

**NORTHEAST IOWA  
COMMUNITY COLLEGE  
CALMAR, IOWA**

**FINANCIAL REPORT**

**JUNE 30, 2015**

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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>		
Ken Reimer	President	2015
Jim Anderson	Vice-President	2015
Larry Blatz	Member	2015
Dan White	Member	2015
Gene Fuelling	Member	2017
Kathy Gunderson	Member	2017
John Rothlisberger	Member	2017
Dave Schueller	Member	2017
Bob Shafer	Member	2017
<b><u>Community College Officials</u></b>		
Liang Chee Wee	President	
John Noel	Vice-President, Finance and Administration	
Wendy Mihm-Herold	Vice-President, Business and Community Solutions	
Kathy Nacos-Burds	Vice-President, Academic Affairs	
Linda Peterson	Vice-President, Student Services	
Janet Bullerman	Board Secretary	
Thomas Ridout	Board Treasurer, Executive Director of Finance	

**INDEPENDENT AUDITOR'S REPORT  
ON THE FINANCIAL STATEMENTS**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and each major fund of Northeast Iowa Community College, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and each major fund of Northeast Iowa Community College, as of June 30, 2015, and the respective changes in financial position, and cash flows, thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Emphasis of Matter

As discussed in Note 21 to the financial statements, Northeast Iowa Community College adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 4g, the schedule of the college's proportionate share of the net pension liability, the schedule of college contributions, and the schedule of funding progress for the retiree health plan on pages 35 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, 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* in considering Northeast Iowa Community College's internal control over financial reporting and compliance.

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

Decorah, Iowa  
December 3, 2015

NORTHEAST IOWA COMMUNITY COLLEGE  
CALMAR, IOWA

Management's Discussion and Analysis  
For the Fiscal Year Ending June 30, 2015

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, 2015.

The intent of this discussion and analysis is to look at Northeast Iowa Community College's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the College's financial performance. This information does not include the discretely presented component unit, Northeast Iowa Community College Foundation; therefore, readers should review the basic financial statements and notes of the discretely presented component unit.

FINANCIAL HIGHLIGHTS

College operating revenues decreased overall by 10.03% from fiscal year 2014 mainly due to a decrease in federal appropriations. Nonoperating expenses decreased by 15.83%.

College operating expenses were 1.56% lower from fiscal year 2014. The College had a 21.21% decrease in general institution expenses, 15.10% increase in liberal arts and sciences expenses, 12.26% increase in adult education expenses and 10.75% increase in plant expenses. The College had a 68.22% increase in other expenses and 17.76% decrease in scholarships and grants expenses. The College had moderate changes in all the other expenses. See page 4d for explanations.

The College's financial statement and table below reflects total net position increased 4.63% from fiscal year 2014.

CHANGE IN NET POSITION COMPARISON BY FUND

	Unrestricted, restated*	Auxiliary	Restricted	Scholarship	Plant	Total Net Position
FY 2015	(1,924,875)	3,855,856	5,835,415	201,454	29,948,121	37,915,971
FY 2014	(546,792)	4,770,714	5,078,957		26,934,590	36,237,469
\$ Change	(1,378,083)	(914,858)	756,458	201,454	3,013,531	1,678,502

\*FY 2014 was restated, see Note 21

The following table reflects the changes in net position for the past five years:

CHANGE IN NET POSITION COMPARISON BY FUND

	Unrestricted, restated*	Auxiliary	Restricted	Scholarship	Plant	Total Net Position
FY 2015	(1,924,875)	3,855,856	5,835,415	201,454	29,948,121	37,915,971
FY 2014	(546,792)	4,770,714	5,078,957		26,934,590	36,237,469
FY 2013	5,690,773	4,581,679	4,093,546		24,849,816	39,215,814
FY 2012	4,816,039	3,725,015	2,913,357		21,666,909	33,121,320
FY 2011	3,963,993	3,148,878	3,221,612		18,346,567	28,681,050

\*FY 2014 was restated, see Note 21

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

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

Required supplementary information presents the College's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of funding progress for the retiree health plan.

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

### REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

#### *Statement of Net Position*

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

#### *Comparison of Net Position*

The largest portion of the College's net position is net investment in capital assets (e.g., land, buildings, intangibles and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net position includes resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The remaining net position is the unrestricted net position which can be used to meet the College's obligations as they come due.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$6,513,969 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense, which is more reflective of the amounts employees earned during the year.

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

*Comparison of Net Position (Continued)*

	Condensed Statement of Net Position (Expressed in Thousands)	
	2015	2014 (not restated)
Current and other assets	\$ 57,386	\$ 59,535
Other noncurrent assets	9,996	10,016
Capital assets	49,495	50,686
<b>Total assets</b>	<b>\$ 116,877</b>	<b>\$ 120,237</b>
Deferred outflows of resources	\$ 1,765	\$ -
Current liabilities	\$ 14,306	\$ 13,532
Noncurrent liabilities	46,722	46,325
<b>Total liabilities</b>	<b>\$ 61,028</b>	<b>\$ 59,857</b>
Deferred inflows of resources	\$ 19,698	\$ 17,629
Net position		
Net investment in capital assets	\$ 31,707	\$ 29,638
Restricted	6,084	5,128
Unrestricted	125	7,985
<b>Total net position</b>	<b>\$ 37,916</b>	<b>\$ 42,751</b>

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

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

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

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

In FY15, operating revenues resulted in the following changes:

- Revenues decreased due to enrollment decrease.
- Federal appropriations decreased due to receiving less federal grants.
- An increase in miscellaneous revenue, which is not withholding revenue in the New Jobs Training Program.

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

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

	Changes in Net Position (Expressed in Thousands)	
	2015	2014 (not restated)
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 9,006	\$ 9,360
Federal appropriations	16,207	20,744
Iowa Industrial New Jobs Training Program	4,857	5,525
Sales and services	2,995	3,008
Miscellaneous	2,225	591
	<hr/>	<hr/>
Total operating revenues	35,290	39,228
	<hr/>	<hr/>
Total operating expenses	59,585	60,529
	<hr/>	<hr/>
Operating loss	(24,295)	(21,301)
	<hr/>	<hr/>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	12,469	11,659
Pell grant	5,747	6,296
Property taxes	9,328	8,900
Investment income	291	420
Loss on sale of capital assets	(110)	(1)
Donated plant assets received	233	5
Interest on indebtedness	(1,984)	(2,443)
	<hr/>	<hr/>
Net nonoperating revenues (expenses)	25,974	24,836
	<hr/>	<hr/>
Increase in net position	1,679	3,535
	<hr/>	<hr/>
Net position Beginning of Year, restated	36,237	39,216
	<hr/>	<hr/>
Net position End of Year	<u>\$ 37,916</u>	<u>\$ 42,751</u>

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

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

	Operating Expenses	
	(Expressed in Thousands)	
	2015	2014
Education and support		
Liberal arts and sciences	\$ 6,197	\$ 5,384
Vocational technical	9,422	8,810
Adult education	3,929	3,500
Cooperative services	7,972	7,430
General administration	1,419	1,415
Student services	2,205	2,141
Learning resources	879	978
Physical plant	3,504	3,164
General institution	7,591	9,634
Auxiliary enterprises	4,359	4,237
Scholarships and grants	8,240	10,019
Depreciation	2,816	2,678
Other	1,052	1,139
	<hr/>	<hr/>
Total operating expenses	\$ 59,585	\$ 60,529

In FY15 operating expenses resulted in the following changes:

- Decrease in general institution expenses is due to decrease in certain grant activity throughout the year.
- Increase in liberal arts and sciences expenses due to increase in salaries and benefits, along with increase in loan cancellations and equipment purchases.
- Increase in adult education expenses due to increase in salaries and benefits.
- Decrease in scholarships and grants expenses is due to decrease in enrollment.
- Increase in physical plant expenses is due to increase in insurance costs.
- Decrease in learning resources expenses through providing less to the students.
- Increase in other expenses is due to purchasing new software to control the heating and cooling systems.

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

### *Statement of Cash Flows*

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

	Cash Flows	
	(Expressed in Thousands)	
	2015	2014
Cash provided by (used in):		
Operating activities	\$ (20,679)	\$ (16,777)
Non-capital financing activities	27,638	26,660
Capital and related financing activities	(8,279)	(10,292)
Investing activities	(8,376)	2,359
Net decrease in cash	(9,696)	1,950
Cash beginning of year	26,305	24,355
Cash end of year	\$ 16,609	\$ 26,305

Cash used by operating activities includes tuition, fees, operating grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, Pell grant, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the 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, 2015, the College had approximately \$80.0 million invested in capital assets, less accumulated depreciation of \$31.7 million. Depreciation expense totaled \$2,815,595 and \$2,677,866 for FY2015 and FY2014, respectively. Details of capital assets are shown below.

	Capital Assets, Net	
	(Expressed in Thousands)	
	2015	2014
Land	\$ 683	\$ 683
Buildings	42,630	44,444
Construction in progress	373	-
Other structures and improvements	2,004	2,114
Equipment and vehicles	3,805	3,445
Total	\$ 49,495	\$ 50,686

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

## DEBT

At June 30, 2015, the College had \$49.2 million in debt outstanding, a decrease of \$5.1 million from 2014. The table below summarizes these amounts by type.

