

**NORTHEAST IOWA COMMUNITY COLLEGE  
CALMAR, IOWA**

**FINANCIAL REPORT**

**JUNE 30, 2020**

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

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**Board of Trustees**

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Kenneth Reimer</b>	<b>President</b>	<b>2023</b>
<b>Jim Anderson</b>	<b>Vice-President</b>	<b>2023</b>
<b>Larry Blatz</b>	<b>Member</b>	<b>2023</b>
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<b>Gene Fuelling</b>	<b>Member</b>	<b>2021</b>
<b>Kathy Gunderson</b>	<b>Member</b>	<b>2021</b>
<b>Sue Runyon</b>	<b>Member</b>	<b>2021</b>
<b>David Schueller</b>	<b>Member</b>	<b>2021</b>
<b>Bob Shafer</b>	<b>Member</b>	<b>2021</b>

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**Community College Officials**

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<b>Liang Chee Wee</b>	<b>President</b>
<b>David Dahms</b>	<b>Vice President, Finance &amp; Administration</b>
<b>Wendy Mihm-Herold</b>	<b>Vice President, Business &amp; Community Solutions</b>
<b>Kathy Nacos-Burds</b>	<b>Vice President, Learning &amp; Student Success</b>
<b>Wendy Knight</b>	<b>Vice President, Institutional Effectiveness</b>
<b>Julia Sollien</b>	<b>Board Secretary</b>
<b>Heidi Herold</b>	<b>Board Treasurer, Executive Director of Finance</b>

**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, 2020, 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, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 4g, the schedule of the College's proportionate share of the net pension liability, the schedule of College contributions and the schedule of changes in the College's total OPEB liability, related ratios and notes on pages 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 November 6, 2020, on our consideration of Northeast Iowa Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northeast Iowa Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northeast Iowa Community College's internal control over financial reporting and compliance.

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

Decorah, Iowa  
November 6, 2020

**NORTHEAST IOWA COMMUNITY COLLEGE  
CALMAR, IOWA**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

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, 2020.

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.

**2020 FINANCIAL HIGHLIGHTS**

Operating revenues decreased overall by 5.94% from fiscal year 2019 due to a decrease in sales and services, miscellaneous income, and Iowa Industrial New Jobs Training Program fees. Nonoperating revenues increased by 3.60% due to increase in state appropriations.

Operating expenses were 1.47% higher from fiscal year 2019. The College had a 38.73% increase in vocational technical expenses, 24.74% increase in student services expenses, 132.84% increase in other expenses, 18.45% increase in scholarships and grants expenses, and 39.87% decrease in liberal arts and sciences expenses. The College had moderate changes in all the other expenses. See page 4d for explanations.

The College's financial statement and table below reflect total net position increased from fiscal year 2019.

**CHANGE IN NET POSITION COMPARISON BY FUND**

	Unrestricted	Auxiliary	Restricted	Scholarship	Plant	Total Net Position
FY 2020	(689,882)	3,601,092	5,607,361	417,718	43,405,407	52,341,696
FY 2019	(1,622,052)	2,659,272	4,164,481	469,832	41,336,709	47,008,242
\$ Change	932,170	941,820	1,442,880	(52,114)	2,068,698	5,333,454

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 2020	(689,882)	3,601,092	5,607,361	417,718	43,405,407	52,341,696
FY 2019	(1,622,052)	2,659,272	4,164,481	469,832	41,336,709	47,008,242
FY 2018	(2,794,581)	2,162,227	2,155,111	415,434	38,325,735	40,263,926
FY 2017, restated	(3,345,681)	2,158,975	1,156,996	379,390	36,794,753	37,144,433
FY 2016	(3,033,408)	3,059,662	1,961,116	192,103	33,612,913	35,792,386

## USING THIS ANNUAL REPORT

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

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

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

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

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

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

### REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

#### *The Statement of Net Position*

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

#### *Comparison of Net Position*

The largest portion of the College's net position is invested in capital assets (e.g., land, buildings, intangibles and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. The net investments in capital assets increased approximately \$4,280,000 over the prior year, primarily due to construction in progress related to building renovations.

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

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - decreased approximately by \$371,000 due to increasing operating expenses and decrease in operating revenues.

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

*Comparison of Net Position (Continued)*

Statements of net position as of June 30, 2020 and 2019 are as follows:

	Condensed Statement of Net Position (Expressed in Thousands)	
	2020	2019
Current and other assets	\$ 62,302	\$ 70,220
Other noncurrent assets	3,630	4,818
Capital assets, net	<u>50,640</u>	<u>46,718</u>
<b>Total assets</b>	<b>\$ 116,572</b>	<b>\$ 121,756</b>
 Deferred outflows of resources	 <u>\$ 1,966</u>	 <u>\$ 2,587</u>
Current liabilities	\$ 12,366	\$ 12,313
Noncurrent liabilities	<u>33,552</u>	<u>43,490</u>
<b>Total liabilities</b>	<b>\$ 45,918</b>	<b>\$ 55,803</b>
 Deferred inflows of resources	 <u>\$ 20,278</u>	 <u>\$ 21,532</u>
Net position:		
Net investment in capital assets	\$ 38,334	\$ 34,054
Restricted	6,093	4,668
Unrestricted	<u>7,915</u>	<u>8,286</u>
<b>Total net position</b>	<b>\$ 52,342</b>	<b>\$ 47,008</b>

*Statement of Revenues, Expenses and Changes in Net Position*

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

In general, a public college, such as Northeast Iowa Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as nonoperating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Nonoperating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation/amortization, which allocates the cost of an asset over its expected useful life.

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

In fiscal year 2020, operating revenues resulted in the following changes:

- Revenues decreased due to less sales and services due to COVID-19.
- The New Jobs Training Program received less revenue in fiscal year 2020 versus 2019.

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

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

The statements of activities for the years ended June 30, 2020 and 2019 are as follows:

	Changes in Net Position (Expressed in Thousands)	
	2020	2019
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 8,743	\$ 8,513
Federal appropriations	8,657	8,721
Iowa Industrial New Jobs Training Program	4,114	4,917
Sales and services	2,199	2,591
Miscellaneous	3,409	4,092
	<hr/>	<hr/>
Total operating revenues	27,122	28,834
	<hr/>	<hr/>
Total operating expenses	52,342	51,583
	<hr/>	<hr/>
Operating loss	(25,220)	(22,749)
	<hr/>	<hr/>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	13,636	12,295
Pell Grant	4,373	4,497
Property taxes	12,708	13,230
Investment income	860	727
Gain (loss) on sale of capital assets	(49)	31
Loan cancellation and plant assets with Dairy Foundation		(176)
Donated plant assets received	130	
Interest on indebtedness	(1,104)	(1,111)
	<hr/>	<hr/>
Net nonoperating revenues (expenses)	30,554	29,493
	<hr/>	<hr/>
Increase in net position	5,334	6,744
	<hr/>	<hr/>
NET POSITION, beginning of year	47,008	40,264
	<hr/>	<hr/>
NET POSITION, end of year	\$ 52,342	\$ 47,008
	<hr/>	<hr/>

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

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

Operating expenses for the years ended June 30, 2020 and 2019 are as follows:

	Operating Expenses (Expressed in Thousands)	
	2020	2019
<b>Education and support:</b>		
Liberal arts and sciences	\$ 3,685	\$ 6,128
Vocational technical	8,765	6,318
Adult education	3,373	3,576
Cooperative services	6,292	7,470
General administration	1,382	1,275
Student services	3,111	2,494
Learning resources	893	813
Physical plant	4,247	4,354
General institution	5,901	6,484
Auxiliary enterprises	3,634	3,685
Scholarships and grants	6,252	5,278
Depreciation	3,070	2,962
Other	1,737	746
	<hr/>	<hr/>
Total operating expenses	\$ 52,342	\$ 51,583

In fiscal year 2020, operating expenses resulted in the following changes:

- Decrease in liberal arts and sciences expenses due to change in how Arts & Sciences and Career Technical Education (CTE) salaries and benefits are recorded on the general ledger.
- Increase in student services expenses due to grant funds awarded to students through the CARES Act.
- Increase in scholarships and grants expenses due to additional grant money received from the State of Iowa for Last Dollar Scholarships.
- Increase in other expenses due to prior year adjusting entries for Dairy lease and Dairy notes receivable.
- Expenses increased for vocational technical due to change in how Arts & Sciences and Career Technical Education (CTE) salaries and benefits are recorded on the general ledger.

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

### *Statement of Cash Flows*

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

	Cash Flows	
	(Expressed in Thousands)	
	2020	2019
Cash provided by (used in):		
Operating activities	\$ (21,207)	\$ (19,874)
Non-capital financing activities	30,604	29,833
Capital and related financing activities	(16,102)	3,891
Investing activities	3,679	(635)
Net (decrease) increase in cash	(3,026)	13,215
Cash, beginning of year	41,664	28,449
Cash, end of year	\$ 38,638	\$ 41,664

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

### CAPITAL ASSETS

At June 30, 2020, the College had approximately \$96.0 million invested in capital assets, less accumulated depreciation and amortization of \$45.3 million. Depreciation and amortization expense totaled \$3,070,367 and \$2,961,720 for fiscal years 2020 and 2019, respectively. Details of net capital assets are shown below:

	Capital Assets, Net	
	(Expressed in Thousands)	
	2020	2019
Land	\$ 1,017	\$ 1,055
Buildings	39,374	40,017
Construction in progress	4,524	415
Other structures and improvements	1,781	1,811
Intangibles	48	48
Furniture and equipment	3,896	3,372
Total	\$ 50,640	\$ 46,718

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

## DEBT

At June 30, 2020, the College had \$33.0 million in debt outstanding, a decrease of \$10.3 million from 2019. The table below summarizes these amounts by type.

