Auxiliary enterprise receipts		2,776,433				2,776,433
Other operating payments paid on employees' behalf	(5,971,058)	(304,211)	(2,142,032)			(8,417,301)
Other operating receipts	1,620,604	196,625	1,625,992	190,043	128,726	3,761,990
Net cash (used in) provided by operating activities	(18,469,226)	386,735	371,767	(106,335)	(703,995)	(18,521,054)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
State appropriations	9,969,369	482	2,141,880	99,048	125,346	12,336,125
Pell Grant	4,538,846					4,538,846
Property tax	2,268,044		4,349,614		5,950,395	12,568,053
Transfers	3,338,771	(76,581)	(3,035,423)	(25,351)	(201,416)	-
Federal direct lending receipts	5,779,599	738,877	110,248	3,557,862		10,186,586
Federal direct lending disbursements	(5,779,599)	(738,877)	(110,248)	(3,557,862)		(10,186,586)
Miscellaneous agency fund receipts	439,146					439,146
Miscellaneous agency fund disbursements	(424,664)					(424,664)
Net cash provided by (used in) non-capital financing activities	20,129,512	(76,099)	3,456,071	73,697	5,874,325	29,457,506
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from issuance of debt					46,484	46,484
Proceeds from sale of capital assets					28,000	28,000
Acquisition of capital assets					(425,630)	(425,630)
Principal paid on debt and leases		(85,000)	(4,965,000)		(3,470,767)	(8,520,767)
Interest paid on debt and leases		(75,135)	(601,715)		(693,348)	(1,370,198)
Net cash used in capital and related financing activities	-	(160,135)	(5,566,715)	-	(4,515,261)	(10,242,111)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investments			(6,000,000)			(6,000,000)
Advances of note receivable		(513,628)				(513,628)
Payments made on note receivable		168,735			73,231	241,966
Payments made on lease receivable		85,000				85,000
Sale of investments			4,000,000			4,000,000
Interest on investments	249,337	28,982	138,373	24,490	6,763	447,945
Net cash provided by (used in) investing activities	249,337	(230,911)	(1,861,627)	24,490	79,994	(1,738,717)
Net increase (decrease) in cash	1,909,623	(80,410)	(3,600,504)	(8,148)	735,063	(1,044,376)
CASH, beginning of year	4,484,863	2,140,314	19,434,387	53,609	3,379,787	29,492,960
CASH, end of year	\$ 6,394,486	\$ 2,059,904	\$ 15,833,883	\$ 45,461	\$ 4,114,850	\$ 28,448,584

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2018

	Current Funds					Total
	Unrestricted	Auxiliary	Restricted	Scholarships	Plant Fund	
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:						
Operating (loss) income	\$ (19,805,499)	\$ 125,121	\$ (1,993,670)	\$ (62,143)	\$ (3,623,929)	\$ (25,360,120)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:						
Depreciation					2,977,837	2,977,837
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(257,371)	155,792	(80,239)	8,200	11,612	(162,006)
Decrease in NJTP receivable			2,598,187			2,598,187
Decrease (increase) in due from other governments	381,678	1,592	(134,306)	(55,812)	(7,448)	185,704
(Increase) decrease in inventories	(250)	58,369				58,119
Increase (decrease) in accounts payable and accrued liabilities	72,218	51,180	(136,440)	3,420	11,165	1,543
Increase in postemployment benefits	43,981					43,981
Increase in net pension liability	445,201					445,201
Decrease in deferred outflows of resources	103,083					103,083
Increase (decrease) in deferred inflows of resources	560,662		(865,673)		(73,232)	(378,243)
Increase in early retirement payable			983,908			983,908
Decrease in compensated absences	(12,929)	(5,319)				(18,248)
Net cash (used in) provided by operating activities	\$ (18,469,226)	\$ 386,735	\$ 371,767	\$ (106,335)	\$ (703,995)	\$ (18,521,054)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

The College did not accept any donated capital assets during the year ended June 30, 2018.

NORTHEAST IOWA COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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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 is 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.

*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 ending June 30, 2018 expresses an unmodified opinion dated November 1, 2018.

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

b. Significant Accounting Policies (Continued)

*Discrete Component Unit (Continued)*

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

*Related Party*

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

*Fund Financial Statements*

Separate financial statements are provided for the separate funds. Major individual funds are reported as separate columns in the fund financial statements. The current-unrestricted fund, auxiliary funds, restricted funds, scholarship 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.

The agency subgroups are used to account for assets held by the College in a custodial capacity or as an agent for others. Transactions of the agency funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

*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.

*Scholarship Fund*

The scholarship 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*

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.

*Basis of Accounting*

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. Nonoperating activities include state appropriations; Pell Grant, property tax and investment income.

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 by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is 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)*

*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, 2018 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

*Capital Assets*

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

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

Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

<u>Asset Class</u>	<u>Amount</u>
Equipment and vehicles	\$ 5,000
Intangible assets	200,000
Buildings and improvements	25,000

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

<u>Asset Class</u>	<u>Years</u>
Buildings and improvements	30
Intangible assets	25
Equipment	5-10
Vehicles	5-10

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.

*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.

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)*

*Salaries and Benefits Payable*

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

*Compensated Absences*

College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities of the appropriate fund and have been computed based on rates of pay in effect as of June 30, 2018.

*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 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 charge to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

*Net Position*

*Net Investment in Capital Assets*

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

*Restricted Net Position*

*Nonexpendable*

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

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)*

*Net Position (Continued)*

*Restricted Net Position (Continued)*

*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.

*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.

*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.

NOTES TO FINANCIAL STATEMENTS

2. Cash and Investments

The College's deposits in banks at June 30, 2018 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.

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, 2018, the College had investments in the Iowa Schools Joint Investment Trust (ISJIT), as follows:

Investments	Amortized Cost
Diversified portfolio	\$ 50,221

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

The College had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

*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.

The College's petty cash and deposit accounts as of June 30, 2018 consist of the following:

Petty cash	\$ 3,055
Other deposit accounts	28,445,529
	\$ 28,448,584

The College's investments as of June 30, 2018 consist of the following:

Certificates of deposit	\$ 6,000,000
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NOTES TO FINANCIAL STATEMENTS

2. Cash and Investments (Continued)

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

Investments	Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money market funds	\$ 99,036	\$ 99,036	
Bond fund	999,711	999,711	
Corporate bonds	22,891	19,978	\$ 2,913
Common stock	1,592,244	1,592,244	
Preferred stock	95,903	89,985	5,918
Mutual funds	384,185	384,185	
Alternative assets	134,079	134,079	
	\$ 3,328,049	\$ 3,319,218	\$ 8,831

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, 2018:

Interest and dividend income	\$ 98,411
Net realized and unrealized gains	164,273
Total investment return	\$ 262,684

Funds have been contributed on behalf of the College in the amount of \$5,483 to the Community Foundation of Greater Dubuque and \$None to the Community Foundation of Northeast Iowa. Each organization manages the money. The College receives unrestricted allocated earnings from these assets.

3. Inventories

The College's inventories as of June 30, 2018 are as follows:

Type	Amount
Supplies and materials	\$ 81,578
Beef livestock	21,800
Merchandise held for resale	155,247
Total	\$ 258,625

NOTES TO FINANCIAL STATEMENTS

4. Capital Lease, Financing Obligation-Sale-Leaseback

In August 2011, the College entered into a financing agreement with Northeast Iowa Community-Based Dairy Foundation (Dairy Foundation) relating to the Dairy Foundation's real property. The transaction has been accounted for as a financing arrangement, wherein the property remains on the Dairy Foundation's books and will continue to be depreciated.

