

**NORTHEAST IOWA
COMMUNITY COLLEGE
CALMAR, IOWA**

FINANCIAL REPORT

JUNE 30, 2009

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NORTHEAST IOWA COMMUNITY COLLEGE

BOARD OF TRUSTEES AND COLLEGE OFFICIALS

Name	Title	Term Expires
<u>Board of Trustees</u> (Before September 2008 Election)		
Kenneth Reimer*	President	2011
Ronda Kirkegaard	Vice-President	2009
Linus Rothmeyer	Member	2009
Jim Anderson	Member	2008
Larry Blatz	Member	2008
Tobin Britt	Member	2009
Daniel Willenbring	Member	2009
Donald Frazer	Member	2009
Daniel White	Member	2008

<u>Board of Trustees</u> (After September 2008 Election)		
Kenneth Reimer	President	2011
Ronda Kirkegaard	Vice-President	2009
Linus Rothmeyer	Member	2009
Jim Anderson	Member	2011
Larry Blatz	Member	2011
Tobin Britt	Member	2009
Daniel Willenbring	Member	2009
Donald Frazer	Member	2009
Daniel White	Member	2011

Community College Officials

Penelope Wills, President
John Noel, Vice-President, Finance and Administration
Ken Vande Berg, Vice-President, Economic Development
Curt Oldfield, Vice-President, Academic Affairs
Janet Bullerman, Board Secretary
Thomas Ridout, Board Treasurer, Director of Accounting Services

*Board term extended or reduced per the Community College's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

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P.O. Box 507
Decorah, Iowa 52101
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Fax 563 382-5797

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Certified Public Accountants
And Business Consultants

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9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and each major fund of Northeast Iowa Community College as of and for the year ended June 30, 2009, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Northeast Iowa Community College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and each major fund of Northeast Iowa Community College as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2010, on our consideration of Northeast Iowa Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on page 3 and Schedule of Funding Progress for the Retiree Health Plan on page 29 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Decorah, Iowa
March 15, 2010

Hacker, Nelson & Co., P.C.

NORTHEAST IOWA COMMUNITY COLLEGE
CALMAR, IOWA

Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2009

This section of Northeast Iowa Community College's annual financial report presents the College's management discussion and analysis of the College's financial activities during the fiscal year ending June 30, 2009.

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; therefore, readers should review the basic financial statements and notes of the discretely presented component unit.

FINANCIAL HIGHLIGHTS

- College operating revenues increased overall 15.86%, from fiscal year 2008. Increased enrollment contributed to the increase in tuition receipts received. There was also an increase in federal appropriations from fiscal year 2008. Nonoperating revenue decreased 7.30% from fiscal year 2008, due to no tax levy for debt service and a lower levy for unemployment compensation.
- College operating expenses were 12.07% higher from fiscal year 2008. The College had a 9% increase in salaries and benefits. The College had moderate increases in all the other expenses.
- The College's financial statement shows that net assets decreased .44% from fiscal year 2008. The table below shows the College's net assets decreased by .44%.

CHANGE IN NET ASSETS COMPARISON

	Unrestricted	Auxiliary	Restricted	Scholarship	Unexpended Plant	Retirement of Indebtedness	Investment in Plant	Total Net Assets
FY 2009	1,774,519	1,387,102	3,240,855	2,626	(3,804,272)	41,382	13,205,318	15,847,530
FY 2008	1,742,627	1,610,075	2,875,258	2,626	(4,193,254)	38,635	13,841,514	15,917,481
\$ Change	31,892	(222,973)	365,597	-	388,982	2,747	(636,196)	(69,951)
% Change	1.83%	-13.85%	12.72%	0.00%	-9.28%	7.11%	-4.60%	-0.44%

USING THIS ANNUAL REPORT

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

The basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets 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.

Other supplementary information provides detailed information about the individual funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets 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 Assets includes year-end information concerning current and noncurrent assets, current and noncurrent liabilities, and net assets (assets less liabilities). 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 assets. 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 that can be used to satisfy those liabilities.

The College's current assets and other liabilities increased from 2008 to 2009 due to an increase in the current asset amount due from Iowa Industrial New Jobs Training Program and additional certificates issued. The largest portion of the College's net assets is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets includes resources that are subject to external restrictions. The remaining net assets are the unrestricted net assets that can be used to meet the College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and nonoperating, and the expenses paid by the College, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the College.

	Condensed Statement of Net Assets		
	(Expressed in Thousands)		Percent Change
	2009	2008	
Current and other assets	\$ 33,577	\$ 28,983	15.85%
Other noncurrent assets	10,509	5,163	103.54%
Capital assets	20,250	17,026	18.94%
Total assets	\$ 64,336	\$ 51,172	25.73%
Long-term debt outstanding	\$ 27,831	\$ 17,632	57.84%
Other liabilities	20,658	17,623	17.22%
Total liabilities	\$ 48,489	\$ 35,255	37.54%
Net assets			
Invested in capital assets, net of related debt	\$ 13,205	\$ 13,841	-4.60%
Restricted	3,285	2,917	12.62%
Unrestricted	(643)	(841)	-23.54%
Total net assets	\$ 15,847	\$ 15,917	-0.44%

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (CONTINUED)

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

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, which allocates the cost of an asset over its expected useful life.

The Statement of Revenues, Expenses and Changes in Net Assets reflects a negative year, with a decrease in the net assets at the end of the fiscal year.

In FY09, operating revenues increased as a net result of the following changes:

- Tuition and fees increased due to additional financial aid.
- Federal appropriations increased due to increased enrollment.

	Changes in Net Assets		Percent Change
	(Expressed in Thousands)		
	2009	2008*	
Operating Revenues:			
Tuition and fees	\$ 8,317	\$ 7,365	12.93%
Federal appropriations	13,921	11,329	22.88%
Iowa Industrial New Jobs Training Program	3,256	2,943	10.64%
Sales and services	2,423	2,381	1.76%
Miscellaneous	1,114	1,019	9.32%
Total operating revenues	29,031	25,037	15.95%
Total operating expenses	47,131	41,935	12.39%
Operating loss	(18,100)	(16,898)	7.11%
NONOPERATING REVENUES (EXPENSES)			
State appropriation	9,927	9,582	3.60%
PELL grant	4,421	3,835	15.28%
Property taxes	4,438	4,710	-5.77%
Investment income	805	805	0.00%
Transfer of building from/to affiliate	5	1,333	-99.62%
Loss on sale of capital assets	(154)	(23)	569.57%
Donated plant assets received	84	30	180.00%
Interest on indebtedness	(1,496)	(1,271)	17.70%
Net nonoperating revenues (expenses)	18,030	19,001	-5.11%
(Decrease) increase in net assets	(70)	2,103	-103.33%
Net assets Beginning of Year	15,917	13,814	15.22%
Net assets End of Year	\$ 15,847	\$ 15,917	-0.44%

*2008 information was restated to report the change in presentation of Pell grant funds as nonoperating to enable the reader to compare fiscal year 2008 to fiscal year 2009.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (CONTINUED)

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

	Operating Expenses		Percent Change
	(Expressed in Thousands)		
	2009	2008	
Education and support			
Liberal arts and sciences	\$ 5,640	\$ 3,133	80.02%
Vocational technical	7,192	8,995	-20.04%
Adult education	2,491	2,432	2.43%
Cooperative services	5,770	5,248	9.95%
General administration	1,913	1,789	6.93%
Student services	1,770	1,653	7.08%
Learning resources	870	493	76.47%
Physical plant	2,204	1,911	15.33%
General institution	3,635	3,351	8.48%
Auxiliary enterprises	4,325	3,500	23.57%
Scholarships and grants	9,599	7,148	34.29%
Depreciation	1,210	1,489	-18.74%
Other	512	793	-35.44%
Total operating expenses	\$ 47,131	\$ 41,935	12.39%

In FY09, operating expenses increased as a net result of the following changes:

- Moderate salary increases were given to existing faculty and staff accompanied by an increase in the cost for the College's health insurance program.
- Moderate increases in the various other expenses.

Statement of Cash Flows

A statement included in Northeast Iowa Community College's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

	Cash Flows	
	(Expressed in Thousands)	
	2009	2008
Cash provided (used) by:		
Operating activities	\$ (16,806)	\$ (14,628)
Non-capital financing activities	18,695	18,619
Capital and related financing activities	5,173	(2,159)
Investing activities	(5,450)	(1,264)
Net increase in cash	1,612	568
Cash beginning of year	8,568	8,000
Cash end of year	\$ 10,180	\$ 8,568

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (CONTINUED)

Statement of Cash Flows (Continued)

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

CAPITAL ASSETS

At June 30, 2009, the College had approximately \$42.0 million invested in capital assets, less accumulated depreciation of \$21.8 million. Depreciation charges totaled \$1,209,909 and \$1,489,582 for FY2009 and FY2008, respectively. Details of capital assets are shown below.

	Capital Assets, Net	
	(Expressed in Thousands)	
	2009	2008
Land	\$ 683	\$ 683
Buildings	12,042	12,623
Construction in progress	4,378	146
Other structures and improvements	1,423	1,497
Equipment and vehicles	1,724	2,077
Total	\$ 20,250	\$ 17,026

The College is currently developing a Facilities Master Plan. More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

DEBT

At June 30, 2009, the College had \$31.0 million in debt outstanding, an increase of \$9.8 million from 2008. The table below summarizes these amounts by type.