	Long-term Debt	
	(Expressed in Thousands)	
	2020	2019
Certificates payable	\$ 17,165	\$ 21,550
Notes payable	850	1,125
Bonds payable	13,580	18,327
Capital leases payable	491	327
Early retirement payable	894	1,920
<b>Total</b>	<b>\$ 32,980</b>	<b>\$ 43,249</b>

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 experienced a spike in unemployment early to mid-year 2020 due to the coronavirus. However, at the time of this report unemployment has declined to approximately 2.4% for the district, close to prior year rates. The district has a diverse sector of industry which includes manufacturing, business, financial, information technology, and healthcare. Our eight-county district has unemployment rates ranging from 2.1% to 3.3%. Workforce Training and Economic Development funds allowed the College to provide customized contracted training services along with recertification and up-skilling to 71 businesses. 100% of those funds were used to train 1,060 employees. The College had a total of 26 Iowa New Job Training 260F projects with awards totaling \$148,009 and 619 employees trained. The College has multiple 260E projects with a balance of \$10,152,330 in training funds. Those funds are available to the businesses for employee training or potential debt reduction. We are working closely with the businesses through COVID-19 to provide support and ensure compliance with the 260E program. In October 2020, the College will have a 260E bond sale in the amount of \$2,755,000 for six companies with a total of 300 jobs. We are also projecting a 260E bond sale in the Spring of 2021. Further, the Business and Community Solutions (BCS) division has applied for several grants and started new services to assist businesses in our region through the COVID-19 economic downturn. Two of those services were a Business COVID-19 helpline that served over 610 businesses and a Business Consulting Service designed to assist businesses and nonprofits.

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

## NORTHEAST IOWA COMMUNITY COLLEGE ECONOMIC FACTORS (Continued)

The Student Services and Strategic Enrollment Management teams have been effective in stabilizing enrollment by refining our student management process to improve earlier connections and more personalized outreach at key times during the enrollment lifecycle. Through the guided pathway model, we continue to focus efforts on retention and persistence of students so recruitment efforts can focus on gaining new enrollments at a healthy rate in shrinking markets. Our strategy for combatting declining high school enrollment is to increase customized Earn/Learn training programs to address business skills demands and by partnering with the State of Iowa on their Future Ready Iowa Initiative to work towards a goal of 70% of Iowans having up to a 2-year degree or certificate. This year we were able to secure state funding for 445 students for \$1,113,997.

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

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

In March 2020, the College moved face-to-face classes to an on-line format and closed campuses and centers to the general public in response to the coronavirus. Most employees were asked to work from home with a small number of designated employees remaining on campus. These changes resulted in a reduction of operational expenses. In addition, the College received a federal grant under the Coronavirus Aid, Relief and Economic Security (CARES) Act. Fifty percent of the funds provided emergency financial aid grants to students for expenses related to the disruption of campus operations. The other fifty percent is being used by the College for costs related to the significant change in instructional delivery and needed personal protective equipment (PPE) resulting from the coronavirus.

### CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

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

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF NET POSITION  
June 30, 2020

	Business-type Activities	Component Unit Foundation		Business-type Activities	Component Unit Foundation
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash	\$ 38,638,403	\$ 108,679	Liabilities:		
Investments	5,034,669		Accounts payable	\$ 3,254,761	
Receivables:			Salaries and benefits payable	1,254,262	
Accounts, less allowance of \$1,571,171	4,346,140		Accrued interest payable	34,108	
Promises, net discount		75,054	Long-term liabilities due within one year:		
Accrued interest	42,999		Compensated absences payable	304,848	
Property tax:			Early retirement payable	631,042	
Current year delinquent	139,147		Notes payable	300,000	
Succeeding year	12,007,680		Bonds payable	2,905,000	
Due from other governments	1,104,626		Capital leases payable	127,221	
Inventories	226,442		Certificates payable	3,555,000	
Notes receivable	9,290				
Due from Iowa Industrial New Jobs Training Program	752,498		<b>Total current liabilities</b>	<b>12,366,242</b>	<b>\$ -</b>
<b>Total current assets</b>	<b>62,301,894</b>	<b>183,733</b>	Noncurrent liabilities:		
			Long-term liabilities due over one year:		
<b>NONCURRENT ASSETS</b>			Total OPEB liability	318,592	
Investments		4,626,755	Net pension liability	7,771,933	
Promises, net discount		121,751	Early retirement payable	262,705	
Notes receivable	176,397		Notes payable	550,000	
Due from Iowa Industrial New Jobs Training Program	3,454,079		Bonds payable	10,674,970	
Capital assets, non-depreciable	5,541,276		Capital leases payable	364,235	
Capital assets, net accumulated depreciation	45,098,842		Certificates payable	13,610,000	
			<b>Total noncurrent liabilities</b>	<b>33,552,435</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>54,270,594</b>	<b>4,748,506</b>			
			<b>Total liabilities</b>	<b>45,918,677</b>	<b>-</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			Deferred inflows of resources:		
Pension related deferred outflows	1,945,381		Succeeding year property tax	12,007,680	
OPEB related deferred outflows	20,826		Pension related deferred inflows	2,046,868	
			OPEB related deferred inflows	75,852	
	1,966,207	-	Other	6,147,922	
			<b>Total deferred inflows of resources</b>	<b>20,278,322</b>	<b>-</b>
			Net position:		
			Net investment in capital assets	38,333,536	
			Restricted:		
			Restricted for specific purposes	6,092,634	3,126,900
			Unrestricted	7,915,526	1,805,339
			<b>Total net position</b>	<b>52,341,696</b>	<b>4,932,239</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 118,538,695</b>	<b>\$ 4,932,239</b>	<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 118,538,695</b>	<b>\$ 4,932,239</b>

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Year Ended June 30, 2020

	Business-type Activities	Component Unit Foundation
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship allowances of \$5,522,639	\$ 8,742,669	
Federal appropriations	8,657,148	
Iowa Industrial New Jobs Training Program	4,113,714	
Sales and services, net of scholarship allowances of \$695,923	2,199,285	
Miscellaneous	3,408,657	\$ 1,461,611
Total operating revenues	<u>27,121,473</u>	<u>1,461,611</u>
<b>OPERATING EXPENSES</b>		
Education and support:		
Liberal arts and sciences	3,685,252	
Vocational technical	8,765,334	
Adult education	3,372,709	
Cooperative services	6,292,203	
General administration	1,382,393	31,307
Student services	3,110,699	
Learning resources	892,573	
Physical plant	4,247,397	
General institution	5,901,036	
Auxiliary enterprises	3,634,035	
Scholarships and grants	6,251,584	183,448
Depreciation	3,070,367	
Other	1,736,655	1,005,508
Total operating expenses	<u>52,342,237</u>	<u>1,220,263</u>
Operating (loss) income	<u>(25,220,764)</u>	<u>241,348</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	13,636,511	
Pell Grant	4,373,522	
Property taxes	12,708,408	
Investment income	860,144	194,725
Loss on sale of capital assets	(49,401)	
Donated plant assets received (transferred)	129,530	(129,530)
Interest on indebtedness	(1,104,496)	
Net nonoperating revenues (expenses)	<u>30,554,218</u>	<u>65,195</u>
Change in net position	5,333,454	306,543
<b>NET POSITION</b>		
Beginning of year	<u>47,008,242</u>	<u>4,625,696</u>
End of year	<u>\$ 52,341,696</u>	<u>\$ 4,932,239</u>

See Notes to Financial Statements.



NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF NET POSITION  
BUSINESS-TYPE ACTIVITIES  
June 30, 2020

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
<b>LIABILITIES (Continued)</b>						
<b>Noncurrent liabilities:</b>						
<b>Long-term liabilities due over one year:</b>						
Total OPEB liability	\$ 318,592					\$ 318,592
Net pension liability	7,771,933					7,771,933
Early retirement payable			\$ 262,705			262,705
Notes payable					\$ 550,000	550,000
Bonds payable					10,674,970	10,674,970
Capital leases payable					364,235	364,235
Certificates payable			13,610,000			13,610,000
<b>Total noncurrent liabilities</b>	<b>8,090,525</b>	<b>\$ -</b>	<b>13,872,705</b>	<b>\$ -</b>	<b>11,589,205</b>	<b>33,552,435</b>
<b>Total liabilities</b>	<b>10,675,997</b>	<b>125,886</b>	<b>18,909,015</b>	<b>188,308</b>	<b>16,203,048</b>	<b>46,102,254</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Succeeding year property tax	2,514,760		3,157,671		6,335,249	12,007,680
Pension related deferred inflows	2,046,868					2,046,868
OPEB related deferred inflows	75,852					75,852
Other	4,024,690		2,123,232			6,147,922
<b>Total deferred inflows of resources</b>	<b>8,662,170</b>	<b>-</b>	<b>5,280,903</b>	<b>-</b>	<b>6,335,249</b>	<b>20,278,322</b>
<b>NET POSITION</b>						
Net investment in capital assets					38,333,536	38,333,536
Restricted for specific purposes			5,607,361	417,718	67,555	6,092,634
Unrestricted (deficit)	(689,882)	3,601,092			5,004,316	7,915,526
<b>Total net position (deficit)</b>	<b>(689,882)</b>	<b>3,601,092</b>	<b>5,607,361</b>	<b>417,718</b>	<b>43,405,407</b>	<b>52,341,696</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 18,648,285</b>	<b>\$ 3,726,978</b>	<b>\$ 29,797,279</b>	<b>\$ 606,026</b>	<b>\$ 65,943,704</b>	<b>\$ 118,722,272</b>

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET POSITION  
BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2020

