

**NORTHEAST IOWA  
COMMUNITY COLLEGE  
CALMAR, IOWA**

**FINANCIAL REPORT**

**JUNE 30, 2010**

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NORTHEAST IOWA COMMUNITY COLLEGE

BOARD OF TRUSTEES AND COLLEGE OFFICIALS

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
<b><u>Board of Trustees</u></b> <b>(Before September 2009 Election)</b>		
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

<b><u>Board of Trustees</u></b> <b>(After September 2009 Election)</b>		
Kenneth Reimer	President	2011
Jim Anderson	Vice-President	2011
Kathy Gunderson	Member	2013
Ronda Kirkegaard	Member	2013
Larry Blatz	Member	2011
Tobin Britt	Member	2013
David Schueller	Member	2013
Gene Fuelling	Member	2013
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

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Decorah, Iowa 52101  
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*Certified Public Accountants*  
*And Business Consultants*  
  
*www.hackernelson.com*

9 North Locust Avenue  
P.O. Box 529  
New Hampton, Iowa 50659  
Telephone 641 394-2245  
Fax 641 394-3138

## 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, 2010, 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, 2010, 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 November 16, 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 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.

U.S. generally accepted accounting principles require that the management's discussion and analysis on page 4 and schedule of funding progress for the retiree health plan on page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Decorah, Iowa  
November 16, 2010

NORTHEAST IOWA COMMUNITY COLLEGE  
CALMAR, IOWA

Management's Discussion and Analysis  
For the Fiscal Year Ending June 30, 2010

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, 2010.

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 35.50%, from fiscal year 2009. Increased enrollment contributed to the increase in tuition receipts received. There was also an increase in federal appropriations from fiscal year 2009. Nonoperating revenue increased 31.29% from fiscal year 2009, due to a tax levy for debt service and a levy for early retirement.
- College operating expenses were 21.04% higher from fiscal year 2009. The College had a 76.74% increase in cooperative services expenses and 42.67% increase in scholarships and grant expenses. The College had moderate increases in all the other expenses.
- The College's financial statement shows that net assets increased 37.60% from fiscal year 2009. The table below shows the College's net assets increased by 37.60%.

CHANGE IN NET ASSETS COMPARISON

	Unrestricted	Auxiliary	Restricted	Scholarship	Plant	Total Net Assets
FY 2010	2,763,292	1,973,590	3,824,393	2,626	13,242,568	21,806,469
FY 2009	1,774,518	1,387,102	3,240,855	2,626	9,442,429	15,847,530
\$ Change	988,774	586,488	583,538	-	3,800,139	5,958,939
% Change	55.72%	42.28%	18.01%	0.00%	40.25%	37.60%

- The following table shows the changes in net assets from the past five years:

CHANGE IN NET ASSETS COMPARISON

	Unrestricted	Auxiliary	Restricted	Scholarship	Plant	Total Net Assets
FY 2010	2,763,292	1,973,590	3,824,393	2,626	13,242,568	21,806,469
FY 2009	1,774,518	1,387,102	3,240,855	2,626	9,442,429	15,847,530
FY 2008	1,742,627	1,610,075	2,875,258	2,626	9,686,895	15,917,481
FY 2007	1,627,398	1,310,275	2,065,556	2,626	8,899,974	13,905,829
FY 2006	940,586	953,906	1,762,796	2,626	8,506,967	12,166,881

## 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 assets and liabilities increased from 2009 to 2010 due to an increase in the asset amounts due from Iowa Industrial New Jobs Training Program and additional certificates issued and bonds issued for construction projects. 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.

	Condensed Statement of Net Assets		Percent Change
	(Expressed in Thousands)		
	2010	2009	
Current and other assets	\$ 46,309	\$ 33,577	37.92%
Other noncurrent assets	24,955	10,509	137.46%
Capital assets	34,585	20,250	70.79%
<b>Total assets</b>	<b>\$ 105,849</b>	<b>\$ 64,336</b>	<b>64.53%</b>
Long-term debt outstanding	\$ 54,280	\$ 27,831	95.03%
Other liabilities	29,763	20,658	44.07%
<b>Total liabilities</b>	<b>\$ 84,043</b>	<b>\$ 48,489</b>	<b>73.32%</b>
Net assets			
Invested in capital assets, net of related debt	\$ 13,953	\$ 9,462	47.46%
Restricted	3,852	3,285	17.26%
Unrestricted	4,001	3,100	29.06%
<b>Total net assets</b>	<b>\$ 21,806</b>	<b>\$ 15,847</b>	<b>37.60%</b>

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

### *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.

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 positive year, with an increase in the net assets at the end of the fiscal year.

In FY10, 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.
- Property taxes also increased with increase in levies for debt service and early retirement.

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

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

	<b>Changes in Net Assets</b>		<b>Percent Change</b>
	<b>(Expressed in Thousands)</b>		
	<b>2010</b>	<b>2009</b>	
Operating Revenues:			
Tuition and fees	\$ 9,251	\$ 8,317	11.23%
Federal appropriations	18,061	13,921	29.74%
Iowa Industrial New Jobs Training Program	3,065	3,256	-5.87%
Sales and services	2,582	2,423	6.56%
Miscellaneous	6,377	1,114	472.44%
<b>Total operating revenues</b>	<b>39,336</b>	<b>29,031</b>	<b>35.50%</b>
Total operating expenses	57,048	47,131	21.04%
<b>Operating loss</b>	<b>(17,712)</b>	<b>(18,100)</b>	<b>-2.14%</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State appropriation	8,562	9,927	-13.75%
PELL grant	8,348	4,421	88.83%
Property taxes	8,339	4,438	87.90%
Investment income	767	805	-4.72%
Loss on sale of capital assets	(305)	(154)	98.05%
Donated plant assets received	9	89	-89.89%
Interest on indebtedness	(2,049)	(1,496)	36.97%
Net nonoperating revenues (expenses)	23,671	18,030	31.29%
<b>(Decrease) increase in net assets</b>	<b>5,959</b>	<b>(70)</b>	<b>-8612.86%</b>
Net assets Beginning of Year	15,847	15,917	-0.44%
<b>Net assets End of Year</b>	<b>\$ 21,806</b>	<b>\$ 15,847</b>	<b>37.60%</b>

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (CONTINUED)

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

	<b>Operating Expenses</b>		<b>Percent Change</b>
	<b>(Expressed in Thousands)</b>		
	<b>2010</b>	<b>2009</b>	
Education and support			
Liberal arts and sciences	\$ 5,702	\$ 5,640	1.10%
Vocational technical	7,367	7,192	2.43%
Adult education	2,652	2,491	6.46%
Cooperative services	10,198	5,770	76.74%
General administration	1,600	1,913	-16.36%
Student services	1,725	1,770	-2.54%
Learning resources	923	870	6.09%
Physical plant	2,774	2,204	25.86%
General institution	3,979	3,635	9.46%
Auxiliary enterprises	4,451	4,325	2.91%
Scholarships and grants	13,695	9,599	42.67%
Depreciation	1,328	1,210	9.75%
Other	654	512	27.73%
<b>Total operating expenses</b>	<b>\$ 57,048</b>	<b>\$ 47,131</b>	<b>21.04%</b>

In FY10, operating expenses increased as a net result of the following changes:

- Increase in cooperative services through the New Jobs Training Program.
- Increase in scholarships and grants through the increase in enrollment.

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.

	<b>Cash Flows</b>	
	<b>(Expressed in Thousands)</b>	
	<b>2010</b>	<b>2009</b>
Cash provided by (used in):		
Operating activities	\$ (19,770)	\$ (16,806)
Non-capital financing activities	25,264	18,695
Capital and related financing activities	10,825	5,173
Investing activities	(10,195)	(5,450)
<b>Net increase in cash</b>	<b>6,124</b>	<b>1,612</b>
Cash beginning of year	10,180	8,568
Cash end of year	<b>\$ 16,304</b>	<b>\$ 10,180</b>

## 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, 2010, the College had approximately \$57.0 million invested in capital assets, less accumulated depreciation of \$22.5 million. Depreciation charges totaled \$1,327,847 and \$1,209,909 for FY2010 and FY2009, respectively. Details of capital assets are shown below.

	<b>Capital Assets, Net</b>	
	<b>(Expressed in Thousands)</b>	
	<b>2010</b>	<b>2009</b>
Land	\$ 683	\$ 683
Buildings	16,887	12,042
Construction in progress	14,195	4,378
Other structures and improvements	1,450	1,423
Equipment and vehicles	1,370	1,724
<b>Total</b>	<b>\$ 34,585</b>	<b>\$ 20,250</b>

The College is currently developing a Facilities Master Plan. More detailed information about the College's capital assets is presented in Note 5 to the financial statements.

## DEBT

At June 30, 2010, the College had \$61.0 million in debt outstanding, an increase of \$29.7 million from 2009. The table below summarizes these amounts by type.

