



Financial Statements
June 30, 2023

Northeast Iowa Community College

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Northeast Iowa Community College
Board of Trustees and College Officials

Board of Trustees

Name	Title	Term Expires
Jim Anderson	President	2023
Bob Shafer	Vice President	2025
Larry Blatz	Member	2023
Daniel White	Member	2023
Dean Sherman	Member	2025
Kathy Gunderson	Member	2025
Sue Runyon	Member	2025
Gary McAndrew	Member	2025
John Finley	Member	2023

Community College Officials

Herbert Riedel	President
David Dahms	Vice President, Finance & Administration
Wendy Mihm-Herold	Vice President, Business & Community Solutions
Kathy Nacos-Burds	Vice President, Learning & Student Success
Wendy Knight	Vice President, Institutional Effectiveness
Julia Sollien	Board Secretary (until June 2023)
Heather Groth	Board Secretary, (as of June 2023)
Lexi Wagner	Board Treasurer, Executive Director of Finance



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Northeast Iowa Community College (the College), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 19 to the financial statements, the College has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of employer's share of net pension liability (asset) and employer contributions, the notes to required supplementary information – pension liability, the schedule of changes in total OPEB liability, and the notes to the required supplementary information – OPEB liability and related ratios, as noted in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The financial statements for the nine years ended June 30, 2022 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on the financial statements of the College. The supplementary information included in Schedules 1 through 9, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information included in Schedules 1 through 9 and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Financial Statements. The other information comprises the schedule of Board of Trustees and College Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023, on our consideration of the 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 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 College's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Dubuque, Iowa
December 8, 2023

Northeast Iowa Community College (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, 2023.

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.

2023 Financial Highlights

The College implemented Governmental Accounting Standards Board Statement (GASBS) No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset -an intangible asset - and a corresponding liability.

Operating revenues decreased overall by 9.0% or approximately \$3,104,000 from fiscal year 2022 due to a decrease in federal appropriations and Iowa Industrial New Jobs Training Program fees. Nonoperating revenues (expenses) increased by 5.8% or approximately \$1,595,000 due to an increase in investment income and property tax.

Operating expenses decreased 3.7% or approximately \$2,130,000 from fiscal year 2022. The College had an approximately \$3,828,000 decrease in student services and an approximately \$1,419,000 increase in general institution.

The College's net position increased 8.7% or approximately \$5,498,000, during fiscal year 2023.

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 balance at June 30, 2023 was approximately \$40,217,000 or 58.5% of total net position.

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 – balance at June 30, 2023 was approximately \$21,940,000 or 31.9% of total net position.

Statements of net position as of June 30, 2023 and 2022 are as follows:

	Condensed Statement of Net Position (Expressed in Thousands)	
	2023	2022 (not restated)
Current and other assets	\$ 70,927	\$ 74,909
Other noncurrent assets	3,646	2,905
Capital assets, net	77,189	74,253
Total assets	\$ 151,762	\$ 152,067
Deferred outflows of resources	\$ 1,593	\$ 1,551
Current liabilities	\$ 15,987	\$ 13,243
Noncurrent liabilities	55,159	50,534
Total liabilities	\$ 71,146	\$ 63,777
Deferred inflows of resources	\$ 13,505	\$ 26,943
Net Position		
Net investment in capital assets	\$ 40,217	\$ 42,542
Restricted for specific purposes	6,547	6,724
Unrestricted	21,940	13,632
Total net position	\$ 68,704	\$ 62,898

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 statements of activities for the years ended June 30, 2023 and 2022 are as follows:

	Changes in Net Position (Expressed in Thousands)	
	2023	2022 (not restated)
Operating Revenues		
Tuition and fees	\$ 9,103	\$ 8,288
Federal appropriations	10,535	14,844
Iowa Industrial New Jobs Training Program	5,853	6,437
Sales and services	2,183	1,939
Miscellaneous	3,569	2,839
	<u>31,243</u>	<u>34,347</u>
Total operating revenues		
Total operating expenses	<u>55,020</u>	<u>57,150</u>
Operating loss	<u>(23,777)</u>	<u>(22,803)</u>
Non-operating Revenues (Expenses):		
State appropriations	13,511	13,125
Pell Grant	3,508	3,632
Property taxes	12,206	11,839
Investment income (loss)	1,511	151
Donated plant assets received	-	50
Gain on sale of capital assets	(10)	32
Interest on indebtedness	(1,451)	(1,149)
	<u>29,275</u>	<u>27,680</u>
Net nonoperating revenues (expenses)		
Change in net position	5,498	4,877
Net Position Beginning of Year, as Restated	<u>63,206</u>	<u>58,021</u>
Net Position End of Year	<u>\$ 68,704</u>	<u>\$ 62,898</u>

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 2023, operating revenues resulted in the following changes:

- Federal appropriations revenues decreased due to less COVID-19 funding.
- The New Jobs Training Program received less revenue in fiscal year 2023 versus 2022.

Operating expenses for the years ended June 30, 2023 and 2022 are as follows:

	Operating Expenses (Expressed in Thousands)	
	2023	2022
Operating Expenses		
Liberal arts and sciences	\$ 3,946	\$ 3,920
Vocational technical	9,715	9,710
Adult education	4,651	4,254
Cooperative services	8,016	9,105
General administration	1,081	2,271
Student services	3,160	6,988
Learning resources	1,070	739
Physical plant	4,216	3,763
General institution	5,473	4,054
Auxiliary Enterprises	3,892	3,715
Scholarships and Grants	4,315	3,534
Depreciation/Amortization	3,945	3,548
Other	1,540	1,549
	\$ 55,020	\$ 57,150

In fiscal year 2023, operating expenses resulted in the following changes:

- Decrease in cooperative services expenses as a result of less payments made to the companies participating in the Iowa Industrial New Jobs Training Program. These expenses are dependent on the needs of the participating companies.
- Decrease in general administration expenses due to decrease in health insurance claims.
- Decrease in student services expenses due to fewer grant funds awarded to students through the Higher Education Emergency Relief Funds.
- Increase in general institution expenses due to less pension income reported in fiscal year 2023.

Capital Assets

At June 30, 2023, the College had approximately \$131.2 million invested in capital assets, less accumulated depreciation and amortization of \$54.0 million. Depreciation and amortization expense totaled approximately \$3.9 million fiscal year 2023. Details of net capital assets are shown below:

	Capital Assets, Net (Expressed in Thousands)	
	2023	2022
Land	\$ 1,017	\$ 1,017
Buildings	44,330	43,917
Construction in progress	22,857	22,656
Other structures and improvements	1,871	1,876
Right-to-use leased building and vehicles	322	441
Right-to-use subscription asset	1,231	1,277
Intangibles	41	42
Furniture and equipment	5,520	4,304
Total	\$ 77,189	\$ 75,530

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

Debt

At June 30, 2023, the College had \$56.9 million in debt outstanding, a decrease of \$1.4 million from 2022. The table below summarizes these amounts by type.

	Long-term Debt (Expressed in Thousands)	
	2023	2022
Termination Benefits	\$ 399	\$ 1,150
Lease agreements	622	438
Software subscription payable	869	1,121
Certificates payable	19,525	16,910
Bonds Payable	35,481	38,691
Total	\$ 56,896	\$ 58,310

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 continued to improve its financial position during the current fiscal year. However, several economic factors such as the state's overall economic climate, enrollment trends, and educational funding continue to shape our financial landscape. Addressing these factors is a top priority for College officials, who are well-prepared to navigate upcoming economic challenges. Realities posing potential challenges include:

- **Demographic Shifts:** The declining population and a decrease in the number of high school graduates in our service region are ongoing challenges. Additionally, increased competition from four-year Colleges and Universities and a growing number of students opting to enter the workforce directly after high school adds complexity to our educational landscape.
- **State General Aid:** Despite a 2% increase for fiscal year 2024 compared to fiscal year 2023, concerns remain regarding potential changes and the adequacy of state general aid funding. Ensuring that these resources meet and sustain the education needs of our students remains a focal point.
- **Expense Increases:** Anticipated expenses for fiscal year 2024 are expected to rise due to salary and benefit increases as well as rising costs of professional services and supplies driven by inflation.
- **Technological Advances:** Technology continues to expand, and current technology becomes outdated, presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

Despite these challenges, the College remains committed to its mission and is proactively addressing them to ensure a resilient and adaptive financial future. As we anticipate the current fiscal year mirroring the last, we'll maintain a close watch over resources to respond effectively to unforeseen challenges.