	Long-term Debt	
	(Expressed in Thousands)	
	2015	2014
Notes payable	\$ 2,375	\$ 2,800
Certificates payable	24,930	26,490
Bonds payable	21,770	24,790
Early retirement payable	141	273
Total	\$ 49,216	\$ 54,353

More detailed information about the College's outstanding debt is presented in Note 7 to the financial statements.

### NORTHEAST IOWA COMMUNITY COLLEGE ECONOMIC FACTORS

The College takes great pride in managing its financial position during the current fiscal year. The economic factors of the College are impacted by the State of Iowa's overall economy and educational funding remains a priority of College officials. The College is prepared to address the economic challenges we face in the future. We offer the following highlights in support of this statement:

- There continues to be positive indicators for business and workforce growth in Northeast Iowa and good prospects for job growth and interest from new industry with evidence by the College's job training activity. Area manufacturers are looking to hire skilled workers. In June 2015, the College completed 4.5 million dollar bond sale for the Iowa New Jobs Training Program. This project will produce an estimated 450 jobs in Northeast Iowa. The College's Business and Community Solutions Division continues to successfully work with area employers to take advantage of the Iowa New Jobs Training Program.
- To maintain current levels of services and operations, revenue sources must continue to help offset any shortfall in state funding and enrollment levels. The number of high school graduates in the district will continue to decrease for the next 3 to 4 years.
- The College has developed a 3 to 5 year forecasting model to assist management and the Board in maintaining financial solvency. The model stresses budget costs as well as revenue sources for all funds of the College. The financial model and analytics will assist management and the Board in the strategic planning processes to serve the communities in the best possible way with the changing economy.
- The Revenue Estimates Conference for the State of Iowa has forecasted a 4.0% increase for FY17 revenues over FY16. Any new revenue growth by the state has been committed to property tax relief. With reduced commodity prices, it will be a challenge for any additional legislative increases for community colleges.
- The property tax base for the College, which is fourth largest amongst the community colleges in Iowa, has exhibited steady growth, most recently with an increase of approximately 3 to 4%.
- The College continues its efforts to control health care costs. The College employee staff received sufficient salary increases in FY15 to support them bearing more of the health care costs for family coverage. This is a budgetary impact from one category to another category.

## CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our constituents with a general overview of the College's finances and demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Dave Dahms, Vice-President, Finance and Administration at Northeast Iowa Community College, telephone 1-800-728-2256.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF NET POSITION  
June 30, 2015

	Business-type Activities	Component Unit Foundation		Business-type Activities	Component Unit Foundation
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash	\$ 16,608,630	\$ 13,320	Liabilities		
Investments	19,555,593		Accounts payable	\$ 1,821,688	\$ 80,270
Receivables			Northeast Iowa Community-Based Dairy Foundation	482,787	
Accounts, less allowance of \$1,759,078	6,128,984	1,811	Salaries and benefits payable	2,676,438	
Promises, net discount		273,185	Deposits held in custody for others	266,452	
Accrued interest	12,440		Accrued interest payable	132,816	
Property tax			Advance from grantors	4,383	
Current year delinquent	93,903		Long-term liabilities due within one year		
Succeeding year	9,536,670		Compensated absences	131,230	
Due from other governments	1,426,975		Early retirement payable	55,426	
Inventories	654,076		Notes payable	425,000	
Lease receivable	154,708		Bonds payable	3,115,000	
Due from Iowa Industrial New Jobs Training Program	3,213,824		Certificates payable	5,195,000	
Total current assets	<u>57,385,803</u>	<u>288,316</u>	Total current liabilities	<u>14,306,220</u>	<u>80,270</u>
<b>NONCURRENT ASSETS</b>			Noncurrent liabilities		
Investments		2,776,096	Long-term liabilities due over one year		
Promises, net discount		493,120	Net OPEB liability	595,467	
Lease receivable	1,650,292		Net pension liability	5,700,949	
Due from Iowa Industrial New Jobs Training Program	8,345,560		Early retirement payable	85,306	
Capital assets, non-depreciable	1,056,781		Notes payable	1,950,000	
Capital assets, net accumulated depreciation	48,438,265		Bonds payable	18,655,000	
			Certificates payable	19,735,000	
Total noncurrent assets	<u>59,490,898</u>	<u>3,269,216</u>	Total noncurrent liabilities	<u>46,721,722</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			Total liabilities	<u>61,027,942</u>	<u>80,270</u>
Pension related deferred outflows	1,765,354				
			Deferred Inflows of Resources		
			Succeeding year property tax	9,536,670	
			Pension related deferred inflows	2,174,177	
			Other	7,987,295	
			Total deferred inflows of resources	<u>19,698,142</u>	<u>-</u>
			Net position		
			Net investment in capital assets	31,707,433	
			Restricted		
			Restricted for specific purposes	6,083,627	2,695,798
			Unrestricted	124,911	781,464
			Total net position	<u>37,915,971</u>	<u>3,477,262</u>
Total assets and deferred outflows of resources	<u>\$ 118,642,055</u>	<u>\$ 3,557,532</u>	Total liabilities, deferred inflows of resources and net position	<u>\$ 118,642,055</u>	<u>\$ 3,557,532</u>

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For the Year Ended June 30, 2015

	Business-type Activities	Component Unit Foundation
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship allowances of \$6,604,353	\$ 9,006,384	
Federal appropriations	16,206,877	
Iowa Industrial New Jobs Training Program	4,857,292	
Sales and services, net of scholarship allowances of \$1,278,399	2,994,920	
Miscellaneous	2,224,559	\$ 1,743,412
Total operating revenues	<u>35,290,032</u>	<u>1,743,412</u>
<b>OPERATING EXPENSES</b>		
Education and support		
Liberal arts and sciences	6,197,166	
Vocational technical	9,422,634	
Adult education	3,929,376	
Cooperative services	7,972,184	
General administration	1,418,394	38,941
Student services	2,205,065	
Learning resources	879,430	
Physical plant	3,503,794	
General institution	7,590,699	
Auxiliary enterprises	4,358,647	
Scholarships and grants	8,239,963	388,000
Depreciation	2,815,595	
Other	1,052,310	1,079,402
Total operating expenses	<u>59,585,257</u>	<u>1,506,343</u>
Operating (loss) income	<u>(24,295,225)</u>	<u>237,069</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	12,468,392	
Pell grant	5,747,114	
Property taxes	9,328,085	
Investment income	291,076	50,283
Loss on sale of capital assets	(110,421)	
Donated plant assets received (transferred)	233,320	(233,320)
Interest on indebtedness	(1,983,839)	
Net nonoperating revenues (expenses)	<u>25,973,727</u>	<u>(183,037)</u>
Change in net position	1,678,502	54,032
<b>NET POSITION</b>		
Beginning, restated	<u>36,237,469</u>	<u>3,423,230</u>
Ending	<u>\$ 37,915,971</u>	<u>\$ 3,477,262</u>

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF NET POSITION  
BUSINESS-TYPE ACTIVITIES  
June 30, 2015

ASSETS	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
<b>Current assets</b>						
Cash	\$ 7,146,582	\$ 3,734,931	\$ 4,954,107		\$ 773,010	\$ 16,608,630
Investments			16,899,846		2,655,747	19,555,593
Receivables						
Accounts, less allowance of \$1,759,078	5,120,106	100,229	856,516		52,133	6,128,984
Accrued interest		4	9,733		2,703	12,440
Property tax						
Current year delinquent	20,585		26,560		46,758	93,903
Succeeding year	2,062,091		1,576,485		5,898,094	9,536,670
Due from other funds	72,388					72,388
Due from other governments	232,228		912,881	\$ 281,866		1,426,975
Inventories	552	653,524				654,076
Lease receivable		154,708				154,708
Due from Iowa Industrial New Jobs Training Program			3,213,824			3,213,824
<b>Total current assets</b>	<b>14,654,532</b>	<b>4,643,396</b>	<b>28,449,952</b>	<b>281,866</b>	<b>9,428,445</b>	<b>57,458,191</b>
<b>Noncurrent assets</b>						
Due from Iowa Industrial New Jobs Training Program			8,345,560			8,345,560
Lease receivable		1,650,292				1,650,292
Capital assets, non-depreciable					1,056,781	1,056,781
Capital assets, net					48,438,265	48,438,265
<b>Total noncurrent assets</b>	<b>-</b>	<b>1,650,292</b>	<b>8,345,560</b>	<b>-</b>	<b>49,495,046</b>	<b>59,490,898</b>
<b>Total assets</b>	<b>14,654,532</b>	<b>6,293,688</b>	<b>36,795,512</b>	<b>281,866</b>	<b>58,923,491</b>	<b>116,949,089</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related deferred outflows						1,765,354
<b>Total assets and deferred outflows of resources</b>	<b>\$ 16,419,886</b>	<b>\$ 6,293,688</b>	<b>\$ 36,795,512</b>	<b>\$ 281,866</b>	<b>\$ 58,923,491</b>	<b>\$ 118,714,443</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 585,298	\$ 114,962	\$ 591,445	\$ 3,641	\$ 526,342	\$ 1,821,688
Northeast Iowa Community-Based Dairy Foundation		482,787				482,787
Salaries and benefits payable	2,166,750		509,688			2,676,438
Deposits held in custody for others	266,452					266,452
Accrued interest payable		14,004			118,812	132,816
Due to other funds				72,388		72,388
Advance from grantors				4,383		4,383
Long-term liabilities due within one year						
Compensated absences	110,151	21,079				131,230
Early retirement payable			55,426			55,426
Notes payable					425,000	425,000
Bonds payable		75,000			3,040,000	3,115,000
Certificates payable			5,195,000			5,195,000
<b>Total current liabilities</b>	<b>3,128,651</b>	<b>707,832</b>	<b>6,351,559</b>	<b>80,412</b>	<b>4,110,154</b>	<b>14,378,608</b>
<b>Noncurrent liabilities</b>						
Long-term liabilities due over one year						
Net OPEB liability	595,467					595,467
Net pension liability	5,700,949					5,700,949
Early retirement payable			85,306			85,306
Notes payable					1,950,000	1,950,000
Bonds payable		1,730,000			16,925,000	18,655,000
Certificates payable			19,735,000			19,735,000
<b>Total noncurrent liabilities</b>	<b>6,296,416</b>	<b>1,730,000</b>	<b>19,820,306</b>	<b>-</b>	<b>18,875,000</b>	<b>46,721,722</b>
<b>Total liabilities</b>	<b>9,425,067</b>	<b>2,437,832</b>	<b>26,171,865</b>	<b>80,412</b>	<b>22,985,154</b>	<b>61,100,330</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Succeeding year property tax	2,062,091		1,576,485		5,898,094	9,536,670
Pension related deferred inflows	2,174,177					2,174,177
Other	4,683,426		3,211,747		92,122	7,987,295
<b>Total deferred inflows of resources</b>	<b>8,919,694</b>	<b>-</b>	<b>4,788,232</b>	<b>-</b>	<b>5,990,216</b>	<b>19,698,142</b>
<b>NET POSITION</b>						
Net investment in capital assets					31,707,433	31,707,433
Restricted for specific purposes			5,835,415	201,454	46,758	6,083,627
Unrestricted (deficit)	(1,924,875)	3,855,856			(1,806,070)	124,911
<b>Total net position (deficit)</b>	<b>(1,924,875)</b>	<b>3,855,856</b>	<b>5,835,415</b>	<b>201,454</b>	<b>29,948,121</b>	<b>37,915,971</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 16,419,886</b>	<b>\$ 6,293,688</b>	<b>\$ 36,795,512</b>	<b>\$ 281,866</b>	<b>\$ 58,923,491</b>	<b>\$ 118,714,443</b>