The lease proceeds of \$2,095,000 were utilized as follows:

- a) pay-off existing revenue bonds on the land and buildings in the amount of \$1,561,000,
- b) \$289,000 held in reserve for facility/equipment acquisition and/or improvements,
- c) \$164,385 reserved to meet debt service requirements (purchase reserve payments), and
- d) the balance of \$80,615 was used for transaction expenses.

The Dairy Foundation is leasing back the property over the next twenty years, in which the Dairy Foundation retains the option to purchase land and buildings from the College for a price of \$1,850,000. The purchase reserve payments made as of the closing date of the purchase will be used as a credit against the purchase price. The purchase option is available starting on April 30, 2018. The Dairy Foundation has assigned approximately \$13,000 of their monthly milk sales to make the annual purchase reserve payments and annual rental fee payments per the lease agreement.

Future minimum purchase reserve payments and service fee payments under the agreement with the Dairy Foundation are as follows:

Year ending June 30,	Purchase Reserve Payment	Annual Service Fees	Total
2019	\$ 101,475	\$ 55,600	\$ 157,075
2020	102,815	56,200	159,015
2021	103,570	56,800	160,370
2022	104,123	57,400	161,523
2023	104,323	58,000	162,323
2024-2028	535,195	299,000	834,195
2029-2031	325,900	186,600	512,500
Minimum lease payments	\$ 1,377,401	\$ 769,600	2,147,001
Less imputed interest/service fees			(582,001)
			\$ 1,565,000

5. Note Receivable

In July 2015, the Dairy Foundation completed the construction of its robotics building with a note payable from Northeast Iowa Community College. The Dairy Foundation has assigned approximately \$5,663 of their monthly milk sales to make the annual payments. Both the Dairy Foundation and the College have agreed to suspend the assignment as of July 1, 2017 due to low milk prices. Payments resumed in September 2017.

In September 2017, the Dairy Foundation entered an eighteen month note payable with the College. The note payable is due in monthly payments of \$19,120 with an interest rate of 4.0% for the payment of their June 2017 expenses. In addition, the College added the purchase of sixty-six cows and thirty-four heifers in the amount of \$142,450 to this note.

NOTES TO FINANCIAL STATEMENTS

5. Note Receivable (Continued)

In March 2018, the Dairy Foundation also entered a five year note payable with the College. The note payable is due in monthly payments of \$589 with an interest rate of 3.5% for the purchase of a New Holland skid loader.

A summary of the principal and interest maturities are as follows:

Year ending June 30,	Total	
	Principal	Interest
2019	\$ 376,677	\$ 10,530
2020	64,430	7,877
2021	65,090	7,216
2022	65,762	6,545
2023	65,965	5,862
2024-2028	304,226	21,947
2029-2033	315,847	10,325
2034-2036	113,806	788
Minimum note payments	\$ 1,371,803	\$ 71,090

6. Capital Assets

Capital assets activity for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<b>Capital non-depreciable assets:</b>				
Land	\$ 683,366		\$ 28,000	\$ 655,366
Construction in progress	92,561	\$ 50,622	143,183	None
Capital assets, non-depreciable	775,927	50,622	171,183	655,366
<b>Capital assets, being depreciated:</b>				
Buildings	72,361,717	143,183		72,504,900
Other structures and improvements	3,732,687	56,656		3,789,343
Furniture and equipment	9,402,826	276,593	202,002	9,477,417
Gross capital assets being depreciated	85,497,230	476,432	202,002	85,771,660
<b>Less accumulated depreciation:</b>				
Buildings	29,908,614	2,011,781		31,920,395
Other structures and improvements	1,861,557	112,914		1,974,471
Furniture and equipment	5,448,992	853,142	196,408	6,105,726
Total accumulated depreciation	37,219,163	2,977,837	196,408	40,000,592
Net capital assets being depreciated	48,278,067	(2,501,405)	5,594	45,771,068
Capital assets, net	\$ 49,053,994	\$ (2,450,783)	\$ 176,777	\$ 46,426,434

NOTES TO FINANCIAL STATEMENTS

7. Long-term Obligations

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
Certificates payable	\$ 26,465,000		\$ 4,965,000	\$ 21,500,000	\$ 4,935,000
Notes payable	1,675,000		275,000	1,400,000	275,000
Bonds payable	15,435,000		3,280,000	12,155,000	3,315,000
Capital leases payable		\$ 46,484	767	45,717	9,204
Other liabilities:					
Early retirement payable	1,440,262	1,564,265	580,357	2,424,170	1,083,523
Long-term liabilities	\$ 45,015,262	\$ 1,610,749	\$ 9,101,124	\$ 37,524,887	\$ 9,617,727

a. Capital Lease

The College entered into two agreements to lease two fleet vehicles. The agreements are for a period of four years. The leases expire in 2022 and requires the payment of normal maintenance charges.

The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments under the agreement described above in effect at June 30, 2018:

Year ending June 30,	Total
2019	\$ 11,367
2020	11,367
2021	11,367
2022	20,088
Total minimum lease payments	54,189
Less amount representing interest	(8,472)
Present value of minimum lease payments	\$ 45,717

b. Certificates Payable

In accordance with agreements dated between July 1, 2011 and June 30, 2018, the College issued certificates totaling \$21,500,000 with interest rates ranging from 1.45% to 3.85% per annum. The debt was incurred to fund the development and training costs related to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding tax, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

NOTES TO FINANCIAL STATEMENTS

7. Long-term Obligations (Continued)

b. Certificates Payable (Continued)

The certificates will mature as follows:

Year ending June 30,	Principal	Interest	Total
2019	\$ 4,935,000	\$ 514,882	\$ 5,449,882
2020	3,995,000	414,615	4,409,615
2021	3,095,000	323,145	3,418,145
2022	2,805,000	248,593	3,053,593
2023	2,060,000	180,528	2,240,528
2024-2027	4,610,000	260,900	4,870,900
	<u>\$ 21,500,000</u>	<u>\$ 1,942,663</u>	<u>\$ 23,442,663</u>

c. Notes Payable

The College has issued notes payable for the purchase and construction of College properties. As of June 30, 2018, the notes payable outstanding consist of the following:

\$1,400,000 Refunding Certificates of Participation Evidencing Undivided Proportionate Interests in Base Lease Payments Pursuant to a Lease Purchase Agreement, due annually in varying installments December 1, 2018 through December 1, 2022 plus interest semiannually with interest rates of the lease varying from 1.60% to 2.30%. The lease was issued to refund the lease to purchase the Town Clock Center.

\$ 1,400,000

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

Year ending June 30,	Principal	Interest	Total
2019	\$ 275,000	\$ 25,350	\$ 300,350
2020	275,000	20,675	295,675
2021	300,000	15,200	315,200
2022	300,000	8,975	308,975
2023	250,000	2,875	252,875
	<u>\$ 1,400,000</u>	<u>\$ 73,075</u>	<u>\$ 1,473,075</u>

d. Bonded Indebtedness

\$7,265,000 General Obligation School Bonds Series 2009A, due annually in varying installments June 1, 2019 through June 1, 2021 plus interest semiannually with interest rates varying from 5.25% to 5.50%. These bonds were issued to renovate, erect and equip the buildings at the Calmar and Peosta campuses.

\$3,325,000 General Obligation School Bonds, Series 2009B, are due annually in varying installments June 1, 2019 through June 1, 2022 plus interest semiannually with interest rates varying from 3.50% to 3.90%. Bonds are callable after June 1, 2017. These bonds were issued to renovate, erect and equip the buildings at the Calmar and Peosta campuses.