	<b>Long-Term Debt</b>	
	<b>(Expressed in Thousands)</b>	
	<b>2010</b>	<b>2009</b>
Notes payable	\$ 4,745	\$ 5,290
Certificates payable	22,495	15,560
Bonds payable	33,220	9,900
Capital leases	60	216
<b>Total</b>	<b>\$ 60,520</b>	<b>\$ 30,966</b>

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

## **ECONOMIC FACTORS**

Northeast Iowa Community College (NICC) continues to improve its financial position during fiscal year ending June 30, 2010. 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, NICC has experienced an economic downturn in revenues at the state level. State aid for FY10 will decrease approximately \$1,671,212 over the prior year FY09. The Federal American Recovery and Reinvestment Act (ARRA) funds allocated to Iowa Community Colleges for FY10. NICC received \$1,162,190 to supplement loss of state aid. With tuition increases and federal aid programs to assist the College to maintain a good financial position, staffing level remained fairly constant.
- Workforce growth in Northeast Iowa continues to be positive for business and industry. NICC's New Job Training Program (260E) developed \$10 million in new training for new or expanded companies in northeast Iowa. Northeast Iowa is projected to have an additional \$10 million in the job creation program next fiscal year. This continues to expand the workforce as evidenced by the College's job training activity, and increase 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 has projected an additional 650 new jobs.
- The College is experiencing enrollment growth, 14.96% in FY2010, as the result of continuous efforts to increase market share. This year, new programming in credit and non-credit programming included Wind Turbine Repair, Computerized Numerical Control, and various "green job" trainings and certifications. Pending approval from the Department of Education, the Chemical Technology AS and AAS degrees will be offered this coming fall. Other programs under consideration include veterinary technology and engineering technology programs. Online programming is expected to increase enrollment as more degrees are offered completely online. 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 has implemented a new software system with efforts to update alumni database and begin an alumni association. The software will also make possible better donor tracking.
- Property taxes from NICC's large tax base continue to provide the College with steady revenue. FY2010 property taxes increased 23.55% largely due to the first tax collections of \$3.4 million for the \$35 million debt retirement passed by district voters.
- The 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, 2010 the College has expended 52.18% of the \$35 million bond levy for construction and renovation projects. Major projects include renovation of the Town Clock Center's Upper Level, Industrial Technologies building in Peosta and Calmar and a 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 renewed 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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NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS  
June 30, 2010

	Business-type Activities	Component Unit Foundation
<b>CURRENT ASSETS</b>		
Cash	\$ 16,303,814	\$ 55,934
Investments	7,034,196	
Receivables		
Accounts, less allowance of \$1,153,553	6,507,866	570
Promises, net discount		28,598
Accrued interest	304,348	
Property tax		
Current year delinquent	70,242	
Succeeding year	9,066,030	
Due from other governments	1,322,022	
Due from affiliate	403,425	601,969
Inventories	504,893	
Due from Iowa Industrial New Jobs Training Program	4,791,868	
	<u>46,308,704</u>	<u>687,071</u>
<b>NONCURRENT ASSETS</b>		
Investments		1,432,397
Restricted investments	23,185,008	
Notes receivable	95,000	
Due from Iowa Industrial New Jobs Training Program	7,357,461	
Due from affiliate		
Capital assets, non-depreciable	14,878,110	
Capital assets, net accumulated depreciation	19,706,638	
	<u>65,222,217</u>	<u>1,432,397</u>
<b>Total current assets</b>	<u>46,308,704</u>	<u>687,071</u>
<b>Total noncurrent assets</b>	<u>65,222,217</u>	<u>1,432,397</u>
<b>Total assets</b>	<u>\$ 111,530,921</u>	<u>\$ 2,119,468</u>

See Notes to Financial Statements.

	Business-type Activities	Component Unit Foundation
<b>CURRENT LIABILITIES</b>		
Liabilities		
Accounts payable	\$ 6,955,852	\$ 2,936
Salaries and benefits payable	1,330,589	
Deposits held in custody for others	84,752	
Accrued interest payable	139,055	
Deferred revenue		
Succeeding year property tax	9,066,030	
Other	10,201,817	
Long-term liabilities due within one year		
Compensated absences	406,674	
Early retirement	74,939	
Affiliate payable	601,969	403,425
Notes payable	565,000	
Bonds payable	2,365,000	
Obligations under capitalized leases	47,740	
Certificates payable	3,605,000	
<b>Total current liabilities</b>	<b>35,444,417</b>	<b>406,361</b>
Noncurrent liabilities		
Long-term liabilities due over one year		
Net OPEB obligation	267,931	
Early retirement	74,939	
Notes payable	4,180,000	
Bonds payable	30,855,000	
Obligations under capitalized leases	12,165	
Certificates payable	18,890,000	
<b>Total noncurrent liabilities</b>	<b>54,280,035</b>	
<b>Total liabilities</b>	<b>89,724,452</b>	<b>406,361</b>
Net assets		
Invested in capital assets, net of related debt	13,953,269	
Restricted		
Restricted for specific purposes	3,852,545	1,603,646
Unrestricted	4,000,655	109,461
<b>Total net assets</b>	<b>21,806,469</b>	<b>1,713,107</b>
<b>Total liabilities and net assets</b>	<b>\$ 111,530,921</b>	<b>\$ 2,119,468</b>

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2010

	Business-type Activities	Component Unit Foundation
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship allowances of \$8,060,028	\$ 9,251,168	
Federal appropriations	18,061,621	
Iowa Industrial New Jobs Training Program	3,064,989	
Sales and services	2,581,651	
Miscellaneous	6,376,937	\$ 733,358
<b>Total operating revenues</b>	<b>39,336,366</b>	<b>733,358</b>
<b>OPERATING EXPENSES</b>		
Education and support		
Liberal arts and sciences	5,701,752	
Vocational technical	7,367,485	
Adult education	2,652,638	
Cooperative services	10,197,752	
General administration	1,600,202	18,245
Student services	1,724,710	
Learning resources	922,861	
Physical plant	2,774,210	
General institution	3,978,334	
Auxiliary enterprises	4,450,974	
Scholarships and grants	13,695,068	377,865
Depreciation	1,327,846	
Other	653,898	320,380
<b>Total operating expenses</b>	<b>57,047,730</b>	<b>716,490</b>
<b>Operating (loss) income</b>	<b>(17,711,364)</b>	<b>16,868</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriation	8,561,576	
Pell grant	8,347,674	
Property taxes	8,338,873	
Investment income	766,828	176,824
Loss on sale of capital assets	(304,843)	
Donated plant assets received	9,525	(9,525)
Interest on indebtedness	(2,049,330)	
<b>Net nonoperating revenues (expenses)</b>	<b>23,670,303</b>	<b>167,299</b>
<b>Change in net assets</b>	<b>5,958,939</b>	<b>184,167</b>
<b>NET ASSETS</b>		
Beginning	15,847,530	1,528,940
Ending	\$ 21,806,469	\$ 1,713,107

See Notes to Financial Statements.

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NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS  
BUSINESS-TYPE ACTIVITIES  
June 30, 2010

ASSETS	Current Funds			
	Unrestricted	Auxiliary	Restricted	Scholarships
<b>Current assets</b>				
Cash	\$ 4,585,265	\$ 995,670	\$ 10,722,879	
Investments			7,034,196	
Receivables				
Accounts, less allowance of \$1,153,553	6,062,001	13,822	314,970	
Accrued interest			304,343	
Property tax				
Current year delinquent	25,526		19,190	
Succeeding year	1,735,898		1,980,296	
Due from other funds	137,325	574,021		
Due from other governments	1,044,703	2,546	150,969	\$ 123,804
Due from affiliate	304,812	30,205	34,272	16,398
Inventories	13,452	491,441		
Due from Iowa Industrial New Jobs Training Program			4,791,868	
<b>Total current assets</b>	<b>13,908,982</b>	<b>2,107,705</b>	<b>25,352,983</b>	<b>140,202</b>
<b>Noncurrent assets</b>				
Restricted investments				
Notes receivable		95,000		
Due from Iowa Industrial New Jobs Training Program			7,357,461	
Capital assets, non-depreciable				
Capital assets, net				
<b>Total noncurrent assets</b>		<b>95,000</b>	<b>7,357,461</b>	
<b>Total assets</b>	<b>\$ 13,908,982</b>	<b>\$ 2,202,705</b>	<b>\$ 32,710,444</b>	<b>\$ 140,202</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 339,215	\$ 73,686	\$ 156,965	\$ 251
Salaries and benefits payable	829,344		501,245	
Deposits held in custody for others	84,752			
Accrued interest payable			1,686	
Due to other funds				137,325
Due to affiliate	532,439	59,030		
Deferred revenue				
Succeeding year property tax	1,735,898		1,980,296	
Other	7,045,836		3,155,981	
Long-term liabilities due within one year				
Compensated absences	310,275	96,399		
Early retirement payable			74,939	
Notes payable			245,000	
Bonds payable				
Obligations under capitalized leases				
Certificates payable			3,605,000	
<b>Total current liabilities</b>	<b>10,877,759</b>	<b>229,115</b>	<b>9,721,112</b>	<b>137,576</b>
<b>Noncurrent liabilities</b>				
Long-term liabilities due over one year				
Net OPEB obligation	267,931			
Early retirement payable			74,939	
Notes payable			200,000	
Bonds payable				
Obligations under capitalized leases				
Certificates payable			18,890,000	
<b>Total noncurrent liabilities</b>	<b>267,931</b>		<b>19,164,939</b>	
<b>Total liabilities</b>	<b>11,145,690</b>	<b>229,115</b>	<b>28,886,051</b>	<b>137,576</b>

See Notes to Financial Statements.