	Long-Term Debt	
	(Expressed in Thousands)	
	2009	2008
Notes payable	\$ 5,290	\$ 5,815
Certificates payable	15,560	14,840
Bonds payable	9,900	
Capital leases	216	509
Total	\$ 30,966	\$ 21,164

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

ECONOMIC FACTORS

Northeast Iowa Community College continues to improve its financial position during fiscal year ending June 30, 2009. There are many positive factors and challenges that will affect future College operations. The College increased the unrestricted funds during the current fiscal year. Issues that may impact the College in the future include:

- Like most of the country, Northeast Iowa Community College has experienced an economic downturn in revenues at the state level. State aid for FY10 will decrease approximately \$1,830,189 over the prior year FY09. The Federal American Recovery and Reinvestment Act (ARRA) funds allocated to Iowa Community Colleges for FY10 was \$1,162,190 to supplement loss of state aid. Tuition increases and federal aid programs will assist the College to maintain a good financial position with little effect on staffing.
- Workforce growth in Northeast Iowa continues to be positive for business and industry. New Job Training Program (260E) developed \$10 million in new job program, a program creating jobs. FY11 is projected an additional \$10 million in the job creation program. This continues to expand the workforce as evidenced by the College's job training activity, and increased potential to provide additional training to area business and industry. The largest company, IBM, met its goal in new jobs with 650 employees. In FY11, IBM is projected an additional 650 new jobs. The New Jobs Training Program consists of 50% new companies and 50% expanding companies.
- The College is experiencing enrollment growth as the result of continuous efforts to increase market share. Currently Chemical Technology and Wind Energy Repair programs are under study for implementation. Online programs capacity is expected to increase enrollment in new degree offerings. They are Business Administration, Business Specialist, Ag Business, Health Information Technology, Medical Transcriptions, and Criminal Justice. As the number of students increase, the costs associated with serving them will also increase.
- The College has made a commitment to strengthen its advancement efforts by re-organizing the College's external relations functions under one division including Marketing, Foundation, Grants, Legislative and Alumni. The College is implementing a new software system with efforts to update alumni database and begin an alumni association. The software will also make it possible to better donor tracking.
- Property taxes from Northeast Iowa Community College's large tax base continue to provide the College with steady revenue.
- College facilities require constant maintenance and upkeep. The passing of a \$35 million bond levy is providing for improved energy efficiencies in existing campus buildings as well as for 'green' construction in new facilities being built on each campus. At June 30, 2009 the College has expended 12.6% of the \$35 million bond levy for construction and renovation projects. Major projects include Town Clock Upper Level, IT building in Peosta and Calmar and the initial costs of the Student Center in Calmar.
- Changes in technology continue to provide the challenge of maintaining up-to-date equipment and access at a reasonable cost. An instructional support levy was passed by District voters in September 2008. This support allows NICC to continue to provide update equipment and technology in the instructional divisions of the College.

The College's management understands the importance of maintaining good accountability and budget management in the current economic conditions which will challenge the College to provide needed services to our communities. It is prepared to deal with both positive and negative challenges during any economic condition.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the Community College and our creditors 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 John Noel, Vice-President, Finance and Administration at Northeast Iowa Community College, telephone 1-800-728-2256.

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	Business-type Activities	Component Unit Foundation
CURRENT LIABILITIES		
Liabilities		
Accounts payable	\$ 1,917,607	\$ 375
Salaries and benefits payable	1,406,061	
Deposits held in custody for others	92,265	
Deferred revenue		
Succeeding year property tax	4,952,762	
Other	8,275,922	
Long-term liabilities due within one year		
Compensated absences	457,819	
Early retirement	72,838	
Affiliate payable	212,855	36,655
Notes payable	545,000	
Obligations under capitalized leases	154,227	
Certificates payable	2,570,000	
	<u>20,657,356</u>	<u>37,030</u>
Noncurrent liabilities		
Long-term liabilities due over one year		
Net OPEB obligation	134,771	
Notes payable	4,745,000	
Bonds payable	9,900,000	
Obligations under capitalized leases	61,294	
Certificates payable	12,990,000	
	<u>27,831,065</u>	
Total noncurrent liabilities	<u>27,831,065</u>	
Total liabilities	<u>48,488,421</u>	<u>37,030</u>
Net assets		
Invested in capital assets, net of related debt	13,205,318	
Restricted		
Restricted for specific purposes	3,284,863	1,306,721
Unrestricted	(642,651)	222,219
	<u>15,847,530</u>	<u>1,528,940</u>
Total net assets	<u>15,847,530</u>	<u>1,528,940</u>
Total liabilities and net assets	<u>\$ 64,335,951</u>	<u>\$ 1,565,970</u>

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2009

	Business-type Activities	Component Unit Foundation
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$5,695,481	\$ 8,316,522	
Federal appropriations	13,921,184	
Iowa Industrial New Jobs Training Program	3,255,689	
Sales and services	2,423,262	
Miscellaneous	1,113,742	\$ 594,956
Total operating revenues	29,030,399	594,956
OPERATING EXPENSES		
Education and support		
Liberal arts and sciences	5,639,894	
Vocational technical	7,192,032	
Adult education	2,491,485	
Cooperative services	5,769,949	
General administration	1,912,926	16,156
Student services	1,769,953	
Learning resources	870,340	
Physical plant	2,203,838	
General institution	3,634,786	
Auxiliary enterprises	4,324,560	
Scholarships and grants	9,599,433	361,154
Loan cancellations and bad debts		
Depreciation	1,209,909	
Other	511,750	56,936
Total operating expenses	47,130,855	434,246
Operating (loss) income	(18,100,456)	160,710
NONOPERATING REVENUES (EXPENSES)		
State appropriation	9,926,999	
Pell grant	4,420,820	
Property taxes	4,437,962	
Investment income	804,780	(256,544)
Transfer of building from/to affiliate	5,200	(5,200)
Loss on sale of capital assets	(153,519)	
Donated plant assets received	84,055	(84,055)
Interest on indebtedness	(1,495,792)	
Net nonoperating revenues (expenses)	18,030,505	(345,799)
Change in net assets	(69,951)	(185,089)
NET ASSETS		
Beginning	15,917,481	1,714,029
Ending	\$ 15,847,530	\$ 1,528,940

See Notes to Financial Statements.

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NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
BUSINESS-TYPE ACTIVITIES
June 30, 2009

ASSETS	Current Funds		
	Unrestricted	Auxiliary	Restricted
Current assets			
Cash	\$ 3,207,444	\$ 496,840	\$ 4,377,463
Investments			9,513,920
Receivables			
Accounts, less allowance of \$783,892	5,716,986	16,365	427,761
Accrued interest			301,801
Property tax			
Current year delinquent	41,382		31,694
Succeeding year	1,688,587		1,576,600
Due from other funds	95,596	574,021	
Due from other governments	883,675	2,323	132,447
Due from affiliate			13,019
Inventories	7,836	501,211	
Due from Iowa Industrial New Jobs Training Program			705,626
Total current assets	11,641,506	1,590,760	17,080,331
Noncurrent assets			
Restricted investments			
Due from Iowa Industrial New Jobs Training Program			6,350,635
Capital assets, non-depreciable			
Capital assets, net			
Total noncurrent assets			6,350,635
Total assets	\$ 11,641,506	\$ 1,590,760	\$ 23,430,966
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 260,619	\$ 64,032	\$ 29,487
Salaries and benefits payable	1,408,023		(1,962)
Deposits held in custody for others	92,265		
Due to other funds			
Due to affiliate	179,275	33,580	
Deferred revenue			
Succeeding year property tax	1,688,587		1,576,600
Other	5,751,674		2,273,148
Long-term liabilities due within one year			
Compensated absences	351,773	106,046	
Early retirement payable			72,838
Notes payable			235,000
Obligations under capitalized leases			
Certificates payable			2,570,000
Total current liabilities	9,732,216	203,658	6,755,111
Noncurrent liabilities			
Long-term liabilities due over one year			
Net OPEB obligation	134,771		
Notes payable			445,000
Bonds payable			
Obligations under capitalized leases			
Certificates payable			12,990,000
Total noncurrent liabilities	134,771		13,435,000
Total liabilities	9,866,987	203,658	20,190,111
Net assets			
Invested in capital assets, net of related debt			
Restricted for specific purposes			3,240,855
Unrestricted	1,774,519	1,387,102	
Total net assets	1,774,519	1,387,102	3,240,855
Total liabilities and net assets	\$ 11,641,506	\$ 1,590,760	\$ 23,430,966

See Notes to Financial Statements.

EXHIBIT C

Scholarships	Plant Fund	Total
	\$ 2,097,890	\$ 10,179,637
		9,513,920
\$ 407	1,639	6,163,158
	4	301,805
	41,382	114,458
	1,687,575	4,952,762
81,417		669,617
16,398	7,238	1,099,862
		36,655
		509,047
		705,626
98,222	3,835,728	34,246,547
	4,158,342	4,158,342
		6,350,635
	5,061,664	5,061,664
	15,188,380	15,188,380
	24,408,386	30,759,021
\$ 98,222	\$ 28,244,114	\$ 65,005,568
	\$ 1,563,469	\$ 1,917,607
		1,406,061
\$ 95,596	574,021	92,265
		669,617
		212,855
	1,687,575	4,952,762
	251,100	8,275,922
		457,819
		72,838
	310,000	545,000
	154,227	154,227
		2,570,000
95,596	4,540,392	21,326,973
		134,771
	4,300,000	4,745,000
	9,900,000	9,900,000
	61,294	61,294
		12,990,000
	14,261,294	27,831,065
95,596	18,801,686	49,158,038
	13,205,318	13,205,318
2,626	41,382	3,284,863
	(3,804,272)	(642,651)
2,626	9,442,428	15,847,530
\$ 98,222	\$ 28,244,114	\$ 65,005,568

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NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS
BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2009