NOTES TO FINANCIAL STATEMENTS

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

d. **Bonded Indebtedness (Continued)**

\$1,565,000 Certificates of Participation, Series 2012A, are due annually in varying installments May 1, 2019 through May 1, 2031 plus interest semiannually with interest rates varying from 3.60% to 5.00%. These bonds were issued to purchase the buildings and equipment of the Dairy Foundation. Bonds are callable after May 1, 2018.

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

Year ending June 30,	Principal	Interest	Total
2019	\$ 3,315,000	\$ 587,030	\$ 3,902,030
2020	3,335,000	430,145	3,765,145
2021	3,410,000	265,295	3,675,295
2022	900,000	92,722	992,722
2023	105,000	57,322	162,322
2024-2028	625,000	209,195	834,195
2029-2031	465,000	47,500	512,500
<b>Total</b>	<b>\$ 12,155,000</b>	<b>\$ 1,689,209</b>	<b>\$ 13,844,209</b>

e. **Operating Leases**

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2019 and 2023 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year following June 30, 2018:

Year ending June 30,	Total
2019	\$ 170,880
2020	170,880
2021	130,440
2022	90,000
2023	60,000
<b>Minimum lease payments for all operating leases</b>	<b>\$ 622,200</b>

Rents for fiscal year 2018 totaled \$173,880 for all operating leases, except those with terms of a month or less that were not renewed.

8. Early Retirement

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

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

Those eligible employees who were approved to receive benefits under the early retirement plan received a cash payment equal to 50% plus an additional .75% of their regular contractual salary for each full year of consecutive service beyond ten years. Retirees in the 2016 plan receive their cash payment over a three-year period, and retirees in the 2018 plan receive their cash payout in their choice of one year (26 biweekly payments) or two years (two lump sum payments).

The College also contributes a set amount toward single plan health insurance for the retiree, if the retiree chooses to remain in the employer's health insurance plan. This contribution continues until the day the retiree is eligible under another group plan or until the end of the month prior to the month in which the retiree becomes eligible for Medicare. The plan is funded on a pay-as-you-go basis through property tax levies. At June 30, 2018, the College has obligations to sixty-six participants with a total early retirement liability of \$2,424,170. Actual early retirement expenditures for the year ended June 30, 2018 totaled \$580,357.

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](http://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 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the College contributed 8.93% of covered payroll, for a total rate of 14.88%.

The College's contributions to IPERS for the year ended June 30, 2018 totaled \$948,985.

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

At June 30, 2018, the College reported a liability of \$10,250,962 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the College's proportion was 0.153889%, which was a decrease of 0.00192% from its proportion measured as of June 30, 2016.

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, 2018, the College recognized pension expense of \$1,675,185. At June 30, 2018, 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	\$ 94,114	\$ 88,817
Changes of assumptions	1,781,144	
Net difference between projected and actual earnings on IPERS' investments		107,067
Changes in proportion and differences between College contributions and the College's proportionate share of contributions	552,871	71,922
College contributions subsequent to the measurement date	948,985	
Total	\$ 3,377,114	\$ 267,806

\$948,985 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, 2019. 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
2019	\$ 513,612
2020	969,955
2021	514,602
2022	45,936
2023	116,218
Total	\$ 2,160,323

There were no non-employer contributing entities to IPERS.

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

*Actuarial Assumptions*

The total pension liability in the June 30, 2017 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, 2017 valuation were based on the results of an actuarial experience study dated March 24, 2017.

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

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

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	100.0%	

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	\$ 16,889,473	\$ 10,250,962	\$ 4,673,337

*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](http://www.ipers.org).

*Payables to IPERS*

At June 30, 2018, the College reported payables to IPERS of \$41,264 for legally required College contributions on salaries payable.

10. Teachers Insurance and Annuity Association (TIAA)

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

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 8.93% of annual salary, including overtime pay, to an individual employee account for the years ended June 30, 2018, 2017, and 2016, respectively. Each employee is required to contribute 5.95% for the years ended June 30, 2018, 2017, and 2016, 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, 2018, 2017, and 2016 were \$512,015, \$542,200, and \$576,934, respectively. The College's required and actual contributions to TIAA for the years ended June 30, 2018, 2017, and 2016 were \$768,452, \$813,756, and \$865,886, respectively.

At June 30, 2018, the College reported payables to the TIAA of \$35,741 for legally required College contributions on salaries payable.

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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	339
Total	344

*Total OPEB Liability*

The College's total OPEB liability of \$361,238 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

The total OPEB liability in the June 30, 2018 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, 2018)	3.00% per annum.
Rates of salary increase (effective June 30, 2018)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.58% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	8.00% 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 3.58% 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 2016 with MP 2016 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

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, as restated	\$ 317,257
Changes for the year:	
Service cost	27,682
Interest	12,951
Changes in assumptions	30,294
Benefits payments	(26,946)
Net changes	43,981
Total OPEB liability end of year	\$ 361,238

Changes of assumptions reflect a change in the discount rate from 5.0% in fiscal year 2017 to 3.58% in fiscal year 2018.

*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 (2.58%) or 1% higher (4.58%) than the current discount rate.

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	\$ 381,222	\$ 361,238	\$ 342,234

*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 (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	1% Decrease 7.0% decreasing to 4.0%	Current Healthcare Cost Trend Rate 8.0% decreasing to 5.0%	1% Increase 9.0% decreasing to 6.0%
Total OPEB liability	\$ 331,901	\$ 361,238	\$ 394,880

NOTES TO FINANCIAL STATEMENTS

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11. Other Postemployment Benefits (OPEB) (Continued)

*OPEB Expense and Deferred Outflows of Resources Related to OPEB*

For the year ended June 30, 2018, the College recognized OPEB expense of \$43,789. At June 30, 2018, the College reported deferred outflows of resources related to OPEB from the following resources:

Changes in assumptions	\$ 27,138
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The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2019	\$ 3,156
2020	3,156
2021	3,156
2022	3,156
2023	3,156
Thereafter	11,358
Total	\$ 27,138

12. Related Organizations

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

Significant financial data for the year ended June 30, 2018, which is audited, is as follows:

Total assets	\$ 4,627,776
Total liabilities	\$ 3,460,698
Total equity	\$ 1,167,078
Total revenue	\$ 2,236,217
Total expenses	\$ 2,553,925

NOTES TO FINANCIAL STATEMENTS

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13. **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

	Transfers In	Transfers Out
<b>Unrestricted fund:</b>		
Restricted fund	\$ 3,087,037	\$ 723,242
Scholarship fund	56,443	
Auxiliary fund	124,611	410
Plant fund	800,000	5,668
	4,068,091	729,320
<b>Auxiliary fund:</b>		
Unrestricted fund	410	124,611
Restricted fund	64,036	17,009
Scholarship fund	593	
	65,039	141,620
<b>Restricted fund:</b>		
Unrestricted fund	723,242	3,087,037
Auxiliary fund	17,009	64,036
Scholarship fund	18,315	50,000
Plant fund		592,916
	758,566	3,793,989
<b>Scholarship fund:</b>		
Unrestricted fund		56,443
Auxiliary fund		593
Restricted fund	50,000	18,315
	50,000	75,351
<b>Plant fund:</b>		
Unrestricted fund	5,668	800,000
Restricted fund	592,916	
	598,584	800,000
<b>Total</b>	<b>\$ 5,540,280</b>	<b>\$ 5,540,280</b>

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

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 309 projects. There are 224 projects that have been completed and 85 are currently open.