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET POSITION  
BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2015

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
<b>OPERATING REVENUES</b>						
General						
Tuition and fees	\$ 8,646,756	\$ 52,766	\$ 306,862			\$ 9,006,384
Federal appropriations	866,064	1,308,057	5,793,249	\$ 7,973,369	\$ 266,138	16,206,877
Iowa Industrial New Jobs Training Program			4,857,292			4,857,292
Sales and services	65,919	2,847,669			81,332	2,994,920
Miscellaneous	482,057	180,613	1,175,560	340,347	45,982	2,224,559
<b>Total operating revenues</b>	<b>10,060,796</b>	<b>4,389,105</b>	<b>12,132,963</b>	<b>8,313,716</b>	<b>393,452</b>	<b>35,290,032</b>
<b>OPERATING EXPENSES</b>						
Education and support						
Liberal arts and sciences	6,171,155		26,011			6,197,166
Vocational technical	8,148,366		1,274,268			9,422,634
Adult education	3,433,481		495,895			3,929,376
Cooperative services	2,571,691		5,400,493			7,972,184
General administration	1,418,394					1,418,394
Student services	2,201,848		3,217			2,205,065
Learning resources	721,944		157,486			879,430
Physical plant	2,615,634		888,160			3,503,794
General institution	4,163,730		3,426,969			7,590,699
Auxiliary enterprises		4,358,647				4,358,647
Scholarships and grants				8,239,963		8,239,963
Depreciation					2,815,595	2,815,595
Other					1,052,310	1,052,310
<b>Total operating expenses</b>	<b>31,446,243</b>	<b>4,358,647</b>	<b>11,672,499</b>	<b>8,239,963</b>	<b>3,867,905</b>	<b>59,585,257</b>
<b>Operating (loss) income</b>	<b>(21,385,447)</b>	<b>30,458</b>	<b>460,464</b>	<b>73,753</b>	<b>(3,474,453)</b>	<b>(24,295,225)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
State appropriations	10,004,236	28,984	2,224,707	142,040	68,425	12,468,392
Pell grant	5,747,114					5,747,114
Property taxes	2,020,034		1,483,154		5,824,897	9,328,085
Investment income	68,317	27,907	161,565	7,630	25,657	291,076
Loss on sale of capital assets					(110,421)	(110,421)
Donated plant assets received					233,320	233,320
Interest on indebtedness		(81,358)	(794,960)		(1,107,521)	(1,983,839)
<b>Net nonoperating revenues (expenses)</b>	<b>17,839,701</b>	<b>(24,467)</b>	<b>3,074,466</b>	<b>149,670</b>	<b>4,934,357</b>	<b>25,973,727</b>
<b>Change in net position before transfers</b>	<b>(3,545,746)</b>	<b>5,991</b>	<b>3,534,930</b>	<b>223,423</b>	<b>1,459,904</b>	<b>1,678,502</b>
<b>Transfers</b>	<b>2,167,663</b>	<b>(920,848)</b>	<b>(2,778,473)</b>	<b>(21,969)</b>	<b>1,553,627</b>	<b>-</b>
<b>Change in net position</b>	<b>(1,378,083)</b>	<b>(914,857)</b>	<b>756,457</b>	<b>201,454</b>	<b>3,013,531</b>	<b>1,678,502</b>
<b>NET POSITION (deficit)</b>						
Beginning, restated	(546,792)	4,770,713	5,078,958	-	26,934,590	36,237,469
<b>Ending</b>	<b>\$ (1,924,875)</b>	<b>\$ 3,855,856</b>	<b>\$ 5,835,415</b>	<b>\$ 201,454</b>	<b>\$ 29,948,121</b>	<b>\$ 37,915,971</b>

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2015

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Tuition and fees	\$ 8,422,097	\$ 52,766	\$ 22,363			\$ 8,497,226
Federal appropriations	1,269,141	1,308,057	5,648,365	\$ 3,141,426	\$ 266,138	11,633,127
Iowa Industrial New Jobs Training Program			6,143,909			6,143,909
Payments to employees for salaries and benefits	(20,078,638)	(1,108,487)	(1,678,998)			(22,866,123)
Payments to suppliers for goods and services	(5,414,428)	(306,994)	(6,785,865)		(1,076,623)	(13,583,910)
Payments to NJTP recipients			(3,034,408)			(3,034,408)
Cost of goods sold		(2,563,544)				(2,563,544)
Scholarships				(3,493,761)		(3,493,761)
Auxiliary enterprise receipts		2,859,990				2,859,990
Other operating payments paid on employees' behalf	(5,880,491)	(314,812)	(489,144)			(6,684,447)
Other operating receipts	547,976	180,613	1,175,560	340,347	168,551	2,413,047
Net cash (used in) provided by operating activities	(21,134,343)	107,589	1,001,782	(11,988)	(641,934)	(20,678,894)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
State appropriations	10,004,236	28,984	2,224,707	142,040	68,425	12,468,392
Pell grant	5,747,114					5,747,114
Property tax	2,017,227		1,469,278		5,827,902	9,314,407
(Increase) decrease in due from other funds	274,767			45,600		320,367
(Decrease) increase in due to other funds			(159,054)	(161,313)		(320,367)
Increase (decrease) in due to affiliate					(40,724)	(40,724)
Transfers	2,167,663	(920,848)	(2,778,473)	(21,969)	1,553,627	-
Federal direct lending receipts	7,949,917	1,278,399	153,740	4,747,081		14,129,137
Federal direct lending disbursements	(7,949,917)	(1,278,399)	(153,740)	(4,747,081)		(14,129,137)
Miscellaneous agency fund receipts	463,447					463,447
Miscellaneous agency fund disbursements	(314,798)					(314,798)
Net cash provided by (used in) noncapital financing activities	20,359,656	(891,864)	756,458	4,358	7,409,230	27,637,838
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from issuance of debt			9,270,000			9,270,000
Acquisition of capital assets					(1,290,504)	(1,290,504)
Principal paid on debt and leases		(75,000)	(10,830,000)		(3,370,000)	(14,275,000)
Interest paid on debt and leases		(81,359)	(794,960)		(1,107,521)	(1,983,840)
Net cash used in capital and related financing activities	-	(156,359)	(2,354,960)	-	(5,768,025)	(8,279,344)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investments			(16,899,846)		(2,655,747)	(19,555,593)
Payments made on lease receivable		75,000				75,000
Sale of investments			9,734,628		1,053,501	10,788,129
Interest on investments	68,317	27,907	186,969	7,630	25,778	316,601
Net cash provided by (used in) investing activities	68,317	102,907	(6,978,249)	7,630	(1,576,468)	(8,375,863)
Net increase (decrease) in cash	(706,370)	(837,727)	(7,574,969)	-	(577,197)	(9,696,263)
CASH, beginning of year	7,852,952	4,572,658	12,529,076	-	1,350,207	26,304,893
CASH, end of year	\$ 7,146,582	\$ 3,734,931	\$ 4,954,107	\$ -	\$ 773,010	\$ 16,608,630

See Notes to Financial Statements.