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, 2023

	Business-type Activities	Component Unit Foundation
Assets		
Current Assets		
Cash and cash equivalents	\$ 53,276,040	\$ 501,681
Investments	-	618,761
Receivables		
Accounts, less allowance of \$210,011	1,976,669	-
Promises, net discount	-	135,593
Accrued interest	1,268	-
Property tax		
Current year delinquent	85,882	-
Succeeding year	12,524,105	-
Notes	96,708	-
Iowa Industrial New Jobs Training Program	1,206,366	-
Leases	80,092	-
Due from other governments	1,408,879	-
Prepaid expenses	188,525	-
Inventories	81,477	-
	<u>70,926,011</u>	<u>1,256,035</u>
Total current assets		
Noncurrent Assets		
Investments	-	4,274,549
Promises, net discount	-	628,961
Notes receivable	336	-
Due from Iowa Industrial New Jobs Training Program	3,615,237	-
Lease receivable	30,754	-
Capital assets, non-depreciable	23,873,927	-
Capital assets, net accumulated depreciation/amortization	53,315,041	-
	<u>80,835,295</u>	<u>4,903,510</u>
Total noncurrent assets		
Total assets		
	<u>151,761,306</u>	<u>6,159,545</u>
Deferred Outflows of Resources		
Pension related deferred outflows	1,529,009	-
OPEB related deferred outflows	63,811	-
	<u>1,592,820</u>	<u>-</u>
Total deferred outflows of resources		
Total assets and deferred outflows of resources		
	<u>\$ 153,354,126</u>	<u>\$ 6,159,545</u>

Northeast Iowa Community College
Statement of Net Position
June 30, 2023

	<u>Business-type Activities</u>	<u>Component Unit Foundation</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 2,645,994	\$ 4,145
Salaries and benefits payable	1,898,915	-
Accrued interest payable	86,824	-
Compensated absences payable	151,812	-
Unearned revenues	3,600,061	-
Termination benefits	399,209	-
Lease agreements	245,009	-
Software subscription payable	378,901	-
Certificates payable	3,510,000	-
Bonds payable	3,070,000	-
	<u>15,986,725</u>	<u>4,145</u>
Noncurrent liabilities		
Lease agreements	376,974	-
Software subscription payable	489,952	-
Certificates payable	16,015,000	-
Bonds payable	32,410,779	-
Net pension liability	5,443,154	-
Total OPEB liability	422,872	-
	<u>55,158,731</u>	<u>-</u>
Total liabilities	<u>71,145,456</u>	<u>4,145</u>
Deferred inflows of resources		
Succeeding year property tax	12,524,105	-
Lease related	58,576	-
Pension related deferred inflows	823,571	-
OPEB related deferred inflows	98,706	-
	<u>13,504,958</u>	<u>-</u>
Net position		
Net investment in capital assets	40,217,353	-
Restricted for specific purposes	6,546,525	4,822,435
Unrestricted	21,939,834	1,332,965
	<u>68,703,712</u>	<u>6,155,400</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 153,354,126</u>	<u>\$ 6,159,545</u>

Northeast Iowa Community College
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023

	Business-type Activities	Component Unit Foundation
Operating Revenues		
Tuition and fees, net of scholarship allowances of \$5,341,072	\$ 9,103,210	\$ -
Federal appropriations	10,534,746	-
Iowa Industrial New Jobs Training Program	5,852,520	-
Sales and services, net of scholarship allowances of \$565,110	2,183,431	-
Miscellaneous	3,568,720	1,426,189
Total operating revenues	<u>31,242,627</u>	<u>1,426,189</u>
Operating Expenses		
Liberal arts and sciences	3,946,388	-
Vocational technical	9,715,355	-
Adult education	4,650,891	-
Cooperative services	8,016,669	-
General administration	1,080,927	22,867
Student services	3,160,388	-
Learning resources	1,069,887	-
Physical plant	4,215,581	-
General institution	5,472,688	-
Auxiliary enterprises	3,891,574	-
Scholarships and grants	4,314,669	285,346
Depreciation/amortization	3,944,895	-
Other	1,539,783	1,086,792
Total operating expenses	<u>55,019,695</u>	<u>1,395,005</u>
Operating (loss) income	<u>(23,777,068)</u>	<u>31,184</u>
Non-Operating Revenues (Expenses)		
State appropriations	13,510,453	-
Pell Grant	3,508,386	-
Property taxes	12,206,448	-
Investment income (loss)	1,510,825	460,125
Donated plant assets received (transferred)	-	-
Loss on sale of capital assets	(10,317)	-
Interest on indebtedness	(1,451,455)	-
Net nonoperating revenues (expenses)	<u>29,274,340</u>	<u>460,125</u>
Change in Net Position	5,497,272	491,309
Net Position, Beginning, as Restated	<u>63,206,440</u>	<u>5,437,055</u>
Services Received from Personnel of an Affiliate	-	<u>227,036</u>
Net Position End of Year	<u>\$ 68,703,712</u>	<u>\$ 6,155,400</u>

Northeast Iowa Community College

Statement of Cash Flows
Year Ended June 30, 2023

	Business-type Activities
Cash Flows from Operating Activities	
Tuition and fees	\$ 8,682,353
Federal appropriations	9,567,800
Iowa Industrial New Jobs Training Program	4,922,309
Payments to employees for salaries and benefits	(30,349,212)
Payments to suppliers for goods and services	(11,794,002)
Payments to NJTP recipients	(4,232,423)
Cost of goods sold	(1,791,905)
Scholarships	(2,479,657)
Auxiliary enterprise receipts	1,957,850
Other operating receipts	3,986,124
	(21,530,763)
 Cash Flows from Non-Capital Financing Activities	
State appropriations	13,510,453
Pell Grant	3,508,386
Property taxes	12,203,978
Proceeds from issuance of debt	6,240,000
Principal paid on New Jobs Training certificates	(3,625,000)
Interest paid on New Jobs Training certificates	(592,722)
	31,245,095
 Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of capital assets	61,100
Acquisition of capital assets	(6,465,153)
Principal paid on debt and leases	(3,630,859)
Interest paid on debt and leases	(1,161,850)
	(11,196,762)

Northeast Iowa Community College
Statement of Cash Flows
Year Ended June 30, 2023

	Business-type Activities
Cash Flows from Investing Activities	
Interest on investments	\$ 1,510,272
Net cash provided by (used in) investing activities	1,510,272
Net (decrease) increase in cash	27,842
Cash and Cash Equivalents, Beginning of Year	53,248,198
Cash and Cash Equivalents, End of Year	\$ 53,276,040
Reconciliation of Operating (Loss) Income to Net Cash (Used in) Operating Activities	
Operating (loss) income	\$ (23,777,068)
Adjustments to reconcile operating (loss) income to net cash (used in) operating activities	
Depreciation/amortization	3,944,895
Changes in assets and liabilities	
Accounts receivable	2,985,592
Notes receivable	61,128
NJTP receivable	(920,235)
Lease receivable	75,470
Due from other governments	868,066
Prepaid expenses	(142,496)
Inventories	7,426
Accounts payable and accrued liabilities	863,298
Net pension liability	5,251,163
OPEB	87,573
Deferred outflows of resources	(41,791)
Deferred inflows of resources	(7,018,096)
Unearned revenues	(3,037,690)
Termination benefits	(750,527)
Compensated absences payable	12,529
Net cash (used in) operating activities	\$ (21,530,763)
Noncash Investing, Capital and Financing Activities	
Capital asset additions included in accounts payable \$785,643	

Note 1 - Nature of Operations and Significant Accounting Policies**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.

Significant Accounting Policies*Scope of Reporting Entity*

For financial reporting purposes, Northeast Iowa Community College has included all funds, organizations, agencies, boards, commissions, and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the College; or the organization is fiscally dependent on the primary government. In addition, any other organizations due to the nature or significance of their relationship with the College should be included in the financial statements as component units.

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

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, 2023 expresses an unmodified opinion dated December 8, 2023.

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

Related Party

The Northeast Iowa Dairy & Agriculture Foundation (Dairy Foundation) is a nonprofit corporation that is governed by a separate Board of Directors. The Dairy Foundation's purpose is to support educational efforts relating to the needs of dairy and agriculture 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.

Basis of Presentation

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:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation/amortization 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.

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

GASB Statement No. 35 also requires the Statements of Net Position, Revenues, Expenses and Changes in Net Position and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

Measurement Focus and Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and 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.

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

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

Cash and Investments

Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The College's policy is to classify non-negotiable certificates of deposit as investments on the financial statements.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable

Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Trustees to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Trustees to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify its budget to the County Auditor prior to June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied.

Accounts Receivable

Accounts receivable consists of payments due from students and third parties for tuition and reimbursements. Accounts receivable are shown at the amount expected to be collected after determining the allowance for doubtful accounts based on an aging of all the individual balances. 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.

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, 2023 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets

Capital assets, which include property, intangibles, buildings, other structures and improvements, and furniture and equipment are recorded at cost or estimated historical cost if actual historical cost records are not available (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” and “IT Subscription-Based Information Technology Arrangements” below). Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 25,000
Buildings and improvements	25,000
Furniture and equipment	5,000
Intangible assets	200,000
Right-to-use leased assets	5,000
Right-to-use IT subscription	100,000

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, and the right-to-use leased assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>In Years</u>
Buildings and improvements	30
Furniture and equipment	5-10
Intangible assets	25
Right-to-use leased assets	2-15
Right-to-use IT subscription	2-15

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.