The College also administers the Iowa Jobs Training Program (IJTP) in Area I in accordance with the Code of Iowa. IJTP's purpose is to provide tax-aided training or retraining for existing employees of businesses. Approved businesses receive forgivable loans from the Iowa Economic Development Authority, a state administered fund. Since inception, the College has administered 428 projects with 20 new projects in the year ending June 30, 2018.

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 \$108,947 for software, licensing and maintenance for fiscal year 2019.

The College is also a member of CAST, Inc. (College Alliance Sharing Technology), a computer consortium composed of three (3) Iowa community colleges. Its purpose is to provide administrative support and sharing of computer services. In June 2018, the College officially informed CAST, Inc. of its election to withdraw its membership. The bylaws of CAST, Inc. require a two-year advance notice and therefore the withdrawal will be effective June 30, 2020. The percentage of the total annual expenditures of CAST, Inc. is to be paid based on the percentage of unrestricted general fund expenditures of the preceding fiscal year compared to the total of all participating colleges' general fund expenditures for the preceding fiscal year. The College's payments to CAST, Inc. for fiscal year 2019 are estimated to be \$348,860 for the consortium, which represents approximately 45% of the budget for CAST, Inc.

The College entered into an operational agreement on August 20, 2015 with the Dairy Foundation. The Dairy Foundation will provide some animals from the existing dairy herd for the NICC Beef Facility. Ownership of the dairy beef animals at the NICC Beef Facility will be retained by the Dairy Foundation. The Dairy Foundation will provide labor, feed and bedding for the beef cow/calf herd.

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, 2018, 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 and worker's compensation. The College also carries coverage for operating equipment protection insurance up to \$1.26 million of costs. 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 salaries and benefits payable for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Claims payable, beginning of year	\$ 450,000	\$ 776,288
Claims recognized	3,674,175	3,544,261
Claim payments	(3,674,175)	(3,870,549)
Claims payable, end of year	\$ 450,000	\$ 450,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

18. **Net Position**

The statement of net position reports \$2,600,021 of restricted net position, of which \$2,155,111 is restricted by enabling legislation.

19. **Net Position Deficit**

The unrestricted fund has a deficit net position as of June 30, 2018. The deficit was incurred due to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*.

20. **Tax Abatements**

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

*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, 2018, the College had no abatements of property tax and \$4,394,956 of state income tax withholding under the projects.

NOTES TO FINANCIAL STATEMENTS

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20. Tax Abatements (Continued)

*Tax Abatements of Other Entities*

Property tax revenues of the College were reduced by the following amounts for the year ended June 30, 2018 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Cascade	Other tax abatement program	\$ 1,069
City of Delhi	Other tax abatement program	351
City of Dubuque	Other tax abatement program	96,387
Dubuque County	Other tax abatement program	7,354
City of Dyersville	Other tax abatement program	16,127
City of Edgewood	Other tax abatement program	403
City of Elkader	Other tax abatement program	2,244
	Urban renewal and economic	386
City of Elma	Other tax abatement program	384
City of Farley	Other tax abatement program	5,510
	Urban renewal and economic	3,684
City of Fayette	Other tax abatement program	458
Fayette County	Other tax abatement program	5,142
City of Hawkeye	Other tax abatement program	322
Howard County	Other tax abatement program	63,314
City of Lansing	Other tax abatement program	52
City of Lime Springs	Other tax abatement program	308
City of Luana	Other tax abatement program	1,128
City of Manchester	Other tax abatement program	768
City of McGregor	Other tax abatement program	169
City of McIntire	Other tax abatement program	1,829
City of Monona	Other tax abatement program	1,337
City of New Hampton	Other tax abatement program	6,938
City of Oelwein	Other tax abatement program	1,432
City of Oelwein	Urban renewal and economic	919
City of Ossian	Urban renewal and economic	413
City of Peosta	Other tax abatement program	7,634
City of Protivin	Other tax abatement program	531
City of Riceville	Other tax abatement program	129
City of Waukon	Other tax abatement program	1,374
City of West Union	Other tax abatement program	1,068
City of Worthington	Other tax abatement program	974

21. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Net Position
Net position June 30, 2017, as previously reported	\$ 36,814,724
Net OPEB obligation measured under previous standards	646,966
Total OPEB liability at June 30, 2017	(317,257)
Net position July 1, 2017, as restated	\$ 37,144,433

22. New Governmental Accounting Standards Board (GASB) Standards

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

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the fiscal year ended June 30, 2020. The Statement increases the usefulness of governments' financial statement by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

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

23. Subsequent Events

Management has evaluated subsequent events through October 19, 2018, the date on which the financial statements were available to be issued.

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 Four Years\*  
 (In Thousands)

	2018	2017	2016	2015
College's proportion of the net pension liability	0.153889%	0.155812%	0.155012%	0.143749%
College's proportionate share of the net pension liability	\$ 10,251	\$ 9,806	\$ 7,658	\$ 5,701
College's covered payroll	\$ 11,630	\$ 11,254	\$ 10,621	\$ 9,410
College's proportionate share of the net pension liability as a percentage of its covered payroll	88.14%	87.13%	72.10%	60.58%
IPERS' net position as a percentage of the total pension liability	82.21%	84.19%	84.19%	86.60%

\* 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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 948	\$ 1,039	\$ 1,005	\$ 948	\$ 840	\$ 730	\$ 635	\$ 544	\$ 532	\$ 507
Contributions in relation to the statutorily required contribution	(948)	(1,039)	(1,005)	(948)	(840)	(730)	(635)	(544)	(532)	(507)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 10,616	\$ 11,630	\$ 11,254	\$ 10,621	\$ 9,410	\$ 8,420	\$ 7,869	\$ 7,827	\$ 8,000	\$ 7,984
Contributions as a percentage of covered payroll	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%

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

NORTHEAST IOWA COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY  
Year Ended June 30, 2018

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Changes of Benefit Terms

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of Assumptions

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.

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

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

NORTHEAST IOWA COMMUNITY COLLEGE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE COLLEGE'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES

	2018
Service cost	\$ 27,682
Interest cost	12,951
Difference between expected and actual experiences	
Changes in assumptions	30,294
Benefit payments	(26,946)
Net change in total OPEB liability	43,981
Total OPEB liability beginning of year, as restated	317,257
Total OPEB liability end of year	\$ 361,238
Covered-employee payroll	\$ 14,781,549
Total OPEB liability as a percentage of covered-employee payroll	2.44%

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

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%

See Independent Auditor's Report.

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, 2018, and have issued our report thereon dated October 19, 2018, which expressed unmodified opinions on the financial statements, appears on pages 2 through 3. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northeast Iowa Community College's basic financial statements. The supplementary information included in Schedules 1 through 10, and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis using statutory basis of accounting and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the June 30, 2018 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements for the year ended June 30, 2018, as a whole.

We have also 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, 2017 (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 Schedules 7 and 8 using statutory basis of accounting are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the prior nine years 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 7 and 8 are fairly stated, in all material respects, in relation to the basic financial statements from which it has been derived.