EXHIBIT C

Plant Fund	Total
	\$ 16,303,814 7,034,196
\$ 117,073 5	6,507,866 304,348
25,526 5,349,836	70,242 9,066,030 711,346 1,322,022
17,738	403,425 504,893 4,791,868
5,510,178	47,020,050
23,185,008	23,185,008 95,000 7,357,461
14,878,110 19,706,638	14,878,110 19,706,638
57,769,756	65,222,217
\$ 63,279,934	\$ 112,242,267
\$ 6,385,735	\$ 6,955,852 1,330,589 84,752 137,369 574,021 10,500
5,349,836	9,066,030 10,201,817 406,674 74,939 320,000 2,365,000 47,740
15,190,201	3,605,000 36,155,763
	267,931 74,939 3,980,000 30,855,000 12,165
	4,180,000 30,855,000 12,165 18,890,000
34,847,165	54,280,035
50,037,366	90,435,798

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS (Continued)  
BUSINESS-TYPE ACTIVITIES  
June 30, 2010

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Scholarships
Net assets				
Invested in capital assets, net of related debt				
Restricted for specific purposes			\$ 3,824,393	\$ 2,626
Unrestricted	\$ 2,763,292	\$ 1,973,590		
Total net assets	2,763,292	1,973,590	3,824,393	2,626
Total liabilities and net assets	\$ 13,908,982	\$ 2,202,705	\$ 32,710,444	\$ 140,202

See Notes to Financial Statements.

EXHIBIT C  
(Continued)

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	Plant Fund		Total
\$	13,953,269	\$	13,953,269
	25,526		3,852,545
	(736,227)		4,000,655
	<hr/> 13,242,568		<hr/> 21,806,469
\$	<hr/> 63,279,934	\$	<hr/> 112,242,267

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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, 2010

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Scholarships
<b>OPERATING REVENUES</b>				
General				
Tuition and fees	\$ 8,745,809	\$ 68,591	\$ 436,768	
Federal appropriations	1,069,287	1,985,699	1,304,385	\$ 13,587,488
Iowa Industrial New Jobs Training Program			3,064,989	
Sales and services	47,256	2,440,469		
Miscellaneous	180,804	137,735	5,921,674	
<b>Total operating revenues</b>	<b>10,043,156</b>	<b>4,632,494</b>	<b>10,727,816</b>	<b>13,587,488</b>
<b>OPERATING EXPENSES</b>				
Education and support				
Liberal arts and sciences	5,686,918		14,834	
Vocational technical	6,886,575		480,910	
Adult education	2,601,666		50,972	
Cooperative services	2,352,415		7,845,337	
General administration	1,576,402		23,800	
Student services	1,721,341		3,369	
Learning resources	537,409		385,452	
Physical plant	1,969,159		805,051	
General institution	3,287,836		690,498	
Auxiliary enterprises		4,450,974		
Scholarships and grants				13,695,068
Depreciation				
Other				
<b>Total operating expenses</b>	<b>26,619,721</b>	<b>4,450,974</b>	<b>10,300,223</b>	<b>13,695,068</b>
<b>Operating income (loss)</b>	<b>(16,576,565)</b>	<b>181,520</b>	<b>427,593</b>	<b>(107,580)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	7,506,506	28,038	802,437	111,106
Pell grant	8,347,674			
Property taxes	1,672,337		1,559,950	
Investment income	165,890		267,127	
Loss on sale of capital assets				
Donated plant assets received				
Interest on indebtedness			(1,303,578)	
<b>Total nonoperating revenues (expenses)</b>	<b>17,692,407</b>	<b>28,038</b>	<b>1,325,936</b>	<b>111,106</b>
<b>Change in net assets before transfers</b>	<b>1,115,842</b>	<b>209,558</b>	<b>1,753,529</b>	<b>3,526</b>
<b>Transfers</b>	<b>(127,068)</b>	<b>376,930</b>	<b>(1,169,991)</b>	<b>(3,526)</b>
<b>Change in net assets</b>	<b>988,774</b>	<b>586,488</b>	<b>583,538</b>	
<b>NET ASSETS</b>				
Beginning	1,774,518	1,387,102	3,240,855	2,626
Ending	\$ 2,763,292	\$ 1,973,590	\$ 3,824,393	\$ 2,626

See Notes to Financial Statements.

EXHIBIT D

Plant Fund	Total
	\$ 9,251,168
\$ 114,762	18,061,621
	3,064,989
93,926	2,581,651
136,724	6,376,937
345,412	39,336,366
	5,701,752
	7,367,485
	2,652,638
	10,197,752
	1,600,202
	1,724,710
	922,861
	2,774,210
	3,978,334
	4,450,974
	13,695,068
1,327,846	1,327,846
653,898	653,898
1,981,744	57,047,730
(1,636,332)	(17,711,364)
113,489	8,561,576
	8,347,674
5,106,586	8,338,873
333,811	766,828
(304,843)	(304,843)
9,525	9,525
(745,752)	(2,049,330)
4,512,816	23,670,303
2,876,484	5,958,939
923,655	
3,800,139	5,958,939
9,442,429	15,847,530
\$ 13,242,568	\$ 21,806,469

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NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2010

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Scholarships
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Tuition and fees	\$ 9,694,956	\$ 68,591	\$ 1,432,392	
Federal appropriations	908,259	1,985,476	1,285,863	\$ 6,026,880
Iowa Industrial New Jobs Training Program			(2,028,079)	
Payments to employees for salaries and benefits	(17,227,071)	(940,200)	(51,002)	
Payments to suppliers for goods and services	(4,318,458)	(437,765)	(2,147,104)	
Payments to NJTP recipients			(6,743,018)	
Cost of goods sold		(2,796,555)		
Scholarships				(6,133,802)
Auxiliary enterprise receipts		2,443,012		
Other operating payments paid on employees' behalf	(5,488,230)	(266,677)	(651,374)	
Other operating receipts	228,060	137,735	5,921,674	
Net cash (used in) provided by operating activities	(16,202,484)	193,617	(2,980,648)	(106,922)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
State appropriations	7,506,506	28,038	802,437	68,719
PELL grant	8,347,674			
Property tax	1,688,193		1,572,454	
Increase (decrease) in due to other funds	(41,729)			41,729
Increase (decrease) in due to affiliate	353,164	25,450		
(Increase) decrease in due from affiliate	(304,812)	(30,205)	(21,253)	
Transfers	(127,068)	376,930	(1,169,991)	(3,526)
Federal direct lending receipts	13,317,203	1,805,478	181,789	7,561,015
Federal direct lending disbursements	(13,317,203)	(1,805,478)	(181,789)	(7,561,015)
Miscellaneous agency fund receipts	646,214			
Miscellaneous agency fund disbursements	(653,727)			
Net cash provided by non-capital financing activities	17,414,415	400,213	1,183,647	106,922
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from issuance of debt			10,220,000	
Acquisition of capital assets			(3,520,000)	
Principal paid on debt and leases			(1,301,892)	
Interest paid on debt and leases				
Net cash provided by capital and related financing activities			5,398,108	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments			(7,034,196)	
Notes receivable		(95,000)		
Sale of investments			9,513,920	
Interest on investments	165,890		264,585	
Net cash provided by (used in) investing activities	165,890	(95,000)	2,744,309	
Net (decrease) increase in cash	1,377,821	498,830	6,345,416	
CASH, beginning of year	3,207,444	496,840	4,377,463	
CASH, end of year	\$ 4,585,265	\$ 995,670	\$ 10,722,879	\$ -

See Notes to Financial Statements.