Leases - College as Lessee

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

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

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

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

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

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

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

Leases - College as Lessor

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

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

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

The College uses its estimated incremental borrowing rate as the discount rate for leases.

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

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

Subscription-Based Information Technology Arrangements (SBITA)

The College has entered into contracts that conveys control of the right to use information technology software. The College has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the financial statements. The College recognized IT subscription liabilities with an initial, individual value of \$100,000, or more.

At the commencement of the IT subscription term, the College initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use an IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how the College determines the discount rate it uses to discount the expected payments to present value, term and payments.

The College uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

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

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported as long-term debt on the statement of net position.

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, 2023.

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, unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and deferred amounts related to leases.

Auxiliary Enterprise Revenues

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

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.

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.

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.

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.

Implementation for GASB Statement No. 96

As of July 1, 2022, the College adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset -an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 19 and the additional disclosures required by this standard are included in Notes 6 and 7.

Note 2 - Cash and Investments

The College's deposits in banks at June 30, 2023 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 cash and investments as of June 30, 2023 consist of the following:

Petty cash	\$ 3,105
Deposit accounts	37,570,343
Iowa Schools Joint Investment Trust	<u>15,702,592</u>
Total	<u>\$ 53,276,040</u>

Iowa Schools Joint Investment Trust (ISJIT)

At June 30, 2023, the College had investments in the ISJIT, as follows:

<u>Investments</u>	<u>Amortized Cost</u>
Diversified portfolio	\$ 14,703,179
Direct government obligations portfolio	<u>999,413</u>
	<u>\$ 15,702,592</u>

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.

Component Unit

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the College Foundation’s assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values.

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

<u>Investments</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market funds (at cost)	\$ 99,420	\$ -	\$ -	\$ -
Bond mutual funds	1,197,039	1,197,039	-	-
Corporate bonds	62,657	18,392	44,265	-
Common stock	1,363,796	1,363,796	-	-
Preferred stock	206,937	206,937	-	-
Equity mutual funds	1,939,571	1,939,571	-	-
REIT's	23,890	23,890	-	-
	<u>\$ 4,893,310</u>	<u>\$ 4,749,625</u>	<u>\$ 44,265</u>	<u>\$ -</u>

Note 3 - Inventories

The College's inventories as of June 30, 2023 are as follows:

<u>Type</u>	<u>Amount</u>
Supplies and materials	\$ 10,184
Merchandise held for resale	<u>71,293</u>
Total	<u><u>\$ 81,477</u></u>

Note 4 - Note Receivable

The Northeast Iowa Dairy & Agriculture Foundation (Dairy Foundation) has entered into a five-year note payable with the College. The note payable is due in monthly payments of \$337 with an interest rate of 2.96%. The notes receivable is for the purchase of a New Holland skid loader. The Dairy Foundation has also entered into a revolving loan in the amount of \$150,000 with the College, which is due in monthly payments of \$8,600 with interest rate of 4.0% through January 1, 2024. A summary of the principal and interest maturities are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 96,708	\$ 1,939
2025	<u>336</u>	<u>2</u>
Minimum note payments	<u><u>\$ 97,044</u></u>	<u><u>\$ 1,941</u></u>

Note 5 - Town Clock Center Lease Receivable

The College owns the Town Clock Center. The College entered into two separate three-year lease agreements to rent the top floor of the building. The College is to receive \$77,700 in building rent annually with an implicit rate of .1% and .2%. The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments following June 30, 2023.

<u>Year Ending June 30,</u>	<u>Total</u>
2024	\$ 80,092
2025	<u>30,861</u>
Total minimum lease payments	110,953
Less amount representing interest	<u>(107)</u>
Present value of net minimum lease payments	<u><u>\$ 110,846</u></u>

Note 6 - Capital Assets

Capital assets activity for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022 <u>As Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2023 <u></u>
Capital non-Depreciable Assets				
Land	\$ 1,016,866	\$ -	\$ -	\$ 1,016,866
Construction in progress	<u>22,656,200</u>	<u>2,842,951</u>	<u>2,642,090</u>	<u>22,857,061</u>
Capital non-depreciable assets	<u>23,673,066</u>	<u>2,842,951</u>	<u>2,642,090</u>	<u>23,873,927</u>
Capital Assets, Being Depreciated/ Amortized				
Buildings	84,536,540	2,893,135	-	87,429,675
Other structures and improvements	4,328,796	120,764	-	4,449,560
Right to-use leased buildings and vehicles	1,574,353	435,242	977,728	1,031,867
Right-to-use subscription asset	1,926,829	213,165	387,950	1,752,044
Intangibles	48,369	-	-	48,369
Furniture and equipment	<u>10,817,156</u>	<u>2,158,033</u>	<u>382,830</u>	<u>12,592,359</u>
Gross capital assets being depreciated/amortized	<u>103,232,043</u>	<u>5,820,339</u>	<u>1,748,508</u>	<u>107,303,874</u>
Less Accumulated Depreciation/ Amortization				
Buildings	40,619,847	2,480,214	-	43,100,061
Other structures and improvements	2,453,030	125,219	-	2,578,249
Right to-use leased buildings and vehicles	1,133,606	208,870	632,341	710,135
Right-to-use subscription asset	649,225	259,514	387,950	520,789
Intangibles	5,803	1,935	-	7,738
Furniture and equipment	<u>6,513,227</u>	<u>869,143</u>	<u>310,509</u>	<u>7,071,861</u>
Total accumulated depreciation/amortization	<u>51,374,738</u>	<u>3,944,895</u>	<u>1,330,800</u>	<u>53,988,833</u>
Net Capital Assets Being Depreciated/Amortized	<u>51,857,305</u>	<u>1,875,444</u>	<u>417,708</u>	<u>53,315,041</u>
Capital Assets, Net	<u>\$ 75,530,371</u>	<u>\$ 4,718,395</u>	<u>\$ 3,059,798</u>	<u>\$ 77,188,968</u>

Note 7 - Long-term Obligations

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022 <u>As Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2023	Amounts Due Within One year
Termination benefits	\$ 1,149,736	\$ -	\$ 750,527	\$ 399,209	\$ 399,209
Lease agreements	437,565	435,242	250,824	621,983	245,009
Software subscription payable	1,120,724	213,164	465,035	868,853	378,901
Certificates payable	16,910,000	6,240,000	3,625,000	19,525,000	3,510,000
Bonds payable	36,735,000	-	2,915,000	33,820,000	3,070,000
Premium on bonds	<u>1,956,469</u>	<u>-</u>	<u>295,690</u>	<u>1,660,779</u>	<u>-</u>
Long-term Liabilities	<u>\$ 58,309,494</u>	<u>\$ 6,888,406</u>	<u>\$ 8,302,076</u>	<u>\$ 56,895,824</u>	<u>\$ 7,603,119</u>

Certificates Payable

In accordance with agreements dated between July 1, 2013 and June 30, 2023, the College issued certificates totaling \$19,525,000 with interest rates ranging from 1.00% to 5.00% 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, 2023, principal and interest paid were \$3,625,000 and \$592,722, respectively. \$6,240,000 of NJTP certificates were issued during the year ended June 30, 2023.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,510,000	\$ 527,488	\$ 4,037,488
2025	3,240,000	431,108	3,671,108
2026	2,785,000	345,533	3,130,533
2027	2,625,000	274,440	2,899,440
2028	2,080,000	206,213	2,286,213
2029-2032	<u>5,285,000</u>	<u>358,373</u>	<u>5,643,373</u>
Total	<u>\$ 19,525,000</u>	<u>\$ 2,143,155</u>	<u>\$ 21,668,155</u>

Lease Agreements

The College has entered into various lease agreements for facilities within the area to house different divisions of the College. The agreements require various monthly payments over five years with various implicit interest rates. The leases expire in 2023 through 2028.

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

Future principal and interest payments as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 245,009	\$ 27,112	\$ 272,121
2025	120,597	12,003	132,600
2026	111,859	8,141	120,000
2027	100,703	4,297	105,000
2028	<u>43,815</u>	<u>1,186</u>	<u>45,001</u>
Total	<u>\$ 621,983</u>	<u>\$ 52,739</u>	<u>\$ 674,722</u>

IT Subscription Liability

The College has entered into multiple subscription license and services technology agreements with vendors for financial and educational software. The initial subscription liability was recorded in the amount of \$1,120,724 as noted in Accounting Change/Restatement Note 19. The agreements require annual payments over five years with various implicit interest rates. The subscriptions expire in 2024 through 2028.

Future principal and interest payments as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 378,901	\$ 18,736	\$ 397,637
2025	119,409	10,703	130,112
2026	121,438	8,674	130,112
2027	123,503	6,609	130,112
2028	<u>125,602</u>	<u>4,510</u>	<u>130,112</u>
Total	<u>\$ 868,853</u>	<u>\$ 49,232</u>	<u>\$ 918,085</u>

Bonded Indebtedness

\$8,885,000 General Obligation School Refunding Bonds Series 2019, due annually in varying installments June 1, 2023 through June 1, 2036 plus interest semiannually with interest rate of 3.00%. The proceeds of these bonds were used to refinance existing debt and provide resources to improve the College’s infrastructure, security, technology, and create innovative learning spaces.