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
October 19, 2018

NORTHEAST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
June 30, 2018

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
<b>ASSETS</b>									
Cash	\$ 6,394,486	\$ 2,059,904	\$ 15,833,883	\$ 45,461	\$ 4,114,850				\$ 28,448,584
Investments			6,000,000						6,000,000
Receivables:									
Accounts, less allowance of \$1,872,073	4,898,870	51,398	335,769		2,643				5,288,680
Accrued interest		558	12,863		351				13,772
Property tax:									
Current year delinquent	11,622		22,340			\$ 29,476			63,438
Succeeding year	2,391,207		4,804,409			6,008,786			13,204,402
Due from other governments	303,117	2,520	666,637	377,302	7,448				1,357,024
Inventories	550	258,075							258,625
Due from Iowa Industrial New Jobs Training Program			6,149,430						6,149,430
Prepaid expenses			392,787						392,787
Note receivable		344,893			1,026,910				1,371,803
Lease receivable		1,565,000							1,565,000
Capital assets:									
Land							\$ 655,366		655,366
Buildings							72,504,900		72,504,900
Other structures and improvements							3,789,344		3,789,344
Furniture and equipment, including assets acquired							9,477,417		9,477,417
Accumulated depreciation							(40,000,593)		(40,000,593)
<b>Total assets</b>	<b>13,999,852</b>	<b>4,282,348</b>	<b>34,218,118</b>	<b>422,763</b>	<b>5,152,202</b>	<b>6,038,262</b>	<b>46,426,434</b>	<b>\$ -</b>	<b>110,539,979</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Pension related deferred outflows								3,377,114	3,377,114
OPEB related deferred outflows								27,138	27,138
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,404,252</b>	<b>3,404,252</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 13,999,852</b>	<b>\$ 4,282,348</b>	<b>\$ 34,218,118</b>	<b>\$ 422,763</b>	<b>\$ 5,152,202</b>	<b>\$ 6,038,262</b>	<b>\$ 46,426,434</b>	<b>\$ 3,404,252</b>	<b>\$ 113,944,231</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 371,217	\$ 536,673	\$ 665,055	\$ 7,329	\$ 11,165				\$ 1,591,439
Salaries and benefits payable	1,552,638								1,552,638
Accrued interest payable		14,004			118,812				132,816
Deposits held in custody for others	230,904								230,904
Compensated absences	83,159	4,444							87,603
Early retirement payable			2,424,170						2,424,170
Total OPEB liability								\$ 361,238	361,238
Net pension liability								10,250,962	10,250,962
Notes payable					1,400,000				1,400,000
Bonds payable		1,565,000					\$ 10,590,000		12,155,000
Capital leases payable							45,717		45,717
Certificates payable			21,500,000						21,500,000
<b>Total liabilities</b>	<b>2,237,918</b>	<b>2,120,121</b>	<b>24,589,225</b>	<b>7,329</b>	<b>1,529,977</b>	<b>\$ -</b>	<b>10,635,717</b>	<b>10,612,200</b>	<b>51,732,487</b>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
June 30, 2018

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Succeeding year property tax	\$ 2,391,207		\$ 4,804,409			\$ 6,008,786		\$ 267,806	\$ 13,204,402
Pension related deferred inflows									267,806
Other	4,689,554		2,669,373		\$ 1,116,683				8,475,610
<b>Total deferred inflows of resources</b>	<b>7,080,761</b>	<b>\$ -</b>	<b>7,473,782</b>	<b>\$ -</b>	<b>1,116,683</b>	<b>6,008,786</b>	<b>\$ -</b>	<b>267,806</b>	<b>21,947,818</b>
<b>FUND BALANCE</b>									
Net investment in capital assets							35,790,717		35,790,717
Fund balances:									
Restricted for specific purposes			2,155,111	415,434		29,476			2,600,021
Designated for health insurance	2,000,281								2,000,281
Unrestricted (deficit)	2,680,892	2,162,227			2,505,542			(7,475,754)	(127,093)
<b>Total fund equity (deficit)</b>	<b>4,681,173</b>	<b>2,162,227</b>	<b>2,155,111</b>	<b>415,434</b>	<b>2,505,542</b>	<b>29,476</b>	<b>35,790,717</b>	<b>(7,475,754)</b>	<b>40,263,926</b>
<b>Total liabilities, deferred inflows of resources and fund equity</b>	<b>\$ 13,999,852</b>	<b>\$ 4,282,348</b>	<b>\$ 34,218,118</b>	<b>\$ 422,763</b>	<b>\$ 5,152,202</b>	<b>\$ 6,038,262</b>	<b>\$ 46,426,434</b>	<b>\$ 3,404,252</b>	<b>\$ 113,944,231</b>

NORTHEAST IOWA COMMUNITY COLLEGE  
 SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
 For the Year Ended June 30, 2018

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
<b>REVENUES AND OTHER ADDITIONS</b>									
General:									
State appropriations	\$ 9,969,369	\$ 482	\$ 2,141,880	\$ 496,400	\$ 125,346			\$ (397,352)	\$ 12,336,125
Tuition and fees	13,972,524	30,656						(5,607,860)	8,395,320
Property taxes	2,260,276		4,351,462		1,786,277	\$ 4,142,243			12,540,258
Federal appropriations	43,090	27,395	2,046,177	11,294,334	166,455			512,979	14,090,430
Investment income	249,337	29,365	135,581	24,490	7,003				445,776
Iowa Industrial New Jobs Training Program			4,394,955						4,394,955
Sales and services	73,664				76,253				149,917
Miscellaneous	1,546,940		1,625,992	297,470	114,093			(115,627)	3,468,868
	28,115,200	87,898	14,696,047	12,112,694	2,275,427	4,142,243	\$ -	(5,607,860)	55,821,649
Auxiliary enterprises:									
Sales and services		3,359,518						(738,877)	2,620,641
Miscellaneous		196,625							196,625
	-	3,556,143	-	-	-	-	-	(738,877)	2,817,266
<b>Total revenues and other additions</b>	<b>28,115,200</b>	<b>3,644,041</b>	<b>14,696,047</b>	<b>12,112,694</b>	<b>2,275,427</b>	<b>4,142,243</b>	<b>-</b>	<b>(6,346,737)</b>	<b>58,638,915</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>									
Education and support:									
Liberal arts and sciences	6,284,378		1,152						6,285,530
Vocational technical	6,251,697		1,046,813					(109,081)	7,189,429
Adult education	3,103,160		551,229						3,654,389
Cooperative services	2,277,672		5,119,657					(701,516)	6,695,813
General administration	1,149,425								1,149,425
Student services	2,100,327		2,300					(5,668)	2,096,959
Learning resources	654,916		183,239					(7,764)	830,391
Physical plant	2,492,332		1,650,789						4,143,121
General institution	5,851,589		2,331,771					735,248	8,918,608
	30,165,496	-	10,886,950	-	-	-	-	(88,781)	40,963,665
Auxiliary enterprises									
Scholarships and grants		3,564,208		12,051,299				(75,135)	3,489,073
Plant asset acquisitions					107,278			(6,346,737)	5,704,562
Interest on indebtedness						693,348		(107,278)	-
Other					1,002,893			676,850	1,370,198
Expended for plant assets								337,387	-
Retirement of indebtedness					(3,024,785)	3,470,767		(445,982)	-
Disposal of plant assets								11,194	11,194
Depreciation								2,977,837	2,977,837
	-	3,564,208	-	12,051,299	(1,914,614)	4,164,115	2,205,662	(5,514,913)	14,555,757
<b>Total expenditures and other deductions</b>	<b>30,165,496</b>	<b>3,564,208</b>	<b>10,886,950</b>	<b>12,051,299</b>	<b>(1,914,614)</b>	<b>4,164,115</b>	<b>2,205,662</b>	<b>(5,603,694)</b>	<b>55,519,422</b>