	Current Funds		
	Unrestricted	Auxiliary	Restricted
OPERATING REVENUES			
General			
Tuition and fees	\$ 7,888,463	\$ 57,798	\$ 370,261
Federal appropriations	2,023,020	1,216,695	1,256,997
Iowa Industrial New Jobs Training Program			3,255,689
Sales and services	43,239	2,337,707	
Miscellaneous	132,328	87,969	888,924
Total operating revenues	10,087,050	3,700,169	5,771,871
OPERATING EXPENSES			
Education and support			
Liberal arts and sciences	5,636,878		3,016
Vocational technical	6,571,517		620,515
Adult education	2,444,912		46,573
Cooperative services	2,459,470		3,310,479
General administration	1,909,499		3,427
Student services	1,767,826		2,127
Learning resources	532,341		337,999
Physical plant	1,696,748		507,090
General institution	3,197,439		437,347
Auxiliary enterprises		4,324,560	
Scholarships and grants			
Loan cancellations and bad debts			
Depreciation			
Other			
Total operating expenses	26,216,630	4,324,560	5,268,573
Operating income (loss)	(16,129,580)	(624,391)	503,298
NONOPERATING REVENUES (EXPENSES)			
State appropriations	9,177,718	25,083	543,631
Pell grant	4,420,820		
Property taxes	1,614,588		1,208,786
Investment income	240,187		495,469
Loss on sale of capital assets			
Transfer of building from affiliate			
Donated plant assets received			
Interest on indebtedness			(1,045,516)
Total nonoperating revenues (expenses)	15,453,313	25,083	1,202,370
Change in net assets before transfers	(676,267)	(599,308)	1,705,668
Transfers	708,159	376,335	(1,340,071)
Change in net assets	31,892	(222,973)	365,597
NET ASSETS			
Beginning	1,742,627	1,610,075	2,875,258
Ending	\$ 1,774,519	\$ 1,387,102	\$ 3,240,855

See Notes to Financial Statements.

EXHIBIT D

Scholarships	Plant Fund	Total
		\$ 8,316,522
\$ 9,424,472		13,921,184
		3,255,689
	\$ 42,316	2,423,262
	4,521	1,113,742
9,424,472	46,837	29,030,399
		5,639,894
		7,192,032
		2,491,485
		5,769,949
		1,912,926
		1,769,953
		870,340
		2,203,838
		3,634,786
9,599,433		4,324,560
		9,599,433
	1,209,909	1,209,909
	511,750	511,750
9,599,433	1,721,659	47,130,855
(174,961)	(1,674,822)	(18,100,456)
		9,926,999
179,430	1,137	4,420,820
	1,614,588	4,437,962
	69,124	804,780
	(153,519)	(153,519)
	5,200	5,200
	84,055	84,055
	(450,276)	(1,495,792)
179,430	1,170,309	18,030,505
4,469	(504,513)	(69,951)
(4,469)	260,046	-
-	(244,467)	(69,951)
2,626	9,686,895	15,917,481
\$ 2,626	\$ 9,442,428	\$ 15,847,530

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NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2009

	Current Funds		
	Unrestricted	Auxiliary	Restricted
CASH FLOWS FROM OPERATING ACTIVITIES			
Tuition and fees	\$ 7,664,218	\$ 57,798	\$ 726,051
Federal appropriations	1,810,708	1,216,540	1,233,023
Iowa Industrial New Jobs Training Program			2,980,205
Payments to employees for salaries and benefits	(15,867,010)	(856,561)	(1,201,675)
Payments to suppliers for goods and services	(3,585,264)	(694,162)	(1,867,786)
Payments to NJTP recipients			(2,496,172)
Cost of goods sold		(2,246,766)	
Scholarships			
Loan issued to students			
Collection received from students for loans			
Auxiliary enterprise receipts		2,331,567	
Other operating payments paid on employees' behalf	(6,075,243)	(333,025)	(366,389)
Other operating receipts	175,567	87,969	888,924
	<u>(15,877,024)</u>	<u>(436,640)</u>	<u>(103,819)</u>
Net cash (used in) operating activities			
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State appropriations	9,177,735	25,083	543,631
Pell grant	4,420,820		
Property tax	1,611,841		1,216,715
Decrease in due to other funds	1,833,908		
Increase in due to affiliate	49,087	14,976	
Decrease in due from affiliate			(1,019)
Transfers	708,159	376,335	(1,340,071)
Federal direct lending receipts	9,238,278	1,190,131	179,429
Federal direct lending disbursements	(9,238,278)	(1,190,131)	(179,429)
Miscellaneous agency fund receipts	2,175,850		
Miscellaneous agency fund disbursements	(2,316,594)		
	<u>17,660,806</u>	<u>416,394</u>	<u>419,256</u>
Net cash provided by non-capital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from issuance of debt			3,665,000
Acquisition of capital assets			
Principal paid on debt and leases			(3,170,000)
Interest paid on debt and leases			(1,045,516)
			<u>(550,516)</u>
Net cash provided by (used in) capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments			(9,367,724)
Sale of investments			6,802,458
Interest on investments	240,187		310,385
	<u>240,187</u>		<u>(2,254,881)</u>
Net cash provided by (used in) investing activities			
Net (decrease) increase in cash	2,023,969	(20,246)	(2,489,960)
CASH, beginning of year	1,183,475	517,086	6,867,423
CASH, end of year	<u>\$ 3,207,444</u>	<u>\$ 496,840</u>	<u>\$ 4,377,463</u>

See Notes to Financial Statements.

EXHIBIT E

Scholarships	Plant Fund	Total
		\$ 8,448,067
\$ 3,596,246		7,856,517
		2,980,205
		(17,925,246)
	\$ (511,713)	(6,658,925)
		(2,496,172)
		(2,246,766)
(3,771,614)		(3,771,614)
		-
		-
		2,331,567
		(6,774,657)
	298,350	1,450,810
(175,368)	(213,363)	(16,806,214)
138,925	1,137	9,886,511
		4,420,820
	1,611,841	4,440,397
31,537	(1,865,445)	-
9,375	15,500	88,938
		(1,019)
(4,469)	260,046	-
5,827,819		16,435,657
(5,827,819)		(16,435,657)
		2,175,850
		(2,316,594)
175,368	23,079	18,694,903
	9,900,000	13,565,000
	(3,132,761)	(3,132,761)
	(593,351)	(3,763,351)
	(450,276)	(1,495,792)
	5,723,612	5,173,096
	(4,151,398)	(13,519,122)
	645,888	7,448,346
	70,072	620,644
	(3,435,438)	(5,450,132)
	2,097,890	1,611,653
		8,567,984
\$ -	\$ 2,097,890	\$ 10,179,637

NORTHEAST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS (Continued)
BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2009

	Current Funds		
	Unrestricted	Auxiliary	Restricted
Reconciliation of operating income (loss) to net cash (used in) operating activities			
Operating income (loss)	\$ (16,129,580)	\$ (624,391)	\$ 503,298
Adjustments to reconcile operating income (loss) to net cash (used in) operating activities			
Depreciation			
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(1,172,001)	(6,140)	226,203
(Increase) in NJTP receivable			(275,484)
(Increase) decrease in due from other governments	(212,312)	(155)	(23,974)
(Increase) in inventories	4,009	58,524	
Increase (decrease) in accounts payable and accrued liabilities	601,791	55,660	(663,449)
Increase in other postemployment benefits	134,771		129,587
Increase (decrease) in deferred revenue	947,756		
Increase in compensated absences	(51,458)	79,862	
Net cash (used in) operating activities	\$ (15,877,024)	\$ (436,640)	\$ (103,819)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES
The College accepted donated capital assets with a fair value of \$84,055
during the year ended June 30, 2009.

EXHIBIT E
(Continued)

<u>Scholarships</u>	<u>Plant Fund</u>	<u>Total</u>
\$ (174,961)	\$ (1,674,822)	\$ (18,100,456)
	1,209,909	1,209,909
(407)	413	(951,932)
		(275,484)
		(236,441)
		62,533
	37	(5,961)
	251,100	515,458
		947,756
		28,404
<hr/>	<hr/>	<hr/>
\$ (175,368)	\$ (213,363)	\$ (16,806,214)

NORTHEAST IOWA COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Northeast Iowa Community College is a publicly supported school established and operated by Merged Area I under the provisions of the Code of Iowa. The College offers programs of adult and continuing education, lifelong learning, and community education. The College also offers up to two years of liberal arts, pre-professional, or occupational instruction which confers an associate degree and partially fulfills the requirements for a baccalaureate degree; or provides as the whole or as part of the curriculum up to two years of vocational or 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 is governed by a Board of Trustees whose members are elected from each director district within Merged Area 1.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, Northeast Iowa Community College has included all funds, organizations, account groups, 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. The 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. Also, 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.

The College has one component unit which meets the Governmental Accounting Standards Board (GASB) criteria. The Northeast Iowa Community College Foundation is a nonprofit corporation which is governed by a separate Board of Directors. The 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 Foundation are reported using the discrete method. The Foundation issues a separate financial report. The independent auditor's report on the component unit financial statements for year ending June 30, 2009 expresses an unqualified opinion dated October 28, 2009. Audited financial statements of Northeast Iowa Community College Foundation are available at the Northeast Iowa Community College District office located at Hwy 150 South, Calmar, IA 52132.

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

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

b. Significant Accounting Policies (Continued)

Financial Statement Presentation

GASB No. 34 requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets, and Cash Flows are reported on a consolidated basis.

The basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been eliminated from these statements.

Fund Financial Statements

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

The funds of the financial reporting entity are described below:

Current Funds

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

Unrestricted Fund

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

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

Auxiliary Funds

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

Restricted Funds

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

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

b. Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Current Funds (Continued)

Scholarship Fund

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

Plant Fund

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

Measurement Focus

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities as defined in GASB No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their Statement of Net Assets. In reporting the financial activity on the basic financial statements, the College applies all applicable GASB pronouncements. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the College has elected not to apply to its activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

The financial statements of the College have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Property tax is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the Statement of Net Assets:

Cash and Investments

Investments are stated at fair value except for the nonnegotiable 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. It is the College's policy to classify nonnegotiable 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 that the tax asking is certified by the Board of Trustees to the appropriate County Auditors. Delinquent property taxes receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Trustees to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Due from Other Governments

This asset represents state aid, grants, and reimbursements due from the State of Iowa and grants and reimbursements due from the federal government.