\$12,265,000 General Obligation School Bonds Series 2020, due annually in varying installments June 1, 2023 through June 1, 2033 plus interest semiannually with interest rates of 1.50% to 2.00%. The proceeds of these bonds were used to provide resources to improve the College’s infrastructure, security, technology, and create innovative learning spaces.

\$7,550,000 General Obligation School Bonds Series 2021, due annually in varying installments June 1, 2023 through June 1, 2028 plus interest semiannually with interest rate of 3.00%. The proceeds of these bonds were used to provide resources to improve the College’s infrastructure, security, technology, and create innovative learning spaces.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,070,000	\$ 986,850	\$ 4,056,850
2025	3,220,000	833,350	4,053,350
2026	3,380,000	703,350	4,083,350
2027	2,000,000	594,350	2,594,350
2028	1,000,000	534,350	1,534,350
2029-2033	13,035,000	2,052,450	15,087,450
2034-2036	<u>8,115,000</u>	<u>415,950</u>	<u>8,530,950</u>
Total	<u>\$ 33,820,000</u>	<u>\$ 6,120,650</u>	<u>\$ 39,940,650</u>

Note 8 - Termination Benefits

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

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

Those eligible employees who were approved to receive benefits under the early retirement plan received a cash payment equal to 50% plus an additional .75% of their regular contractual salary for each full year of consecutive service beyond ten years. Retirees in the 2021 plan receive their cash payout in their choice of one year (26 biweekly payments) or two years (two equal installments).

The College also contributes a set amount toward single plan health insurance for the retiree, if the retiree chooses to remain in the employer's health insurance plan. This contribution continues until the day the retiree is eligible under another group plan or until the end of the month prior to the month in which the retiree becomes eligible for Medicare. The plan is funded on a pay-as-you-go basis through property tax levies. At June 30, 2023, the College has obligations to nineteen participants with a total early retirement liability of \$399,209. Actual early retirement expenditures for the year ended June 30, 2023 totaled \$750,527.

Note 9 - Iowa Public Employees' Retirement System (IPERS)

Plan Description

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

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

Pension Benefits

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

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

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 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 2023, 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, 2023 totaled \$1,171,637.

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

At June 30, 2023, the College reported a net pension liability of \$5,443,154 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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, 2022, the College's proportion was 0.144069%, which was an increase of 0.199682% from its proportion measured as of June 30, 2021.

Northeast Iowa Community College

Notes to Financial Statements

June 30, 2023

For the year ended June 30, 2023, the College recognized pension expense (income) of \$(265,526). At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 241,294	\$ 74,559
Changes of assumptions	4,618	130
Net Difference between projected and actual earnings on IPERS' investments	-	582,672
Changes in proportion and differences between College contributions and College's proportionate share of contributions	111,460	166,210
College contributions subsequent to the measurement date	<u>1,171,637</u>	<u>-</u>
	<u>\$ 1,529,009</u>	<u>\$ 823,571</u>

\$1,171,637 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (601,814)
2025	(393,861)
2026	(680,433)
2027	1,197,711
2028	<u>12,198</u>
	<u>\$ (466,199)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2022 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, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
	<u>100.0%</u>	

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>\$ 10,141,250</u>	<u>\$ 5,443,154</u>	<u>\$ 1,302,840</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.

Payables to IPERS

At June 30, 2023, the College reported payables to IPERS of \$75,653 for legally required College contributions and \$50,864 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 10 - Teachers Insurance and Annuity Association

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. Each employee is required to contribute 6.29%. Contributions made by both the College and employees vest immediately. For the year ended June 30, 2023, employee contributions totaled \$494,635 and the College recognized pension expense of \$742,347.

At June 30, 2023, the College reported payables to the TIAA of \$42,129 for legally required College contributions and \$29,034 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA.

Note 11 - Other Postemployment Benefits (OPEB)

Plan Description

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

OPEB Benefits

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

Retired participants must be age 55 or older at retirement. At June 30, 2023, there were 296 active employees covered by the benefit terms.

Total OPEB Liability

The College's total OPEB liability of \$422,872 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 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	3.0% per year
Rates of salary increase	3.0% per year
Discount rate	3.54% per year
Healthcare cost trend rate	8.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54% 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 2021 generational projection of future mortality improvement.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 335,299</u>
Changes for the year	
Service cost	41,589
Interest cost	14,630
Difference between expected and actual experience	40,486
Changes of assumptions	959
Benefit payments	<u>(10,091)</u>
Net change	<u>87,573</u>
Total OPEB liability end of year	<u><u>\$ 422,872</u></u>

Changes of assumptions reflect a change in the discount rate from 2.21% in fiscal year 2022 to 3.54% in fiscal year 2023.

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 (2.54%) or 1% higher (4.54%) than the current discount rate.

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	\$ 452,564	\$ 422,872	\$ 395,024

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

The following presents the total OPEB liability of the College, as well as what the College’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.0%) or 1% higher (9.0%) than the current healthcare cost trend rates.

	1% Decrease 7.0% Decreasing to 4.0%	Current Healthcare Cost Trend Rate 8.0% Decreasing to 5.0%	1% Increase 9.0% Decreasing to 6.0%
Total OPEB Liability	\$ 378,843	\$ 422,872	\$ 474,072

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

For the year ended June 30, 2023, the College recognized OPEB expense of \$49,613. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 36,903	\$ 95,481
Changes of assumptions	<u>26,908</u>	<u>3,225</u>
	<u>\$ 63,811</u>	<u>\$ 98,706</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (6,606)
2025	(6,606)
2026	(6,606)
2027	(7,872)
2028	(9,762)
Thereafter	<u>2,557</u>
	<u>\$ (34,895)</u>

Note 12 - Related Organizations

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

Significant financial data for the year ended June 30, 2023, which is audited, is as follows:

Total assets	\$ 1,241,074
Total liabilities	816,897
Total net assets	424,177
Total revenue	2,328,542
Total expenses	2,455,325

Note 13 - New Jobs Training Programs

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area I in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property tax, budgeted reserves and in the case of default, from standby property tax. Since inception, the College has administered 362 projects. There are 299 projects that have been completed and 63 are currently open.

The College also administers the Iowa Jobs Training Program (IJTP) in Area I in accordance with Chapter 260F of the Code of Iowa. The current program's purpose is to provide tax aided training or retraining for employers of businesses whose training costs cannot be economically funded under Chapter 260E. Approved businesses received forgivable loans from the Workforce Development Fund, a state administered fund. Since inception of this program, the College has administered 564 projects with 34 new projects in the year ended June 30, 2023.

Note 14 - Commitments

As of June 30, 2023, the College has entered into various agreements for equipment and construction contracts for a total of \$116,564.

The College entered into an operational agreement on September 16, 2019 with the Dairy & Ag Foundation. The Dairy & Ag 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 entered into a two-year agreement on August 26, 2022 to rent the buildings and land to the Dairy & Ag Foundation.

Note 15 - Contingent Liabilities

The College participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If the grantor government disallows expenses due to noncompliance with grant program regulations, the College may be required to reimburse the grantor government. As of June 30, 2023, 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.

Note 16 - Risk Management Policies

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

The changes in the aggregate liabilities for claims included in accounts payable for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Estimated claims payable, beginning of year	\$ 703,262	\$ 600,000
Claims recognized	4,405,627	6,179,434
Claim payments	<u>(4,476,434)</u>	<u>(6,076,172)</u>
Estimated claims payable, end of year	<u>\$ 632,455</u>	<u>\$ 703,262</u>

Note 17 - Tax Abatements

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

College Tax Abatements

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

For the year ended June 30, 2023, the College had no abatements of property tax and \$3,881,818 of state income tax withholding under the projects.

Tax Abatements of Other Entities

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

Property tax revenues of the College were reduced by the following amounts for the year ended June 30, 2023 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Tax Abated
City of Calmar	Other tax abatement program	\$ 1,036
City of Cascade	Other tax abatement program	2,062
City of Decorah	Other tax abatement program	3,120
City of Delhi	Other tax abatement program	285
City of Dubuque	Other tax abatement program	58,588
Dubuque County	Other tax abatement program	3,036
City of Dyersville	Other tax abatement program	16,263
City of Edgewood	Other tax abatement program	708
City of Elkader	Other tax abatement program	2,847
City of Elma	Other tax abatement program	83
City of Epworth	Other tax abatement program	311
City of Farley	Other tax abatement program	12,303
City of Farley	Urban renewal and economic	4,446
Fayette County	Other tax abatement program	4,163
City of Hawkeye	Other tax abatement program	267
Howard County	Other tax abatement program	29,508
City of Luana	Other tax abatement program	640
City of Manchester	Other tax abatement program	3,856
City of McGregor	Other tax abatement program	130
City of Monona	Other tax abatement program	2,646
City of New Hampton	Other tax abatement program	7,264
City of Oelwein	Other tax abatement program	2,228
City of Oelwein	Urban renewal and economic	1,028
City of Ossian	Urban renewal and economic	469
City of Peosta	Other tax abatement program	5,582
City of Riceville	Other tax abatement program	743
City of Waukon	Other tax abatement program	333
City of West Union	Other tax abatement program	56

Note 18 - Net Position

The statement of net position reports \$6,546,525 of restricted net position, of which \$5,619,342 is restricted by enabling legislation.