NORTHEAST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS (Continued)  
BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2015

	Current Funds				Plant Fund	Total
	Unrestricted	Auxiliary	Restricted	Scholarships		
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities						
Operating (loss) income	\$ (21,385,447)	\$ 30,458	\$ 460,464	\$ 73,753	\$ (3,474,453)	\$ (24,295,225)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities						
Depreciation					2,815,595	2,815,595
Changes in assets and liabilities						
Decrease (increase) in accounts receivable	(56,438)	12,321	(651,800)		(50,885)	(746,802)
Decrease in NJTP receivable			1,286,617			1,286,617
Decrease (increase) in due from other governments	403,077		484,457	(83,452)		804,082
Decrease in inventories	679	41,991				42,670
Increase (decrease) in accounts payable and accrued liabilities	429,399	22,819	(183,341)	(879)	(24,313)	243,685
Increase in postemployment benefits	48,924					48,924
Decrease in net pension liability	(1,653,004)					(1,653,004)
Decrease in deferred outflows of resources	(925,370)					(925,370)
Increase in deferred inflows of resources	2,174,177					2,174,177
(Decrease) increase in deferred revenue	(168,221)		(262,040)	(1,410)	92,122	(339,549)
Decrease in compensated absences	(2,119)		(132,575)			(134,694)
Net cash (used in) provided by operating activities	\$ (21,134,343)	\$ 107,589	\$ 1,001,782	\$ (11,988)	\$ (641,934)	\$ (20,678,894)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

The College accepted donated capital assets with a fair value of \$233,320 during the year ended June 30, 2015.

NORTHEAST IOWA COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Northeast Iowa Community College (College) is a publicly supported school established and operated by Merged Area I under the provisions of Chapter 260C of the Code of Iowa. The College offers programs of adult and continuing education, lifelong learning, 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.

The College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

b. Significant Accounting Policies

*Scope of Reporting Entity*

For financial reporting purposes, Northeast Iowa Community College has included all funds, organizations, 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. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the College; or the organization is fiscally dependent on the primary government. In addition, any other organizations due to the nature or significance of their relationship with the College should be included in the financial statements as component units.

The College has one component unit, which meets the Governmental Accounting Standards Board (GASB) criteria. The Northeast Iowa Community College Foundation (College Foundation) is a nonprofit corporation, which is governed by a separate Board of Directors. The College Foundation's purpose is to support the College through donations to provide scholarships to students, and for the enhancement and extension of facilities, equipment, and services. The activities of the College Foundation are reported using the discrete method. The College Foundation issues a separate financial report. The independent auditor's report on the component unit financial statements for year ending June 30, 2015 expresses an unmodified opinion dated December 9, 2015. 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 (Dairy Foundation) is a nonprofit corporation, which is governed by a separate Board of Directors. The Dairy Foundation's purpose is to support educational efforts relating to the needs of dairy industry research, development, instruction, and outreach in Northeast Iowa. The Dairy Foundation is considered a related party but is not considered a part of the financial reporting entity of the College.

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

b. Significant Accounting Policies (Continued)

*Financial Statement Presentation*

GASB No. 35 requires the statement of net position, revenues, expenses, and changes in net position, 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.

*Scholarship Fund*

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

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

b. Significant Accounting Policies (Continued)

*Fund Financial Statements (Continued)*

*Current Funds (Continued)*

*Plant Fund*

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

*Measurement Focus*

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 35. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus. This means that all assets and liabilities, deferred outflows of resources, and deferred inflows of resources whether current or noncurrent, associated with their activity are included on their statement of net position.

*Basis of Accounting*

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 taxes are 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.

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

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

*Cash and Investments*

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

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

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

b. Significant Accounting Policies (Continued)

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

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

*Accounts Receivable*

Accounts receivable consists of payments from students and third parties for tuition and reimbursements.

The College considers accounts receivable under 120 days to be fully collectible; accordingly, allowance for doubtful accounts includes accounts, which are over 120 days, which consists mostly from students. The College does not deem student accounts uncollectible if the student re-enrolls. The account must be paid in full before the student can re-enroll.

*Due from Other Governments*

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

*Inventories*

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

*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 expenditures incurred through June 30, 2015 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

*Capital Assets*

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

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

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

b. Significant Accounting Policies (Continued)

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

*Capital Assets (Continued)*

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

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

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

Asset Class	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.

*Deferred Outflows of Resources*

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

*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 as liabilities.

*Advances from Grantors*

Advances from grantors represent grant proceeds that have been received by the College, but will be spent in a succeeding fiscal year.

*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, 2015.

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

b. Significant Accounting Policies (Continued)

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

*Pensions*

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

*Deferred Inflows of Resources*

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of succeeding year property tax, unearned administrative costs for NJTP, advanced student tuition and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

*Net Position*

*Net Investment in Capital Assets*

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

*Restricted Net Position*

*Nonexpendable*

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

*Expendable*

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

*Unrestricted Net Position*

Unrestricted net position represents the difference between assets, deferred inflows of resources, liabilities, and deferred outflows of resources, and deferred inflows of resources 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.

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

b. Significant Accounting Policies (Continued)

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

*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 position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities includes state appropriations, Pell grants, property tax, and interest income.

*Use of Estimates*

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

*Scholarship Allowances and Student Aid*

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

2. Cash and Investments

The College's deposits in banks at June 30, 2015 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.

NOTES TO FINANCIAL STATEMENTS

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

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. At June 30, 2015, the College had investments in the Iowa Schools Joint Investment Trust, as follows:

	Amortized Cost
Diversified portfolio	\$ 3,532,815
Direct government obligations portfolio	72,098
Total	\$ 3,604,913

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

*Interest Rate Risk*

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

*Credit Risk*

The investments in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

The College's petty cash and deposit accounts as of June 30, 2015 consist of the following:

Petty cash	\$ 3,478
Other deposit accounts	16,605,152
	\$ 16,608,630

The College's investments as of June 30, 2015 consist of the following:

Certificates of deposit	\$ 19,555,593
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The Northeast Iowa Community College Foundation's investments are stated at fair value, are subject to risk categorization, and consist of the following:

	Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments in money market fund	\$ 109,750	\$ 109,750	
Investments in bond fund	728,278	728,278	
Investments in corporate bonds	77,168		\$ 77,168
Investments in common stock	392,663	392,663	
Investments in preferred stock	99,786	99,786	
Investments in mutual funds	1,368,001	1,368,001	
Investments in alternative assets	450		450
	\$ 2,776,096	\$ 2,698,478	\$ 77,618

NOTES TO FINANCIAL STATEMENTS

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2. Cash and Investments (Continued)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

The following schedule summarizes the College Foundation's investment return and its classification in the statement of revenues, expenses, and changes in net position for the year ended June 30, 2015:

Interest and dividend income	\$	76,967
Net realized and unrealized gains		(26,684)
 Total investment return	 \$	50,283

The College has \$4,946 of contributions that were given to the Community Foundation of Greater Dubuque in the name of the College. The College did not have any contributions that were given to the Community Foundation of Northeast Iowa in the name of the College. These organizations manage the money. These assets are not recorded in the College's financial statements. The College receives unrestricted allocated earnings from these assets.

3. Inventories

The College's inventories as of June 30, 2015 are as follows:

Type		Amount
Supplies and materials	\$	252,882
Merchandise held for resale		401,194
 Total	 \$	654,076

4. Capital Lease, Financing Obligation-Sale-Leaseback

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

4. Capital Lease, Financing Obligation-Sale-Leaseback (Continued)

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

Year ended June 30,	Purchase Reserve Payment	Annual Service Fees	Total
2016	\$ 100,708	\$ 54,000	\$ 154,708
2017	102,995	54,500	157,495
2018	105,135	55,000	160,135
2019	101,475	55,600	157,075
2020	102,815	56,200	159,015
2021-2025	524,775	290,000	814,775
2026-2030	537,885	305,000	842,885
2031	110,450	62,800	173,250
Minimum lease payments	<u>\$ 1,686,238</u>	<u>\$ 933,100</u>	2,619,338
Less imputed interest/service fees			<u>(814,338)</u>
			<u>\$ 1,805,000</u>

5. Capital Assets

Capital assets activity for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Capital non-depreciable assets</b>				
Land	\$ 683,366			\$ 683,366
Construction in progress	None	\$ 373,415		373,415
Capital assets, non-depreciable	683,366	373,415	\$ None	1,056,781
<b>Capital assets, being depreciated</b>				
Buildings	68,450,484	93,943		68,544,427
Other structures and improvements	3,643,753			3,643,753
Furniture and equipment	7,215,965	1,267,758	492,843	7,990,880
Gross capital assets being depreciated	79,310,202	1,361,701	492,843	80,179,060
<b>Less accumulated depreciation</b>				
Buildings	24,005,826	1,908,613		25,914,439
Other structures and improvements	1,530,066	109,909		1,639,975
Furniture and equipment	3,771,730	797,073	382,422	4,186,381
Total accumulated depreciation	29,307,622	2,815,595	382,422	31,740,795
Net capital assets being depreciated	50,002,580	(1,453,894)	110,421	48,438,265
Capital assets, net	<u>\$ 50,685,946</u>	<u>\$ (1,080,479)</u>	<u>\$ 110,421</u>	<u>\$ 49,495,046</u>