Due from Affiliate

The Foundation transferred money from their individual accounts to Northeast Iowa Community College's general checking account. As of June 30, 2009, there was \$176,200 due to the Foundation from Northeast Iowa Community College.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market. The cost is recorded as an expense at the time individual items are consumed.

Due from 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 expenses incurred through June 30, 2009 on NJTP projects plus interest incurred on NJTP certificates, less reimbursements received to date.

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

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Net Assets (Continued)

Capital Assets

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

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

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

Assets	Amount
Equipment and vehicles	\$ 2,500
Buildings and improvements	25,000

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

Assets	Years
Buildings and improvements	30
Equipment	5-10
Vehicles	5-10

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

Salaries and Benefits Payable

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

Deferred Revenue

Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets have not been spent for their intended purpose. Deferred revenue consists of unearned administrative costs for NJTP, advanced student tuition, and the succeeding year property tax receivable.

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 recognized as liabilities of the appropriate fund, and have been computed based on rates of pay in effect as of June 30, 2009.

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

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Net Assets (Continued)

Encumbrances

The College maintains an encumbrance system to measure the uncommitted budget amount available for expense at any time during the year. Open encumbrances are reported as reservations of net assets since the commitments will be honored through a subsequent year budget appropriation. Encumbrances do not constitute expenses or liabilities.

Net Assets

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

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

Unrestricted Net Assets

Unrestricted net assets represent the difference between assets and liabilities that are not restricted and can be used for future obligations of the College.

Auxiliary Enterprise Revenues

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

Summer Session

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

Tuition and Fees

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

Operating and Nonoperating Activities

Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, 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 grants, property tax and interest income.

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

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Net Assets (Continued)

Use of Estimates

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

Scholarship Allowances and Student Aid

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

2. Cash and Investments

The College's deposits in banks at June 30, 2009 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 insure 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; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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) in 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.

NOTES TO FINANCIAL STATEMENTS

2. Cash and Investments (Continued)

Concentration of Credit Risk

The College places no limit on the amount that may be invested in any one type of allowable investment.

The College's petty cash and deposit accounts as of June 30, 2009 consist of the following:

Petty cash	\$	5,260
Other deposit accounts		10,174,377
		\$ 10,179,637

The College's investments as of June 30, 2009 consist of the following:

Certificates of deposit	\$	13,672,262
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The Foundation's investments are stated at fair value and are not subject to risk categorization and consist of the following:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
	\$	\$	\$
Government agency	597,445	591,291	(6,154)
Common stock	499,515	348,761	(150,754)
Preferred stock	67,239	83,143	15,904
Mutual funds	148,494	151,885	3,391
Alternative assets	89,532	65,031	(24,501)
	\$ 1,402,225	\$ 1,240,111	\$ (162,114)

The following schedule summarizes the Foundation's investment return and its classification in the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2009:

Interest and dividend income	\$	65,826
Net realized and unrealized gains		(322,370)
Total investment return		\$ (256,544)

3. Inventories

The College's inventories as of June 30, 2009 are as follows:

Supplies and materials	\$	224,810
Merchandise held for resale		284,237
Total		\$ 509,047

NOTES TO FINANCIAL STATEMENTS

4. Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Capital non-depreciable assets				
Land	\$ 683,366			\$ 683,366
Construction in progress	145,820	\$ 4,232,478	\$ None	4,378,298
	829,186	4,232,478	None	5,061,664
Capital assets, being depreciated				
Buildings	28,757,724			28,757,724
Other structures and improvements	2,469,983			2,469,983
Furniture and equipment	5,916,886	354,800	510,199	5,761,487
Total capital assets being depreciated	37,144,593	354,800	510,199	36,989,194
Less accumulated depreciation				
Buildings	16,134,837	581,455		16,716,292
Other structures and improvements	973,137	73,929		1,047,066
Furniture and equipment	3,839,610	554,525	356,679	4,037,456
Total accumulated depreciation	20,947,584	1,209,909	356,679	21,800,814
Total capital assets being depreciated	16,197,009	(855,109)	153,520	15,188,380
Capital assets, net	\$ 17,026,195	\$ 3,377,369	\$ 153,520	\$ 20,250,044

5. Long-term Obligations

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
Notes payable	\$ 5,815,000		\$ 525,000	\$ 5,290,000	\$ 545,000
Certificates payable	14,840,000	\$ 3,665,000	2,945,000	15,560,000	2,570,000
Bonds payable		9,900,000		9,900,000	9,900,000
Other liabilities					
Capital leases	508,872		293,351	215,521	154,227
Long-term liabilities	\$ 21,163,872	\$ 13,565,000	\$ 3,763,351	\$ 30,965,521	\$ 13,169,227

NOTES TO FINANCIAL STATEMENTS

5. Long-term Obligations (Continued)

a. Certificates Payable

In accordance with agreements dated between July 1, 2000 and June 30, 2009, the College issued certificates totaling \$15,560,000 with interest rates ranging from 4.30% to 7.45% per annum. The debt was incurred to fund the development and training costs incurred relative 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 or are expanding their operations within the State of Iowa. Interest is payable semi-annually, while the principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes collected.

The annual debt service requirements on these certificates payable are as follows:

	Principal	Interest	Total
Year ending June 30,			
2010	\$ 2,570,000	\$ 888,830	\$ 3,458,830
2011	2,300,000	748,660	3,048,660
2012	2,255,000	622,325	2,877,325
2013	2,075,000	495,340	2,570,340
2014	1,800,000	378,560	2,178,560
2015-2019	4,560,000	564,665	5,124,665
	\$ 15,560,000	\$ 3,698,380	\$ 19,258,380

b. Notes Payable

The College has issued notes payable for the purchase and construction of College properties. As of June 30, 2009, the notes payable outstanding consist of the following:

<p>\$680,000 Lease Purchase Certificates of Participation, due annually in varying installments June 1, 2010 through June 1, 2012 plus interest semi-annually with interest rates of the leases varying from 4.40% to 4.60%. The leases were issued to build the Cresco Center. See Note 14 regarding repayment arrangements.</p>	\$ 680,000
<p>\$965,000 Lease Purchase Certificates of Participation, due annually in varying installments June 1, 2010 through June 1, 2016 plus interest semi-annually with interest rates of the leases varying from 3.95% to 4.45%. The leases were issued to build and maintain buildings.</p>	965,000
<p>\$2,705,000 Tax Exempt Lease Purchase Certificates of Participation Series 2002A, due annually in varying installments December 1, 2010 through December 1, 2022 plus interest semi-annually with interest rates of the leases varying from 3.50% to 4.70%. The leases were issued to purchase the Town Clock Center.</p>	2,705,000

NOTES TO FINANCIAL STATEMENTS

5. Long-term Obligations (Continued)

b. Notes Payable (Continued)

\$940,000 Taxable Lease Purchase Certificates of Participation Series 2002B, due annually in varying installments December 1, 2010 through December 1, 2017 plus interest semi-annually with interest rates of the leases varying from 5.30% to 6.75%. The leases were issued to purchase the Town Clock Center.	\$ 940,000
	\$ 5,290,000

The annual debt service requirements on these notes payable are as follows:

	Principal	Interest	Total
Year ending June 30,			
2010	\$ 545,000	\$ 243,584	\$ 788,584
2011	565,000	219,993	784,993
2012	535,000	205,702	740,702
2013	355,000	170,119	525,119
2014	375,000	153,363	528,363
2015-2019	1,625,000	493,295	2,118,295
2020-2024	1,290,000	123,121	1,413,121
	\$ 5,290,000	\$ 1,609,177	\$ 6,899,177

c. Capital Leases

The College is obligated under certain leases accounted for as capital leases. The leased assets are accounted for in the plant fund. Capital assets under capital leases totaled \$1,031,914 at June 30, 2009. The following schedule shown below is a schedule of future minimum lease payments under capital leases as of June 30, 2009.

Year ending June 30,	
2010	\$ 161,001
2011	49,185
2012	13,714
Minimum lease payments	223,900
Less imputed interest	(8,379)
Present value of minimum lease payments	\$ 215,521

The College has capital leases ending at various dates until January 1, 2012. The capitalized lease obligations have automatic renewal for one year if 30 day written notice is not given at the end of the lease term.

NOTES TO FINANCIAL STATEMENTS

5. Long-term Obligations (Continued)

d. Bonded Indebtedness

\$9,900,000 2008 General Obligation Anticipation Bonds, due June 2010 plus interest, with interest rate of 4.25%, were re-financed in December 2009. These bonds were issued to renovate, erect and equip the buildings at the Calmar and Peosta campuses.

\$9,900,000 General Obligation Serial Bonds, Series 2009B, are due annually in varying installments June 1, 2011 through June 1, 2022 plus interest semi-annually with interest rates varying from 3.25% to 3.90%. Bonds are callable after June 1, 2017.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010		\$ 168,656
2011	\$ 550,000	337,312
2012	650,000	319,438
2013	725,000	298,312
2014	850,000	274,750
2015-2019	4,700,000	928,500
2020-2022	2,425,000	184,925
 Total	 \$ 9,900,000	 \$ 2,511,893

e. Operating Leases

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and accordingly, all rents are charged as incurred. These leases expire between 2009 and 2018 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases.