Note 19 - Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) was implemented during fiscal year 2023. The new requirements require the reporting of certain right-to-use subscription-based IT arrangements and liabilities which were previously not reported. The result of these changes had the following effect on the beginning net position.

	Prepaid Expenses	Capital Assets	Long-term Liabilities Lease Agreements	Net Position
Balances June 30, 2022, as previously reported	\$ 46,029	\$ 74,252,768	\$ -	\$ 62,897,685
Change to implement GASBS No. 96	<u>151,876</u>	<u>1,277,603</u>	<u>1,120,724</u>	<u>308,755</u>
Balances July 1, 2022, as restated	<u>\$ 197,905</u>	<u>\$ 75,530,371</u>	<u>\$ 1,120,724</u>	<u>\$ 63,206,440</u>

Note 20 - Subsequent Events

Iowa Industrial New Jobs Training Program (NJTP) – On July 6, 2023, the College issued certificates totaling \$2,255,000 for NJTP projects with interest rates ranging from 4.4% to 5.5%. The debt was incurred as allowed by Chapter 260E of the Code of Iowa and will mature beginning on June 1, 2024.



Required Supplementary Information
June 30, 2023

Northeast Iowa Community College

Northeast Iowa Community College
Schedules of Employer's Share of Net Pension Liability (Asset) and Employer Contributions
June 30, 2023

Schedule of the College's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Nine Years (In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.144069%	-0.055613%	0.135367%	0.134215%	0.141353%	0.153889%	0.155812%	0.155012%	0.143749%
College's proportionate share of the net pension liability	\$ 5,443	\$ 192	\$ 9,509	\$ 7,772	\$ 8,945	\$ 10,251	\$ 9,806	\$ 7,658	\$ 5,701
College's covered payroll	\$ 11,600	\$ 11,130	\$ 10,752	\$ 10,244	\$ 10,616	\$ 11,630	\$ 11,254	\$ 10,621	\$ 9,410
College's proportionate share of the net pension liability as a percentage of its covered payroll	46.92%	1.73%	88.44%	75.87%	84.26%	88.14%	87.13%	72.10%	60.58%
IPERS' net position as a percentage of the total pension liability	91.41%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

Schedule of College Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years (In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 1,172	\$ 1,095	\$ 1,051	\$ 1,015	\$ 967	\$ 948	\$ 1,039	\$ 1,005	\$ 948	\$ 840
Contributions in relation to the statutorily required contribution	(1,172)	(1,095)	(1,051)	(1,015)	(967)	(948)	(1,039)	(1,005)	(948)	(840)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 12,415	\$ 11,600	\$ 11,130	\$ 10,752	\$ 10,244	\$ 10,616	\$ 11,630	\$ 11,254	\$ 10,621	\$ 9,410
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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.

Northeast Iowa Community College
Schedule of Changes in Total OPEB Liability
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 41,589	\$ 35,035	\$ 34,014	\$ 22,921	\$ 22,253	\$ 27,682
Interest cost	14,630	7,381	6,657	12,084	11,090	12,951
Difference between expected and actual experiences	40,486		(68,262)	-	(88,024)	
Changes in assumptions	959	-	19,794	-	(6,330)	30,294
Benefit payments	<u>(10,091)</u>	<u>(12,120)</u>	<u>(5,792)</u>	<u>(11,500)</u>	<u>(5,140)</u>	<u>(26,946)</u>
Net change in total OPEB liability	87,573	30,296	(13,589)	23,505	(66,151)	43,981
Total OPEB liability beginning of year	<u>335,299</u>	<u>305,003</u>	<u>318,592</u>	<u>295,087</u>	<u>361,238</u>	<u>317,257</u>
Total OPEB liability end of year	<u>\$ 422,872</u>	<u>\$ 335,299</u>	<u>\$ 305,003</u>	<u>\$ 318,592</u>	<u>\$ 295,087</u>	<u>\$ 361,238</u>
Covered-employee payroll	\$ 16,934,870	\$ 16,251,923	\$ 15,265,890	\$ 14,772,964	\$ 13,826,660	\$ 14,781,549
Total OPEB liability as a percentage of covered-employee payroll	2.50%	2.06%	2.00%	2.16%	2.13%	2.44%

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, 2023	3.54%
Year ended June 30, 2022	2.21%
Year ended June 30, 2021	2.21%
Year ended June 30, 2020	3.87%
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%

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



Supplementary Information
June 30, 2023

Northeast Iowa Community College

Northeast Iowa Community College

Schedule 1 – Budgetary Comparison Schedule of Expenditures – Budget to Actual
June 30, 2023

Funds/Levy	Original Budget	Actual	Variance Actual and Budget
Unrestricted	\$ 37,836,026	\$ 32,042,846	\$ 5,793,180
Restricted	22,600,000	8,676,611	13,923,389
Unemployment	30,000	850	29,150
Insurance	1,640,000	1,696,764	(56,764)
Early retirement	250,000	(30,827)	280,827
Equipment replacement	1,500,456	1,370,019	130,437
Total restricted	<u>26,020,456</u>	<u>11,713,417</u>	<u>14,307,039</u>
Plant	6,000,000	1,539,783	4,460,217
Bonds and interest	12,047,455	4,843,986	7,203,469
Total plant	<u>18,047,455</u>	<u>6,383,769</u>	<u>11,663,686</u>
Total	<u>\$ 81,903,937</u>	<u>\$ 50,140,032</u>	<u>\$ 31,763,905</u>

Note to Budgetary Reporting:

The Board of 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 Trustees certifies the approved budget to the appropriate County Auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises Subgroup, Workforce Improvement Act, Scholarships and Grants Accounts, and Loan Funds.

For the year ended June 30, 2023, the College's expenditures did not exceed the amount budgeted.

Northeast Iowa Community College
Schedule 2 – Combining Balance Sheet – All Funds
June 30, 2023

	Current Funds				Unexpended	Plant Funds		GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships		Retirement of Indebtedness	Investment in Plant		
Assets									
Cash and cash equivalents	\$ 12,365,833	\$ 7,866,127	\$ 22,371,122	\$ 633,739	\$ 10,039,219	\$ -	\$ -	\$ -	\$ 53,276,040
Receivables									
Accounts, less allowance of \$210,012	979,149	515,590	435,273	-	46,657	-	-	-	1,976,669
Accrued interest	-	1,268	-	-	-	-	-	-	1,268
Property tax:									
Current year delinquent	18,546	-	19,428	-	-	47,908	-	-	85,882
Succeeding year	2,669,440	-	3,106,375	-	-	6,748,290	-	-	12,524,105
Notes	-	97,044	-	-	-	-	-	-	97,044
Iowa Industrial New Jobs Training Program	-	-	4,821,603	-	-	-	-	-	4,821,603
Leases	-	-	-	-	110,846	-	-	-	110,846
Due from other governments	311,370	6,550	997,299	89,636	-	4,024	-	-	1,408,879
Prepaid expenses	-	-	36,649	-	-	151,876	-	-	188,525
Inventories	-	81,477	-	-	-	-	-	-	81,477
Capital assets									
Land	-	-	-	-	-	-	1,016,866	-	1,016,866
Construction in progress	-	-	-	-	-	-	22,857,061	-	22,857,061
Buildings	-	-	-	-	-	-	87,429,675	-	87,429,675
Other structures and improvements	-	-	-	-	-	-	4,449,560	-	4,449,560
Right to-use leased buildings and vehicles	-	-	-	-	-	-	1,031,867	-	1,031,867
Right-to-use subscription asset	-	-	-	-	-	-	1,752,044	-	1,752,044
Intangibles	-	-	-	-	-	-	48,369	-	48,369
Furniture and equipment, including assets acquired	-	-	-	-	-	-	12,592,359	-	12,592,359
Accumulated depreciation and amortization	-	-	-	-	-	-	(53,988,833)	-	(53,988,833)
Total assets	16,344,338	8,568,056	31,787,749	723,375	10,196,722	6,952,098	77,188,968	-	151,761,306
Deferred outflows of resources									
Pension related deferred outflows	-	-	-	-	-	-	-	1,529,009	1,529,009
OPEB related deferred outflows	-	-	-	-	-	-	-	63,811	63,811
Total deferred outflows of resources	-	-	-	-	-	-	-	1,592,820	1,592,820
Total assets and deferred outflows of resources	\$ 16,344,338	\$ 8,568,056	\$ 31,787,749	\$ 723,375	\$ 10,196,722	\$ 6,952,098	\$ 77,188,968	\$ 1,592,820	\$ 153,354,126