NOTES TO FINANCIAL STATEMENTS

6. Due from/to Other Funds

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
Unrestricted fund	\$ 72,388	
Scholarship fund		\$ 72,388
	\$ 72,388	\$ 72,388

7. Long-term Obligations

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Notes payable	\$ 2,800,000		\$ 425,000	\$ 2,375,000	\$ 425,000
Certificates payable	26,490,000	\$ 9,270,000	10,830,000	24,930,000	5,195,000
Bonds payable	24,790,000		3,020,000	21,770,000	3,115,000
Other liabilities					
Early retirement payable	273,307		132,575	140,732	55,426
Long-term liabilities	\$ 54,353,307	\$ 9,270,000	\$ 14,407,575	\$ 49,215,732	\$ 8,790,426

a. Certificates Payable

In accordance with agreements dated between July 1, 2005 and June 30, 2015, the College issued certificates totaling \$24,930,000 with interest rates ranging from .75% to 3.85% 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,			
2016	\$ 5,195,000	\$ 514,125	\$ 5,709,125
2017	4,530,000	429,773	4,959,773
2018	3,945,000	348,628	4,293,628
2019	3,835,000	271,733	4,106,733
2020	2,815,000	193,352	3,008,352
2021-2025	4,610,000	256,842	4,866,842
	\$ 24,930,000	\$ 2,014,453	\$ 26,944,453

NOTES TO FINANCIAL STATEMENTS

7. 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, 2015, the notes payable outstanding consist of the following:

\$150,000 General Obligation Refunding Capital Loan Notes Series 2012, due annually in varying installments June 1, 2016 plus interest semi-annually with interest rate of 1.0%. The capital loan note was issued to refinance the \$720,000 Lease Purchase Certificates of Participation issued to build and maintain buildings.	\$ 150,000
\$2,225,000 Refunding Certificates of Participation Evidencing Undivided Proportionate Interests in Base Lease Payments Pursuant to a Lease Purchase Agreement, due annually in varying installments December 1, 2016 through December 1, 2022 plus interest semi-annually with interest rates of the lease varying from 1.20% to 2.30%. The lease was issued to refund the lease to purchase the Town Clock Center.	2,225,000
	\$ 2,375,000

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

	Principal	Interest	Total
Year ending June 30,			
2016	\$ 425,000	\$ 37,575	\$ 462,575
2017	275,000	33,050	308,050
2018	275,000	29,475	304,475
2019	275,000	25,350	300,350
2020	275,000	20,675	295,675
2021-2023	850,000	27,050	877,050
	\$ 2,375,000	\$ 173,175	\$ 2,548,175

c. Bonded Indebtedness

\$13,765,000 General Obligation School Bonds Series 2009A, due annually in varying installments June 1, 2016 through June 1, 2021 plus interest semi-annually with interest rates varying from 5.00% to 5.50%. These bonds were issued to renovate, erect, and equip the buildings at the Calmar and Peosta campuses.

\$6,200,000 General Obligation School Bonds, Series 2009B, are due annually in varying installments June 1, 2016 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. These bonds were issued to renovate, erect, and equip the buildings at the Calmar and Peosta campuses.

\$1,805,000 Certificates of Participation, Series 2012A, are due annually in varying installments May 1, 2016 through May 1, 2031 plus interest semi-annually with interest rates varying from 2.95% to 5.00%. These bonds were issued to purchase the buildings and equipment of the Dairy Foundation. Bonds are callable after May 1, 2018.

NOTES TO FINANCIAL STATEMENTS

7. Long-term Obligations (Continued)

c. Bonded Indebtedness (Continued)

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

	Principal	Interest	Total
Year ending June 30,			
2016	\$ 3,115,000	\$ 1,024,126	\$ 4,139,126
2017	3,220,000	886,538	4,106,538
2018	3,280,000	738,828	4,018,828
2019	3,315,000	587,030	3,902,030
2020	3,335,000	430,145	3,765,145
2021-2025	4,645,000	515,900	5,160,900
2026-2030	695,000	147,885	842,885
2031	165,000	8,250	173,250
Total	\$ 21,770,000	\$ 4,338,702	\$ 26,108,702

d. 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 2015 and 2018 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases, which have initial or remaining non-cancellable lease terms in excess of one year following June 30, 2015:

Year ending June 30,	
2016	\$ 90,000
2017	90,000
2018	45,000
Minimum lease payments for all operating leases	\$ 225,000

Rents for fiscal year 2015 totaled \$93,804 for operating leases, except those with terms of a month or less that were not renewed.

8. Early Retirement

The College offered a voluntary early retirement plan to its employees for the academic years ending June 30, 2010 and 2011. Employees 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 during the period the plan was offered.

Those eligible employees who were approved to receive benefits under early retirement plan received a cash payment equal to 50% to 72.5% of their regular contractual salary. Retirees receive their 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 retirees become eligible for Medicare. The plan is funded on a pay-as-you-go basis through property tax levies. At June 30, 2015, the College has obligations to twenty participants with a total early retirement liability of \$140,732. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$132,575.

9. Iowa Public Employees' Retirement System (IPERS)

*Plan Description*

IPERS membership is mandatory for employees of the College except for those covered by another retirement system. Employees of the College are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report, which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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

*Pension Benefits*

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

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

*Pension Benefits (Continued)*

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

*Disability and Death Benefits*

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

*Contributions*

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of pay and the College contributed 8.93% for a total rate of 14.88%.

The College's contributions to IPERS for the year ended June 30, 2015 were \$986,453.

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

At June 30, 2015, the College reported a liability of \$5,700,949 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the College's collective proportion was 0.140866%, which was an increase of 0.010984 from its proportion measured as of June 30, 2013.

NOTES TO FINANCIAL STATEMENTS

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

*Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

For the year ended June 30, 2015, the College recognized pension expense of \$544,280. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,958	
Changes of assumptions	251,596	
Net difference between projected and actual earnings on pension plan investments		\$ 2,174,177
Changes in proportion and differences between College contributions and proportionate share of contributions	503,324	
College contributions subsequent to the measurement date	948,476	
Total	\$ 1,765,354	\$ 2,174,177

\$948,476 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2016	\$ (352,685)
2017	(352,685)
2018	(352,685)
2019	(352,685)
2020	53,441
Total	\$ (1,357,299)

There are no non-employer contribution entities at IPERS.

*Actuarial Assumptions*

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation.

NOTES TO FINANCIAL STATEMENTS

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

*Actuarial Assumptions (Continued)*

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the College will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability	\$ 10,771,783	\$ 5,700,949	\$ 1,420,640

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

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report, which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

*Payables to the Pension Plan*

At June 30, 2015, the College reported payables to the defined benefit pension plan of \$24,541 for legally required employer contributions and \$36,833 for legally required employee contributions, which had been withheld from employee wages but not yet remitted to IPERS.

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

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

Benefit terms, including contribution requirements, for TIAA-CREF are established and specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa. For each employee in the pension plan, the College is required to contribute 8.93%, 8.93%, and 8.67% of annual salary, including overtime pay, to an individual employee account for the years ended June 30, 2015, 2014, and 2013, respectively. Each employee is required to contribute 5.95%, 5.95%, and 5.78% for the years ended June 30, 2015, 2014, and 2013, respectively. Contributions made by both employer and employee vest immediately. For the employee's required and actual contributions to TIAA-CREF for the years ended June 30, 2015, 2014, and 2013 were \$552,315, \$516,652, and \$475,714, respectively. The College's required and actual contributions to TIAA-CREF for the years ended June 30, 2015, 2014, and 2013 were \$828,937, \$775,465, and \$713,577, respectively.

At June 30, 2015, the College reported payables to the defined contribution pension plan of \$21,809 for legally required employer contributions and \$32,732 for legally required employee contributions, which had been withheld from employee wages but not yet remitted to TIAA-CREF.

11. Other Postemployment Benefits (OPEB)

*Plan Description*

The College operates a single-employer retiree benefit plan, which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 339 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a self-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits 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.

NOTES TO FINANCIAL STATEMENTS

11. **Other Postemployment Benefits (OPEB) (Continued)**

*Annual OPEB Cost and Net OPEB Obligation*

The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding, 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.

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$	84,193
Interest on net OPEB obligation		27,327
Adjustment to annual required contribution		<u>(35,554)</u>
Annual OPEB cost		75,966
Contributions made		<u>(27,042)</u>
Increase in net OPEB obligation		48,924
Net OPEB obligation beginning of year		<u>546,543</u>
Net OPEB obligation end of year	\$	<u><u>595,467</u></u>

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, 2015.

For the year ended June 30, 2015, the College contributed \$27,042 to the OPEB obligation. Plan members eligible for benefits contributed none of the premium costs for the OPEB obligation.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 63,906	0.0%	\$ 483,600
2014	62,943	0.0%	546,543
2015	75,966	35.6%	595,467

*Funded Status and Funding Progress*

As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$628,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$628,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$16,447,103 and the ratio of the UAAL to covered payroll was 3.8%. As of June 30, 2015, there were no trust fund assets.

11. 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 for the retiree health plan, 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, 2014 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 7.5%. 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 RP-2014 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, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011. Turnover rates are based on T-6 of the actuary's pension handbook.

Projected claim costs of the medical plan are \$10,255 per month for retirees less than age 65 and for retirees who have attained age 65 there is no monthly cost. 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.