The College has also entered into some equipment leases. These leases have been classified as operating leases and accordingly, all rents are charged as incurred. These leases expire in 2009 and require various minimum annual rentals.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year following June 30, 2009:

Year ending June 30,	
2010	\$ 130,008
2011	110,004
2012	90,000
2013	60,000
2014	60,000
2015-2018	<u>225,000</u>
 Minimum lease payments for all operating leases	 \$ <u>675,012</u>

NOTES TO FINANCIAL STATEMENTS

5. Long-term Obligations (Continued)

e. Operating Leases (Continued)

Rents for fiscal year 2009 totaled \$142,782 for operating leases, except those with terms of a month or less that were not renewed.

6. Due to/from Other Funds

As of June 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
Unrestricted fund	\$ 95,596	
Auxiliary fund	574,021	
Scholarship fund		\$ 95,596
Plant fund		574,021
	\$ 669,617	\$ 669,617

7. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

	Transfers In		Transfers Out
Unrestricted fund			
Restricted fund	\$ 1,239,398	\$	68,446
Scholarship fund	4,469		
Auxiliary fund			375,015
Plant fund			92,247
	1,243,867		535,708
 Auxiliary fund			
Unrestricted fund	375,015		
Restricted fund	13,937		
Plant fund			12,617
	388,952		12,617
 Restricted fund			
Unrestricted fund	68,446	1,239,398	
Auxiliary fund			13,937
Plant fund			155,182
	68,446		1,408,517
 Scholarship fund			
	None		4,469
 Plant fund			
	260,046		None
 Total	\$ 1,961,311	\$	1,961,311

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

8. Early Retirement

The College terminated the voluntary early retirement plan to its employees effective following the 2006 and 2007 academic year. Employees previously qualifying for NICC early retirement must have completed at least 10 years of full-time staff, and regular part-time service to the College and must have reached the age of 55 on or before July 1 of the year of their retirement. The application for early retirement was subject to approval by the Board of Trustees.

Those eligible employees who were approved to receive benefits under early retirement plan received a cash payment equal to 45% to 105% of their regular contractual salary subject to a maximum payment of \$20,000. Retirees received the cash payment over a three-year period.

A staff member accepting early retirement has three options to choose from as to when the cash benefits would be received. 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. As of June 30, 2009, the unrecorded liability for the College provided health insurance is \$236,425.

At June 30, 2009, the College has obligations to sixteen participants with a total early retirement liability of \$72,838. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$119,504.

9. Iowa Public Employees Retirement System

The College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10%, 3.90% and 3.70% of their annual covered salary and the College is required to contribute 6.35%, 6.05% and 5.75% of annual covered payroll for the years ended June 30, 2009, 2008, and 2007, respectively. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$507,300, \$449,872, and \$405,008, respectively, equal to the required contributions for each year.

10. Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF)

The College contributes to the TIAA-CREF retirement program which is a defined contribution plan. TIAA administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both the employer and employee vest immediately.

As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.10%, 3.90%, and 3.70% and the College is required to contribute 6.35%, 6.05%, and 5.75% for the years ended June 30, 2009, 2008, and 2007, respectively.

The employee's required and actual contributions to TIAA-CREF for the years ended June 30, 2009, 2008, and 2007 were \$335,483, \$305,759, and \$270,860, respectively. The College's required and actual contributions to TIAA-CREF for the years ended June 30, 2009, 2008, and 2007 were \$519,625, \$474,321 and \$420,933 respectively.

11. Other Postemployment Benefits (OPEB)

The College implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description

The College operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 280 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Health Choices, Inc. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy

The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay as you go basis.

Annual OPEB Cost and Net OPEB Obligation

The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Northeast Iowa Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the College's net OPEB obligation.

Annual required contribution	\$	150,382
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
		-
Annual OPEB cost		150,382
Contributions made		(15,611)
		-
Increase in net OPEB obligation		134,771
Net OPEB obligation beginning of year		-
		-
Net OPEB obligation end of year	\$	134,771

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the College contributed \$15,611 to the medical plan. Plan members eligible for benefits contributed \$63,525 of 2.0% of the premium costs.

11. Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 150,382	10.4%	\$ 134,771

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$1.018 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.018 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$12,369,308 and the ratio of the UAAL to covered payroll was 8.2%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

As of July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the College's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 6.5%. The medical trend rate is reduced 0.5% each year until reaching the 6.5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007. Turnover rates are based on T-6 of the actuary's pension handbook.

11. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

Projected claim costs of the medical plan are \$9,362 per month for retirees less than age 65 and \$None per month for retirees who have attained age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

12. Related Organizations

Northeast Iowa Community-Based Dairy Foundation is a non-profit organization whose goal is to support educational efforts and whose financial activities are not included in these financial statements. The College, Northeast Iowa Community-Based Dairy Foundation, and Iowa State University have an interagency agreement for the purpose of cooperating in the operations of a dairy education and applied research laboratory. The Board of Directors of the above Foundation has a member who is also a Trustee of the College. However, these members do not compromise a majority in the above Foundation's Board. For the year ended June 30, 2009, the College paid the Foundation \$40,008 in rent. The Foundation and Northeast Iowa Community College have a fiscal agent agreement where the Foundation paid the College \$30,000 for services for the year ended June 30, 2009. Audited financial statements of Northeast Iowa Community-Based Dairy Foundation are available at the Northeast Iowa Community College District office located at Hwy 150 South, Calmar, IA 52132.

Significant financial data for the year ended June 30, 2009, which is audited, is as follows:

Total assets	\$ 3,902,434
Total liabilities	2,201,388
Total equity	1,701,046
Total revenue	1,675,234
Total expenses	1,866,639

13. New Jobs Training Program

Northeast Iowa Community 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 job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College has administered 217 projects with 58 currently receiving project funding. The remaining 159 projects have been completed and of those, 54 have only the repayment of the certificates left.

Northeast Iowa Community College also administers the Iowa Jobs Training Program (IJTP) in Area I in accordance with the Code of Iowa. IJTP's purpose is to provide tax-aided training or retraining for existing employees of businesses. Approved businesses receive forgivable loans from the Workforce Development Fund, a state administered fund. Since inception, the College has administered 268 projects with 17 currently receiving project funding.

14. Commitments

The College is a member of ACCES, Inc. (Alliance for Community Colleges for Electronic Sharing), a computer consortium of ten (10) Iowa community colleges. The College will continue to be a member of ACCES, Inc. for the foreseeable future. ACCES, Inc. has changed its mission from a consortium for providing administrative software services to a buying consortium for the acquisition and maintenance of Datatel Colleague and other administrative software. The ongoing expenditures for the Datatel Colleague software and maintenance will be paid through ACCES Consortium. The College is committed to paying ACCES, Inc. consortium \$82,254 for software, licensing and maintenance for FY10.

The College is a member of CAST, Inc. (College Alliance Sharing Technology), a computer consortium composed of four (4) Iowa community colleges. Its purpose is to provide administrative support and sharing of computer services. The College is committed to be a member of CAST until July 1, 2011. The percentage of the total annual expenditures of CAST, Inc. is to be paid based on the percentage of unrestricted general fund expenditures of the preceding fiscal year compared to the total of all participating colleges' general fund expenditures for the preceding fiscal year. The College's payments to CAST, Inc. for fiscal year 2010 are estimated to be \$193,464 for the consortium, which represents approximately 29% of the budget for CAST, Inc.

The College has entered into a 28E agreement with Howard-Winneshiek Community School District (District) to build a center in Cresco, Iowa. The College, in September 2001, issued \$2,095,000 Certificates of Participation Series 2001 to help finance the project. The District is responsible for all debt payments; however, the College is obligated to rent and operate the center from the District for a minimum of five years with rental payments of \$30,000 per year (see Note 5).

The total outstanding construction projects of the College at June 30, 2009 amount to \$10,634,018. These constructions commitments will be paid from the \$35 million bond levy that was passed in February 2009. Of these commitments, \$None will be funded by state and federal grants.

The College entered into a guaranty agreement with Northeast Iowa Community Based-Dairy Foundation (Foundation). The agreement states the College will pay the Foundation \$240,000 in any given year in which the Foundation does not receive funding from United States Department of Agriculture. The College also entered into a guaranty agreement with Iowa State University Extension (Extension). This agreement states the Extension will pay the College \$240,000 in any given year in which the College pays the Foundation the stated amount. Both agreements are based on certain provisions being met.

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 expenses are disallowed by the grantor government due to noncompliance with grant program regulations, the College may be required to reimburse the grantor government. As of June 30, 2009 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.

NOTES TO FINANCIAL STATEMENTS

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, and worker's compensation. The College is self-insured with respect to their health insurance coverage. The College maintains reinsurance that carries a specific stop loss of \$85,000 per employee covered and an aggregate stop loss of 125% of total estimated claims. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR).

The changes in the aggregate liabilities for claims included in salaries and benefits payable for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Claims payable, beginning of year	\$ 505,609	\$ 343,698
Claims recognized	4,137,589	3,446,926
Claim payments	(4,105,332)	(3,285,015)
Claims payable, end of year	<u>\$ 537,866</u>	<u>\$ 505,609</u>

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

17. Net Assets

The Statement of Net Assets reports \$3,284,863 of restricted net assets, of which \$3,243,481 is restricted by enabling legislation.

18. Subsequent Events

The College entered into an agreement with the Northeast Iowa Community-Based Dairy Foundation where the College loaned \$95,000 to the Northeast Iowa Community-Based Dairy Foundation. The note payable is due July 14, 2010 plus interest paid semi-annually with interest rate of 2%, unless mutually agreed by both parties to extend the due date by up to twelve months. The College borrowed the remaining \$25.1 million of the \$35 million bond levy to help pay for construction commitments.

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)
REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1,2008	-	1.018	1.018	0.0%	12.369	8.2%

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, and the funded status and funding progress.

See Notes to Required Supplementary Information.