EXHIBIT E

	Plant Fund	Total
		\$ 11,195,939
\$	114,762	10,321,240
		(2,028,079)
		(18,218,273)
	(652,731)	(7,556,058)
		(6,743,018)
		(2,796,555)
		(6,133,802)
		2,443,012
		(6,406,281)
	(135,884)	6,151,585
	(673,853)	(19,770,290)
	113,489	8,519,189
		8,347,674
	5,122,442	8,383,089
	10,500	389,114
	(10,500)	(366,770)
	923,655	
		22,865,485
		(22,865,485)
		646,214
		(653,727)
	6,159,586	25,264,783
	35,000,000	45,220,000
	(16,974,633)	(16,974,633)
	(11,990,000)	(15,510,000)
	(608,383)	(1,910,275)
	5,426,984	10,825,092
	(17,502,759)	(24,536,955)
		(95,000)
	4,158,342	13,672,262
	333,810	764,285
	(13,010,607)	(10,195,408)
	(2,097,890)	6,124,177
	2,097,890	10,179,637
\$	-	\$ 16,303,814

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS (Continued)  
BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2010

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Scholarships
Reconciliation of operating income (loss) to net cash (used in) provided by operating activities				
Operating income (loss)	\$ (16,576,565)	\$ 181,520	\$ 427,593	\$ (107,580)
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities				
Depreciation				
Changes in assets and liabilities				
(Increase) decrease in accounts receivable	(345,015)	2,543	112,791	407
(Increase) in NJTP receivable			(5,093,068)	
(Increase) decrease in due from other governments	(161,028)	(223)	(18,522)	
(Increase) decrease in inventories	(5,616)	9,770		
Increase (decrease) in accounts payable and accrued liabilities	(500,083)	9,654	707,725	251
Increase in other postemployment benefits			133,159	
Increase (decrease) in deferred revenue	1,294,162		882,833	
Increase in compensated absences	(41,498)	(9,647)		
Net cash (used in) provided by operating activities	<u>\$ (16,202,484)</u>	<u>\$ 193,617</u>	<u>\$ (2,980,648)</u>	<u>\$ (106,922)</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES  
The College accepted donated capital assets with a fair value of \$9,525 during the year ended June 30, 2010.

EXHIBIT E  
(Continued)

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Plant Fund	Total
\$ (1,636,332)	\$ (17,711,364)
1,327,846	1,327,846
(115,434)	(344,708)
	(5,093,068)
	(179,773)
	4,154
1,167	218,714
	133,159
(251,100)	1,925,895
	(51,145)
<u>\$ (673,853)</u>	<u>\$ (19,770,290)</u>

# NORTHEAST IOWA COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of Operations and Significant Accounting Policies

#### a. Nature of Operations

Northeast Iowa Community College 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, 2010 expresses an unqualified opinion dated September 23, 2010. 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 investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and 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, 2010, there was \$198,544 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, 2010 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, intangibles, furniture, 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. Interest costs of \$864,899 were capitalized over for year ended June 30, 2010.

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
Intangible assets	200,000
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
Intangible assets	25
Equipment	5-10
Vehicles	5-10

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

*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, the succeeding year property tax receivable, and unspent grant proceeds.

*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, 2010.

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 expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar and the College's refund policy.

*Tuition and Fees*

Tuition and fees 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, 2010 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.

*Credit Risk*

The College's investments in the Iowa Schools Joint Investment Trust at June 30, 2010 were rated Aaa by Moody's Investors Service.

NOTES TO FINANCIAL STATEMENTS

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2. Cash and Investments (Continued)

The College's petty cash and deposit accounts as of June 30, 2010 consist of the following:

Petty cash	\$ 6,110
Other deposit accounts	<u>16,297,704</u>
	<u>\$ 16,303,814</u>

The College's investments as of June 30, 2010 consist of the following:

Certificates of deposit	<u>\$ 7,034,196</u>
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At June 30, 2010, the College had investments in the Iowa Schools Joint Investment Trust, as follows:

	<u>Amortized Cost</u>
Diversified portfolio	<u>\$ 2,013,862</u>

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

The Foundation's investments are stated at fair value and are not subject to risk categorization and consist of the following:

	Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)
Investments in bond fund	\$ 418,636	\$ 418,636
Investments in common stock	452,923	452,923
Investments in preferred stock	95,288	95,288
Investments in mutual funds	313,869	313,869
Investments in alternative assets	<u>151,681</u>	<u>151,681</u>
	<u>\$ 1,432,397</u>	<u>\$ 1,432,397</u>

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, 2010:

Interest and dividend income	\$ 52,187
Net realized and unrealized gains	<u>124,637</u>
Total investment return	<u>\$ 176,824</u>

Fair values for short-term and long-term investments are determined by level 1 inputs by reference to quoted market prices and other relevant information generated by market transactions.

NOTES TO FINANCIAL STATEMENTS

3. Inventories

The College's inventories as of June 30, 2010 are as follows:

Supplies and materials	\$	207,868	
Merchandise held for resale		297,025	
<b>Total</b>	<b>\$</b>	<b>504,893</b>	

4. Notes Receivable

In July 2009, the College entered into an agreement with Northeast Iowa Community-Based Dairy Foundation to loan the Foundation \$95,000. The note is due July 14, 2010 plus interest at the rate of 2% due semi-annually. Both parties have agreed to extend the note to July 14, 2011.

5. Capital Assets

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<b>Capital non-depreciable assets</b>				
Land	\$ 683,366			\$ 683,366
Construction in progress	4,378,298	\$ 15,323,414	\$ 5,506,968	14,194,744
	5,061,664	15,323,414	5,506,968	14,878,110
<b>Capital assets, being depreciated</b>				
Buildings	28,757,724	5,710,050		34,467,774
Other structures and improvements	2,469,983	103,883		2,573,866
Furniture and equipment	5,761,487	337,013	921,370	5,177,130
<b>Total capital assets being depreciated</b>	<b>36,989,194</b>	<b>6,150,946</b>	<b>921,370</b>	<b>42,218,770</b>
<b>Less accumulated depreciation</b>				
Buildings	16,716,292	864,377		17,580,669
Other structures and improvements	1,047,066	77,392		1,124,458
Furniture and equipment	4,037,456	386,077	616,528	3,807,005
<b>Total accumulated depreciation</b>	<b>21,800,814</b>	<b>1,327,846</b>	<b>616,528</b>	<b>22,512,132</b>
<b>Total capital assets being depreciated</b>	<b>15,188,380</b>	<b>4,823,100</b>	<b>304,842</b>	<b>19,706,638</b>
<b>Capital assets, net</b>	<b>\$ 20,250,044</b>	<b>\$ 20,146,514</b>	<b>\$ 5,811,810</b>	<b>\$ 34,584,748</b>

NOTES TO FINANCIAL STATEMENTS

6. Long-term Obligations

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Notes payable	\$ 5,290,000		\$ 545,000	\$ 4,745,000	\$ 565,000
Certificates payable	15,560,000	\$ 10,220,000	3,285,000	22,495,000	3,605,000
Bonds payable	9,900,000	35,000,000	11,680,000	33,220,000	2,365,000
Other liabilities					
Capital leases	215,521		155,616	59,905	47,740
Early retirement	72,838	224,816	147,776	149,878	74,939
OPEB obligation	134,772	133,159		267,931	
Long-term liabilities	\$ 31,173,131	\$ 45,577,975	\$ 15,813,392	\$ 60,937,714	\$ 6,657,679

a. Certificates Payable

In accordance with agreements dated between July 1, 2001 and June 30, 2010, the College issued certificates totaling \$22,495,000 with interest rates ranging from 2.25% to 6.70% 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,			
2011	\$ 3,605,000	\$ 1,186,868	\$ 4,791,868
2012	3,310,000	1,021,383	4,331,383
2013	3,005,000	858,000	3,863,000
2014	2,705,000	704,020	3,409,020
2015	2,595,000	558,523	3,153,523
2016-2020	7,275,000	916,105	8,191,105
	\$ 22,495,000	\$ 5,244,899	\$ 27,739,899

NOTES TO FINANCIAL STATEMENTS

6. Long-term Obligations (Continued)

b. Notes Payable

The College has issued notes payable for the purchase and construction of College properties. As of June 30, 2010, the notes payable outstanding consist of the following:

\$445,000 Lease Purchase Certificates of Participation, due annually in varying installments June 1, 2011 through June 1, 2012 plus interest semi-annually with interest rates of the leases varying from 4.50% to 4.60%. The leases were issued to build the Cresco Center. See Note 15 regarding repayment arrangements.	\$ 445,000
\$845,000 Lease Purchase Certificates of Participation, due annually in varying installments June 1, 2011 through June 1, 2016 plus interest semi-annually with interest rates of the leases varying from 4.05% to 4.45%. The leases were issued to build and maintain buildings.	845,000
\$2,600,000 Tax Exempt Lease Purchase Certificates of Participation Series 2002A, due annually in varying installments December 1, 2011 through December 1, 2022 plus interest semi-annually with interest rates of the leases varying from 3.75% to 4.70%. The leases were issued to purchase the Town Clock Center.	2,600,000
\$855,000 Taxable Lease Purchase Certificates of Participation Series 2002B, due annually in varying installments December 1, 2011 through December 1, 2017 plus interest semi-annually with interest rates of the leases varying from 5.55% to 6.75%. The leases were issued to purchase the Town Clock Center.	855,000
	\$ 4,745,000

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

	Principal	Interest	Total
Year ending June 30,			
2011	\$ 565,000	\$ 219,993	\$ 784,993
2012	535,000	194,676	729,676
2013	355,000	170,119	525,119
2014	375,000	153,363	528,363
2015	390,000	135,271	525,271
2016-2020	1,535,000	410,344	1,945,344
2021-2025	990,000	70,801	1,060,801
	\$ 4,745,000	\$ 1,354,567	\$ 6,099,567

NOTES TO FINANCIAL STATEMENTS

6. Long-term Obligations (Continued)

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 \$429,298 at June 30, 2010. The following schedule shown below is a schedule of future minimum lease payments under capital leases as of June 30, 2010.