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NOTES TO FINANCIAL STATEMENTS

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12. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

	Transfers In	Transfers Out
Unrestricted fund		
Restricted fund	\$ 2,111,014	\$ 677,352
Scholarship fund	21,969	
Auxiliary fund	780,440	41,219
Plant fund		27,189
	2,913,423	745,760
 Auxiliary fund		
Unrestricted fund	41,219	780,440
Restricted fund	69,731	23,747
Plant fund		227,611
	110,950	1,031,798
 Restricted fund		
Unrestricted fund	677,352	2,111,014
Auxiliary fund	23,747	69,731
Plant fund	73,618	1,372,445
	774,717	3,553,190
 Scholarship fund	None	21,969
 Plant fund		
Unrestricted fund	27,189	
Restricted fund	1,372,445	
Auxiliary fund	227,611	73,618
	1,627,245	73,618
 Total	\$ 5,426,335	\$ 5,426,335

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

13. Related Organizations

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

Significant financial data for the year ended June 30, 2015, which is audited, is as follows:

Total assets	\$ 4,352,422
Total liabilities	\$ 2,246,556
Total equity	\$ 2,105,866
Total revenue	\$ 2,809,881
Total expenses	\$ 2,658,247

14. New Jobs Training Program

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area I in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries, which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property tax. Since inception, the College has administered 290 projects. There are 196 projects that have been completed and 94 are currently open.

The College also administers the Iowa Jobs Training Program (IJTP) in Area I in accordance with the Code of Iowa. IJTP's purpose is to provide tax-aided training or retraining for existing employees of businesses. Approved businesses receive forgivable loans from the Iowa Economic Development Authority, a state administered fund. Since inception, the College has administered 376 projects with 19 new projects in the year ending June 30, 2015.

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 \$97,864 for software, licensing, and maintenance for FY15.

The College is also a member of CAST, Inc. (College Alliance Sharing Technology), a computer consortium composed of three (3) Iowa community colleges. Its purpose is to provide administrative support and sharing of computer services. The College is committed to be a member of CAST until July 1, 2015. 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 2015 are estimated to be \$298,947 for the consortium, which represents approximately 46% of the budget for CAST, Inc.

NOTES TO FINANCIAL STATEMENTS

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15. Commitments (Continued)

As of June 30, 2015, the College has entered into various agreements for equipment for a total amount of \$300,632.

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, 2015, 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, 2015 and 2014 are as follows:

	2015	2014
Claims payable, beginning of year	\$ 1,538,791	\$ 1,628,415
Claims recognized	3,423,358	3,849,269
Claim payments	(4,452,461)	(3,938,893)
Claims payable, end of year	\$ 509,688	\$ 1,538,791

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

18. Net Position

The statement of net position reports \$6,083,627 of restricted net position, of which \$5,835,415 is restricted by enabling legislation.

19. Subsequent Events

Management has evaluated subsequent events through December 3, 2015, the date on which the financial statements were available to be issued.

20. Net Position Deficit

The unrestricted fund has a deficit net position as of June 30, 2015. The deficit was incurred due to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*.

NOTES TO FINANCIAL STATEMENTS

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21. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments, which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and for changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Net Position
Net position June 30, 2014, as previously reported	\$ 42,751,438
Net pension liability at June 30, 2014	(7,353,953)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	839,984
Net position July 1, 2014, as restated	\$ 36,237,469

NORTHEAST IOWA COMMUNITY COLLEGE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 Last Fiscal Year\*  
 (In Thousands)

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	2015
College's proportion of the net pension liability	0.140866%
College's proportionate share of the net pension liability	\$ 5,701
College's covered-employee payroll	\$ 9,410
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.58%
Plan fiduciary net position as a percentage of the total pension liability	86.60%

\* The amounts presented for each fiscal year were determined as of June 30.

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

NORTHEAST IOWA COMMUNITY COLLEGE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COLLEGE CONTRIBUTIONS  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 Last 10 Fiscal Years  
 (In Thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 948	\$ 840	\$ 730	\$ 635	\$ 544	\$ 532	\$ 507	\$ 450	\$ 405	\$ 406
Contributions in relation to the statutorily required contribution	(948)	(840)	(730)	(635)	(544)	(532)	(507)	(450)	(405)	(406)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll	\$ 10,621	\$ 9,410	\$ 8,420	\$ 7,869	\$ 7,827	\$ 8,000	\$ 7,984	\$ 7,438	\$ 7,043	\$ 7,061
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

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

NORTHEAST IOWA COMMUNITY COLLEGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY  
Year Ended June 30, 2015

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Changes of Benefit Terms

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

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

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

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

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

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)
2010	July 1, 2008	-	\$ 1,018	\$ 1,018	0.0%	\$ 13,453	7.6%
2011	July 1, 2010	-	\$ 517	\$ 517	0.0%	\$ 11,506	4.5%
2012	July 1, 2010	-	\$ 517	\$ 517	0.0%	\$ 12,725	4.1%
2013	July 1, 2012	-	\$ 481	\$ 481	0.0%	\$ 11,661	4.1%
2014	July 1, 2012	-	\$ 481	\$ 481	0.0%	\$ 14,595	3.3%
2015	July 1, 2014	-	\$ 628	\$ 628	0.0%	\$ 16,447	3.8%

See Note 11 in the accompanying notes to financial statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

INDEPENDENT AUDITOR'S REPORT  
ON THE SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of Northeast Iowa Community College, as of and for the year ended June 30, 2015, and our report thereon dated December 3, 2015, which expressed an unmodified opinion on the financial statements, appears on pages 2 through 3. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. We previously audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 12, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis using regulatory basis of accounting and is not a required part of the basic financial statements.

The supplementary information presented in Schedules 1 through 12 is the responsibility of the College's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Decorah, Iowa  
December 3, 2015

NORTHEAST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
June 30, 2015

ASSETS	Current Funds				Plant Funds		GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness		
Cash	\$ 7,146,582	\$ 3,734,931	\$ 4,954,107		\$ 773,010			\$ 16,608,630
Investments			16,899,846		2,655,747			19,555,593
Receivables								
Accounts, less allowance of \$1,759,078	5,120,106	100,229	856,516		52,133			6,128,984
Accrued interest		4	9,733		2,703			12,440
Property tax								
Current year delinquent	20,585		26,560			\$ 46,758		93,903
Succeeding year	2,062,091		1,576,485			5,898,094		9,536,670
Due from other funds	72,388							72,388
Due from other governments	232,228		912,881	\$ 281,866				1,426,975
Inventories	552	653,524						654,076
Due from Iowa Industrial New Jobs Training Program			11,559,384					11,559,384
Lease receivable		1,805,000						1,805,000
Capital assets								
Land							\$ 683,366	683,366
Construction in progress							373,415	373,415
Buildings							68,544,427	68,544,427
Other structures and improvements							3,643,753	3,643,753
Furniture and equipment, including assets acquired under capital leases of \$40,724							7,990,880	7,990,880
Accumulated depreciation							(31,740,795)	(31,740,795)
Total assets	14,654,532	6,293,688	36,795,512	281,866	3,483,593	5,944,852	49,495,046	\$ -
DEFERRED OUTFLOWS OF RESOURCES								
Pension related deferred outflows							1,765,354	1,765,354
Total assets and deferred outflows of resources	\$ 14,654,532	\$ 6,293,688	\$ 36,795,512	\$ 281,866	\$ 3,483,593	\$ 5,944,852	\$ 49,495,046	\$ 1,765,354
LIABILITIES								
Accounts payable	\$ 585,298	\$ 114,962	\$ 591,445	\$ 3,641	\$ 526,342			\$ 1,821,688
Northeast Iowa Community-Based Dairy Foundation		482,787						482,787
Salaries and benefits payable	2,166,750		509,688					2,676,438
Accrued interest payable		14,004				118,812		132,816
Deposits held in custody for others	266,452							266,452
Due to other funds				72,388				72,388
Advance from grantors				4,383				4,383
Compensated absences	110,151	21,079						131,230
Early retirement payable			140,732					140,732
Net OPEB liability							\$ 595,467	595,467
Net pension liability							5,700,949	5,700,949
Notes payable							\$ 2,375,000	2,375,000
Bonds payable		1,805,000			4,552,387		15,412,613	21,770,000
Certificates payable			24,930,000					24,930,000
Total liabilities	3,128,651	2,437,832	26,171,865	80,412	5,197,541	\$ -	17,787,613	6,296,416
DEFERRED INFLOWS OF RESOURCES								
Succeeding year property tax	2,062,091		1,576,485			5,898,094		9,536,670
Pension related deferred inflows							2,174,177	2,174,177
Other	4,683,426		3,211,747		92,122			7,987,295
Total deferred inflows of resources	6,745,517	-	4,788,232	-	92,122	5,898,094	-	2,174,177
FUND BALANCE								
Net investment in capital assets							31,707,433	31,707,433
Fund balances								
Restricted for specific purposes			5,835,415	201,454		46,758		6,083,627
Unrestricted (deficit)	4,780,364	3,855,856			(1,806,070)		(6,705,239)	124,911
Total fund equity (deficit)	4,780,364	3,855,856	5,835,415	201,454	(1,806,070)	46,758	(6,705,239)	37,915,971
Total liabilities, deferred inflows of resources and fund equity	\$ 14,654,532	\$ 6,293,688	\$ 36,795,512	\$ 281,866	\$ 3,483,593	\$ 5,944,852	\$ 49,495,046	\$ 1,765,354
								\$ 118,714,443