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**INDEPENDENT AUDITOR'S REPORT ON THE
SUPPLEMENTARY INFORMATION**

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of Northeast Iowa Community College basic financial statements. The accompanying additional Balance Sheet and Schedule of Revenues, Expenditures, and Other Changes in Fund Balance information on pages 31 through 36 were prepared for purposes of additional analysis using regulatory basis and are not a required part of the basic financial statements. The adjustments made in preparing the supplemental presentations were subjected to audit procedures as part of the audit of the basic financial statements. The accompanying regulatory financial statements are not intended to present Northeast Iowa Community College's financial position or results of operations. The 2009 information shown on pages 37 through 40 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We also have previously audited, in accordance with U.S. generally accepted auditing standards, the financial statements of Northeast Iowa Community College as of and for the six years ended prior to June 30, 2008 (which is not presented herein), and we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the supplementary information for each of the six years in the period ended June 30, 2008, appearing on pages 38-39 is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
March 15, 2010

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NORTHEAST IOWA COMMUNITY COLLEGE
BALANCE SHEET
June 30, 2009

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Scholarships
ASSETS				
Cash	\$ 3,207,444	\$ 496,840	\$ 4,377,463	
Investments			9,513,920	
Receivables				
Accounts, less allowance of \$743,839	5,716,986	16,365	427,761	\$ 407
Accrued interest			301,801	
Property tax				
Current year delinquent	41,382		31,694	
Succeeding year	1,688,587		1,576,600	
Due from other funds	95,596	574,021		
Due from other governments	883,675	2,323	132,447	81,417
Due from affiliate			13,019	16,398
Inventories	7,836	501,211		
Due from Iowa Industrial New Jobs Training Program			7,056,261	
Restricted investments				
Capital assets				
Land				
Construction in progress				
Buildings				
Other structures and improvements				
Furniture and equipment, including assets acquired under capital leases of \$1,290,611				
Accumulated depreciation				
Total assets	<u>\$ 11,641,506</u>	<u>\$ 1,590,760</u>	<u>\$ 23,430,966</u>	<u>\$ 98,222</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 260,619	\$ 64,032	\$ 29,487	
Salaries and benefits payable	1,408,023		(1,962)	
Deposits held in custody for others	92,265			
Due to other funds				\$ 95,596
Due to affiliate	179,275	33,580		
Deferred revenue				
Succeeding year property tax	1,688,587		1,576,600	
Other	5,751,674		2,273,148	
Compensated absences	351,773	106,046		
Early retirement payable			72,838	
Net OPEB liability				
Notes payable			680,000	
Bonds payable				
Obligations under capitalized leases				
Certificates payable			15,560,000	
Total liabilities	<u>9,732,216</u>	<u>203,658</u>	<u>20,190,111</u>	<u>95,596</u>
Fund balance				
Invested in capital assets, net of related debt				
Fund balances				
Restricted for specific purposes			3,240,855	2,626
Unrestricted	1,909,290	1,387,102		
Total fund equity	<u>1,909,290</u>	<u>1,387,102</u>	<u>3,240,855</u>	<u>2,626</u>
Total liabilities and fund equity	<u>\$ 11,641,506</u>	<u>\$ 1,590,760</u>	<u>\$ 23,430,966</u>	<u>\$ 98,222</u>

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 1

Unexpended	Plant Funds		GAAP Adjustments	GAAP Basis
	Retirement of Indebtedness	Investment in Plant		
\$ 2,097,890				\$ 10,179,637
				9,513,920
1,639				6,163,158
4				301,805
	\$ 41,382			114,458
	1,687,575			4,952,762
				669,617
				1,099,862
7,238				36,655
				509,047
				7,056,261
4,158,342				4,158,342
		\$ 683,366		683,366
		4,378,298		4,378,298
		30,526,242		30,526,242
		701,466		701,466
		5,761,486		5,761,486
		(21,800,814)		(21,800,814)
\$ 6,265,113	\$ 1,728,957	\$ 20,250,044	\$ -	\$ 65,005,568
\$ 1,563,469				\$ 1,917,607
				1,406,061
				92,265
574,021				669,617
				212,855
	\$ 1,687,575			4,952,762
251,100				8,275,922
				457,819
				72,838
			\$ 134,771	134,771
2,025,322		\$ 2,584,678		5,290,000
5,595,906		4,304,094		9,900,000
59,567		155,954		215,521
				15,560,000
10,069,385	1,687,575	7,044,726	134,771	49,158,038
		13,205,318		13,205,318
	41,382			3,284,863
(3,804,272)			(134,771)	(642,651)
(3,804,272)	41,382	13,205,318	(134,771)	15,847,530
\$ 6,265,113	\$ 1,728,957	\$ 20,250,044	\$ -	\$ 65,005,568

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NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE
For the Year Ended June 30, 2009

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Scholarships
REVENUES AND OTHER ADDITIONS				
General				
State appropriations	\$ 9,177,718	\$ 25,083	\$ 543,631	\$ 299,316
Tuition and fees	13,583,944	57,798	370,261	
Property taxes	1,614,588		1,208,786	
Federal appropriations	748,359	26,564	1,256,997	16,055,110
Investment income	240,187		495,469	
Iowa Industrial New Jobs Training Program			3,255,689	
Sales and services	43,239			
Miscellaneous	132,328		888,924	135,088
	25,540,363	109,445	8,019,757	16,489,514
Auxiliary enterprises				
Sales and services		3,527,838		
Miscellaneous		87,969		
		3,615,807		
Total revenues and other additions	25,540,363	3,725,252	8,019,757	16,489,514
EXPENDITURES AND OTHER DEDUCTIONS				
Education and support				
Liberal arts and sciences	5,641,506		3,016	
Vocational technical	6,576,950		755,681	
Adult education	2,444,912		58,061	
Cooperative services	2,520,571		4,345,479	
General administration	1,909,499		3,427	
Student services	1,772,911		2,127	
Learning resources	532,341		354,015	
Physical plant	1,712,748		507,090	
General institution	3,062,668		440,375	
	26,174,106		6,469,271	
Auxiliary enterprises				
Scholarships and grants		4,337,177		16,485,045
Loan cancellations and bad debts				
Plant asset acquisitions				
Interest on indebtedness				
Other				
Expended for plant assets				
Bond payable for plant assets				
Retirement of indebtedness				
Transfer of equipment from affiliate				
Disposal of plant assets				
Depreciation				
Donated plant assets received				
		4,337,177		16,485,045
Total expenditures and other deductions	26,174,106	4,337,177	6,469,271	16,485,045

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 2

Unexpended	Plant Funds		GAAP Adjustments	GAAP Basis
	Retirement of Indebtedness	Investment in Plant		
\$ 1,137			\$ (119,886)	\$ 9,926,999
861,565	\$ 753,023		(5,695,481)	8,316,522
69,124			254,974	4,437,962
42,316				18,342,004
4,521			(135,088)	804,780
				3,255,689
978,663	753,023		(5,695,481)	85,555
				1,025,773
			(1,190,131)	2,337,707
				87,969
			(1,190,131)	2,425,676
978,663	753,023		(6,885,612)	48,620,960
			(4,628)	5,639,894
			(140,599)	7,192,032
			(11,488)	2,491,485
			(1,096,101)	5,769,949
				1,912,926
			(5,085)	1,769,953
			(16,016)	870,340
			(16,000)	2,203,838
			126,244	3,629,287
			(1,163,673)	31,479,704
			(12,617)	4,324,560
			(6,885,612)	9,599,433
589,681			(72,432)	-
	450,276		1,045,516	517,249
				1,495,792
		\$ (337,977)	337,977	-
				-
	300,000	(300,000)		-
		(5,200)		(5,200)
		153,519		153,519
		1,209,909		1,209,909
		(84,055)		(84,055)
589,681	750,276	636,196	(5,587,168)	17,211,207
589,681	750,276	636,196	(6,750,841)	48,690,911

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE (Continued)
For the Year Ended June 30, 2009

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Scholarships
Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions	\$ (633,743)	\$ (611,925)	\$ 1,550,486	\$ 4,469
TRANSFERS				
Mandatory	651,186		(615,141)	(4,469)
Nonmandatory	149,220	388,952	(569,748)	
Total transfers	800,406	388,952	(1,184,889)	(4,469)
Net increase (decrease) in fund balance	166,663	(222,973)	365,597	-
FUND BALANCE				
Beginning	1,742,627	1,610,075	2,875,258	2,626
Ending	\$ 1,909,290	\$ 1,387,102	\$ 3,240,855	\$ 2,626

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 2
(Continued)

		Plant Funds			
Unexpended	Retirement of Indebtedness	Investment in Plant	GAAP Adjustments	GAAP Basis	
\$ 388,982	\$ 2,747	\$ (636,196)	\$ (134,771)	\$ (69,951)	
				31,576	
				(31,576)	
				-	
388,982	2,747	(636,196)	(134,771)	(69,951)	
(4,193,254)	38,635	13,841,514		15,917,481	
\$ (3,804,272)	\$ 41,382	\$ 13,205,318	\$ (134,771)	\$ 15,847,530	

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NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE
EDUCATION AND SUPPORT UNRESTRICTED CURRENT FUNDS
For the Year Ended June 30, 2009

	Education		
	Liberal Arts and Sciences	Vocational Technical	Adult Education
REVENUES AND OTHER ADDITIONS			
State appropriations	\$ 2,921,523	\$ 4,685,104	\$ 1,471,939
Tuition and fees	5,066,403	5,937,571	1,340,626
Property taxes			
Federal appropriations		106,532	275,874
Investment income			
Sales and services			14,391
Miscellaneous	29	13,076	11,155
	7,987,955	10,742,283	3,113,985
Allocation of support services	644,934	970,123	113,551
Total revenues and other additions	8,632,889	11,712,406	3,227,536
EXPENDITURES AND OTHER DEDUCTIONS			
Salaries and wages	4,317,883	4,919,801	1,624,809
Employee fringe benefits	1,242,544	1,408,915	442,235
Services	18,439	123,230	291,233
Materials and supplies	48,437	86,906	45,028
Travel	9,575	32,665	41,043
Plant asset acquisitions	4,628	5,433	
Miscellaneous			564
	5,641,506	6,576,950	2,444,912
Allocation of support services	2,949,883	4,437,276	519,374
Total expenditures and other deductions	8,591,389	11,014,226	2,964,286
Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions	41,500	698,180	263,250
TRANSFERS			
Mandatory		(1,277)	
Nonmandatory	112,768	225,332	2,956
Total transfers	112,768	224,055	2,956
Net increase (decrease) in fund balance	\$ 154,268	\$ 922,235	\$ 266,206
FUND BALANCE			
Beginning			
Ending			

See Independent Auditor's Report on the Supplementary Information.