Year ending June 30,	
2011	\$ 49,185
2012	12,325
Minimum lease payments	61,510
Less imputed interest	(1,605)
Present value of minimum lease payments	\$ 59,905

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.

d. Bonded Indebtedness

\$23,320,000 General Obligation School Bonds Series 2009A, due annually in varying installments June 1, 2011 through June 1, 2021 plus interest semi-annually with interest rates varying from 2.00% to 5.50%. These bonds were issued to renovate, erect and equip the buildings at the Calmar and Peosta campuses.

\$9,900,000 General Obligation School 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.

Year Ending June 30,	Principal	Interest	Total
2011	\$ 2,365,000	\$ 1,099,131	\$ 3,464,131
2012	2,510,000	1,042,233	3,552,233
2013	2,630,000	979,258	3,609,258
2014	2,805,000	908,070	3,713,070
2015	2,945,000	825,705	3,770,705
2016-2020	15,850,000	2,563,043	18,413,043
2021-2025	4,115,000	189,628	4,304,628
Total	\$ 33,220,000	\$ 7,607,068	\$ 40,827,068

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 2011 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.

NOTES TO FINANCIAL STATEMENTS

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6. Long-term Obligations (Continued)

e. Operating Leases (Continued)

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 2011 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, 2010:

Year ending June 30,		
2011	\$	110,004
2012		90,000
2013		60,000
2014		60,000
2015		60,000
2016-2018		165,000
Minimum lease payments for all operating leases	\$	545,004

Rents for fiscal year 2010 totaled \$139,589 for operating leases, except those with terms of a month or less that were not renewed.

7. Due to/from Other Funds

As of June 30, 2010, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds		Due to Other Funds
Unrestricted fund	\$ 137,325		
Auxiliary fund	574,021		
Scholarship fund		\$	137,325
Plant fund			574,021
	\$ 711,346	\$	711,346

NOTES TO FINANCIAL STATEMENTS

8. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

	Transfers In	Transfers Out
Unrestricted fund		
Restricted fund	\$ 1,146,817	\$ 217,518
Scholarship fund	3,526	
Auxiliary fund		404,679
Plant fund		655,214
	1,150,343	1,277,411
 Auxiliary fund		
Unrestricted fund	404,679	
Plant fund		27,749
	404,679	27,749
 Restricted fund		
Unrestricted fund	217,518	1,146,817
Plant fund		240,692
	217,518	1,387,509
 Scholarship fund	None	3,526
 Plant fund	923,655	None
 Total	\$ 2,696,195	\$ 2,696,195

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

9. 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 \$25,000. 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, 2010, the unrecorded liability for the College provided health insurance is \$652,242. At June 30, 2010, the College has obligations to ten participants with a total early retirement liability of \$149,878. Actual early retirement expenditures for the year ended June 30, 2010 totaled \$147,777.

10. 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 4.30%, 4.10% and 3.90% of their annual covered salary and the College is required to contribute 6.65%, 6.35% and 6.05% of annual covered payroll for the years ended June 30, 2010, 2009, and 2008, respectively. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$532,277, \$507,300, and \$449,872, respectively, equal to the required contributions for each year.

11. 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 4.30%, 4.10%, and 3.90% and the College is required to contribute 6.65%, 6.35%, and 6.05% for the years ended June 30, 2010, 2009, and 2008, respectively.

The employee's required and actual contributions to TIAA-CREF for the years ended June 30, 2010, 2009, and 2008 were \$347,465, \$335,483, and \$305,759, respectively. The College's required and actual contributions to TIAA-CREF for the years ended June 30, 2010, 2009, and 2008 were \$537,486, \$519,625 and \$474,321 respectively.

12. Other Postemployment Benefits (OPEB)

*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 rate 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 cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

NOTES TO FINANCIAL STATEMENTS

12. Other Postemployment Benefits (OPEB) (Continued)

*Annual OPEB Cost and Net OPEB Obligation (Continued)*

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2010, 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		6,739
Adjustment to annual required contribution		(8,350)
Annual OPEB cost		148,771
Contributions made		(15,612)
Increase in net OPEB obligation		133,159
Net OPEB obligation beginning of year		134,772
Net OPEB obligation end of year	\$	267,931

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of 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, 2010.

For the year ended June 30, 2010, the College contributed \$15,612 to the medical plan. Plan members eligible for benefits contributed \$63,525 or 2.0% of the premium costs.

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, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 148,771	10.5%	\$ 267,931

*Funded Status and Funding Progress*

As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, 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 \$13,000,000 and the ratio of the UAAL to covered payroll was 7.6%. As of June 30, 2010, there were no trust fund assets.

12. Other Postemployment Benefits (OPEB) (Continued)

*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, presents 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 calculations.

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.

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.

13. 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, 2010, 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, 2010. 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.

NOTES TO FINANCIAL STATEMENTS

13. Related Organizations (Continued)

Significant financial data for the year ended June 30, 2010, which is audited, is as follows:

Total assets	\$	3,781,765
Total liabilities		1,998,984
Total equity		1,782,781
Total revenue		1,758,111
Total expenses		1,675,396

14. 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 225 projects with 122 currently receiving project funding. The remaining 103 projects have been completed and of those, 50 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 279 projects with 12 currently receiving project funding.

15. Commitments

The College is a member of ACCES, Inc. (Alliance for Community Colleges for Electronic Sharing), a computer consortium of ten (10) Iowa community colleges. The College will continue to be a member of ACCES, Inc. for the foreseeable future. ACCES, Inc. has changed its mission from a consortium for providing administrative software services to a buying consortium for the acquisition and maintenance of 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 \$96,993 for software, licensing and maintenance for FY11.

The College is also 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 2011 are estimated to be \$209,776 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 6).

NOTES TO FINANCIAL STATEMENTS

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15. Commitments (Continued)

The total outstanding construction projects of the College at June 30, 2010 amount to \$9,287,629. These constructions commitments will be paid from the \$35 million bond levy that was passed in February 2010. 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.

16. Contingent Liabilities

The College participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If 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, 2010 significant amounts of grant expenses have not been audited by granting authorities but the College believes that disallowed expenses, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the College.

17. Risk Management Policies

The College carries commercial insurance coverage for coverage associated with property and inland marine, general liability, automobile liability, automobile physical damage, fidelity bonds, health, and worker's compensation. The College 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, 2010 and 2009 are as follows:

	2010	2009
Claims payable, beginning of year	\$ 537,866	\$ 505,609
Claims recognized	3,815,836	4,137,589
Claim payments	(3,852,457)	(4,105,332)
Claims payable, end of year	\$ 501,245	\$ 537,866

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

18. Net Assets

The statement of net assets reports \$3,852,545 of restricted net assets, of which \$3,827,019 is restricted by enabling legislation.

19. Subsequent Events

A memorandum of agreement was entered into in June 2010 with the Northeast Iowa Community-Based Dairy Foundation, Northeast Iowa Community College and ISU President authorizing the creation of the specific and necessary legal documents to formalize the assumption of the Foundation's remaining debt by the College, the transfer of said assets from the Foundation to the College, and the recitation of the working relationships and responsibilities of the parties if needed. This agreement represents an expression of intent subject to preparation and approval of final documents by the Foundation Executive Committee, NICC Board of Trustees, and ISU President and shall expire upon the signing of a revised Dairy Center inter-agency agreement.

On July 1, 2010, the College issued certificates totaling \$9,155,000 for NJTP projects. The debt was incurred as allowed by Chapter 260E of the Code of Iowa and will mature beginning on June 1, 2011.

Subsequent events were evaluated through November 16, 2010, which is the date the financial statements were available to be issued.

20. Accounting Change

Governmental Accounting Standards Board Statement No. 51 Accounting and Financial Reporting for Intangible Assets, was implemented during fiscal year 2010. The College has no intangible assets to be reported in capital assets as of June 30, 2010.