Northeast Iowa Community College
Schedule 2 – Combining Balance Sheet – All Funds
June 30, 2023

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
Liabilities									
Accounts payable	\$ 929,423	\$ 119,644	\$ 381,467	\$ -	\$ 1,215,460	\$ -	\$ -	\$ -	\$ 2,645,994
Salaries and benefits payable	1,897,286	-	-	-	1,629	-	-	-	1,898,915
Accrued interest payable	-	-	-	-	86,824	-	-	-	86,824
Compensated absences payable	140,829	10,983	-	-	-	-	-	-	151,812
Unearned revenues	802,754	72	2,756,356	-	40,879	-	-	-	3,600,061
Termination benefits	-	-	399,209	-	-	-	-	-	399,209
Lease agreements	-	-	-	-	-	-	621,983	-	621,983
Software subscription payable	-	-	-	-	-	-	868,853	-	868,853
Certificates payable	-	-	19,525,000	-	-	-	-	-	19,525,000
Bonds payable	-	-	-	-	-	-	35,480,779	-	35,480,779
Net pension liability	-	-	-	-	-	-	-	5,443,154	5,443,154
Total OPEB liability	-	-	-	-	-	-	-	422,872	422,872
Total liabilities	3,770,292	130,699	23,062,032	-	1,344,792	-	36,971,615	5,866,026	71,145,456
Deferred inflows of resources									
Succeeding year property tax	2,669,440	-	3,106,375	-	-	6,748,290	-	-	12,524,105
Lease related	-	-	-	-	58,576	-	-	-	58,576
Pension related deferred inflows	-	-	-	-	-	-	-	823,571	823,571
OPEB related deferred inflows	-	-	-	-	-	-	-	98,706	98,706
Total deferred inflows of resources	2,669,440	-	3,106,375	-	58,576	6,748,290	-	922,277	13,504,958
Fund balances									
Net investment in capital assets	-	-	-	-	-	-	40,217,353	-	40,217,353
Fund balances:									
Restricted for specific purposes	-	-	5,619,342	723,375	-	203,808	-	-	6,546,525
Unrestricted (deficit)	9,904,606	8,437,357	-	-	8,793,354	-	-	(5,195,483)	21,939,834
Total fund balance	9,904,606	8,437,357	5,619,342	723,375	8,793,354	203,808	40,217,353	(5,195,483)	68,703,712
Total liabilities, deferred inflows of resources and fund balance	\$ 16,344,338	\$ 8,568,056	\$ 31,787,749	\$ 723,375	\$ 10,196,722	\$ 6,952,098	\$ 77,188,968	\$ 1,592,820	\$ 153,354,126

Northeast Iowa Community College

Schedule 3 – Schedule of Revenues, Expenditures, and Changes in Fund Balance – All Funds
Year Ended June 30, 2023

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
Revenues									
General									
State appropriations	\$ 11,088,786	\$ -	\$ 2,176,281	\$ 2,594,755	\$ 245,386	\$ -	\$ -	\$ (2,594,755)	\$ 13,510,453
Tuition and fees	14,333,839	110,443	-	-	-	-	-	(5,341,072)	9,103,210
Property taxes	2,671,914	-	2,798,948	-	1,733,992	5,001,594	-	-	12,206,448
Federal appropriations	4,815	33,550	4,101,987	7,196,933	-	-	-	2,705,847	14,043,132
Investment income	1,291,905	4,389	30	-	214,501	-	-	-	1,510,825
Iowa Industrial New Jobs Training Program	-	-	5,852,520	-	-	-	-	-	5,852,520
Sales and services	28,252	-	-	-	-	-	-	-	28,252
Miscellaneous	347,355	-	1,536,393	422,814	705,062	-	-	(111,092)	2,900,532
Total	29,766,866	148,382	16,466,159	10,214,502	2,898,941	5,001,594	-	(5,341,072)	59,155,372
Auxiliary enterprises									
Sales and services	-	2,720,289	-	-	-	-	-	(565,110)	2,155,179
Miscellaneous	-	668,188	-	-	-	-	-	-	668,188
	-	3,388,477	-	-	-	-	-	(565,110)	2,823,367
Total revenues	29,766,866	3,536,859	16,466,159	10,214,502	2,898,941	5,001,594	-	(5,906,182)	61,978,739
Expenditures									
Education and support									
Liberal arts and sciences	4,142,856	-	35,431	-	-	-	-	(231,899)	3,946,388
Vocational technical	9,063,055	-	1,407,795	-	-	-	-	(755,495)	9,715,355
Adult education	4,321,556	-	485,296	-	-	-	-	(155,961)	4,650,891
Cooperative services	2,501,624	-	6,367,112	-	-	-	-	(852,067)	8,016,669
General administration	1,079,168	-	-	-	-	-	-	1,759	1,080,927
Student services	2,758,211	-	518,516	-	-	-	-	(116,339)	3,160,388
Learning resources	636,682	-	473,931	-	-	-	-	(40,726)	1,069,887
Physical plant	2,482,386	-	1,789,498	-	-	-	-	(56,303)	4,215,581
General institution	5,057,308	-	635,838	-	-	-	-	(220,458)	5,472,688
Total education and support	32,042,846	-	11,713,417	-	-	-	-	(2,427,489)	41,328,774
Auxiliary enterprises	-	3,950,551	-	-	-	-	-	(58,977)	3,891,574
Scholarships and grants	-	-	-	10,220,851	-	-	-	(5,906,182)	4,314,669
Plant asset acquisitions	-	-	-	-	4,876,691	-	-	(4,876,691)	-
Interest on indebtedness	-	-	-	-	-	858,733	-	592,722	1,451,455
Other	-	-	-	-	1,539,783	-	-	-	1,539,783
Expended for plant assets	-	-	-	-	-	-	(5,372,794)	5,372,794	-
Retirement of indebtedness	-	-	-	-	(8,036,332)	3,985,253	4,051,079	-	-
Disposal of plant assets	-	-	-	-	-	-	10,317	-	10,317
Depreciation	-	-	-	-	-	-	3,944,895	-	3,944,895
	-	3,950,551	-	10,220,851	(1,619,858)	4,843,986	2,633,497	(4,876,334)	15,152,693
Total expenditures	32,042,846	3,950,551	11,713,417	10,220,851	(1,619,858)	4,843,986	2,633,497	(7,303,823)	56,481,467

Northeast Iowa Community College
Schedule 3 – Schedule of Revenues, Expenditures, and Changes in Fund Balance – All Funds
Year Ended June 30, 2023

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
Excess (deficiency) of revenues over (under) expenditures	\$ (2,275,980)	\$ (413,692)	\$ 4,752,742	\$ (6,349)	\$ 4,518,799	\$ 157,608	\$ (2,633,497)	\$ 1,397,641	\$ 5,497,272
Transfers									
Mandatory	942,369	2,725	(975,056)	29,374	588	-	-	-	-
Nonmandatory	2,444,433	1,772,029	(4,134,101)	(1,265)	(81,096)	-	-	-	-
Total transfers	3,386,802	1,774,754	(5,109,157)	28,109	(80,508)	-	-	-	-
Net increase (decrease) in fund balance	1,110,822	1,361,062	(356,415)	21,760	4,438,291	157,608	(2,633,497)	1,397,641	5,497,272
Fund balance, beginning, as restated	8,793,784	7,076,295	5,975,757	701,615	4,355,063	46,200	42,850,850	(6,593,124)	63,206,440
Fund balance end of year	\$ 9,904,606	\$ 8,437,357	\$ 5,619,342	\$ 723,375	\$ 8,793,354	\$ 203,808	\$ 40,217,353	\$ (5,195,483)	\$ 68,703,712

Northeast Iowa Community College
Schedule 4 – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Unrestricted
Education and Support
Year Ended June 30, 2023