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NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISE UNRESTRICTED CURRENT FUNDS
Year Ended June 30, 2009

	Bookstore	Food Services	Child Care
Revenues and other additions			
State appropriations			\$ 25,083
Tuition and fees			
Federal appropriations			26,564
Sales and services	\$ 2,554,200	\$ 250,410	574,309
Miscellaneous	20,624		2,603
Total revenues and other additions	2,574,824	250,410	628,559
Expenditures and other deductions			
Salaries and wages	118,335	108,163	709,925
Employee fringe benefits	120,951	27,616	184,458
Services	17,225	40,749	4,582
Materials and supplies	1,412	12,237	84,759
Travel	1,959		110
Loan cancellations and bad debts			
Cost of goods sold	2,032,557	100,733	
Plant asset acquisitions	9,059		3,558
Miscellaneous	22,500		
Total expenditures and other deductions	2,323,998	289,498	987,392
Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions	250,826	(39,088)	(358,833)
Transfers			
Mandatory			
Nonmandatory	(595,725)	56,358	358,833
	(595,725)	56,358	358,833
Net increase (decrease) in fund balance	(344,899)	17,270	-
Fund balance (deficit)			
Beginning	1,296,728	11,408	
Ending	\$ 951,829	\$ 28,678	\$ -

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 4

Farm	Trade and Industry	Professional Development	Miscellaneous	Total
				\$ 25,083
	\$ 8,053	\$ 48,278	\$ 1,467	57,798
				26,564
	104,259	1,804	42,856	3,527,838
	2,259	20	62,463	87,969
	114,571	50,102	106,786	3,725,252
				936,423
				333,025
	3,847	33,900	12,628	112,931
	16,978	711	518,669	634,766
	4,050	13,601		19,720
\$ 32,500	66,381		14,595	2,246,766
				12,617
			18,429	40,929
32,500	91,256	48,212	564,321	4,337,177
(32,500)	23,315	1,890	(457,535)	(611,925)
	54,478	(54,478)	569,486	388,952
	54,478	(54,478)	569,486	388,952
(32,500)	77,793	(52,588)	111,951	(222,973)
47,231	17,490	69,893	167,325	1,610,075
\$ 14,731	\$ 95,283	\$ 17,305	\$ 279,276	\$ 1,387,102

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE
RESTRICTED CURRENT FUNDS
Year Ended June 30, 2009

	Restricted Property Tax Levies	Iowa New Jobs Training	Other Federal Programs	Miscellaneous	Total
Revenues and other additions					
State appropriations			\$ 543,631		\$ 543,631
Tuition and fees				\$ 370,261	370,261
Property taxes	\$ 1,208,786				1,208,786
Federal appropriations			1,256,997		1,256,997
Investment income	495,469				495,469
Iowa Industrial New Jobs Training Program		\$ 3,255,689			3,255,689
Miscellaneous	34,235	807,063	21,035	26,591	888,924
Total revenues and other additions	1,738,490	4,062,752	1,821,663	396,852	8,019,757
Expenditures and other deductions					
Salaries and wages			592,206		592,206
Employee fringe benefits	143,667		222,722		366,389
Services	459,619	2,496,172	248,562	73,844	3,278,197
Materials and supplies	385,213		165,402	111,452	662,067
Travel			61,369	97	61,466
Plant asset acquisitions	84,307		37,987	208,375	330,669
Interest on indebtedness		1,035,000		10,516	1,045,516
Miscellaneous			132,761		132,761
Total expenditures and other deductions	1,072,806	3,531,172	1,461,009	404,284	6,469,271
Excess of revenues and other additions over (under) expenditures and other deductions	665,684	531,580	360,654	(7,432)	1,550,486
Transfers					
Mandatory		(531,580)	(83,561)		(615,141)
Nonmandatory	(361,771)		(205,664)	(2,313)	(569,748)
Total transfers	(361,771)	(531,580)	(289,225)	(2,313)	(1,184,889)
Net increase (decrease) in fund balance	303,913	-	71,429	(9,745)	365,597
Fund balance					
Beginning	2,296,686		350,607	227,965	2,875,258
Ending	\$ 2,600,599	\$ -	\$ 422,036	\$ 218,220	\$ 3,240,855

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
 SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS
 AGENCY FUNDS
 Year Ended June 30, 2009

	Student Organizations Federal	Federal and Other Programs	Retraining	Dairy Center	Total
Balance, beginning of year	\$ 77,006	\$ 5,852	\$ 150,082	\$ 69	\$ 233,009
Additions					
State appropriations			163,762		163,762
Tuition and fees	118,596				118,596
Federal appropriations		103,086		162,058	265,144
Sales and services	52				52
Miscellaneous	91,146			1,397,819	1,488,965
Transfers					-
Total additions	209,794	103,086	163,762	1,559,877	2,036,519
Deductions					
Salaries and wages	1,600	58,726		250,701	311,027
Employee fringe benefits	122	35,523		22,298	57,943
Services	110,864	546	277,001	686,912	1,075,323
Materials and supplies	43,320	46		600,041	643,407
Travel	55,175	8,245		748	64,168
Cost of goods sold	14,147				14,147
Miscellaneous	9,835				9,835
Plant asset acquisitions	1,413				1,413
Transfers					-
Total deductions	236,476	103,086	277,001	1,560,700	2,177,263
Balance, end of year	\$ 50,324	\$ 5,852	\$ 36,843	\$ (754)	\$ 92,265

See Independent Auditor's Report on the Supplementary Information.

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Local (property tax)	\$ 4,437,962	\$ 4,710,263	\$ 4,617,926	\$ 4,434,120
State appropriations	9,926,999	9,582,594	9,318,872	9,225,795
Federal appropriations	<u>18,342,004</u>	<u>15,164,519</u>	<u>13,211,473</u>	<u>13,808,778</u>
 Total	 <u>\$ 32,706,965</u>	 <u>\$ 29,457,376</u>	 <u>\$ 27,148,271</u>	 <u>\$ 27,468,693</u>

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 7

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 4,264,427	\$ 4,175,583	\$ 4,135,629
7,264,588	7,301,681	7,370,251
<u>14,292,929</u>	<u>13,283,108</u>	<u>12,100,664</u>
<u>\$ 25,821,944</u>	<u>\$ 24,760,372</u>	<u>\$ 23,606,544</u>

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

	2009	2008	2007	2006
Revenues				
State appropriations	\$ 10,045,748	\$ 9,646,510	\$ 8,585,540	\$ 8,273,314
Tuition and fees	14,012,003	12,617,952	12,627,379	11,542,638
Property taxes	2,823,374	3,154,039	3,087,576	2,950,677
Federal appropriations	18,087,030	14,421,197	13,210,561	13,662,743
Investment income	735,656	781,538	770,894	372,952
Iowa Industrial New Jobs Training Program	3,255,689	2,942,389	2,681,762	2,022,297
Auxiliary enterprises	3,615,807	3,364,701	3,165,052	3,019,488
Miscellaneous	1,199,579	1,605,837	3,998,906	2,288,211
	<u>\$ 53,774,886</u>	<u>\$ 48,534,163</u>	<u>\$ 48,127,670</u>	<u>\$ 44,132,320</u>
Expenditures				
Liberal arts and sciences	\$ 5,644,522	\$ 3,132,660	\$ 4,291,171	\$ 4,551,128
Vocational technical	7,332,631	9,028,181	7,406,780	8,270,645
Adult education	2,502,973	2,435,011	2,445,756	2,562,093
Cooperative services	6,866,050	6,318,846	7,611,483	4,633,475
General administration	1,912,926	1,788,637	1,229,762	750,693
Student services	1,775,038	1,653,107	1,514,565	1,572,779
Learning resources	886,356	742,207	776,377	756,579
Physical plant	2,219,838	1,910,678	1,650,778	1,604,176
General institution	3,503,043	3,377,247	3,526,426	3,363,388
Auxiliary enterprises	4,337,177	3,558,057	3,406,178	3,188,290
Scholarships and grants	16,485,045	13,315,714	12,730,287	12,890,231
Loan cancellations and bad debts			(234)	8,445
	<u>\$ 53,465,599</u>	<u>\$ 47,260,345</u>	<u>\$ 46,589,329</u>	<u>\$ 44,151,922</u>

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 8

2005	2004	2003
\$ 7,168,615	\$ 7,166,690	\$ 7,178,190
12,445,632	11,606,023	10,137,275
2,820,385	2,712,602	2,679,163
14,061,236	12,873,853	11,730,943
185,491	179,649	228,708
2,273,725	2,216,877	2,822,387
3,001,282	2,801,656	2,604,598
295,227	262,409	361,260
\$ 42,251,593	\$ 39,819,759	\$ 37,742,524
\$ 4,490,667	\$ 3,531,504	\$ 3,209,553
7,739,181	7,634,475	6,999,074
2,377,622	2,291,969	2,043,828
4,548,362	4,103,043	4,444,707
523,381	842,823	785,312
1,476,424	1,665,225	1,404,352
841,086	814,478	565,680
1,576,922	1,446,945	1,188,661
2,792,226	2,771,600	2,762,790
3,019,160	3,081,176	2,831,437
12,332,748	11,503,712	10,378,965
14,405	9,247	4,697
\$ 41,732,184	\$ 39,696,197	\$ 36,619,056

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT
Year Ended June 30, 2009

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	47,317		47,317			
Vocational Education	55,454		55,454			
Adult/Continuing Education				385,162	84,685	469,847
Related Services and Activities					34,252	34,252
Total	102,771		102,771	385,162	118,937	504,099

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
 BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2009

Funds/Levy	Original Budget	Actual	Variance Actual and Budget
Unrestricted	\$ 25,800,878	\$ 26,174,106	\$ (373,228)
Restricted	14,500,000	5,430,982	9,069,018
Unemployment	11,634	10,059	1,575
Insurance	338,811	321,891	16,920
Tort	145,000	181,024	(36,024)
Equipment replacement	955,916	525,315	430,601
Total restricted	15,951,361	6,469,271	9,482,090
Plant			
Bonds and interest	9,434,409	1,976,153	7,458,256
Total	\$ 51,186,648	\$ 34,619,530	\$ 16,567,118

Note to Budgetary Reporting:

The Board of Trustees annually prepares a budget designating the proposed expenditures for operation of the College on a basis consistent with U.S. generally accepted accounting principles. 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, Loan Funds, and Agency Funds.