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

Fiscal Year Ended June 30,	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)
2009	July 1, 2008	-	\$ 1,018	\$ 1,018	0.0%	\$ 12,369	8.2%
2010	July 1, 2008	-	\$ 1,018	\$ 1,018	0.0%	\$ 13,453	7.6%

See Note 12 in the accompanying notes to financial statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

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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 Northeast Iowa Community College financial statements as a whole. The accompanying additional balance sheet and schedule of revenues, expenditures, and other changes in fund balance information on pages 34 through 41 and the budgetary comparison schedule on page 43 are presented for purposes of additional analysis using regulatory basis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The adjustments made in preparing the supplemental presentations were subjected to audit procedures as part of the audit of the financial statements. The accompanying regulatory financial statements are not intended to present Northeast Iowa Community College's financial position or results of operations. The 2010 information shown on pages 42 through 43 is presented for purposes of additional analysis and is not a required part of the financial statements. The 2010 information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 seven years ended June 30, 2003 to June 30, 2009 (none of which is presented herein), and we expressed an unqualified opinions on those financial statements. In our opinion, the information set forth in the supplementary information for each of the seven years in the period ended June 30, 2009, appearing on pages 40-41 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  
November 16, 2010

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NORTHEAST IOWA COMMUNITY COLLEGE  
BALANCE SHEET - REGULATORY AND GAAP BASIS  
June 30, 2010

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Scholarships
<b>ASSETS</b>				
Cash	\$ 4,585,265	\$ 995,670	\$ 10,722,879	
Investments			7,034,196	
Receivables				
Accounts, less allowance of \$1,153,553	6,062,001	13,822	314,970	
Accrued interest			304,343	
Property tax				
Current year delinquent	25,526		19,190	
Succeeding year	1,735,898		1,980,296	
Due from other funds	137,325	574,021		
Due from other governments	1,044,703	2,546	150,969	\$ 123,804
Due from affiliate	304,812	30,205	34,272	16,398
Inventories	13,452	491,441		
Due from Iowa Industrial New Jobs Training Program			12,149,329	
Restricted investments				
Notes receivable		95,000		
Capital assets				
Land				
Construction in progress				
Buildings				
Other structures and improvements				
Furniture and equipment, including assets acquired under capital leases of \$429,298				
Accumulated depreciation				
Total assets	<u>\$ 13,908,982</u>	<u>\$ 2,202,705</u>	<u>\$ 32,710,444</u>	<u>\$ 140,202</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts payable	\$ 339,215	\$ 73,686	\$ 156,965	\$ 251
Salaries and benefits payable	829,344		501,245	
Accrued interest payable			1,686	
Deposits held in custody for others	84,752			
Due to other funds				137,325
Due to affiliate	532,439	59,030		
Deferred revenue				
Succeeding year property tax	1,735,898		1,980,296	
Other	7,045,836		3,155,981	
Compensated absences	310,275	96,399		
Early retirement payable			149,878	
Net OPEB liability				
Notes payable			445,000	
Bonds payable				
Obligations under capitalized leases				
Certificates payable			22,495,000	
Total liabilities	<u>10,877,759</u>	<u>229,115</u>	<u>28,886,051</u>	<u>137,576</u>
<b>Fund balance</b>				
Invested in capital assets, net of related debt				
Fund balances				
Restricted for specific purposes			3,824,393	2,626
Unrestricted	3,031,223	1,973,590		
Total fund equity	<u>3,031,223</u>	<u>1,973,590</u>	<u>3,824,393</u>	<u>2,626</u>
Total liabilities and fund equity	<u>\$ 13,908,982</u>	<u>\$ 2,202,705</u>	<u>\$ 32,710,444</u>	<u>\$ 140,202</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		
				\$ 16,303,814
				7,034,196
\$ 117,073				6,507,866
5				304,348
	\$ 25,526			70,242
	5,349,836			9,066,030
				711,346
				1,322,022
17,738				403,425
				504,893
				12,149,329
23,185,008				23,185,008
				95,000
		\$ 683,366		683,366
		14,194,744		14,194,744
		34,467,776		34,467,776
		2,573,866		2,573,866
		5,177,127		5,177,127
		(22,512,131)		(22,512,131)
\$ 23,319,824	\$ 5,375,362	\$ 34,584,748	\$ -	\$ 112,242,267
\$ 6,385,735				\$ 6,955,852
137,369				1,330,589
574,021				139,055
10,500				84,752
	\$ 5,349,836			711,346
				601,969
				9,066,030
				10,201,817
				406,674
				149,878
			\$ 267,931	267,931
213,171		\$ 4,086,829		4,745,000
16,735,255		16,484,745		33,220,000
		59,905		59,905
				22,495,000
24,056,051	5,349,836	20,631,479	267,931	90,435,798
		13,953,269		13,953,269
	25,526			3,852,545
(736,227)			(267,931)	4,000,655
(736,227)	25,526	13,953,269	(267,931)	21,806,469
\$ 23,319,824	\$ 5,375,362	\$ 34,584,748	\$ -	\$ 112,242,267

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NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE - REGULATORY AND GAAP BASIS  
For the Year Ended June 30, 2010

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Scholarships
<b>REVENUES AND OTHER ADDITIONS</b>				
General				
State appropriations	\$ 7,506,506	\$ 28,038	\$ 802,437	\$ 293,582
Tuition and fees	16,805,837	68,591	436,768	
Property taxes	1,672,337		1,559,950	
Federal appropriations	1,356,933	180,221	1,304,385	23,130,512
Investment income	165,890		267,127	
Iowa Industrial New Jobs Training Program			3,064,989	
Sales and services	47,256			
Miscellaneous	180,804		5,921,674	140,006
	27,735,563	276,850	13,357,330	23,564,100
Auxiliary enterprises				
Sales and services		4,245,947		
Miscellaneous		137,735		
		4,383,682		
<b>Total revenues and other additions</b>	27,735,563	4,660,532	13,357,330	23,564,100
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>				
Education and support				
Liberal arts and sciences	5,686,918		14,834	
Vocational technical	6,886,575		643,673	
Adult education	2,611,464		50,972	
Cooperative services	2,387,687		9,144,390	
General administration	1,576,402		99,654	
Student services	1,731,485		3,369	
Learning resources	537,409		392,052	
Physical plant	1,969,159		805,051	
General institution	3,154,677		690,498	
	26,541,776		11,844,493	
Auxiliary enterprises				
Scholarships and grants		4,478,723		23,560,574
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				
		4,478,723		23,560,574
<b>Total expenditures and other deductions</b>	26,541,776	4,478,723	11,844,493	23,560,574
<b>Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions</b>	1,193,787	181,809	1,512,837	3,526
<b>TRANSFERS</b>				
Mandatory	(109,537)		113,063	(3,526)
Nonmandatory	37,683	404,679	(1,042,362)	
<b>Total transfers</b>	(71,854)	404,679	(929,299)	(3,526)
<b>Net increase (decrease) in fund balance</b>	1,121,933	586,488	583,538	
<b>FUND BALANCE</b>				
Beginning, restated	1,909,290	1,387,102	3,240,855	2,626
Ending	\$ 3,031,223	\$ 1,973,590	\$ 3,824,393	\$ 2,626

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 2

Unexpended	Plant Funds		GAAP Adjustments	GAAP Basis
	Retirement of Indebtedness	Investment in Plant		
\$ 113,489			\$ (182,476)	\$ 8,561,576
2,286,690	\$ 2,819,896		(8,060,028)	9,251,168
114,762			322,482	8,338,873
333,811				26,409,295
				766,828
93,926				3,064,989
136,724			(140,006)	141,182
3,079,402	2,819,896		(8,060,028)	6,239,202
			(1,805,478)	2,440,469
				137,735
			(1,805,478)	2,578,204
3,079,402	2,819,896		(9,865,506)	65,351,317
				5,701,752
			(162,763)	7,367,485
			(9,798)	2,652,638
			(1,334,325)	10,197,752
				1,676,056
			(10,144)	1,724,710
			(6,600)	922,861
			(23,187)	2,751,023
			80,648	3,925,823
			(1,466,169)	36,920,100
			(135,622)	4,343,101
15,743,943			(9,865,506)	13,695,068
685,218	745,752		(15,667,546)	76,397
			1,303,578	2,049,330
		\$ (6,201,447)	6,201,447	685,218
		(9,897,471)	9,897,471	
(12,074,747)	2,090,000	9,984,747		
		(9,525)		(9,525)
		304,843		304,843
		1,327,846		1,327,846
4,354,414	2,835,752	(4,491,007)	(8,266,178)	22,472,278
4,354,414	2,835,752	(4,491,007)	(9,732,347)	59,392,378
(1,275,012)	(15,856)	4,491,007	(133,159)	5,958,939
600,000				
600,000				
(675,012)	(15,856)	4,491,007	(133,159)	5,958,939
(61,215)	41,382	9,462,262	(134,772)	15,847,530
\$ (736,227)	\$ 25,526	\$ 13,953,269	\$ (267,931)	\$ 21,806,469

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NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE - REGULATORY BASIS  
EDUCATION AND SUPPORT UNRESTRICTED CURRENT FUNDS  
For the Year Ended June 30, 2010