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
<b>OPERATING REVENUES</b>						
General:						
Tuition and fees	\$ 8,613,933	\$ 128,736				\$ 8,742,669
Federal appropriations	1,155,532	712,284	\$ 1,911,886	\$ 4,877,446		8,657,148
Iowa Industrial New Jobs Training Program			4,113,714			4,113,714
Sales and services	27,620	2,171,665				2,199,285
Miscellaneous	227,094	746,664	2,019,109	151,113	\$ 264,677	3,408,657
<b>Total operating revenues</b>	<b>10,024,179</b>	<b>3,759,349</b>	<b>8,044,709</b>	<b>5,028,559</b>	<b>264,677</b>	<b>27,121,473</b>
<b>OPERATING EXPENSES</b>						
Education and support:						
Liberal arts and sciences	3,685,252					3,685,252
Vocational technical	8,142,275		623,059			8,765,334
Adult education	2,915,005		457,704			3,372,709
Cooperative services	2,450,673		3,841,530			6,292,203
General administration	1,382,393					1,382,393
Student services	2,466,852		643,847			3,110,699
Learning resources	679,782		212,791			892,573
Physical plant	2,298,187		1,949,210			4,247,397
General institution	5,474,999		426,037			5,901,036
Auxiliary enterprises		3,634,035				3,634,035
Scholarships and grants				6,251,584		6,251,584
Depreciation					3,070,367	3,070,367
Other					1,736,655	1,736,655
<b>Total operating expenses</b>	<b>29,495,418</b>	<b>3,634,035</b>	<b>8,154,178</b>	<b>6,251,584</b>	<b>4,807,022</b>	<b>52,342,237</b>
<b>Operating (loss) income</b>	<b>(19,471,239)</b>	<b>125,314</b>	<b>(109,469)</b>	<b>(1,223,025)</b>	<b>(4,542,345)</b>	<b>(25,220,764)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
State appropriations	10,384,191	3,000	1,956,658	1,182,732	109,930	13,636,511
Pell Grant	4,373,522					4,373,522
Property taxes	2,448,919		4,092,122		6,167,367	12,708,408
Investment income	595,495	4,379	104,525		155,745	860,144
Loss on sale of capital assets					(49,401)	(49,401)
Donated plant assets received					129,530	129,530
Interest on indebtedness			(567,575)		(536,921)	(1,104,496)
<b>Net nonoperating revenues (expenses)</b>	<b>17,802,127</b>	<b>7,379</b>	<b>5,585,730</b>	<b>1,182,732</b>	<b>5,976,250</b>	<b>30,554,218</b>
<b>Change in net position before transfers</b>	<b>(1,669,112)</b>	<b>132,693</b>	<b>5,476,261</b>	<b>(40,293)</b>	<b>1,433,905</b>	<b>5,333,454</b>
<b>Transfers</b>	<b>2,601,282</b>	<b>809,127</b>	<b>(4,033,381)</b>	<b>(11,821)</b>	<b>634,793</b>	<b>-</b>
<b>Change in net position</b>	<b>932,170</b>	<b>941,820</b>	<b>1,442,880</b>	<b>(52,114)</b>	<b>2,068,698</b>	<b>5,333,454</b>
<b>NET POSITION (deficit)</b>						
Beginning of year	(1,622,052)	2,659,272	4,164,481	469,832	41,336,709	47,008,242
End of year	\$ (689,882)	\$ 3,601,092	\$ 5,607,361	\$ 417,718	\$ 43,405,407	\$ 52,341,696

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2020

	Current Funds					Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Tuition and fees	\$ 8,889,854	\$ 128,736					\$ 9,018,590
Federal appropriations	1,704,514	715,785	\$ 1,845,679	\$ 1,133,357	\$ 7,049		5,406,384
Iowa Industrial New Jobs Training Program			4,842,290				4,842,290
Payments to employees for salaries and benefits	(17,664,114)	(1,000,031)	(2,254,709)				(20,918,854)
Payments to suppliers for goods and services	(4,889,131)	(329,047)	(3,793,656)			(1,794,565)	(10,806,399)
Payments to NJTP recipients			(2,756,016)				(2,756,016)
Cost of goods sold		(1,928,492)					(1,928,492)
Scholarships				(2,898,045)			(2,898,045)
Auxiliary enterprise receipts		2,356,619					2,356,619
Other operating payments paid on employees' behalf	(6,057,049)	(312,046)	(457,865)				(6,826,960)
Other operating receipts	254,714	746,664	2,019,109	22,973		260,814	3,304,274
Net cash (used in) provided by operating activities	(17,761,212)	378,188	(555,168)	(1,741,715)		(1,526,702)	(21,206,609)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>							
State appropriations	10,384,191	3,000	1,956,658	1,182,732		109,930	13,636,511
Pell Grant	4,373,522						4,373,522
Property taxes	2,435,764		4,074,721			6,133,302	12,643,787
(Increase) decrease in due from other funds	(183,577)						(183,577)
(Decrease) increase in due to other funds					183,577		183,577
Transfers	2,601,282	809,127	(4,033,381)	(11,821)		634,793	-
Federal direct lending receipts	5,593,187	695,923	101,593	3,351,460			9,742,163
Federal direct lending disbursements	(5,593,187)	(695,923)	(101,593)	(3,351,460)			(9,742,163)
Miscellaneous agency fund receipts	70,673						70,673
Miscellaneous agency fund disbursements	(120,206)						(120,206)
Net cash provided by non-capital financing activities	19,561,649	812,127	1,997,998	1,354,488		6,878,025	30,604,287
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from issuance of debt						252,078	252,078
Proceeds from sale of capital assets						10,245	10,245
Acquisition of capital assets						(5,772,208)	(5,772,208)
Principal paid on debt and leases			(4,385,000)			(5,109,958)	(9,494,958)
Interest paid on debt and leases		(14,004)	(567,575)			(516,136)	(1,097,715)
Net cash used in capital and related financing activities	-	(14,004)	(4,952,575)	-		(11,135,979)	(16,102,558)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchase of investments			(2,000,000)			(3,034,669)	(5,034,669)
Payments made on note receivable		(159,219)					(159,219)
Sale of investments			8,029,632				8,029,632
Interest on investments	595,495	1,212	117,475			129,085	843,267
Net cash provided by (used in) investing activities	595,495	(158,007)	6,147,107	-		(2,905,584)	3,679,011
Net increase (decrease) in cash	2,395,932	1,018,304	2,637,362	(387,227)		(8,690,240)	(3,025,869)
CASH, beginning of year	7,857,227	1,980,659	16,916,175	387,227		14,522,984	41,664,272
CASH, end of year	\$ 10,253,159	\$ 2,998,963	\$ 19,553,537	\$ -		\$ 5,832,744	\$ 38,638,403

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2020

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:						
Operating (loss) income	\$ (19,471,239)	\$ 125,314	\$ (109,469)	\$ (1,223,025)	\$ (4,542,345)	\$ (25,220,764)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:						
Depreciation					3,070,367	3,070,367
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	938,329	184,954	100,011	(128,140)	(3,863)	1,091,291
Decrease in NJTP receivable			1,370,261			1,370,261
(Increase) decrease in due from other governments	548,982	3,501	(66,207)	(392,629)	7,049	100,696
Decrease in inventories		425				425
Increase (decrease) in accounts payable and accrued liabilities	312,012	56,649	(81,753)	2,079	(57,910)	231,077
Increase in postemployment benefits	23,505					23,505
(Decrease) in net pension liability	(1,173,228)					(1,173,228)
Decrease in deferred outflows of resources	621,011					621,011
Increase (decrease) in deferred inflows of resources	250,196		(741,696)			(491,500)
(Decrease) in early retirement payable			(1,026,315)			(1,026,315)
(Increase) in compensated absences payable	189,220	7,345				196,565
Net cash (used in) provided by operating activities	\$ (17,761,212)	\$ 378,188	\$ (555,168)	\$ (1,741,715)	\$ (1,526,702)	\$ (21,206,609)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

The College accepted donated capital assets with a fair value of \$129,530 during the year ended June 30, 2020.

Capital asset additions included in accounts payable \$1,201,005.

See Notes to Financial Statements.

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 ended June 30, 2020 expresses an unmodified opinion dated December 28, 2020.

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)*

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

*Receivable for Iowa Industrial New Jobs Training Program (NJTP)*

This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2020 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

*Capital Assets*

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

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

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

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

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

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

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

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

b. Significant Accounting Policies (Continued)

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

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

*Deferred Outflows of Resources*

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

*Salaries and Benefits Payable*

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

*Compensated Absences*

College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death, or retirement. Amounts representing the cost of compensated absences are recorded as liabilities of the appropriate fund and have been computed based on rates of pay in effect as of June 30, 2020.

*Pensions*

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

*Total OPEB Liability*

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

*Deferred Inflows of Resources*

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

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

b. Significant Accounting Policies (Continued)

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

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

*Net Position*

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

*Net Investment in Capital Assets*

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

*Restricted Net Position:*

*Nonexpendable*

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

*Expendable*

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

*Unrestricted Net Position*

Net position not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

*Operating and Nonoperating Activities*

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

*Auxiliary Enterprise Revenues*

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

*Summer Session*

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

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

b. Significant Accounting Policies (Continued)

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

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

*Tuition and Fees*

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

*Use of Estimates*

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

*Scholarship Allowances and Student Aid*

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

2. Cash and Investments

The College's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The College's petty cash and deposit accounts as of June 30, 2020 consist of the following:

Petty cash	\$	3,155
Other deposit accounts		38,635,248
Total		\$ 38,638,403

NOTES TO FINANCIAL STATEMENTS

2. **Cash and Investments (Continued)**

The College's investments as of June 30, 2020 consist of the following:

Certificates of deposit	\$ 5,034,669
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a. **Iowa Schools Joint Investment Trust (ISJIT)**

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. At June 30, 2020, the College had investments in the ISJIT, as follows:

Investments	Amortized Cost
Diversified portfolio	\$ 6,802,763

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

**Interest Rate Risk**

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

b. **Component Unit**

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

Investments	Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money market funds	\$ 125,660	\$ 125,660	
Bond fund	1,280,651	1,280,651	
Corporate bonds	18,947	11,737	\$ 7,210
Common stock	1,842,470	1,842,470	
Preferred stock	175,961	175,961	
Mutual funds	518,389	518,389	
Alternative assets	9,334	9,334	
	3,971,412	\$ 3,964,202	\$ 7,210
Alternative investments, measured at NAV as a practical expedient	655,343		
<b>Total investments</b>	<b>\$ 4,626,755</b>		

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.