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE  
 For the Year Ended June 30, 2015

	Current Funds				Plant Funds			GAAP Adjustments	GAAP Basis
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness	Investment in Plant		
<b>REVENUES AND OTHER ADDITIONS</b>									
General									
State appropriations	\$ 10,004,236	\$ 28,984	\$ 2,224,707	\$ 512,215	\$ 68,425			\$ (370,175)	\$ 12,468,392
Tuition and fees	15,251,109	52,766	306,862					(6,604,353)	9,006,384
Property taxes	2,020,034		1,483,154		1,309,657	\$ 4,515,240			9,328,085
Federal appropriations	8,825	29,658	5,793,249	15,417,837	266,138			438,284	21,953,991
Investment income	68,317	27,907	161,565	7,630	25,657				291,076
Iowa Industrial New Jobs Training Program			4,857,292						4,857,292
Sales and services	65,919				81,332				147,251
Miscellaneous	482,057		1,175,560	408,456	45,982			(68,109)	2,043,946
	27,900,497	139,315	16,002,389	16,346,138	1,797,191	4,515,240	\$ -	(6,604,353)	60,096,417
Auxiliary enterprises									
Sales and services		4,126,068						(1,278,399)	2,847,669
Miscellaneous		180,613							180,613
	-	4,306,681	-	-	-	-	-	(1,278,399)	3,028,282
<b>Total revenues and other additions</b>	<b>27,900,497</b>	<b>4,445,996</b>	<b>16,002,389</b>	<b>16,346,138</b>	<b>1,797,191</b>	<b>4,515,240</b>	<b>-</b>	<b>(7,882,752)</b>	<b>63,124,699</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>									
Education and support									
Liberal arts and sciences	6,171,155		108,884					(82,873)	6,197,166
Vocational technical	8,154,594		1,523,422					(488,702)	9,189,314
Adult education	3,433,481		495,895						3,929,376
Cooperative services	2,571,691		6,276,951					(876,458)	7,972,184
General administration	1,418,394								1,418,394
Student services	2,211,924		3,217					(10,076)	2,205,065
Learning resources	721,944		157,486						879,430
Physical plant	2,615,634		888,160						3,503,794
General institution	4,529,888		3,534,033					(789,033)	7,274,888
	31,828,705	-	12,988,048	-	-	-	-	(2,247,142)	42,569,611
Auxiliary enterprises									
Scholarships and grants		4,622,210		16,122,715				(263,563)	4,358,647
Plant asset acquisitions					597,518			(7,882,752)	8,239,963
Interest on indebtedness						1,107,521		(456,003)	141,515
Other					1,226,606			876,318	1,983,839
Expended for plant assets							(1,501,797)	1,501,797	-
Retirement of indebtedness					(150,000)	3,410,724	(3,260,724)		-
Disposal of plant assets							110,421		110,421
Depreciation							2,815,595		2,815,595
Donated plant assets received							(233,320)	233,320	-
	-	4,622,210	-	16,122,715	1,674,124	4,518,245	(2,069,825)	(5,990,883)	18,876,586
<b>Total expenditures and other deductions</b>	<b>31,828,705</b>	<b>4,622,210</b>	<b>12,988,048</b>	<b>16,122,715</b>	<b>1,674,124</b>	<b>4,518,245</b>	<b>(2,069,825)</b>	<b>(8,238,025)</b>	<b>61,446,197</b>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE (Continued)  
For the Year Ended June 30, 2015

	Current Funds				Plant Funds		GAAP Adjustments	GAAP Basis	
	Unrestricted	Auxiliary	Restricted	Scholarships	Unexpended	Retirement of Indebtedness			Investment in Plant
(Deficiency) excess of revenues and other additions (under) over expenditures and other deductions	\$ (3,928,208)	\$ (176,214)	\$ 3,014,341	\$ 223,423	\$ 123,067	\$ (3,005)	\$ 2,069,825	\$ 355,273	\$ 1,678,502
<b>TRANSFERS</b>									
Mandatory	1,021,040		(916,159)	(21,969)	(3,737)				79,175
Nonmandatory	1,173,812	(738,643)	(1,341,725)		827,381				(79,175)
<b>Total transfers</b>	<b>2,194,852</b>	<b>(738,643)</b>	<b>(2,257,884)</b>	<b>(21,969)</b>	<b>823,644</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net (decrease) increase in fund balance	(1,733,356)	(914,857)	756,457	201,454	946,711	(3,005)	2,069,825	355,273	1,678,502
<b>FUND BALANCE (deficit)</b>									
Beginning	6,513,720	4,770,713	5,078,958	-	(2,752,781)	49,763	29,637,608	(7,060,512)	36,237,469
Ending	\$ 4,780,364	\$ 3,855,856	\$ 5,835,415	\$ 201,454	\$ (1,806,070)	\$ 46,758	\$ 31,707,433	\$ (6,705,239)	\$ 37,915,971

NORTHEAST IOWA COMMUNITY COLLEGE  
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE  
 EDUCATION AND SUPPORT UNRESTRICTED CURRENT FUNDS  
 For the Year Ended June 30, 2015

	Education			Support						Total
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services	General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
<b>REVENUES AND OTHER ADDITIONS</b>										
State appropriations	\$ 4,759,410	\$ 4,026,005	\$ 1,183,349		\$ 24,678			\$ 10,794		\$ 10,004,236
Tuition and fees	4,511,575	6,528,618	2,440,377	\$ 1,770,323		\$ 216				15,251,109
Property taxes					2,020,034					2,020,034
Federal appropriations		8,825								8,825
Investment income					68,317					68,317
Sales and services			35,395	1,000			\$ 12,000		\$ 17,524	65,919
Miscellaneous		16,523	200,038	125,024	3,941		31,943	4,211	100,377	482,057
<b>Total revenues and other additions</b>	<b>9,270,985</b>	<b>10,579,971</b>	<b>3,859,159</b>	<b>1,896,347</b>	<b>2,116,970</b>	<b>216</b>	<b>43,943</b>	<b>15,005</b>	<b>117,901</b>	<b>27,900,497</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>										
Salaries and wages	4,730,570	6,045,564	2,009,110	1,916,802	843,372	1,584,518	488,826	733,206	1,893,014	20,244,982
Employee fringe benefits	1,278,832	1,637,736	479,260	524,980	243,431	529,211	160,004	277,964	749,073	5,880,491
Services	26,842	163,326	817,477	73,468	257,112	51,179	3,805	1,365,085	1,644,687	4,402,981
Materials and supplies	54,385	166,199	52,414	47,927	2,792	35,104	68,377	238,407	154,437	820,042
Travel	14,257	46,775	46,490	8,514	51,911	11,912	932	972	65,909	247,672
Loan cancellations and bad debts	36,681	53,354	28,730		14,954					133,719
Plant asset acquisitions			6,228						10,885	17,113
Miscellaneous	29,588	35,412			4,822				11,883	81,705
<b>Total expenditures and other deductions</b>	<b>6,171,155</b>	<b>8,154,594</b>	<b>3,433,481</b>	<b>2,571,691</b>	<b>1,418,394</b>	<b>2,211,924</b>	<b>721,944</b>	<b>2,615,634</b>	<b>4,529,888</b>	<b>31,828,705</b>
<b>Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions</b>	<b>3,099,830</b>	<b>2,425,377</b>	<b>425,678</b>	<b>(675,344)</b>	<b>698,576</b>	<b>(2,211,708)</b>	<b>(678,001)</b>	<b>(2,600,629)</b>	<b>(4,411,987)</b>	<b>(3,928,208)</b>
<b>TRANSFERS</b>										
Mandatory		21,859	(40,653)	965,165	65,976				8,693	1,021,040
Nonmandatory	(325)	74,589	300,798	2,274	22,023	(308)	(40,000)		814,761	1,173,812
<b>Total transfers</b>	<b>(325)</b>	<b>96,448</b>	<b>260,145</b>	<b>967,439</b>	<b>87,999</b>	<b>(308)</b>	<b>(40,000)</b>	<b>-</b>	<b>823,454</b>	<b>2,194,852</b>
<b>Net increase (decrease) in fund balance</b>	<b>\$ 3,099,505</b>	<b>\$ 2,521,825</b>	<b>\$ 685,823</b>	<b>\$ 292,095</b>	<b>\$ 786,575</b>	<b>\$ (2,212,016)</b>	<b>\$ (718,001)</b>	<b>\$ (2,600,629)</b>	<b>\$ (3,588,533)</b>	<b>(1,733,356)</b>
<b>FUND BALANCE</b>										
Beginning										6,513,720
Ending										<u>\$ 4,780,364</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE  
 AUXILIARY ENTERPRISE UNRESTRICTED CURRENT FUNDS  
 Year Ended June 30, 2015