	Education		
	Liberal Arts and Sciences	Vocational Technical	Adult Education
<b>REVENUES AND OTHER ADDITIONS</b>			
State appropriations	\$ 2,408,440	\$ 3,840,052	\$ 1,218,118
Tuition and fees	6,126,220	7,487,604	1,752,248
Property taxes			
Federal appropriations		156,566	244,111
Investment income			
Sales and services			11,620
Miscellaneous	192	20,251	5,840
	8,534,852	11,504,473	3,231,937
Allocation of support services	855,258	1,035,675	392,739
<b>Total revenues and other additions</b>	<b>9,390,110</b>	<b>12,540,148</b>	<b>3,624,676</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>			
Salaries and wages	4,359,519	5,165,826	1,682,408
Employee fringe benefits	1,253,333	1,477,071	429,582
Services	19,007	127,960	389,196
Materials and supplies	45,333	88,353	51,201
Travel	9,726	27,365	48,040
Loan cancellations and bad debts			
Plant asset acquisitions			9,798
Miscellaneous			1,239
	5,686,918	6,886,575	2,611,464
Allocation of support services	2,902,621	3,514,929	1,332,899
<b>Total expenditures and other deductions</b>	<b>8,589,539</b>	<b>10,401,504</b>	<b>3,944,363</b>
<b>Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions</b>	<b>800,571</b>	<b>2,138,644</b>	<b>(319,687)</b>
<b>TRANSFERS</b>			
Mandatory		3,526	
Nonmandatory	(450)	252,535	34,485
<b>Total transfers</b>	<b>(450)</b>	<b>256,061</b>	<b>34,485</b>
<b>Net increase (decrease) in fund balance</b>	<b>\$ 800,121</b>	<b>\$ 2,394,705</b>	<b>\$ (285,202)</b>
<b>FUND BALANCE</b>			
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 - REGULATORY BASIS  
AUXILIARY ENTERPRISE UNRESTRICTED CURRENT FUNDS  
Year Ended June 30, 2010

	Bookstore	Food Services	Child Care
<b>Revenues and other additions</b>			
State appropriations			\$ 28,038
Tuition and fees			
Federal appropriations			27,581
Sales and services	\$ 3,294,847	\$ 261,620	548,170
Miscellaneous	28,377		48,579
<b>Total revenues and other additions</b>	<b>3,323,224</b>	<b>261,620</b>	<b>652,368</b>
<b>Expenditures and other deductions</b>			
Salaries and wages	113,666	105,526	711,361
Employee fringe benefits	29,862	33,339	203,476
Services	4,223	23,914	2,466
Materials and supplies	1,875	11,612	77,032
Travel			143
Cost of goods sold	2,590,064	106,260	
Plant asset acquisitions	9,950	16,852	
Miscellaneous	20,000		
<b>Total expenditures and other deductions</b>	<b>2,769,640</b>	<b>297,503</b>	<b>994,478</b>
<b>Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions</b>	<b>553,584</b>	<b>(35,883)</b>	<b>(342,110)</b>
<b>Transfers</b>			
Mandatory	95,000		
Nonmandatory	(3,367)	41,652	346,458
	<b>91,633</b>	<b>41,652</b>	<b>346,458</b>
<b>Net increase (decrease) in fund balance</b>	<b>645,217</b>	<b>5,769</b>	<b>4,348</b>
<b>Fund balance (deficit)</b>			
Beginning	951,829	28,678	
Ending	<b>\$ 1,597,046</b>	<b>\$ 34,447</b>	<b>\$ 4,348</b>

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 4

Farm	Trade and Industry	Professional Development	Miscellaneous	Total
				\$ 28,038
		\$ 66,038	\$ 2,553	68,591
			152,640	180,221
	\$ 97,576		43,734	4,245,947
	572	5,599	54,608	137,735
	98,148	71,637	253,535	4,660,532
				930,553
				266,677
	1,648	18,485	19,458	70,194
	13,261	1,167	87,705	192,652
		16,597	340	17,080
\$ 17,650	61,349		21,232	2,796,555
	947			27,749
			157,263	177,263
17,650	77,205	36,249	285,998	4,478,723
(17,650)	20,943	35,388	(32,463)	181,809
			(95,000)	
	458		19,478	404,679
	458		(75,522)	404,679
(17,650)	21,401	35,388	(107,985)	586,488
14,731	95,283	17,305	279,276	1,387,102
\$ (2,919)	\$ 116,684	\$ 52,693	\$ 171,291	\$ 1,973,590

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE - REGULATORY BASIS  
RESTRICTED CURRENT FUNDS  
Year Ended June 30, 2010

	Restricted Property Tax Levies	Iowa New Jobs Training	Other Federal Programs	Miscellaneous	Total
<b>Revenues and other additions</b>					
State appropriations			\$ 597,348	\$ 205,089	\$ 802,437
Tuition and fees				436,768	436,768
Property taxes	\$ 1,559,950				1,559,950
Federal appropriations			1,304,385		1,304,385
Investment income	259,951	\$ 7,176			267,127
Iowa Industrial New Jobs Training Program		3,064,989			3,064,989
Miscellaneous	44,801	5,800,857	21,793	54,223	5,921,674
<b>Total revenues and other additions</b>	<b>1,864,702</b>	<b>8,873,022</b>	<b>1,923,526</b>	<b>696,080</b>	<b>13,357,330</b>
<b>Expenditures and other deductions</b>					
Salaries and wages			628,827	2,422	631,249
Employee fringe benefits	419,458		231,569	347	651,374
Services	737,357	6,743,018	242,493	186,245	7,909,113
Materials and supplies	263,078		100,677	222,282	586,037
Travel			98,625	2,608	101,233
Plant asset acquisitions	119,269		2,777	259,697	381,743
Interest on indebtedness		1,299,053		4,525	1,303,578
Miscellaneous		210,847	69,319		280,166
<b>Total expenditures and other deductions</b>	<b>1,539,162</b>	<b>8,252,918</b>	<b>1,374,287</b>	<b>678,126</b>	<b>11,844,493</b>
<b>Excess of revenues and other additions over (under) expenditures and other deductions</b>	<b>325,540</b>	<b>620,104</b>	<b>549,239</b>	<b>17,954</b>	<b>1,512,837</b>
<b>Transfers</b>					
Mandatory		94,827	21,238	(3,002)	113,063
Nonmandatory		(714,931)	(311,568)	(15,863)	(1,042,362)
<b>Total transfers</b>		<b>(620,104)</b>	<b>(290,330)</b>	<b>(18,865)</b>	<b>(929,299)</b>
<b>Net increase (decrease) in fund balance</b>	<b>325,540</b>		<b>258,909</b>	<b>(911)</b>	<b>583,538</b>
<b>Fund balance</b>					
Beginning	2,600,599		422,036	218,220	3,240,855
Ending	\$ 2,926,139	\$ -	\$ 680,945	\$ 217,309	\$ 3,824,393

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS - REGULATORY BASIS  
AGENCY FUNDS  
Year Ended June 30, 2010

	Student Organizations Federal	Federal and Other Programs	Retraining	Dairy Center	Total
Balance, beginning of year	\$ 50,324	\$ 5,852	\$ 36,843	\$ (754)	\$ 92,265
<b>Additions</b>					
State appropriations			143,678		143,678
Tuition and fees	142,234				142,234
Federal appropriations		4,004			4,004
Sales and services	678				678
Miscellaneous	328,331	29,042		878	358,251
<b>Total additions</b>	<b>471,243</b>	<b>33,046</b>	<b>143,678</b>	<b>878</b>	<b>648,845</b>
<b>Deductions</b>					
Salaries and wages	1,900	19,018			20,918
Employee fringe benefits	145	9,857			10,002
Services	102,295	664	147,030	14	250,003
Materials and supplies	282,619	11		602	283,232
Travel	53,404	3,251			56,655
Cost of goods sold	9,548				9,548
Miscellaneous	15,856				15,856
Plant asset acquisitions	10,144				10,144
<b>Total deductions</b>	<b>475,911</b>	<b>32,801</b>	<b>147,030</b>	<b>616</b>	<b>656,358</b>
Balance, end of year	\$ 45,656	\$ 6,097	\$ 33,491	\$ (492)	\$ 84,752

See Independent Auditor's Report on the Supplementary Information.

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

	2010	2009	2008	2007
Local (property tax)	\$ 8,338,873	\$ 4,437,962	\$ 4,710,263	\$ 4,617,926
State appropriations	8,561,576	9,926,999	9,582,594	9,318,872
Federal appropriations	26,409,295	18,342,004	15,164,519	13,211,473
<b>Total</b>	<b>\$ 43,309,744</b>	<b>\$ 32,706,965</b>	<b>\$ 29,457,376</b>	<b>\$ 27,148,271</b>

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 7

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<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 4,434,120	\$ 4,264,427	\$ 4,175,583	\$ 4,135,629
9,225,795	7,264,588	7,301,681	7,370,251
<u>13,808,778</u>	<u>14,292,929</u>	<u>13,283,108</u>	<u>12,100,664</u>
<u>\$ 27,468,693</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 - REGULATORY BASIS  
 Years Ended June 30,