NOTES TO FINANCIAL STATEMENTS

2. Cash and Investments (Continued)

b. Component Unit (Continued)

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, 2020:

Interest and dividend income	\$	114,236
Net realized and unrealized gains		109,841
Investment expense		<u>(29,352)</u>
Total investment return	\$	<u>194,725</u>

Funds have been contributed on behalf of the College in the amount of \$14,912 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, 2020 are as follows:

<u>Type</u>		<u>Amount</u>
Supplies and materials	\$	13,159
Beef livestock		25,000
Merchandise held for resale		<u>188,283</u>
Total	\$	<u>226,442</u>

4. Note Receivable

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

<u>Year Ending June 30,</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 9,290	\$ 950
2022	160,411	4,667
2023	10,761	362
2024	4,553	86
2025	<u>672</u>	<u>2</u>
Minimum note payments	<u>\$ 185,687</u>	<u>\$ 6,067</u>

NOTES TO FINANCIAL STATEMENTS

5. Capital Assets

Capital assets activity for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<b>Capital non-depreciable assets:</b>				
Land	\$ 1,055,366		\$ 38,500	\$ 1,016,866
Construction in progress	418,346	\$ 4,356,597	250,533	4,524,410
<b>Capital assets, non-depreciable</b>	<b>1,473,712</b>	<b>4,356,597</b>	<b>289,033</b>	<b>5,541,276</b>
<b>Capital assets, being depreciated:</b>				
Buildings	73,954,947	1,466,628		75,421,575
Other structures and improvements	3,902,180	90,082		3,992,262
Intangibles	48,369			48,369
Furniture and equipment	10,043,941	1,387,982	482,120	10,949,803
<b>Gross capital assets being depreciated</b>	<b>87,949,437</b>	<b>2,944,692</b>	<b>482,120</b>	<b>90,412,009</b>
<b>Less accumulated depreciation:</b>				
Buildings	33,941,793	2,106,831		36,048,624
Other structures and improvements	2,090,863	119,678		2,210,541
Furniture and equipment	6,672,193	843,858	462,049	7,054,002
<b>Total accumulated depreciation</b>	<b>42,704,849</b>	<b>3,070,367</b>	<b>462,049</b>	<b>45,313,167</b>
<b>Net capital assets being depreciated</b>	<b>45,244,588</b>	<b>(125,675)</b>	<b>20,071</b>	<b>45,098,842</b>
<b>Capital assets, net</b>	<b>\$ 46,718,300</b>	<b>\$ 4,230,922</b>	<b>\$ 309,104</b>	<b>\$ 50,640,118</b>

6. Due from/to Other Funds

As of June 30, 2020, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
Unrestricted fund	\$ 183,577	
Scholarship fund		\$ 183,577
<b>Total</b>	<b>\$ 183,577</b>	<b>\$ 183,577</b>

NOTES TO FINANCIAL STATEMENTS

7. **Long-term Obligations**

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Certificates payable	\$ 21,550,000		\$ 4,385,000	\$ 17,165,000	\$ 3,555,000
Notes payable	1,125,000		275,000	850,000	300,000
Bonds payable	18,060,000		4,720,000	13,340,000	2,905,000
Premium on bonds	266,870		26,900	239,970	
Capital leases payable	327,435	\$ 252,078	88,057	491,456	127,221
Other liabilities:					
Early retirement payable	1,920,062		1,026,315	893,747	631,042
 Long-term liabilities	 \$ 43,249,367	 \$ 252,078	 \$ 10,521,272	 \$ 32,980,173	 \$ 7,518,263

a. **Capital Leases**

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

The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments under the agreement described above in effect at June 30, 2020:

Year Ending June 30,	Total
2021	\$ 153,639
2022	177,645
2023	142,581
2024	90,008
Total minimum lease payments	563,873
Less amount representing interest	(72,417)
Present value of minimum lease payments	\$ 491,456

b. **Certificates Payable**

In accordance with agreements dated between July 1, 2011 and June 30, 2020, the College issued certificates totaling \$17,165,000 with interest rates ranging from 1.50% to 3.85% per annum. The debt was incurred to fund the development and training costs related to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding tax, incremental property tax, budgeted reserves and, in the case of default, from standby property tax. During the year ended June 30, 2020, principal and interest paid were \$4,385,000 and \$567,575, respectively. No NJTP certificates were issued during the year ended June 30, 2020.

NOTES TO FINANCIAL STATEMENTS

7. Long-term Obligations (Continued)

b. Certificates Payable (Continued)

The certificates payable will mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,555,000	\$ 467,345	\$ 4,022,345
2022	3,295,000	378,718	3,673,718
2023	2,570,000	295,728	2,865,728
2024	2,310,000	225,668	2,535,668
2025	1,930,000	159,748	2,089,748
2026-2029	<u>3,505,000</u>	<u>205,493</u>	<u>3,710,493</u>
<b>Total</b>	<b><u>\$ 17,165,000</u></b>	<b><u>\$ 1,732,700</u></b>	<b><u>\$ 18,897,700</u></b>

c. Notes Payable

The College has issued notes payable for the purchase and construction of College properties. As of June 30, 2020, the notes payable outstanding consist of the following:

\$850,000 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, 2020 through December 1, 2022 plus interest semiannually with interest rates of the lease varying from 1.80% to 2.30%. The lease was issued to refund the lease to purchase the Town Clock Center.

\$ 850,000

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 300,000	\$ 15,200	\$ 315,200
2022	300,000	6,100	306,100
2023	<u>250,000</u>	<u>5,750</u>	<u>255,750</u>
<b>Total</b>	<b><u>\$ 850,000</u></b>	<b><u>\$ 27,050</u></b>	<b><u>\$ 877,050</u></b>

d. Bonded Indebtedness

\$13,340,000 General Obligation School Refunding Bonds Series 2019, due annually in varying installments June 1, 2020 through June 1, 2036 plus interest semiannually with interest rates of 3.00%. The proceeds of these bonds were used to refinance existing debt and provide resources to improve the College's infrastructure, security, technology, and create innovative learning spaces.

NOTES TO FINANCIAL STATEMENTS

7. Long-term Obligations (Continued)

d. Bonded Indebtedness (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 2,905,000	\$ 400,200	\$ 3,305,200
2022	1,550,000	313,050	1,863,050
2023		266,550	266,550
2024		266,550	266,550
2025		266,550	266,550
2026-2030		1,332,750	1,332,750
2031-2035	7,790,000	1,182,750	8,972,750
2036-2040	1,095,000	32,850	1,127,850
<b>Total</b>	<b>\$ 13,340,000</b>	<b>\$ 4,061,250</b>	<b>\$ 17,401,250</b>

e. Operating Leases

The College leases various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2021 and 2024 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year following June 30, 2020:

Year Ending June 30,	Total
2021	\$ 116,447
2022	131,447
2023	71,447
2024	6,677
<b>Minimum lease payments for all operating leases</b>	<b>\$ 326,018</b>

Rents for fiscal year 2020 totaled \$240,265 for all operating leases.

8. Early Retirement

In December of 2017, the College offered a voluntary early retirement plan with options to retire between June 30, 2018 and August 15, 2019. An individual eligible under this offer may retire on June 30, 2018 or August 16, 2018 (faculty) or select a retirement date in fiscal year 2019 (July 1, 2018 - June 30, 2019).

In the 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 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, 2020, the College has obligations to seventy-five participants with a total early retirement liability of \$893,747. Actual early retirement expenditures for the year ended June 30, 2020 totaled \$1,026,315.

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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the College contributed 9.44% of covered payroll, for a total rate of 15.73%.

The College's contributions to IPERS for the year ended June 30, 2020 totaled \$1,014,686.

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

At June 30, 2020, the College reported a liability of \$7,771,933 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the College's proportion was 0.134215%, which was a decrease of 0.00714% from its proportion measured as of June 30, 2018.

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, 2020, the College recognized pension expense of \$1,381,168. At June 30, 2020, 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	\$ 21,546	\$ 279,438
Changes of assumptions	832,485	
Net difference between projected and actual earnings on IPERS' investments		875,803
Changes in proportion and differences between College contributions and the College's proportionate share of contributions	76,664	891,627
College contributions subsequent to the measurement date	1,014,686	
<b>Total</b>	<b>\$ 1,945,381</b>	<b>\$ 2,046,868</b>

\$1,014,686 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, 2021. 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
2021	\$ (13,094)
2022	(423,263)
2023	(362,587)
2024	(262,291)
2025	(54,938)
<b>Total</b>	<b>\$ (1,116,173)</b>

There were no non-employer contributing entities to IPERS.

NOTES TO FINANCIAL STATEMENTS

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

*Actuarial Assumptions*

The total pension liability in the June 30, 2019 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, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of 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	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0%</u>	

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

*Discount Rate*

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
College’s proportionate share of the net pension liability	<u>\$ 13,800,444</u>	<u>\$ 7,771,933</u>	<u>\$ 2,715,294</u>

*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, 2020, the College reported payables to IPERS of \$108,971 for legally required College contributions and \$72,609 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

10. Teachers Insurance and Annuity Association (TIAA)

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

Benefit terms, including contribution requirements, for TIAA are established and specified by the plan with TIAA and in accordance with the Code of Iowa. For each employee in the pension plan, the College is required to contribute 9.44% of annual salary, including overtime pay, to an individual employee account for each of the years ended June 30, 2020 and 2019, respectively, and 8.93% for the year ended June 30, 2018. Each employee is required to contribute 6.29% for the years ended June 30, 2020 and 2019, respectively, and 5.95% for the year ended June 30, 2018. 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, 2020, 2019, and 2018 were \$489,892, \$489,953, and \$512,015, respectively. The College’s required and actual contributions to TIAA for the years ended June 30, 2020, 2019, and 2018 were \$734,545, \$736,002, and \$768,452, respectively.