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, 2018

	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	\$ (2,050,296)	\$ 79,833	\$ 3,809,097	\$ 61,395	\$ 4,190,041	\$ (21,872)	\$ (2,205,662)	\$ (743,043)	\$ 3,119,493
TRANSFERS									
Mandatory	673,031		(673,031)						-
Nonmandatory	2,671,408	(76,581)	(2,137,951)	(25,351)	(431,525)				-
Total transfers	3,344,439	(76,581)	(2,810,982)	(25,351)	(431,525)	-	-	-	-
Net increase (decrease) in fund balance	1,294,143	3,252	998,115	36,044	3,758,516	(21,872)	(2,205,662)	(743,043)	3,119,493
FUND BALANCE (deficit)									
Beginning of year, as restated	3,387,030	2,158,975	1,156,996	379,390	(1,252,974)	51,348	37,996,379	(6,732,711)	37,144,433
End of year	\$ 4,681,173	\$ 2,162,227	\$ 2,155,111	\$ 415,434	\$ 2,505,542	\$ 29,476	\$ 35,790,717	\$ (7,475,754)	\$ 40,263,926

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, 2018

	Education			Support					Total	
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services	General Administration	Student Services	Learning Resources	Physical Plant		General Institution
<b>REVENUES AND OTHER ADDITIONS</b>										
State appropriations	\$ 4,257,605	\$ 4,356,619	\$ 1,287,183		\$ 50,672			\$ 17,290		\$ 9,969,369
Tuition and fees	4,069,303	6,085,527	2,092,620	\$ 1,707,484		\$ 75			\$ 17,515	13,972,524
Property taxes					2,260,276					2,260,276
Federal appropriations				43,090						43,090
Investment income					249,337					249,337
Sales and services			31,199	900			\$ 12,000		29,565	73,664
Miscellaneous		9,025	10,490	61,340	10		31,946	4,224	1,429,905	1,546,940
<b>Total revenues and other additions</b>	<b>8,326,908</b>	<b>10,451,171</b>	<b>3,421,492</b>	<b>1,812,814</b>	<b>2,560,295</b>	<b>75</b>	<b>43,946</b>	<b>21,514</b>	<b>1,476,985</b>	<b>28,115,200</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>										
Salaries and wages	4,680,112	4,408,508	1,782,917	1,633,252	761,047	1,453,672	445,344	708,561	2,272,764	18,146,177
Employee fringe benefits	1,445,534	1,384,383	462,765	491,869	255,660	556,802	159,003	315,110	899,932	5,971,058
Services	20,807	137,082	728,812	87,019	87,384	52,219	3,560	1,274,049	2,054,956	4,445,888
Materials and supplies	40,300	183,387	57,814	51,365	1,759	30,489	46,611	192,402	152,157	756,284
Travel	5,621	31,461	51,678	14,167	27,761	7,145	398	2,210	26,159	166,600
Loan cancellations and bad debts	43,460	65,190	19,174		7,617					135,441
Miscellaneous expenditure	48,544	41,686			8,197				445,621	544,048
<b>Total expenditures and other deductions</b>	<b>6,284,378</b>	<b>6,251,697</b>	<b>3,103,160</b>	<b>2,277,672</b>	<b>1,149,425</b>	<b>2,100,327</b>	<b>654,916</b>	<b>2,492,332</b>	<b>5,851,589</b>	<b>30,165,496</b>
<b>Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions</b>	<b>2,042,530</b>	<b>4,199,474</b>	<b>318,332</b>	<b>(464,858)</b>	<b>1,410,870</b>	<b>(2,100,252)</b>	<b>(610,970)</b>	<b>(2,470,818)</b>	<b>(4,374,604)</b>	<b>(2,050,296)</b>
<b>TRANSFERS</b>										
Mandatory		190,277	(34,842)	507,112	38,146		(27,662)			673,031
Nonmandatory		2,756	644,951	364,343	29,311	9,390		965,617	655,040	2,671,408
<b>Total transfers</b>	<b>-</b>	<b>193,033</b>	<b>610,109</b>	<b>871,455</b>	<b>67,457</b>	<b>9,390</b>	<b>(27,662)</b>	<b>965,617</b>	<b>655,040</b>	<b>3,344,439</b>
<b>Net increase (decrease) in fund balance</b>	<b>\$ 2,042,530</b>	<b>\$ 4,392,507</b>	<b>\$ 928,441</b>	<b>\$ 406,597</b>	<b>\$ 1,478,327</b>	<b>\$ (2,090,862)</b>	<b>\$ (638,632)</b>	<b>\$ (1,505,201)</b>	<b>\$ (3,719,564)</b>	<b>1,294,143</b>
<b>FUND BALANCE</b>										
Beginning of year										3,387,030
End of year										<u>\$ 4,681,173</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  
 Year Ended June 30, 2018

	Bookstore	Food Services	Child Care	Farm	Trade and Industry	Professional Development	Miscellaneous	Total
<b>REVENUES AND OTHER ADDITIONS</b>								
State appropriations			\$ 482					\$ 482
Tuition and fees						\$ 30,266	\$ 390	30,656
Federal appropriations			27,395					27,395
Sales and services	\$ 2,135,444	\$ 343,561	738,482	\$ 55,000	\$ 59,007		28,024	3,359,518
Investment income				28,884			481	29,365
Miscellaneous	9,590	3	45,078	17,133		113	124,708	196,625
<b>Total revenues and other additions</b>	<b>2,145,034</b>	<b>343,564</b>	<b>811,437</b>	<b>101,017</b>	<b>59,007</b>	<b>30,379</b>	<b>153,603</b>	<b>3,644,041</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>								
Salaries and wages	113,370	176,431	715,085					1,004,886
Employee fringe benefits	47,025	57,824	199,362					304,211
Services	6,649	7,284	4,692	2,871	8,135	14,416	22,216	66,263
Materials and supplies	1,703	15,546	82,981	16,715	23,706	195	7,777	148,623
Travel			160			21,036		21,196
Cost of goods sold	1,711,725	161,953		10,400	28,225		8,509	1,920,812
Interest on indebtedness				75,135				75,135
Miscellaneous	19,932						3,150	23,082
<b>Total expenditures and other deductions</b>	<b>1,900,404</b>	<b>419,038</b>	<b>1,002,280</b>	<b>105,121</b>	<b>60,066</b>	<b>35,647</b>	<b>41,652</b>	<b>3,564,208</b>
<b>Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions</b>	<b>244,630</b>	<b>(75,474)</b>	<b>(190,843)</b>	<b>(4,104)</b>	<b>(1,059)</b>	<b>(5,268)</b>	<b>111,951</b>	<b>79,833</b>
<b>TRANSFERS</b>								
Nonmandatory	(72,310)		(44)				(4,227)	(76,581)
<b>Net increase (decrease) in fund balance</b>	<b>172,320</b>	<b>(75,474)</b>	<b>(190,887)</b>	<b>(4,104)</b>	<b>(1,059)</b>	<b>(5,268)</b>	<b>107,724</b>	<b>3,252</b>
<b>FUND BALANCE (deficit)</b>								
Beginning of year	1,680,624	(104,446)	(176,494)	(306,984)	148,670	82,098	835,507	2,158,975
End of year	\$ 1,852,944	\$ (179,920)	\$ (367,381)	\$ (311,088)	\$ 147,611	\$ 76,830	\$ 943,231	\$ 2,162,227