	Education			Support					Total	
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services	General Administration	Student Services	Learning Resources	Physical Plant		General Institution
Revenues										
State appropriations	\$ 4,905,500	\$ 4,392,386	\$ 1,744,178	\$ -	\$ 40,443	\$ -	\$ -	\$ 6,279	\$ -	\$ 11,088,786
Tuition and fees	3,926,179	6,360,771	2,415,053	1,607,953	-	7,947	-	-	15,936	14,333,839
Property taxes	-	-	-	-	2,671,914	-	-	-	-	2,671,914
Federal appropriations	-	4,815	-	-	-	-	-	-	-	4,815
Sales and services	-	-	15,011	-	-	-	12,000	-	1,241	28,252
Investment income	-	-	-	-	1,291,905	-	-	-	-	1,291,905
Miscellaneous	-	2,565	40,235	250,000	-	50	31,936	1,429	21,140	347,355
Total revenues	8,831,679	10,760,537	4,214,477	1,857,953	4,004,262	7,997	43,936	7,708	38,317	29,766,866
Expenditures										
Salaries and wages	3,093,072	6,177,320	1,921,324	1,729,274	1,139,972	1,925,849	459,032	642,947	2,853,496	19,942,286
Employee fringe benefits	1,071,530	2,211,622	582,268	627,541	(328,498)	767,190	139,291	304,842	1,216,660	6,592,446
Services	34,945	186,546	1,747,600	103,240	228,566	32,392	1,458	1,352,414	847,984	4,535,145
Materials and supplies	22,204	497,301	21,196	25,915	3,019	27,086	36,612	181,959	89,064	904,356
Travel	3,927	38,994	49,168	15,654	36,109	5,520	289	224	41,171	191,056
Loan cancellation and bad debts	(82,822)	(141,020)	-	-	-	-	-	-	-	(223,842)
Miscellaneous expenditure	-	92,292	-	-	-	174	-	-	8,933	101,399
Total expenditures	4,142,856	9,063,055	4,321,556	2,501,624	1,079,168	2,758,211	636,682	2,482,386	5,057,308	32,042,846
Excess (deficiency) of revenues over (under) expenditures	4,688,823	1,697,482	(107,079)	(643,671)	2,925,094	(2,750,214)	(592,746)	(2,474,678)	(5,018,991)	(2,275,980)
Transfers										
Mandatory	-	4,574	156,725	739,418	41,652	-	-	-	-	942,369
Nonmandatory	-	4,083	1,026,280	(2,565)	267,480	-	-	1,141,657	7,498	2,444,433
Total transfers	-	8,657	1,183,005	736,853	309,132	-	-	1,141,657	7,498	3,386,802
Net increase (decrease) in fund balance	\$ 4,688,823	\$ 1,706,139	\$ 1,075,926	\$ 93,182	\$ 3,234,226	\$ (2,750,214)	\$ (592,746)	\$ (1,333,021)	\$ (5,011,493)	1,110,822
Fund balances beginning of year										8,793,784
Fund balances end of year										<u>\$ 9,904,606</u>

Northeast Iowa Community College
Schedule 5 – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Unrestricted
Auxiliary
Year Ended June 30, 2023

	Bookstore	Food Services	Child Care	Farm	Trade and Industry	Professional Development	Miscellaneous	Total
Revenues:								
Tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,459	\$ 85,984	\$ 110,443
Federal appropriations	-	-	33,550	-	-	-	-	33,550
Sales and services	1,510,565	287,217	871,989	-	50,518	-	-	2,720,289
Investment income	-	-	-	4,389	-	-	-	4,389
Miscellaneous	52,826	2,455	39,229	-	12,075	-	561,603	668,188
Total revenues	1,563,391	289,672	944,768	4,389	62,593	24,459	647,587	3,536,859
Expenditures:								
Salaries and wages	103,264	195,909	804,182	-	14,831	2,050	171,040	1,291,276
Employee fringe benefits	49,594	73,992	191,932	-	2,289	157	58,482	376,446
Services	20,121	8,092	36,961	-	19,275	7,768	94,756	186,973
Materials and supplies	15,268	20,088	97,370	4,900	58,191	1,867	47,977	245,661
Travel	395	-	-	-	2,537	7,752	30,662	41,346
Cost of goods sold	1,330,251	157,556	-	-	32,012	-	279,512	1,799,331
Plant asset acquisitions	-	-	-	-	8,798	-	-	8,798
Miscellaneous expenditure	720	-	-	-	-	-	-	720
Total expenditures	1,519,613	455,637	1,130,445	4,900	137,933	19,594	682,429	3,950,551
Excess (deficiency) of revenues over (under) expenditures	43,778	(165,965)	(185,677)	(511)	(75,340)	4,865	(34,842)	(413,692)
Transfers								
Mandatory	2,725	-	-	-	-	-	-	2,725
Nonmandatory	41,613	-	27,886	-	34,887	(17,213)	1,684,856	1,772,029
Total transfers	44,338	-	27,886	-	34,887	(17,213)	1,684,856	1,774,754
	44,338	-	27,886	-	34,887	(17,213)	1,684,856	1,774,754
Net (decrease) increase in fund balance	88,116	(165,965)	(157,791)	(511)	(40,453)	(12,348)	1,650,014	1,361,062
Fund balances beginning of year	2,191,456	(420,857)	(411,273)	(637,231)	129,569	50,852	6,173,779	7,076,295
Fund balances end of year	\$ 2,279,572	\$ (586,822)	\$ (569,064)	\$ (637,742)	\$ 89,116	\$ 38,504	\$ 7,823,793	\$ 8,437,357

Northeast Iowa Community College

Schedule 6 – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Restricted
Year Ended June 30, 2023

	Restricted Property Tax Levies	Iowa Industrial New Jobs Training	Other Federal Programs	Miscellaneous	Total
Revenues					
State appropriations	\$ 42,366	\$ 286,587	\$ 89,449	\$ 1,757,879	\$ 2,176,281
Property taxes	2,798,948	-	-	-	2,798,948
Federal appropriations	-	-	3,767,981	334,006	4,101,987
Investment income	-	1,842	-	(1,812)	30
Iowa Industrial New Jobs Training Program	-	5,852,520	-	-	5,852,520
Miscellaneous	-	-	-	1,536,393	1,536,393
Total revenues	2,841,314	6,140,949	3,857,430	3,626,466	16,466,159
Expenditures					
Salaries and wages	-	-	809,513	579,155	1,388,668
Employee fringe benefits	56,097	-	214,498	156,089	426,684
Services	1,610,913	4,232,423	149,915	340,899	6,334,150
Materials and supplies	910,145	-	23,496	441,234	1,374,875
Travel	-	-	44,633	36,362	80,995
Plant asset acquisitions	367,140	-	105,165	15,000	487,305
Interest on indebtedness	-	592,722	-	-	592,722
Miscellaneous expenditure	92,511	311,047	543,846	80,614	1,028,018
Total expenditures	3,036,806	5,136,192	1,891,066	1,649,353	11,713,417
Excess (deficiency) of revenues over (under) expenditures	(195,492)	1,004,757	1,966,364	1,977,113	4,752,742
Transfers					
Mandatory	-	-	(129,535)	(845,521)	(975,056)
Nonmandatory	-	(268,995)	(1,676,692)	(2,188,414)	(4,134,101)
Total transfers	-	(268,995)	(1,806,227)	(3,033,935)	(5,109,157)
Net increase (decrease) in fund balance	(195,492)	735,762	160,137	(1,056,822)	(356,415)
Fund balances beginning of year	4,129,425	388,655	258	1,457,419	5,975,757
Fund balances end of year	\$ 3,933,933	\$ 1,124,417	\$ 160,395	\$ 400,597	\$ 5,619,342

Northeast Iowa Community College
 Schedule 7 – Schedule of Taxes and Intergovernmental Revenues For the Last Ten Years
 Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Local (property tax)	\$ 12,206,448	\$ 11,838,742	\$ 12,123,047	\$ 12,708,408	\$ 13,230,509	\$ 12,540,258	\$ 10,376,338	\$ 9,544,851	\$ 9,328,085	\$ 8,900,292
State appropriations	13,510,453	13,124,745	12,885,522	13,636,511	12,294,936	12,336,125	12,358,774	12,262,797	12,468,392	11,659,341
Federal appropriations	14,043,132	18,476,254	17,702,815	13,030,670	13,217,605	14,090,430	13,888,483	17,072,041	21,953,991	27,040,609
Total	\$ 39,760,033	\$ 43,439,741	\$ 42,711,384	\$ 39,375,589	\$ 38,743,050	\$ 38,966,813	\$ 36,623,595	\$ 38,879,689	\$ 43,750,468	\$ 47,600,242

Northeast Iowa Community College
Schedule 8 – Schedule of Current Funds Revenues by Source and Expenditures by Function
For the Last Ten Years
Year Ended June 30, 2023