At June 30, 2020, the College reported payables to the TIAA of \$22,121 for legally required College contributions and \$14,739 for legally required employee contributions withheld from employee wages which had not yet been remitted to TIAA.

11. Other Postemployment Benefits (OPEB)

*Plan Description*

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

*OPEB Benefits*

Individuals who are employed by the College are eligible to participate in the group health plan 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, 2020, there were 296 active employees covered by the benefit terms.

*Total OPEB Liability*

The College's total OPEB liability of \$318,592 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

*Actuarial Assumptions*

The total OPEB liability in the June 30, 2020 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, 2019)	3.00% per annum.
Rates of salary increase (effective June 30, 2019)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.87% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	7.00% 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 3.87% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP 2018 generational projection of future mortality improvement.

NOTES TO FINANCIAL STATEMENTS

11. Other Postemployment Benefits (OPEB) (Continued)

*Changes in the Total OPEB Liability*

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 295,087
Changes for the year:	
Service cost	22,921
Interest cost	12,084
Benefit payments	(11,500)
Net change	23,505
Total OPEB liability end of year	\$ 318,592

Changes of assumptions reflect no change in the discount rate of 3.87% in fiscal years 2020 and 2019.

*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 (2.87%) or 1% higher (4.87%) than the current discount rate.

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 340,442	\$ 318,592	\$ 298,143

*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 (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease 6.0% decreasing to 4.0%	Current Healthcare Cost Trend Rate 7.0% decreasing to 5.0%	1% Increase 8.0% decreasing to 6.0%
Total OPEB liability	\$ 288,365	\$ 318,592	\$ 353,482

NOTES TO FINANCIAL STATEMENTS

11. Other Postemployment Benefits (OPEB) (Continued)

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

For the year ended June 30, 2020, the College recognized OPEB expense of \$28,910. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 70,764
Changes in assumptions	\$ 20,826	5,088
<b>Total</b>	<b>\$ 20,826</b>	<b>\$ 75,852</b>

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

Year Ending June 30,	Amount
2021	\$ (6,095)
2022	(6,095)
2023	(6,095)
2024	(6,095)
2025	(6,095)
Thereafter	(24,551)
<b>Total</b>	<b>\$ (55,026)</b>

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, 2020, which is audited, is as follows:

Total assets	\$ 1,163,351
Total liabilities	\$ 622,709
Total net assets	\$ 540,642
Total revenue	\$ 2,244,094
Total expenses	\$ 2,208,858

NOTES TO FINANCIAL STATEMENTS

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13. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

	Transfers In	Transfers Out
<b>Unrestricted fund:</b>		
Restricted fund	\$ 2,708,478	\$ 71,710
Scholarship fund	22,934	23,949
Plant fund	791,336	
Auxiliary fund		825,807
	3,522,748	921,466
<b>Auxiliary fund:</b>		
Unrestricted fund	825,807	
Restricted fund	49,030	5,730
Scholarship fund	2,991	
Plant fund		62,971
	877,828	68,701
<b>Restricted fund:</b>		
Unrestricted fund	71,710	2,708,478
Auxiliary fund	5,730	49,030
Scholarship fund	12,992	3,147
Plant fund	9,970	1,373,128
	100,402	4,133,783
<b>Scholarship fund:</b>		
Unrestricted fund	23,949	22,934
Auxiliary fund		2,991
Restricted fund	3,147	12,992
	27,096	38,917
<b>Plant fund:</b>		
Unrestricted fund		791,336
Auxiliary fund	62,971	
Restricted fund	1,373,128	9,970
	1,436,099	801,306
<b>Total</b>	\$ 5,964,173	\$ 5,964,173

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 324 projects. There are 229 projects that have been completed and 95 are currently open.

The College also administers the Iowa Jobs Training Program (IJTP) in Area I in accordance with Chapter 260F of the Code of Iowa. IJTP's purpose is to provide tax-aided training or retraining for existing employees of businesses. Approved businesses received forgivable loans from the Workforce Development Fund, a state administered fund. Since inception, the College has administered 476 projects with 26 new projects in the year ended June 30, 2020.

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 \$133,789 for software, licensing, and maintenance for fiscal year 2021.

As of June 30, 2020, the College has entered into various agreements for equipment and construction contracts for a total of \$19,595,689.

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

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, 2020, 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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The College is self-insured with respect to their health insurance coverage. The College maintains reinsurance that carries a specific stop loss of \$100,000 per employee covered and an aggregate stop loss of 125% of total estimated claims. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR).

The changes in the aggregate liabilities for claims included in salaries and benefits payable for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Claims payable, beginning of year	\$ 450,000	\$ 450,000
Claims recognized	4,078,376	3,579,756
Claim payments	(3,928,376)	(3,579,756)
Claims payable, end of year	\$ 600,000	\$ 450,000

18. Net Position

The statement of net position reports \$6,092,634 of restricted net position, of which \$5,369,079 is restricted by enabling legislation.

19. Net Position Deficit

The unrestricted fund has a deficit net position as of June 30, 2020. 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, 2020, the College had no abatements of property tax and \$4,742,276 of state income tax withholding under the projects.

NOTES TO FINANCIAL STATEMENTS

20. Tax Abatements (Continued)

*Tax Abatements of Other Entities*

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

Property tax revenues of the College were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Cascade	Other tax abatement program	\$ 1,488
City of Decorah	Other tax abatement program	3,536
City of Delhi	Other tax abatement program	484
City of Dubuque	Other tax abatement program	61,764
Dubuque County	Other tax abatement program	4,421
City of Dyersville	Other tax abatement program	13,694
City of Edgewood	Other tax abatement program	405
City of Elkader	Other tax abatement program	2,491
City of Elkader	Urban renewal and economic	312
City of Elma	Other tax abatement program	204
City of Farley	Other tax abatement program	12,417
City of Farley	Urban renewal and economic	4,928
City of Fayette	Other tax abatement program	1,129
Fayette County	Other tax abatement program	6,604
City of Hawkeye	Other tax abatement program	314
Howard County	Other tax abatement program	62,138
City of Lansing	Other tax abatement program	224
City of Luana	Other tax abatement program	1,053
City of Manchester	Other tax abatement program	2,368
City of McGregor	Other tax abatement program	103
City of McIntire	Other tax abatement program	1,532
City of Monona	Other tax abatement program	3,274
City of New Hampton	Other tax abatement program	5,228
City of Oelwein	Other tax abatement program	3,221
City of Oelwein	Urban renewal and economic	4,830
City of Ossian	Urban renewal and economic	339
City of Peosta	Other tax abatement program	4,851
City of Riceville	Other tax abatement program	1,438
City of Waukon	Other tax abatement program	1,757
City of West Union	Other tax abatement program	2,132

21. Accounting Change

The College adopted the fiduciary activities guidance set forth in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The Statement sets forth guidance to enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing the specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. Adoption of the guidance did not have an impact on amounts reported in the financial statements.

22. Prospective Accounting Change

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

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

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

23. COVID-19

The COVID-19 outbreak necessitated immediate actions by the College to mitigate the social risk for students, staff, and faculty. This included, among other things, increasing alternative education delivery options from a traditional face-to-face environment to the majority of classes being held on-line or in a synchronous solution, modifying classrooms for social distancing, providing proper personal protective equipment (PPE) throughout the College, enhancing faculty technology and devices to conduct classes in alternative modes, and moving the majority of staff off campus with devices to support a work from home environment. The College experienced no significant decline in traditional credit hour students but did incur a reduction in revenue from business educational classes conducted through the Business and Community Solutions (BCS) division. Auxiliary services (day care and cafeteria) were temporarily suspended but have since reopened. The College received significant federal grant support through the CARES Act to provide financial assistance to students and assistance to College operations to support the change in delivery of education due to COVID-19. The assistance to operations helped offset College expenses for PPE, classroom and faculty technology, and other expenses related to the change in delivery of education due to COVID-19.

In addition to College educational revenue, the College's primary revenue source is from property taxes which are expected to remain stable. Also, it is not anticipated there will be a reduction in state aid for the fiscal 2021 budget. These revenue sources along with the College's stable financial operations will help dampen any long-term impact that may result from the duration and severity of the COVID-19 crisis.

24. Subsequent Events

Management has evaluated subsequent events through November 6, 2020, the date on which the financial statements were available to be issued.

**Required Supplementary Information**

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 Six Years\*  
 (In Thousands)

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

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

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 1,015	\$ 967	\$ 948	\$ 1,039	\$ 1,005	\$ 948	\$ 840	\$ 730	\$ 635	\$ 544
Contributions in relation to the statutorily required contribution	(1,015)	(967)	(948)	(1,039)	(1,005)	(948)	(840)	(730)	(635)	(544)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 10,752	\$ 10,244	\$ 10,616	\$ 11,630	\$ 11,254	\$ 10,621	\$ 9,410	\$ 8,420	\$ 7,869	\$ 7,827
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

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

NORTHEAST IOWA COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
For the Year Ended June 30, 2020

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Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

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

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

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

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

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

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

See Independent Auditor's Report.

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

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

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

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

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

See Independent Auditor's Report.