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  
Year Ended June 30, 2018

	Restricted Property Tax Levies	Iowa Industrial New Jobs Training	Other Federal Programs	Miscellaneous	Total
<b>REVENUES AND OTHER ADDITIONS</b>					
State appropriations	\$ 90,675	\$ 131,132	\$ 939,482	\$ 980,591	\$ 2,141,880
Property taxes	4,351,462				4,351,462
Federal appropriations			1,244,830	801,347	2,046,177
Investment income	134,596	504	481		135,581
Iowa Industrial New Jobs Training Program		4,394,955			4,394,955
Miscellaneous	1,244,661		287,493	93,838	1,625,992
<b>Total revenues and other additions</b>	<b>5,821,394</b>	<b>4,526,591</b>	<b>2,472,286</b>	<b>1,875,776</b>	<b>14,696,047</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>					
Salaries and wages	49,353		648,894	923,777	1,622,024
Employee fringe benefits	1,682,602		179,187	280,243	2,142,032
Services	1,540,627	1,996,828	527,470	297,164	4,362,089
Materials and supplies	578,685		177,440	58,899	815,024
Travel			53,076	25,596	78,672
Plant asset acquisitions	109,081		107,565	7,795	224,441
Interest on indebtedness		601,715			601,715
Miscellaneous		968,513	28,787	43,653	1,040,953
<b>Total expenditures and other deductions</b>	<b>3,960,348</b>	<b>3,567,056</b>	<b>1,722,419</b>	<b>1,637,127</b>	<b>10,886,950</b>
<b>Excess of revenues and other additions over expenditures and other deductions</b>	<b>1,861,046</b>	<b>959,535</b>	<b>749,867</b>	<b>238,649</b>	<b>3,809,097</b>
<b>TRANSFERS</b>					
Mandatory		(542,187)	(121,960)	(8,884)	(673,031)
Nonmandatory	(1,218,782)	(439,959)	(499,951)	20,741	(2,137,951)
<b>Total transfers</b>	<b>(1,218,782)</b>	<b>(982,146)</b>	<b>(621,911)</b>	<b>11,857</b>	<b>(2,810,982)</b>
<b>Net increase (decrease) in fund balance</b>	<b>642,264</b>	<b>(22,611)</b>	<b>127,956</b>	<b>250,506</b>	<b>998,115</b>
<b>FUND BALANCE</b>					
Beginning of year	577,519	67,006	453,460	59,011	1,156,996
End of year	\$ 1,219,783	\$ 44,395	\$ 581,416	\$ 309,517	\$ 2,155,111

NORTHEAST IOWA COMMUNITY COLLEGE  
 SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
 AGENCY FUNDS  
 Year Ended June 30, 2018

	Student Organizations
Balance, beginning of year	\$ 216,422
<b>Additions:</b>	
Tuition and fees	82,567
Miscellaneous	371,061
Total additions	453,628
<b>Deductions:</b>	
Salaries and wages	128,854
Employee fringe benefits	43,344
Services	81,108
Materials and supplies	146,064
Travel	28,281
Cost of goods sold	4,524
Miscellaneous	1,303
Plant asset acquisitions	5,668
Total deductions	439,146
Balance, end of year	\$ 230,904

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Local (property tax)	\$ 12,540,258	\$ 10,376,338	\$ 9,544,851	\$ 9,328,085	\$ 8,900,292	\$ 9,319,214	\$ 9,722,498	\$ 9,168,987	\$ 8,338,873	\$ 4,437,962
State appropriations	12,336,125	12,358,774	12,262,797	12,468,392	11,659,341	10,490,504	8,976,053	10,590,494	8,561,576	9,926,999
Federal appropriations	14,090,430	13,888,483	17,072,041	21,953,991	27,040,609	28,726,546	26,677,663	28,950,131	26,409,295	18,342,004
<b>Total</b>	<b>\$ 38,966,813</b>	<b>\$ 36,623,595</b>	<b>\$ 38,879,689</b>	<b>\$ 43,750,468</b>	<b>\$ 47,600,242</b>	<b>\$ 48,536,264</b>	<b>\$ 45,376,214</b>	<b>\$ 48,709,612</b>	<b>\$ 43,309,744</b>	<b>\$ 32,706,965</b>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>REVENUES</b>										
State appropriations	\$ 12,608,131	\$ 12,498,883	\$ 12,491,879	\$ 12,770,142	\$ 11,982,240	\$ 10,825,716	\$ 8,922,833	\$ 8,901,805	\$ 8,630,563	\$ 10,045,748
Tuition and fees	14,003,180	14,495,965	15,005,062	15,610,737	16,572,799	17,520,534	17,846,943	17,610,746	17,311,196	14,012,003
Property taxes	6,611,738	4,490,655	3,639,966	3,503,188	3,318,633	3,718,588	4,284,334	3,752,235	3,232,287	2,823,374
Federal appropriations	13,410,996	13,302,701	16,322,449	21,249,569	26,288,608	27,084,729	25,762,439	28,249,100	25,972,051	18,087,030
Investment income	438,773	342,710	294,668	265,419	314,897	277,580	327,185	390,036	433,017	735,656
Iowa Industrial New Jobs Training Program	4,394,955	3,809,580	3,997,803	4,857,292	5,524,871	5,325,255	5,226,224	4,939,286	3,064,989	3,255,689
Auxiliary enterprises	3,556,143	3,914,866	4,010,072	4,306,681	4,265,807	4,472,772	4,331,066	4,457,057	4,383,682	3,615,807
Miscellaneous	3,544,066	3,099,802	1,006,592	2,131,992	612,913	1,641,872	770,406	4,092,595	6,289,740	1,199,579
	<u>\$ 58,567,982</u>	<u>\$ 55,955,162</u>	<u>\$ 56,768,491</u>	<u>\$ 64,695,020</u>	<u>\$ 68,880,768</u>	<u>\$ 70,867,046</u>	<u>\$ 67,471,430</u>	<u>\$ 72,392,860</u>	<u>\$ 69,317,525</u>	<u>\$ 53,774,886</u>
<b>EXPENDITURES</b>										
Liberal arts and sciences	\$ 6,285,530	\$ 6,713,289	\$ 7,509,574	\$ 6,280,039	\$ 5,384,048	\$ 5,477,329	\$ 5,879,893	\$ 5,348,064	\$ 5,701,752	\$ 5,644,522
Vocational technical	7,298,510	8,299,617	8,313,748	9,678,016	8,992,192	9,002,457	8,845,338	9,098,625	7,530,248	7,332,631
Adult education	3,654,389	3,251,667	4,492,912	3,929,376	3,499,933	3,502,795	3,293,160	3,083,158	2,662,436	2,502,973
Cooperative services	7,397,329	8,153,577	7,750,338	8,848,642	8,655,705	9,027,827	9,102,551	10,946,821	11,532,077	6,866,050
General administration	1,149,425	1,363,372	1,521,997	1,418,394	1,415,492	1,445,495	1,480,985	2,507,767	1,676,056	1,912,926
Student services	2,102,627	2,057,071	2,352,556	2,215,141	2,140,522	1,955,567	1,776,000	1,701,656	1,734,854	1,775,038
Learning resources	838,155	885,016	1,288,052	879,430	977,697	877,371	1,070,725	696,452	929,461	886,356
Physical plant	4,143,121	3,965,725	4,221,979	3,503,794	3,165,470	3,298,461	2,781,858	2,554,179	2,774,210	2,219,838
General institution	8,183,360	6,692,742	6,472,382	8,063,921	9,980,980	7,999,519	3,845,296	4,842,903	3,845,175	3,503,043
Auxiliary enterprises	3,564,208	4,349,088	4,164,126	4,622,210	4,445,701	4,302,533	4,220,714	4,020,013	4,478,723	4,337,177
Scholarships and grants	12,051,299	11,980,379	13,761,880	16,122,715	18,494,274	20,952,363	22,680,816	24,988,186	23,560,574	16,485,045
	<u>\$ 56,667,953</u>	<u>\$ 57,711,543</u>	<u>\$ 61,849,544</u>	<u>\$ 65,561,678</u>	<u>\$ 67,152,014</u>	<u>\$ 67,841,717</u>	<u>\$ 64,977,336</u>	<u>\$ 69,787,824</u>	<u>\$ 66,425,566</u>	<u>\$ 53,465,599</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, 2018