	Statutory Basis									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
State appropriations	\$ 15,859,822	\$ 15,021,353	\$ 14,699,363	\$ 13,934,735	\$ 12,528,025	\$ 12,608,131	\$ 12,498,883	\$ 12,491,879	\$ 12,770,142	\$ 11,982,240
Tuition and fees	14,444,282	14,238,229	13,486,883	14,265,310	14,541,728	14,003,180	14,495,965	15,005,062	15,610,737	16,572,799
Property taxes	5,470,862	5,307,865	5,728,520	6,541,041	7,208,365	6,611,738	4,490,655	3,639,966	3,503,188	3,318,633
Federal appropriations	11,337,285	16,361,256	15,701,850	12,456,976	12,533,127	13,410,996	13,302,701	16,322,449	21,249,569	26,288,608
Investment income	1,296,324	139,137	185,690	704,399	682,959	438,773	342,710	294,668	265,419	314,897
Iowa Industrial New Jobs Train	5,852,520	6,437,117	2,675,052	4,113,714	4,917,599	4,394,955	3,809,580	3,997,803	4,857,292	5,524,871
Auxiliary enterprises	3,388,477	3,164,532	2,909,110	3,614,252	3,821,997	3,556,143	3,914,866	4,010,072	4,306,681	4,265,807
Miscellaneous	2,334,814	2,139,547	2,307,390	2,590,476	3,316,878	3,544,066	3,099,802	1,006,592	2,131,992	612,913
	<u>\$ 59,984,386</u>	<u>\$ 62,809,036</u>	<u>\$ 57,693,858</u>	<u>\$ 58,220,903</u>	<u>\$ 59,550,678</u>	<u>\$ 58,567,982</u>	<u>\$ 55,955,162</u>	<u>\$ 56,768,491</u>	<u>\$ 64,695,020</u>	<u>\$ 68,880,768</u>
Expenditures										
Liberal arts and sciences	\$ 4,178,287	\$ 3,920,012	\$ 3,807,138	\$ 3,685,252	\$ 6,127,445	\$ 6,285,530	\$ 6,713,289	\$ 7,509,574	\$ 6,280,039	\$ 5,384,048
Vocational technical	10,470,850	10,177,160	9,117,504	9,155,223	6,353,620	7,298,510	8,299,617	8,313,748	9,678,016	8,992,192
Adult education	4,806,852	4,254,195	3,687,809	3,372,709	3,576,329	3,654,389	3,251,667	4,492,912	3,929,376	3,499,933
Cooperative services	8,868,736	9,653,693	5,771,151	6,962,259	8,090,806	7,397,329	8,153,577	7,750,338	8,848,642	8,655,705
General administration	1,079,168	2,271,366	1,108,296	1,382,393	1,275,410	1,149,425	1,363,372	1,521,997	1,418,394	1,415,492
Student services	3,276,727	6,988,227	3,938,403	3,110,699	2,494,062	2,102,627	2,057,071	2,352,556	2,215,141	2,140,522
Learning resources	1,110,613	738,696	751,312	892,573	812,952	838,155	885,016	1,288,052	879,430	977,697
Physical plant	4,271,884	3,762,860	3,571,972	4,247,397	4,354,466	4,143,121	3,965,725	4,221,979	3,503,794	3,165,470
General institution	5,693,146	6,472,051	7,648,047	5,560,188	6,103,723	8,183,360	6,692,742	6,472,382	8,063,921	9,980,980
Auxiliary enterprises	3,950,551	3,760,070	3,241,461	3,697,006	4,424,482	3,564,208	4,349,088	4,164,126	4,622,210	4,445,701
Scholarships and grants	10,220,851	10,139,285	10,932,503	12,470,146	11,914,390	12,051,299	11,980,379	13,761,880	16,122,715	18,494,274
	<u>\$ 57,927,665</u>	<u>\$ 62,137,615</u>	<u>\$ 53,575,596</u>	<u>\$ 54,535,845</u>	<u>\$ 55,527,685</u>	<u>\$ 56,667,953</u>	<u>\$ 57,711,543</u>	<u>\$ 61,849,544</u>	<u>\$ 65,561,678</u>	<u>\$ 67,152,014</u>

Northeast Iowa Community College
Schedule 9 – Schedule of Credit and Contact Hours
Year ended June 30, 2023

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and sciences	\$ 40,991	\$ -	\$ 40,991	\$ -	\$ -	\$ -
Career and technical education	27,587	-	27,587	-	-	-
Adult education / continuing education	-	-	-	268,058	46,307	314,365
Related services activities	-	-	-	-	18,146	18,146
Total	\$ 68,578	\$ -	\$ 68,578	\$ 268,058	\$ 64,453	\$ 332,511



Single Audit Information
June 30, 2023

Northeast Iowa Community College



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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the business-type activities and the discretely presented component unit, of the Northeast Iowa Community College (the College), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements and have issued our report thereon dated December 8, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the College’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Comments involving statutory and other legal matters about Northeast Iowa Community College's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
December 8, 2023



Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Trustees
Northeast Iowa Community College
Calmar, Iowa

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Northeast Iowa Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2023. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Dubuque, Iowa
December 8, 2023

Northeast Iowa Community College
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Program Expenditures</u>
U.S. Department of Agriculture Passed through Iowa Department of Education Child and Adult Care Food Program	10.558	318022 / 968012	\$ 33,550
Passed through Northeast Community College Soil and Water Conservation	10.902	NR203A750007C001	<u>5,947</u>
Subtotal U.S. Department of Agriculture			<u>39,497</u>
U.S. Department of Commerce: Economic Development Cluster: Passed through East Central Intergovernmental Association Economic Adjustment Assistance	11.307	05-79-06051	<u>158,880</u>
The Institute of Museum and Library Services Passed through State Library of Iowa: Grants to States	45.310	CC ARPA 2022 2	<u>4,980</u>
National Science Foundation Passed through Upper Iowa University: Education and Human Resources	47.076	2050497	<u>48,139</u>
Small Business Development Center Passed through Iowa State University: Small Business Development Centers	59.037	026829G	<u>56,570</u>
U.S. Department of Veteran Affairs Direct: Post 9/11 Veterans Educational Assistance	64.027	Not applicable	<u>89,712</u>
U.S. Department of Education Passed through Iowa Department of Education: Adult Education - Basic Grants to States	84.002	V002A220015	<u>180,505</u>
COVID-19, Governor's Emergency Education Relief Fund (GEER) *	84.425C	G-GEER-GAP 21-NICC	<u>4,858</u>
Direct: Higher Education Institutional Aid	84.031	Not applicable	<u>384,920</u>

Northeast Iowa Community College
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Program Expenditures</u>
U.S. Department of Education (continued)			
Direct:			
TRIO Student Support Services	84.042	Not applicable	<u>279,863</u>
Higher Education Emergency Relief Fund (HEERF)			
COVID-19, Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	Not applicable	128,717
COVID-19, HEERF Institutional Portion	84.425F	Not applicable	1,554,939
COVID-19, HEERF III: Supplemental Support under American Rescue Plan (SSARP)	84.425T	Not applicable	<u>575,976</u>
Total Higher Education Emergency Relief Fund (HEERF) *			<u>2,259,632</u>
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	Not applicable	90,124
Federal Work - Study Program	84.033	Not applicable	80,236
Federal Pell Grant Program	84.063	Not applicable	3,513,201
Federal Direct Student Loans - Plus Loans	84.268	Not applicable	12,820
Federal Direct Student Loans - Subsidized Loans	84.268	Not applicable	1,660,879
Federal Direct Student Loans - Unsubsidized Loans	84.268	Not applicable	<u>1,835,012</u>
			<u>7,192,272</u>
Passed through Iowa Vocational Rehabilitation Services			
Iowa College & Career Transition Counselor Initiative	84.116Z	P116Z220126	<u>4,199</u>
Passed through Iowa Vocational Rehabilitation Services			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	23-COORD-10	<u>86,272</u>
Vocational Education - Basic Grants to States			
Passed through Iowa Department of Education			
Career and Technical Education - Basic Grants to States	84.048	G-PER 23-180	<u>306,756</u>
Subtotal U.S. Department of Education			<u>10,699,277</u>
Total Federal Financial Assistance			<u>\$ 11,097,055</u>

*Total funds expended under the federal assistance listing number 84.425, Education Stabilization Fund was \$2,264,490.

Note 1 - 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, 2023. 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.

Note 2 - Summary of Significant Accounting Policies

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

Pass-through entity identifying numbers are presented where available. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The College has not elected to use the 10% de minimus cost rate.

Part I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Programs</u>	<u>Federal Financial Assistance Listing</u>
Education Stabilization Fund	
COVID-19, Governor's Emergency Education Relief Fund (GEER)	84.425C
COVID-19, Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E
COVID-19, HEERF Institutional Portion	84.425F
COVID-19, HEERF III: Supplemental Support under American Rescue Plan (SSARP)	84.425T

Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Part IV: Other Findings Related to Statutory Reporting:

2023-IA-A Certified Budget – Disbursements during year ended June 30, 2023 did not exceed the amount budgeted.

2023-IA-B Questionable Disbursements – We noted no disbursements that fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

2023-IA-C Travel Expense – No disbursements of College money for travel expenses of spouses of College officials or employees were noted.

2023-IA-D Business Transactions – Business transactions between the College and College officials and employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Wendy Knight, employee, is owner of Focus Forward	Services	\$ 61,500
Thomas Ward, employee, is owner of 5 Star Auto Detailing	Services	1,420
Bruce Bearinger, employee	Services	1,358
Erin Powers Daley, employee, is owner of Clarity Growth Consulting	Services	788
Kathy Riehle, employee	Supplies	450
Dorothy Wehling, employee	Supplies	302

2023-IA-E Restricted Donor Activity – No transactions were noted between the College, College officials, employees, and restricted donors in compliance with Chapter 68B of the Code of Iowa.

- 2023-IA-F 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 that the coverage is adequate for current operations.
- 2023-IA-G Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2023-IA-H Publication** – The College published a statement showing the receipt and disbursement 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.
- 2023-IA-I 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.
- 2023-IA-J Credit and Contact Hours** – Eligible credit and contact hours reported to the Iowa Department of Education by the College for the year ended June 30, 2023 were supported by detailed records maintained by the College.