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, 2020, and have issued our report thereon dated November 6, 2020, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We 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, 2019 (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 through 9 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 through 9 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  
November 6, 2020

NORTHEAST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
June 30, 2020

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
<b>ASSETS</b>									
Cash	\$ 10,253,159	\$ 2,998,963	\$ 19,553,537		\$ 5,832,744				\$ 38,638,403
Investments			2,000,000		3,034,669				5,034,669
Receivables:									
Accounts, less allowance of \$1,571,171	3,538,603	311,930	337,414	\$ 151,976	6,217				4,346,140
Accrued interest		3,956	11,891		27,152				42,999
Property tax:									
Current year delinquent	26,792		44,800			\$ 67,555			139,147
Succeeding year	2,514,760		3,157,671			6,335,249			12,007,680
Due from other funds	183,577								183,577
Due from other governments	165,187		485,389	454,050					1,104,626
Inventories		226,442							226,442
Due from Iowa Industrial New Jobs Training Program			4,206,577						4,206,577
Notes receivable		185,687							185,687
Capital assets:									
Land							\$ 1,016,866		1,016,866
Construction in progress							4,524,410		4,524,410
Intangibles							48,369		48,369
Buildings							75,421,575		75,421,575
Other structures and improvements							3,992,262		3,992,262
Furniture and equipment, including assets acquired							10,949,803		10,949,803
Accumulated depreciation and amortization							(45,313,167)		(45,313,167)
<b>Total assets</b>	<b>16,682,078</b>	<b>3,726,978</b>	<b>29,797,279</b>	<b>606,026</b>	<b>8,900,782</b>	<b>6,402,804</b>	<b>50,640,118</b>	<b>\$ -</b>	<b>116,756,065</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Pension related deferred outflows								1,945,381	1,945,381
OPEB related deferred outflows								20,826	20,826
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,966,207</b>	<b>1,966,207</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 16,682,078</b>	<b>\$ 3,726,978</b>	<b>\$ 29,797,279</b>	<b>\$ 606,026</b>	<b>\$ 8,900,782</b>	<b>\$ 6,402,804</b>	<b>\$ 50,640,118</b>	<b>\$ 1,966,207</b>	<b>\$ 118,722,272</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 1,074,381	\$ 102,349	\$ 828,086	\$ 4,731	\$ 1,245,214				\$ 3,254,761
Salaries and benefits payable	1,219,090	10,690	22,182		2,300				1,254,262
Accrued interest payable					34,108				34,108
Due to other funds				183,577					183,577
Compensated absences payable	292,001	12,847							304,848
Early retirement payable			893,747						893,747
Total OPEB liability								\$ 318,592	318,592
Net pension liability								7,771,933	7,771,933
Notes payable					850,000				850,000
Bonds payable					1,764,844		\$ 11,815,126		13,579,970
Capital leases payable							491,456		491,456
Certificates payable			17,165,000						17,165,000
<b>Total liabilities</b>	<b>2,585,472</b>	<b>125,886</b>	<b>18,909,015</b>	<b>188,308</b>	<b>3,896,466</b>	<b>\$ -</b>	<b>12,306,582</b>	<b>8,090,525</b>	<b>46,102,254</b>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
June 30, 2020

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
DEFERRED INFLOWS OF RESOURCES									
Succeeding year property tax	\$ 2,514,760		\$ 3,157,671			\$ 6,335,249			\$ 12,007,680
Pension related deferred inflows								\$ 2,046,868	2,046,868
OPEB related deferred inflows								75,852	75,852
Other	4,024,690		2,123,232						6,147,922
<b>Total deferred inflows of resources</b>	<b>6,539,450</b>	<b>\$ -</b>	<b>5,280,903</b>	<b>\$ -</b>	<b>\$ -</b>	<b>6,335,249</b>	<b>\$ -</b>	<b>2,122,720</b>	<b>20,278,322</b>
FUND BALANCE									
Net investment in capital assets							38,333,536		38,333,536
Fund balances:									
Restricted for specific purposes			5,607,361	417,718		67,555			6,092,634
Designated for health insurance	863,424								863,424
Unrestricted (deficit)	6,693,732	3,601,092			5,004,316			(8,247,038)	7,052,102
<b>Total fund balance (deficit)</b>	<b>7,557,156</b>	<b>3,601,092</b>	<b>5,607,361</b>	<b>417,718</b>	<b>5,004,316</b>	<b>67,555</b>	<b>38,333,536</b>	<b>(8,247,038)</b>	<b>52,341,696</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 16,682,078</b>	<b>\$ 3,726,978</b>	<b>\$ 29,797,279</b>	<b>\$ 606,026</b>	<b>\$ 8,900,782</b>	<b>\$ 6,402,804</b>	<b>\$ 50,640,118</b>	<b>\$ 1,966,207</b>	<b>\$ 118,722,272</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, 2020

	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	\$ 10,384,191	\$ 3,000	\$ 1,956,658	\$ 1,590,886	\$ 109,930			\$ (408,154)	\$ 13,636,511
Tuition and fees	14,136,574	128,736						(5,522,639)	8,742,671
Property taxes	2,448,919		4,092,122		486,423	\$ 5,680,944			12,708,408
Federal appropriations	6,415	16,361	1,911,886	10,522,314				573,694	13,030,670
Investment income	595,495	4,379	104,525		155,745				860,144
Iowa Industrial New Jobs Training Program			4,113,714						4,113,714
Sales and services	27,620								27,620
Miscellaneous	227,094		2,019,109	316,653	264,675			(165,540)	2,661,991
	<u>27,826,308</u>	<u>152,476</u>	<u>14,198,014</u>	<u>12,429,853</u>	<u>1,016,773</u>	<u>5,680,944</u>	<u>\$ -</u>	<u>(5,522,639)</u>	<u>55,781,729</u>
Auxiliary enterprises:									
Sales and services		2,867,588						(695,923)	2,171,665
Miscellaneous		746,664							746,664
	<u>-</u>	<u>3,614,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(695,923)</u>	<u>2,918,329</u>
<b>Total revenues and other additions</b>	<u>27,826,308</u>	<u>3,766,728</u>	<u>14,198,014</u>	<u>12,429,853</u>	<u>1,016,773</u>	<u>5,680,944</u>	<u>-</u>	<u>(6,218,562)</u>	<u>58,700,058</u>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>									
Education and support:									
Liberal arts and sciences	3,685,252								3,685,252
Vocational technical	8,142,275		1,012,948					(389,889)	8,765,334
Adult education	2,915,005		457,704						3,372,709
Cooperative services	2,450,673		4,511,586					(670,056)	6,292,203
General administration	1,382,393								1,382,393
Student services	2,466,852		643,847						3,110,699
Learning resources	679,782		212,791						892,573
Physical plant	2,298,187		1,949,210						4,247,397
General institution	5,091,107		469,081					340,848	5,901,036
	<u>29,111,526</u>	<u>-</u>	<u>9,257,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(719,097)</u>	<u>37,649,596</u>
Auxiliary enterprises									
Scholarships and grants		3,697,006		12,470,146				(62,971)	3,634,035
Plant asset acquisitions					6,454,213			(6,454,213)	-
Interest on indebtedness						536,921		567,575	1,104,496
Other					1,607,125				1,607,125
Expended for plant assets							(6,670,705)	6,670,705	-
Bond payable for plant assets							(252,365)	252,365	-
Retirement of indebtedness					(4,763,249)	5,109,958	(346,709)		-
Disposal of plant assets							49,401		49,401
Depreciation							3,070,367		3,070,367
Donated plant assets received							(129,530)	129,530	-
	<u>-</u>	<u>3,697,006</u>	<u>-</u>	<u>12,470,146</u>	<u>3,298,089</u>	<u>5,646,879</u>	<u>(4,279,541)</u>	<u>(5,115,571)</u>	<u>15,717,008</u>
<b>Total expenditures and other deductions</b>	<u>29,111,526</u>	<u>3,697,006</u>	<u>9,257,167</u>	<u>12,470,146</u>	<u>3,298,089</u>	<u>5,646,879</u>	<u>(4,279,541)</u>	<u>(5,834,668)</u>	<u>53,366,604</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2020

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
(Deficiency) excess of revenues and other additions (under) over expenditures and other deductions	\$ (1,285,218)	\$ 69,722	\$ 4,940,847	\$ (40,293)	\$ (2,281,316)	\$ 34,065	\$ 4,279,541	\$ (383,894)	\$ 5,333,454
TRANSFERS									
Mandatory	775,879		(766,917)	23,949	827,744				860,655
Nonmandatory	1,825,403	872,098	(2,731,050)	(35,770)	(791,336)				(860,655)
Total transfers	2,601,282	872,098	(3,497,967)	(11,821)	36,408	-	-	-	-
Net increase (decrease) in fund balance	1,316,064	941,820	1,442,880	(52,114)	(2,244,908)	34,065	4,279,541	(383,894)	5,333,454
FUND BALANCE (deficit)									
Beginning of year	6,241,092	2,659,272	4,164,481	469,832	7,249,224	33,490	34,053,995	(7,863,144)	47,008,242
End of year	\$ 7,557,156	\$ 3,601,092	\$ 5,607,361	\$ 417,718	\$ 5,004,316	\$ 67,555	\$ 38,333,536	\$ (8,247,038)	\$ 52,341,696

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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, 2020