Funds/Levy	Original Budget	Actual	Variance Actual and Budget
Unrestricted	\$ 30,365,976	\$ 30,165,496	\$ 200,480
Restricted	24,475,000	7,038,722	17,436,278
Unemployment	41,061	23,117	17,944
Insurance	2,075,000	2,220,032	(145,032)
Early retirement	1,134,187	646,491	487,696
Equipment replacement	1,004,513	958,588	45,925
Total restricted	28,729,761	10,886,950	17,842,811
Plant:			
Plant	5,660,154	1,110,171	4,549,983
Bonds and interest	3,924,693	4,164,115	(239,422)
Total plant	9,584,847	5,274,286	4,310,561
Total	\$ 68,680,584	\$ 46,326,732	\$ 22,353,852

**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, Loan Funds and Agency Funds.

For the year ended June 30, 2018, the College's expenditures for the Restricted Fund - Insurance and Plant Fund, Bonds and Interest Subgroups exceeded the amount budgeted.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018

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

- (a) 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.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements. No material weaknesses noted.
- (c) 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.
- (d) No significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements. No material weaknesses noted.
- (e) 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.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a).
- (g) The programs tested as major programs were as follows:
  - CFDA Number 47.076 - Education and Human Resources
  - CFDA Number 84.048 - Career and Technical Education - Basic Grants to States
  - Clustered programs:
    - Student Financial Assistance Cluster:
      - CFDA Number 84.007 - Federal Supplemental Educational Opportunity Grants
      - CFDA Number 84.033 - Federal Work - Study Program, Recovery Act
      - CFDA Number 84.063 - Federal Pell Grant Program, Recovery Act
      - CFDA Number 84.268 - Federal Direct Student Loans - Subsidized/Unsubsidized, Plus Loans
- (h) The threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Northeast Iowa Community College did qualify as 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 October 19, 2018

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2018

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
U.S. Department of Agriculture:			
Passed through Northeast Community College, Nebraska: Rural Development Cooperative Agreement Program	10.890	\$ 11,878	
Passed through Iowa Department of Education: Child and Adult Care Food Program	10.558	<u>27,395</u>	
Subtotal U.S. Department of Agriculture		<u>39,273</u>	
U.S. Department of Commerce:			
Passed through Iowa State University: Manufacturing Extension Partnership	11.611	<u>43,090</u>	
U.S. Department of Defense:			
Passed through Youngstown Business Incubator: Air Force Defense Research Sciences Program	12.800	<u>674</u>	
U.S. Department of Labor:			
Passed through Hawkeye Community College: Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	<u>336,251</u>	
Passed through Upper Explorerland Regional Planning Commission: Youthbuild	17.274	<u>608,858</u>	
Subtotal U.S. Department of Labor		<u>945,109</u>	
National Science Foundation:			
Direct: Education and Human Resources	47.076	<u>213,062</u>	
Small Business Development Center:			
Passed through Iowa State University: Small Business Development Centers	59.037	<u>82,652</u>	
U.S. Department of Veteran Affairs:			
Direct: Post 9/11 Veterans Educational Assistance	64.027	<u>157,160</u>	
U.S. Department of Education:			
Direct: Adult Education - Basic Grants to States	84.002	<u>89,352</u>	
TRIO Cluster: TRIO_Student Support Services	84.042	<u>255,102</u>	
Direct:			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	85,368	
Federal Work - Study Program, Recovery Act	84.033	78,921	
Federal Pell Grant Program, Recovery Act	84.063	4,538,846	
Federal Direct Student Loans - Plus Loans	84.268		\$ 33,093
Federal Direct Student Loans - Subsidized Loans	84.268		2,922,005
Federal Direct Student Loans - Unsubsidized Loans	84.268		<u>3,557,862</u>
		<u>4,703,135</u>	<u>6,512,960</u>
Passed through Iowa Vocational Rehabilitation Services: Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	<u>88,583</u>	
Vocational Education - Basic Grants to States: Passed through Iowa Department of Education: Career and Technical Education - Basic Grants to States	84.048	<u>271,963</u>	
Subtotal U.S. Department of Education		<u>5,408,135</u>	<u>6,512,960</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2018

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
U.S. Department of Health and Human Services: Passed through University of Iowa: Occupational Safety and Health Program	93.262	\$ 8,881	
		<u>\$ 6,898,036</u>	<u>\$ 6,512,960</u>
Total Federal Financial Assistance			

NORTHEAST IOWA COMMUNITY COLLEGE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2018

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**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, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Northeast Iowa Community College, it is not intended to and does not present the financial position, changes in net position or cash flows of Northeast Iowa Community College.

**Summary of Significant Accounting Policies:**

- 1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
  
- 2) Pass-through entity identifying numbers are presented where available.

**Indirect Cost Rate:**

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

**Subrecipients:**

There were no awards passed through to subrecipients.

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, 2018, 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 October 19, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Iowa Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeast Iowa Community College's internal control.

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

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

### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of 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.

*Hacher, Nelson & Co., P.C.*

Decorah, Iowa  
October 19, 2018

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Northeast Iowa Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northeast Iowa Community College's major federal programs for the year ended June 30, 2018. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, Northeast Iowa Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Report on Internal Control over Compliance

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

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

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

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

*Hacher, Nelson & Co., P.C.*

Decorah, Iowa  
October 19, 2018

## 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, 2018, 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 8 below are compliance comments required by the Iowa Auditor of State. A separate report dated October 19, 2018 contains our report on the College's internal control over financial reporting. This letter does not affect our report dated October 19, 2018, on the basic financial statements of Northeast Iowa Community College. All prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions.

1. **Certified Budget**  
Expenditures for the year ended June 30, 2018 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. **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.
6. **Trustee Minutes**  
We noted no transactions requiring Trustee approval, which had not been approved by the Trustees.

7. 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.

8. 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.

9. Financial Aid

During our audit, we noted one out of fifty-six student files tested, the student had a change in their enrollment status which resulted in an under award of the Federal Pell Grant. Our sample was a statistically valid sample with a projected misstatement of \$12,324.

Recommendation

We recommend the College to continue to work with the Office of the Registrar, Academic Deans and Faculty on the importance of accurately reporting student financial aid attendance.

Response

We have implemented revised procedures for fiscal year 2018 and have reviewed and updated them for fiscal year 2019. We have held training sessions, meetings and have videos available to all staff to view on the impact proper attendance has on student financial aid and finances. We have prepared additional reports during the semester to catch any attendance changes.

Conclusion

Response accepted.

10. Payroll Reports

During our audit, we noticed some of the IPERS remittances were not made in a timely manner which resulted in penalty payments by the College.

Recommendation

We recommend all payments of payroll benefits and taxes be made on time to avoid any late penalties.

Response

We are implementing a verification process for IPERS submission. A log will be created that will document dates and amounts of IPERS submissions. The Executive Director of Finance will verify the submission dates and amounts prior to IPERS monthly 15th deadline.

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.

Other procedural matters were discussed with management and documented in a letter to 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.

*Hacher, Nelson & Co., P.C.*

Decorah, Iowa  
October 19, 2018