	2010	2009	2008	2007
<b>Revenues</b>				
State appropriations	\$ 8,630,563	\$ 10,045,748	\$ 9,646,510	\$ 8,585,540
Tuition and fees	17,311,196	14,012,003	12,617,952	12,627,379
Property taxes	3,232,287	2,823,374	3,154,039	3,087,576
Federal appropriations	25,972,051	18,087,030	14,421,197	13,210,561
Investment income	433,017	735,656	781,538	770,894
Iowa Industrial New Jobs Training Program	3,064,989	3,255,689	2,942,389	2,681,762
Auxiliary enterprises	4,383,682	3,615,807	3,364,701	3,165,052
Miscellaneous	6,289,740	1,199,579	1,605,837	3,998,906
	<u>\$ 69,317,525</u>	<u>\$ 53,774,886</u>	<u>\$ 48,534,163</u>	<u>\$ 48,127,670</u>
<b>Expenditures</b>				
Liberal arts and sciences	\$ 5,701,752	\$ 5,644,522	\$ 3,132,660	\$ 4,291,171
Vocational technical	7,530,248	7,332,631	9,028,181	7,406,780
Adult education	2,662,436	2,502,973	2,435,011	2,445,756
Cooperative services	11,532,077	6,866,050	6,318,846	7,611,483
General administration	1,676,056	1,912,926	1,788,637	1,229,762
Student services	1,734,854	1,775,038	1,653,107	1,514,565
Learning resources	929,461	886,356	742,207	776,377
Physical plant	2,774,210	2,219,838	1,910,678	1,650,778
General institution	3,845,175	3,503,043	3,377,247	3,526,426
Auxiliary enterprises	4,478,723	4,337,177	3,558,057	3,406,178
Scholarships and grants	23,560,574	16,485,045	13,315,714	12,730,287
Loan cancellations and bad debts				(234)
	<u>\$ 66,425,566</u>	<u>\$ 53,465,599</u>	<u>\$ 47,260,345</u>	<u>\$ 46,589,329</u>

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 8

2006	2005	2004	2003
\$ 8,273,314	\$ 7,168,615	\$ 7,166,690	\$ 7,178,190
11,542,638	12,445,632	11,606,023	10,137,275
2,950,677	2,820,385	2,712,602	2,679,163
13,662,743	14,061,236	12,873,853	11,730,943
372,952	185,491	179,649	228,708
2,022,297	2,273,725	2,216,877	2,822,387
3,019,488	3,001,282	2,801,656	2,604,598
2,288,211	295,227	262,409	361,260
<u>\$ 44,132,320</u>	<u>\$ 42,251,593</u>	<u>\$ 39,819,759</u>	<u>\$ 37,742,524</u>
\$ 4,551,128	\$ 4,490,667	\$ 3,531,504	\$ 3,209,553
8,270,645	7,739,181	7,634,475	6,999,074
2,562,093	2,377,622	2,291,969	2,043,828
4,633,475	4,548,362	4,103,043	4,444,707
750,693	523,381	842,823	785,312
1,572,779	1,476,424	1,665,225	1,404,352
756,579	841,086	814,478	565,680
1,604,176	1,576,922	1,446,945	1,188,661
3,363,388	2,792,226	2,771,600	2,762,790
3,188,290	3,019,160	3,081,176	2,831,437
12,890,231	12,332,748	11,503,712	10,378,965
8,445	14,405	9,247	4,697
<u>\$ 44,151,922</u>	<u>\$ 41,732,184</u>	<u>\$ 39,696,197</u>	<u>\$ 36,619,056</u>

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT  
Year Ended June 30, 2010

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	53,679		53,679			
Vocational Education	64,466		64,466			
Adult/Continuing Education				364,047	92,891	456,938
Related Services and Activities					32,130	32,130
<b>Total</b>	<b>118,145</b>		<b>118,145</b>	<b>364,047</b>	<b>125,021</b>	<b>489,068</b>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
 BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES - REGULATORY BASIS  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2010

Funds/Levy	Original Budget	Actual	Variance Actual and Budget
Unrestricted	\$ 27,052,459	\$ 26,541,776	\$ 510,683
Restricted	22,000,000	10,305,330	11,694,670
Unemployment	13,188	13,530	(342)
Insurance	505,910	787,892	(281,982)
Early retirement	308,032	295,960	12,072
Equipment replacement	750,483	441,781	308,702
Total restricted	23,577,613	11,844,493	11,733,120
Plant			
Plant	21,793,575	16,429,161	5,364,414
Bonds and interest	3,625,156	2,835,752	789,404
Total	\$ 54,255,228	\$ 41,222,021	\$ 13,033,207

**Note to Budgetary Reporting:**

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the College on a basis consistent with U.S. generally accepting accounting principles. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors 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, 2010, the College's expenditures for restricted fund - unemployment and insurance 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, 2010

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**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 84.394-State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act
  - CFDA Number 84.397-State Fiscal Stabilization Fund (SFSF)-Government Services, Recovery Act
  - Clustered programs:
    - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grants
    - CFDA Number 84.033 – Federal Work-Study Program
    - CFDA Number 84.063 – Federal Pell Grant Program
    - CFDA Number 84.268 – Federal Direct Student Loans –Subsidized/Unsubsidized, Plus Loans
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$341,412.
- (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, 2010

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**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 November 16, 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, 2010

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	\$ 151,680	
		<u>152,640</u>	
		<u>304,320</u>	
Passed through Iowa Department of Education			
Child and Adult Care Food Program	10.558	27,581	
Summer Food Service Program for Children	10.559	5,987	
		<u>33,568</u>	
		<u>337,888</u>	
Subtotal U.S. Department of Agriculture			
Passed through Iowa Department of Education			
Mine Health and Safety Grants	17.600	3,750	
Incentive Grants - WIA Section 503	17.267	12,134	
Program of Competitive for Workers Training and Placement in High Growth and Emerging Industry Sectors, Recovery Act	17.275	99,129	
		<u>115,013</u>	
Subtotal U.S. Department of Labor			
National Science Foundation			
Passed through Iowa State University			
Education and Human Resources	47.076	58,901	
Small Business Development Center			
Passed through Iowa State University			
Small Business Development	59.037	146,050	
U.S. Department of Veteran Affairs			
Direct			
Post-9/11 Veterans Educational Assistance	64.027	70,683	
U.S. Department of Education			
Direct			
Adult Education - State Grant Program	84.002	253,213	
Federal Supplemental Educational Opportunity Grants	84.007	77,299	
Federal Direct Student Loans - Plus Loans	84.268		\$ 126,799
Federal Direct Student Loans - Subsidized Loans	84.268		6,907,841
Federal Direct Student Loans - Unsubsidized Loans	84.268		7,561,015
Federal Work-Study Program, Recovery Act	84.033	25,008	
Federal Work-Study Program	84.033	119,711	
Federal Pell Grant Program	84.063	8,347,674	
TRIO - Student Support Services	84.042	247,922	
TRIO - Upward Bound	84.047	504,778	
		<u>9,575,605</u>	<u>14,595,655</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2010

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
U.S. Department of Education (Continued)			
Passed through Iowa Department of Education			
Academic Competitiveness Grant	84.375	\$ 39,201	
State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	84.394	574,879	
State Fiscal Stabilization Fund (SFSF)-Government Services, Recovery Act	84.397	62,216	
Vocational Education-Basic Grants to States			
Vocational Education - Basic Grants to States	84.048	325,196	
Tech-Prep Education	84.243A	74,768	
		<u>1,076,260</u>	
Subtotal U.S. Department of Education		<u>10,651,865</u>	\$ 14,595,655
		<u>\$ 11,380,400</u>	<u>\$ 14,595,655</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2010

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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, 2010, which collectively comprise Northeast Iowa Community College's basic financial statements and have issued our report thereon dated November 16, 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 November 16, 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  
November 16, 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, 2010. 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, 2010.

**Internal Control Over Compliance**

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

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  
November 16, 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, 2010, 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 9 below are compliance comments required by the Iowa Auditor of State. A separate report dated November 16, 2010 contains our report on significant deficiencies in the College's internal control. This letter does not affect our report dated November 16, 2010, on the financial statements of the Northeast Iowa Community College. Comment number 10 is a repeat comment 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, 2010 did not exceed the amounts budgeted in total.
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, 2010.
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 published a statement showing the receipt and disbursement of all funds, including the names of persons, firms, or corporations to which disbursements were made, in accordance with Section 260C.15(12) of the Code of Iowa.

8. Deposits and Investments

There were two banks with balances exceeding the approved depository resolution. One bank account had two signers on the account who are not approved signers per depository resolution. The flex plan bank account has not been reconciled to the book balance during the year ending June 30, 2010.

Recommendation

The College should review balances each month to make sure they are in compliance with the Board approved depository resolution. The College should also compare the authorized signers to who is on the accounts. All bank accounts should be reconciled monthly to the book balance.

Response

The College has taken action with banks to transfer earnings automatically. This will resolve the issue of over deposits above the Board resolutions. The State Treasurer's office was also consulted on this issue for safety of public funds.

Signers have been reviewed and actions taken to adjustments have been made to remove recently retired staff.

The College will comply with auditor's recommendation on Flex Account reconciliation monthly.

Conclusion

Response accepted.

9. Credit and Contact Hours

Eligible credit and contact hours reported to the Iowa Department of Education were supported by detailed records maintained by the College.

10. Fund Balance Deficits

As of June 30, 2010, 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.

11. 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.

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

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

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

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

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

Decorah, Iowa  
November 16, 2010