	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	\$ 4,629,949	\$ 4,054,939	\$ 1,646,204		\$ 43,514			\$ 9,585		\$ 10,384,191
Tuition and fees	4,474,272	6,306,290	1,733,288	\$ 1,594,885		\$ 11,494			\$ 16,345	14,136,574
Property taxes					2,448,919					2,448,919
Federal appropriations		6,415								6,415
Investment income					595,495					595,495
Sales and services			8,373						19,247	27,620
Miscellaneous		34,002	7,145	109,773	5,432	500	\$ 41,861	626	27,755	227,094
<b>Total revenues and other additions</b>	<b>9,104,221</b>	<b>10,401,646</b>	<b>3,395,010</b>	<b>1,704,658</b>	<b>3,093,360</b>	<b>11,994</b>	<b>41,861</b>	<b>10,211</b>	<b>63,347</b>	<b>27,826,308</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>										
Salaries and wages	2,828,903	5,677,816	1,729,848	1,702,835	849,980	1,669,867	483,665	673,849	2,420,492	18,037,255
Employee fringe benefits	730,643	1,825,135	492,432	532,727	276,195	630,270	158,063	286,079	1,125,505	6,057,049
Services	35,137	228,274	629,636	169,373	226,510	106,866	1,286	1,130,149	1,386,070	3,913,301
Materials and supplies	27,477	209,713	30,702	33,609	1,595	50,534	35,604	207,323	124,606	721,163
Travel	2,188	21,695	32,387	12,129	19,785	9,315	1,164	181	31,798	130,642
Loan cancellation and bad debts	60,904	87,642			8,328				-	156,874
Miscellaneous expenditure		92,000						606	2,636	95,242
<b>Total expenditures and other deductions</b>	<b>3,685,252</b>	<b>8,142,275</b>	<b>2,915,005</b>	<b>2,450,673</b>	<b>1,382,393</b>	<b>2,466,852</b>	<b>679,782</b>	<b>2,298,187</b>	<b>5,091,107</b>	<b>29,111,526</b>
<b>Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions</b>	<b>5,418,969</b>	<b>2,259,371</b>	<b>480,005</b>	<b>(746,015)</b>	<b>1,710,967</b>	<b>(2,454,858)</b>	<b>(637,921)</b>	<b>(2,287,976)</b>	<b>(5,027,760)</b>	<b>(1,285,218)</b>
<b>TRANSFERS</b>										
Mandatory		3,735		741,696	30,448					775,879
Nonmandatory		188,121	336,776	86,678	11,413			908,589	293,826	1,825,403
<b>Total transfers</b>	<b>-</b>	<b>191,856</b>	<b>336,776</b>	<b>828,374</b>	<b>41,861</b>	<b>-</b>	<b>-</b>	<b>908,589</b>	<b>293,826</b>	<b>2,601,282</b>
<b>Net increase (decrease) in fund balance</b>	<b>\$ 5,418,969</b>	<b>\$ 2,451,227</b>	<b>\$ 816,781</b>	<b>\$ 82,359</b>	<b>\$ 1,752,828</b>	<b>\$ (2,454,858)</b>	<b>\$ (637,921)</b>	<b>\$ (1,379,387)</b>	<b>\$ (4,733,934)</b>	<b>1,316,064</b>
<b>FUND BALANCE</b>										
Beginning of year										<u>6,241,092</u>
End of year										<u>\$ 7,557,156</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
 SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
 AUXILIARY ENTERPRISE UNRESTRICTED CURRENT FUNDS  
 For the Year Ended June 30, 2020

	Bookstore	Food Services	Child Care	Farm	Trade and Industry	Professional Development	Miscellaneous	Total
<b>REVENUES AND OTHER ADDITIONS</b>								
State appropriations			\$ 3,000					\$ 3,000
Tuition and fees						\$ 28,396	\$ 100,340	128,736
Federal appropriations			16,361					16,361
Sales and services	\$ 1,952,690	\$ 224,572	630,034		\$ 60,292			2,867,588
Investment income				\$ 4,379				4,379
Miscellaneous	7,273	9,257	77,331	23,280	17,664		611,859	746,664
<b>Total revenues and other additions</b>	<b>1,959,963</b>	<b>233,829</b>	<b>726,726</b>	<b>27,659</b>	<b>77,956</b>	<b>28,396</b>	<b>712,199</b>	<b>3,766,728</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>								
Salaries and wages	109,250	129,134	627,797		3,000	5,350	129,971	1,004,502
Employee fringe benefits	37,417	47,542	182,131		230	409	44,317	312,046
Services	4,482	7,753	34,524		8,751	5,518	126,201	187,229
Materials and supplies	4,195	9,974	58,094	10,203	30,811	908	54,431	168,616
Travel	623				69	15,614	10,924	27,230
Cost of goods sold	1,662,594	112,455		(2,300)	37,404		118,764	1,928,917
Plant asset acquisitions					13,000		49,971	62,971
Miscellaneous expenditure	3,000						2,495	5,495
<b>Total expenditures and other deductions</b>	<b>1,821,561</b>	<b>306,858</b>	<b>902,546</b>	<b>7,903</b>	<b>93,265</b>	<b>27,799</b>	<b>537,074</b>	<b>3,697,006</b>
<b>Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions</b>	<b>138,402</b>	<b>(73,029)</b>	<b>(175,820)</b>	<b>19,756</b>	<b>(15,309)</b>	<b>597</b>	<b>175,125</b>	<b>69,722</b>
<b>TRANSFERS</b>								
Nonmandatory	30,033	-	50	-	14,700	-	827,315	872,098
<b>Net increase (decrease) in fund balance</b>	<b>168,435</b>	<b>(73,029)</b>	<b>(175,770)</b>	<b>19,756</b>	<b>(609)</b>	<b>597</b>	<b>1,002,440</b>	<b>941,820</b>
<b>FUND BALANCE (deficit)</b>								
Beginning of year	2,064,484	(279,526)	(493,860)	(648,677)	409,822	68,425	1,538,604	2,659,272
End of year	\$ 2,232,919	\$ (352,555)	\$ (669,630)	\$ (628,921)	\$ 409,213	\$ 69,022	\$ 2,541,044	\$ 3,601,092

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
RESTRICTED CURRENT FUNDS  
For the Year Ended June 30, 2020

	Restricted Property Tax Levies	Iowa Industrial New Jobs Training	Other Federal Programs	Miscellaneous	Total
<b>REVENUES AND OTHER ADDITIONS</b>					
State appropriations	\$ 75,576	\$ 131,656		\$ 1,749,426	\$ 1,956,658
Property taxes	4,092,122				4,092,122
Federal appropriations			\$ 1,774,368	137,518	1,911,886
Investment income	103,940	585			104,525
Iowa Industrial New Jobs Training Program		4,113,714			4,113,714
Miscellaneous	1,645,800			373,309	2,019,109
<b>Total revenues and other additions</b>	<b>5,917,438</b>	<b>4,245,955</b>	<b>1,774,368</b>	<b>2,260,253</b>	<b>14,198,014</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>					
Salaries and wages			585,585	653,882	1,239,467
Employee fringe benefits	116,841		156,898	184,126	457,865
Services	1,858,254	2,756,016	72,162	383,456	5,069,888
Materials and supplies	372,007		111,924	62,856	546,787
Travel			51,546	31,073	82,619
Plant asset acquisitions	381,891		139,259	14,264	535,414
Interest on indebtedness		567,575			567,575
Miscellaneous expenditure		45,787	644,808	66,957	757,552
<b>Total expenditures and other deductions</b>	<b>2,728,993</b>	<b>3,369,378</b>	<b>1,762,182</b>	<b>1,396,614</b>	<b>9,257,167</b>
<b>Excess of revenues and other additions over expenditures and other deductions</b>	<b>3,188,445</b>	<b>876,577</b>	<b>12,186</b>	<b>863,639</b>	<b>4,940,847</b>
<b>TRANSFERS</b>					
Mandatory		(741,696)	(25,221)		(766,917)
Nonmandatory	(1,600,000)	(145,622)	13,035	(998,463)	(2,731,050)
<b>Total transfers</b>	<b>(1,600,000)</b>	<b>(887,318)</b>	<b>(12,186)</b>	<b>(998,463)</b>	<b>(3,497,967)</b>
<b>Net increase (decrease) in fund balance</b>	<b>1,588,445</b>	<b>(10,741)</b>	<b>-</b>	<b>(134,824)</b>	<b>1,442,880</b>
<b>FUND BALANCE</b>					
Beginning of year	2,939,194	36,627	-	1,188,660	4,164,481
End of year	<u>\$ 4,527,639</u>	<u>\$ 25,886</u>	<u>\$ -</u>	<u>\$ 1,053,836</u>	<u>\$ 5,607,361</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
 SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
 AGENCY FUNDS  
 For the Year Ended June 30, 2020

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	Student Organizations
Balance, beginning of year	\$ 49,524
Additions:	
Miscellaneous	21,159
Deductions:	
Miscellaneous expenditure	70,683
Balance, end of year	\$ -

See Independent Auditor's Report on the Supplementary Information.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Local (property tax)	\$ 12,708,408	13,230,509	\$ 12,540,258	\$ 10,376,338	\$ 9,544,851	\$ 9,328,085	\$ 8,900,292	\$ 9,319,214	\$ 9,722,498	\$ 9,168,987
State appropriations	13,636,511	12,294,936	12,336,125	12,358,774	12,262,797	12,468,392	11,659,341	10,490,504	8,976,053	10,590,494
Federal appropriations	13,030,670	13,217,605	14,090,430	13,888,483	17,072,041	21,953,991	27,040,609	28,726,546	26,677,663	28,950,131
<b>Total</b>	<b>\$ 39,375,589</b>	<b>\$ 38,743,050</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>