For the year ended June 30, 2009, the College's expenditures for unrestricted fund and restricted fund - tort subgroup exceeded the amount budgeted.

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 59.037 – Small Business Development Centers
 - CFDA Number 84.042 – TRIO-Student Support Services
 - CFDA Number 84.047 – TRIO-Upward Bound
 - Clustered programs:
 - CFDA Number 84.007 – Federal Supplemental Educational Opportunity
 - CFDA Number 84.032 – Federal Family Education Loans
 - CFDA Number 84.033 – Federal Work-Study Program
 - CFDA Number 84.063 – Federal Pell Grant Program
 - CFDA Number 84.268 – Federal Direct Student Loans –Subsidized/Unsubsidized, Plus Loans
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Northeast Iowa Community College did qualify as a low-risk auditee.

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part II: Findings Related to the Financial Statements:

No matters were noted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

See Management Letter dated March 15, 2010.

Part V: Summary of Prior Federal Audit Findings and Questions Costs

N/A

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
U.S. Department of Agriculture			
Direct			
Cooperative State Research, Education, and Extension Service	10.500	\$ 161,104 162,057	
		<u>323,161</u>	
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10.226	<u>16,557</u>	
Passed through Iowa Department of Education			
Child and Adult Care Food Program	10.558	26,564	
Summer Food Service Program for Children	10.559	<u>5,921</u>	
		<u>32,485</u>	
Subtotal Department of Agriculture		<u>372,203</u>	
U.S. Department of Health and Human Services			
Passed through University of Iowa			
Occupational Safety and Health Program	93.262	<u>5,225</u>	
U.S. Department of Labor			
Passed through Iowa Department of Workforce Development			
Job Training Partnership Act (JTPA)	17.250	<u>100,748</u>	
Passed through Iowa Department of Education			
Mine Health and Safety Grants	17.600	11,775	
Incentive Grants - WIA Section 503	17.267	<u>31,526</u>	
		<u>43,301</u>	
Subtotal U.S. Department of Labor		<u>144,049</u>	
National Science Foundation			
Passed through Iowa State University			
Education and Human Resources	47.076	<u>80,519</u>	
Small Business Development Center			
Passed through Iowa State University			
Small Business Development	59.037	<u>129,990</u>	

See Independent Auditor's Report on the Schedule of Expenditures of Federal Awards.

NORTHEAST IOWA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
U.S. Department of Education			
Direct			
Adult Education - State Grant Program	84.002	\$ 266,437	
Federal Supplemental Educational Opportunity Grants	84.007	93,183	
Federal Direct Loans - Plus Loans	84.268		\$ 76,825
Federal Direct Loans - Subsidized Loans	84.268		5,609,938
Federal Direct Loans - Unsubsidized Loans	84.268		5,827,819
Federal Family Education Loans	84.032		2,127
Federal Work-Study Program	84.033	106,532	
Federal Pell Grant Program	84.063	4,420,820	
TRIO - Student Support Services	84.042	251,357	
TRIO - Upward Bound	84.047	493,644	
		<u>5,631,973</u>	<u>11,516,709</u>
Passed through Iowa Department of Education			
Academic Competitiveness Grant	84.375	26,525	
Vocational Education-Basic Grants to States			
Vocational Education - Basic Grants to States	84.048	365,953	
Tech-Prep Education	84.243A	79,028	
		<u>471,506</u>	
Subtotal U.S. Department of Education		<u>6,103,479</u>	<u>11,516,709</u>
		<u>\$ 6,835,465</u>	<u>\$ 11,516,709</u>

See Independent Auditor's Report on the Schedule of Expenditures of Federal Awards.

NORTHEAST IOWA COMMUNITY COLLEGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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**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 the financial statements of the business-type activities, the discretely presented component unit, and each major fund of Northeast Iowa Community College as of and for the year ended June 30, 2009, which collectively comprise Northeast Iowa Community College's basic financial statements and have issued our report thereon dated March 15, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Northeast Iowa Community College in a separate letter dated March 15, 2010.

This report is intended solely for the information and use of the Audit Committee, Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hacher, Nelson & Co., P.C.

Decorah, Iowa
March 15, 2010

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Northeast Iowa Community College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The College's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on Northeast Iowa Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeast Iowa Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Northeast Iowa Community College's compliance with those requirements.

In our opinion, Northeast Iowa Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Northeast Iowa Community College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northeast Iowa Community College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities, the discretely presented component unit, each major fund of Northeast Iowa Community College as of and for the year ended June 30, 2009, and have issued our report thereon dated March 15, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Northeast Iowa Community College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Audit Committee, Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hacher, Nelson & Co., P.C.

Decorah, Iowa
March 15, 2010

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MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the Northeast Iowa Community College for the year ended June 30, 2009, we considered the College's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the College's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 thru 8 below are compliance comments required by the Iowa Auditor of State. A separate report dated March 15, 2010 contains our report on significant deficiencies in the College's internal control. This letter does not affect our report dated March 15, 2010, on the financial statements of the Northeast Iowa Community College. Comment numbers 7, 9 and 10, are repeat comments from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the College's responses and, accordingly, we express no opinion on them.

1. **Certified Budget**
Disbursements for the year ended June 30, 2009 did not exceed the amounts budgeted.
2. **Questionable Disbursements**
We noted no disbursements that may not meet the requirements of public purpose as defined in the Attorney General's Opinion dated April 25, 1979.
3. **Travel Expense**
No expenditures of College money for travel expenses of spouses of College officials and/or employees were noted. No travel advances to College officials or employees were noted.
4. **Business Transactions**
We noted no business transactions between the College and College officials and/or employees for the year ended June 30, 2009.
5. **Bond Coverage**
Surety bond coverage of College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

6. Trustee Minutes
We noted no transactions requiring Trustee approval, which had not been approved by the Trustees.

7. Publication
The College has on file an affidavit of publication documenting the College's published statement showing the disbursements of its funds, including the names of persons, firms, or corporations to which disbursements were made, in accordance with Section 260C.14(12) of the Code of Iowa. The College did not publish a statement summarizing receipts and disbursements until September.

Recommendation

We recommend the College publish a statement showing the receipts, as required by Section 260C.14 (12) of the Code of Iowa.

Response

The College agrees with the comment.

Conclusion

Response accepted.

8. Deposits and Investments
We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the College's investment policy.

9. Fund Balance Deficits
As of June 30, 2009, there are several sub-group accounts reporting fund balance deficits.

Recommendation

We recommend the College use the collected funds to first eliminate the deficits before committing these funds to other uses.

Response

The College has reviewed the deficits and has taken corrective action for major deficits. The College has the authority to levy taxes in the succeeding years to cover the deficits.

Conclusion

Response accepted.

10. Cash Accounts
There are two funds that have deficit cash balances as of June 30, 2009. These funds are in theory borrowing money from other funds to pay for expenses.

Recommendation

We recommend the College review cash balances throughout the year prior to paying expenses. We also recommend the College review charges collected are adequate to cover expenses or make transfers between funds to eliminate these deficits.

10. Cash Accounts (Continued)

Response

The scholarship and agency fund deficits are due to reclassification of receivables. We will review the accounts closer in the future.

Conclusion

Response accepted.

11. Financial Aid Reports

During our audit, we noted there was one student eligible for a Pell award in the summer 2009 term, but did not receive the funds.

Recommendation

We recommend the financial aid office continue to work on improving how awards are handled during the summer terms.

Response

Datatel does not perform aid calculations for the summer term. The financial aid office performs these awards by hand and this individual was missed. We will correct this error and award the student the Pell money. We will continue to work on ways to improve how the summer term financial aid is handled.

Conclusion

Response accepted.

12. Outstanding Checks

The College has not turned over payroll checks that are over a year outstanding with the State Treasurer as required by Chapter 556.11 of the Code of Iowa.

Recommendation

We recommend the status of all old outstanding checks be communicated to the appropriate personnel in a timely manner to resolve matters quickly and in the required time.

Response

The College will review and comply with auditor's recommendation.

Conclusion

Response accepted.

13. Transfers

During our audit, we noted there were nonmandatory transfers made between funds which were not approved by the Board of Trustees.

Recommendation

We recommend the Board of Trustees approve the nonmandatory transfers.

13. Transfers (Continued)

Response

We will work with the auditors on complying with their recommendations.

Conclusion

Response accepted.

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

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

Hacher, Nelson & Co., P.C.

Decorah, Iowa
March 15, 2010