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>REVENUES</b>										
State appropriations	\$ 13,934,735	\$ 12,528,025	\$ 12,608,131	\$ 12,498,883	\$ 12,491,879	\$ 12,770,142	\$ 11,982,240	\$ 10,825,716	\$ 8,922,833	\$ 8,901,805
Tuition and fees	14,265,310	14,541,728	14,003,180	14,495,965	15,005,062	15,610,737	16,572,799	17,520,534	17,846,943	17,610,746
Property taxes	6,541,041	7,208,365	6,611,738	4,490,655	3,639,966	3,503,188	3,318,633	3,718,588	4,284,334	3,752,235
Federal appropriations	12,456,976	12,533,127	13,410,996	13,302,701	16,322,449	21,249,569	26,288,608	27,084,729	25,762,439	28,249,100
Investment income	704,399	682,959	438,773	342,710	294,668	265,419	314,897	277,580	327,185	390,036
Iowa Industrial New Jobs Training Program	4,113,714	4,917,599	4,394,955	3,809,580	3,997,803	4,857,292	5,524,871	5,325,255	5,226,224	4,939,286
Auxiliary enterprises	3,614,252	3,821,997	3,556,143	3,914,866	4,010,072	4,306,681	4,265,807	4,472,772	4,331,066	4,457,057
Miscellaneous	2,590,476	3,316,878	3,544,066	3,099,802	1,006,592	2,131,992	612,913	1,641,872	770,406	4,092,595
	<u>\$ 58,220,903</u>	<u>\$ 59,550,678</u>	<u>\$ 58,567,982</u>	<u>\$ 55,955,162</u>	<u>\$ 56,768,491</u>	<u>\$ 64,695,020</u>	<u>\$ 68,880,768</u>	<u>\$ 70,867,046</u>	<u>\$ 67,471,430</u>	<u>\$ 72,392,860</u>
<b>EXPENDITURES</b>										
Liberal arts and sciences	\$ 3,685,252	\$ 6,127,445	\$ 6,285,530	\$ 6,713,289	\$ 7,509,574	\$ 6,280,039	\$ 5,384,048	\$ 5,477,329	\$ 5,879,893	\$ 5,348,064
Vocational technical	9,155,223	6,353,620	7,298,510	8,299,617	8,313,748	9,678,016	8,992,192	9,002,457	8,845,338	9,098,625
Adult education	3,372,709	3,576,329	3,654,389	3,251,667	4,492,912	3,929,376	3,499,933	3,502,795	3,293,160	3,083,158
Cooperative services	6,962,259	8,090,806	7,397,329	8,153,577	7,750,338	8,848,642	8,655,705	9,027,827	9,102,551	10,946,821
General administration	1,382,393	1,275,410	1,149,425	1,363,372	1,521,997	1,418,394	1,415,492	1,445,495	1,480,985	2,507,767
Student services	3,110,699	2,494,062	2,102,627	2,057,071	2,352,556	2,215,141	2,140,522	1,955,567	1,776,000	1,701,656
Learning resources	892,573	812,952	838,155	885,016	1,288,052	879,430	977,697	877,371	1,070,725	696,452
Physical plant	4,247,397	4,354,466	4,143,121	3,965,725	4,221,979	3,503,794	3,165,470	3,298,461	2,781,858	2,554,179
General institution	5,560,188	6,103,723	8,183,360	6,692,742	6,472,382	8,063,921	9,980,980	7,999,519	3,845,296	4,842,903
Auxiliary enterprises	3,697,006	4,424,482	3,564,208	4,349,088	4,164,126	4,622,210	4,445,701	4,302,533	4,220,714	4,020,013
Scholarships and grants	12,470,146	11,914,390	12,051,299	11,980,379	13,761,880	16,122,715	18,494,274	20,952,363	22,680,816	24,988,186
	<u>\$ 54,535,845</u>	<u>\$ 55,527,685</u>	<u>\$ 56,667,953</u>	<u>\$ 57,711,543</u>	<u>\$ 61,849,544</u>	<u>\$ 65,561,678</u>	<u>\$ 67,152,014</u>	<u>\$ 67,841,717</u>	<u>\$ 64,977,336</u>	<u>\$ 69,787,824</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, 2020

Funds/Levy	Original Budget	Actual	Variance Actual and Budget
Unrestricted	\$ 36,488,047	\$ 29,111,526	\$ 7,376,521
Restricted	22,600,000	6,528,174	16,071,826
Unemployment	100,564	44,799	55,765
Insurance	2,173,967	1,945,073	228,894
Early retirement	957,364	(14,777)	972,141
Equipment replacement	1,118,812	753,898	364,914
Total restricted	26,950,707	9,257,167	17,693,540
Plant:			
Plant	6,359,899	1,607,125	4,752,774
Bonds and interest	14,211,259	5,646,879	8,564,380
Total plant	20,571,158	7,254,004	13,317,154
Total	\$ 84,009,912	\$ 45,622,697	\$ 38,387,215

**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, 2020, the College's expenditures did not exceed the amount budgeted.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

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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 are reported.
- (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 federal award programs were disclosed by the audit of the financial statements. No material weaknesses are reported.
- (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:
- Education Stabilization Fund:
- CFDA Number 84.425E - Higher Education Emergency Relief Fund (HEERF) Student Aid Portion
  - CFDA Number 84.425F - HEERF Institutional Portion
  - 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
  - CFDA Number 84.063 - Federal Pell Grant Program
  - CFDA Number 84.268 - Federal Direct Student Loans - Subsidized/Unsubsidized Loans, Plus Loans
- (h) The threshold used for distinguishing between Type A and Type B programs was \$750,000.
- (i) Northeast Iowa Community College was determined to be a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

Internal control deficiencies: no matters were noted.

Instances of noncompliance: no matters were noted.

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

Internal control deficiencies: no matters were noted.

Instances of noncompliance: no matters were noted.

**Part IV: Other Findings Related to Required Statutory Reporting:**

See management letter dated November 6, 2020.

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2020

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	\$ 5,725	
Passed through Iowa Department of Education: Child and Adult Care Food Program	10.558	<u>16,361</u>	
Subtotal U.S. Department of Agriculture		<u>22,086</u>	
U.S. Department of Commerce:			
Passed through Iowa State University: Manufacturing Extension Partnership	11.611	<u>50,366</u>	
U.S. Department of Interior:			
Passed through Silos and Smokestacks National Heritage Area Heritage Partnership	15.939	<u>1,208</u>	
National Science Foundation:			
Direct: Education and Human Resources	47.076	<u>151,559</u>	
Small Business Development Center:			
Passed through Iowa State University: Small Business Development Centers	59.037	<u>81,316</u>	
U.S. Department of Veteran Affairs:			
Direct: Post 9/11 Veterans Educational Assistance	64.027	<u>89,387</u>	
U.S. Department of Education:			
Direct: Adult Education - Basic Grants to States	84.002	<u>129,066</u>	
TRIO Student Support Services	84.042	<u>253,906</u>	
Education Stabilization Fund:			
Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	614,448	
HEERF Institutional Portion	84.425F	<u>155,191</u>	
		<u>769,639</u>	
Direct:			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	85,353	
Federal Work - Study Program	84.033	77,218	
Federal Pell Grant Program	84.063	4,373,522	
Federal Direct Student Loans - Plus Loans	84.268		\$ 36,627
Federal Direct Student Loans - Subsidized Loans	84.268		2,585,965
Federal Direct Student Loans - Unsubsidized Loans	84.268		<u>3,351,460</u>
		<u>4,536,093</u>	<u>5,974,052</u>
Passed through Iowa Vocational Rehabilitation Services: Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	<u>86,569</u>	
Vocational Education - Basic Grants to States:			
Passed through Iowa Department of Education: Career and Technical Education - Basic Grants to States	84.048	<u>305,101</u>	
Subtotal U.S. Department of Education		<u>6,080,374</u>	<u>5,974,052</u>
Total Federal Financial Assistance		<u>\$ 6,476,296</u>	<u>\$ 5,974,052</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2020

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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, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Northeast Iowa Community College, it is not intended to and does not present the financial position, changes in net position or cash flows of Northeast Iowa Community College.

**Summary of Significant Accounting Policies:**

- 1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
  
- 2) Pass-through entity identifying numbers are presented where available.

**Indirect Cost Rate:**

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

**Subrecipients:**

There were no awards passed through to subrecipients.

See Independent Auditor's Report on the Supplementary Information.

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, 2020, and the related notes to the financial statements, which collectively comprise Northeast Iowa Community College's basic financial statements, and have issued our report thereon dated November 6, 2020.

Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

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

### Purpose of this Report

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

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

Decorah, Iowa  
November 6, 2020

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, 2020. 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, 2020.

## Report on Internal Control over Compliance

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

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

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

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

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

Decorah, Iowa  
November 6, 2020

## 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, 2020, we considered the College's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the College's compliance with certain sections of the Iowa Code, Attorney General's Opinions, and other matters. Items 1 through 9 below are compliance comments required by the Iowa Auditor of State. A separate report dated November 6, 2020, contains our report on the College's internal control over financial reporting. This letter does not affect our report dated November 6, 2020, on the basic financial statements of Northeast Iowa Community College. These comments are not intended to and do not constitute legal opinions. We did not audit the College's responses and, accordingly, we express no opinion on them.

1. **Certified Budget**  
Expenditures for the year ended June 30, 2020 did not exceed the amounts budgeted in total.
2. **Questionable Expenditures**  
No expenditures we believe did not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979 were noted.
3. **Travel Expense**  
No expenditures of College money for travel expenses of spouses of College officials and/or employees were noted. No travel advances to College officials or employees were noted.
4. **Business Transactions**  
No business transactions between the College and College officials and/or employees were noted.
5. **Restricted Donor Activity**  
No transactions were noted between the College, College officials, College employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
6. **Bond Coverage**  
Surety bond coverage of College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
7. **Trustee Minutes**  
We noted no transactions requiring Trustee approval, which had not been approved by the Trustees.

8. Publication

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

9. Deposits and Investments

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

10. Disbursements

During our testing of twenty-five regular disbursements and twenty-five grant disbursements, we noted one of each disbursement where a detail meal receipt was not included. The employees signed the appropriate form stating there was no detail meal receipt obtained. However, the College policy requires a detail receipt be enclosed for reimbursement.

Recommendation

We recommend all employees obtain a detail receipt for all items charged on a credit card for payment or reimbursement to be in compliance with the College policy.

Response and Corrective Action Planned

We reviewed and updated the Travel and Expense Reimbursement and Purchasing Card policies in FY20. Both policies require the employee to obtain an itemized receipt for all purchases; however, if an itemized receipt is not available or misplaced the policies require the employee to complete the Missing Receipt Documentation Form. The Missing Receipt Documentation Form includes full detail of what was purchased, and the supervisor needs to approve the expense. This form acts as support for the expenditure.

Conclusion

Response accepted.

11. Payroll

During our audit we discovered there were four employees who received an extra paycheck during the year, two of the employees were on unemployment due to COVID-19, one was a program manager whose position ended and the other one was a continuing education instructor whose form for payments was submitted twice.

Recommendation

We recommend status of all employees are reviewed prior to issuing paychecks to verify they are still employed by the College to avoid overpayment.

Response and Corrective Action Planned

We will review employee status as part of our payroll calculation review. In addition, we have added an electronic resignation form for employees in order to help expedite the process in our system. In the Business and Community Solutions Department (non-credit), we no longer allow programming staff to submit paper copies of instructor reimbursement forms rather they are required to process an electronic form only through Etrieve which will reduce the possibility of duplication.

Conclusion

Response accepted.

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

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Northeast Iowa Community College during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

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

Decorah, Iowa  
November 6, 2020