	Bookstore	Food Services	Child Care	Farm	Trade and Industry	Professional Development	Miscellaneous	Total
<b>REVENUES AND OTHER ADDITIONS</b>								
State appropriations			\$ 28,984					\$ 28,984
Tuition and fees						\$ 46,686	\$ 6,080	52,766
Federal appropriations			29,658					29,658
Sales and services	\$ 2,805,983	\$ 444,514	720,439	\$ 52,568	\$ 69,578		32,986	4,126,068
Investment income				27,907				27,907
Miscellaneous	16,019	37	41,470			5,320	117,767	180,613
<b>Total revenues and other additions</b>	<b>2,822,002</b>	<b>444,551</b>	<b>820,551</b>	<b>80,475</b>	<b>69,578</b>	<b>52,006</b>	<b>156,833</b>	<b>4,445,996</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>								
Salaries and wages	158,060	197,042	753,385					1,108,487
Employee fringe benefits	51,817	59,464	203,531					314,812
Services	14,383	14,719	11,732	5,000	4,425	17,253	30,319	97,831
Materials and supplies	9,618	32,507	82,035		40,355	5,064	43,325	212,904
Travel	2,833	365			99	32,174	5,498	40,969
Cost of goods sold	2,261,825	227,163		23,750	37,326		13,480	2,563,544
Plant asset acquisitions		5,578					176,627	182,205
Interest on indebtedness				81,358				81,358
Miscellaneous	19,470						630	20,100
<b>Total expenditures and other deductions</b>	<b>2,518,006</b>	<b>536,838</b>	<b>1,050,683</b>	<b>110,108</b>	<b>82,205</b>	<b>54,491</b>	<b>269,879</b>	<b>4,622,210</b>
<b>Excess (deficiency) of revenues and other additions over (under) expenditures and other deductions</b>	<b>303,996</b>	<b>(92,287)</b>	<b>(230,132)</b>	<b>(29,633)</b>	<b>(12,627)</b>	<b>(2,485)</b>	<b>(113,046)</b>	<b>(176,214)</b>
<b>TRANSFERS</b>								
Nonmandatory	(1,100,079)	92,289	227,663	(8,683)			50,167	(738,643)
<b>Net (decrease) increase in fund balance</b>	<b>(796,083)</b>	<b>2</b>	<b>(2,469)</b>	<b>(38,316)</b>	<b>(12,627)</b>	<b>(2,485)</b>	<b>(62,879)</b>	<b>(914,857)</b>
<b>FUND BALANCE (deficit)</b>								
Beginning	3,108,027	72,655	130,950	(95,931)	187,089	110,608	1,257,315	4,770,713
Ending	\$ 2,311,944	\$ 72,657	\$ 128,481	\$ (134,247)	\$ 174,462	\$ 108,123	\$ 1,194,436	\$ 3,855,856

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCE  
RESTRICTED CURRENT FUNDS  
Year Ended June 30, 2015

	Restricted Property Tax Levies	Iowa New Jobs Training	Other Federal Programs	Miscellaneous	Total
<b>REVENUES AND OTHER ADDITIONS</b>					
State appropriations	\$ 19,069		\$ 859,215	\$ 1,346,423	\$ 2,224,707
Tuition and fees				306,862	306,862
Property taxes	1,483,154				1,483,154
Federal appropriations			5,440,210	353,039	5,793,249
Investment income	161,565				161,565
Iowa Industrial New Jobs Training Program		\$ 4,857,292			4,857,292
Miscellaneous	392,052	361,436	179,588	242,484	1,175,560
<b>Total revenues and other additions</b>	<b>2,055,840</b>	<b>5,218,728</b>	<b>6,479,013</b>	<b>2,248,808</b>	<b>16,002,389</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>					
Salaries and wages			1,006,385	540,124	1,546,509
Employee fringe benefits	37,492		310,855	140,698	489,045
Services	744,383	3,034,408	509,403	334,352	4,622,546
Materials and supplies	777,972		313,710	120,378	1,212,060
Travel			79,648	22,852	102,500
Plant asset acquisitions	201,496		216,720	116,962	535,178
Interest on indebtedness		794,960	2,146		797,106
Miscellaneous		404,627	3,267,650	10,827	3,683,104
<b>Total expenditures and other deductions</b>	<b>1,761,343</b>	<b>4,233,995</b>	<b>5,706,517</b>	<b>1,286,193</b>	<b>12,988,048</b>
<b>Excess of revenues and other additions over expenditures and other deductions</b>	<b>294,497</b>	<b>984,733</b>	<b>772,496</b>	<b>962,615</b>	<b>3,014,341</b>
<b>TRANSFERS</b>					
Mandatory		(876,989)	21,285	(60,455)	(916,159)
Nonmandatory	(500,000)	(107,744)	(448,737)	(285,244)	(1,341,725)
<b>Total transfers</b>	<b>(500,000)</b>	<b>(984,733)</b>	<b>(427,452)</b>	<b>(345,699)</b>	<b>(2,257,884)</b>
<b>Net (decrease) increase in fund balance</b>	<b>(205,503)</b>	<b>-</b>	<b>345,044</b>	<b>616,916</b>	<b>756,457</b>
<b>FUND BALANCE</b>					
Beginning	3,603,564	-	288,439	1,186,955	5,078,958
Ending	\$ 3,398,061	\$ -	\$ 633,483	\$ 1,803,871	\$ 5,835,415

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
AGENCY FUNDS  
Year Ended June 30, 2015

	Student Organizations Federal	Federal and Other Programs	Retraining	Dairy Center	Total
Balance, beginning of year (deficit)	\$ 28,081	\$ 1,072	\$ 88,854	\$ (204)	\$ 117,803
<b>Additions</b>					
State appropriations			131,552		131,552
Tuition and fees	96,274				96,274
Federal appropriations				5,161	5,161
Sales and services	82				82
Miscellaneous	376,527			2,500	379,027
Total additions	472,883	-	131,552	7,661	612,096
<b>Deductions</b>					
Salaries and wages	123,339				123,339
Employee fringe benefits	38,251				38,251
Services	104,969		47,189		152,158
Materials and supplies	80,454			161	80,615
Travel	45,741	123			45,864
Cost of goods sold	7,583				7,583
Miscellaneous	5,561				5,561
Plant asset acquisitions	10,076				10,076
Total deductions	415,974	123	47,189	161	463,447
Balance, end of year	\$ 84,990	\$ 949	\$ 173,217	\$ 7,296	\$ 266,452

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Local (property tax)	\$ 9,328,085	\$ 8,900,292	\$ 9,319,214	\$ 9,722,498	\$ 9,168,987	\$ 8,338,873	\$ 4,437,962	\$ 4,710,263	\$ 4,617,926	\$ 4,434,120
State appropriations	12,468,392	11,659,341	10,490,504	8,976,053	10,590,494	8,561,576	9,926,999	9,582,594	9,318,872	9,225,795
Federal appropriations	21,953,991	27,040,609	28,726,546	26,677,663	28,950,131	26,409,295	18,342,004	15,164,519	13,211,473	13,808,778
<b>Total</b>	<b>\$ 43,750,468</b>	<b>\$ 47,600,242</b>	<b>\$ 48,536,264</b>	<b>\$ 45,376,214</b>	<b>\$ 48,709,612</b>	<b>\$ 43,309,744</b>	<b>\$ 32,706,965</b>	<b>\$ 29,457,376</b>	<b>\$ 27,148,271</b>	<b>\$ 27,468,693</b>

See Independent Auditor's Report on the Supplementary Information.

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

	Statutory Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
State appropriations	\$ 12,770,142	\$ 11,982,240	\$ 10,825,716	\$ 8,922,833	\$ 8,901,805	\$ 8,630,563	\$ 10,045,748	\$ 9,646,510	\$ 8,585,540	\$ 8,273,314
Tuition and fees	15,610,737	16,572,799	17,520,534	17,846,943	17,610,746	17,311,196	14,012,003	12,617,952	12,627,379	11,542,638
Property taxes	3,503,188	3,318,633	3,718,588	4,284,334	3,752,235	3,232,287	2,823,374	3,154,039	3,087,576	2,950,677
Federal appropriations	21,249,569	26,288,608	27,084,729	25,762,439	28,249,100	25,972,051	18,087,030	14,421,197	13,210,561	13,662,743
Investment income	265,419	314,897	277,580	327,185	390,036	433,017	735,656	781,538	770,894	372,952
Iowa Industrial New Jobs Training Program	4,857,292	5,524,871	5,325,255	5,226,224	4,939,286	3,064,989	3,255,689	2,942,389	2,681,762	2,022,297
Auxiliary enterprises	4,306,681	4,265,807	4,472,772	4,331,066	4,457,057	4,383,682	3,615,807	3,364,701	3,165,052	3,019,488
Miscellaneous	2,131,992	612,913	1,641,872	770,406	4,092,595	6,289,740	1,199,579	1,605,837	3,998,906	2,288,211
	<u>\$ 64,695,020</u>	<u>\$ 68,880,768</u>	<u>\$ 70,867,046</u>	<u>\$ 67,471,430</u>	<u>\$ 72,392,860</u>	<u>\$ 69,317,525</u>	<u>\$ 53,774,886</u>	<u>\$ 48,534,163</u>	<u>\$ 48,127,670</u>	<u>\$ 44,132,320</u>
<b>Expenditures</b>										
Liberal arts and sciences	\$ 6,280,039	\$ 5,384,048	\$ 5,477,329	\$ 5,879,893	\$ 5,348,064	\$ 5,701,752	\$ 5,644,522	\$ 3,132,660	\$ 4,291,171	\$ 4,551,128
Vocational technical	9,678,016	8,992,192	9,002,457	8,845,338	9,098,625	7,530,248	7,332,631	9,028,181	7,406,780	8,270,645
Adult education	3,929,376	3,499,933	3,502,795	3,293,160	3,083,158	2,662,436	2,502,973	2,435,011	2,445,756	2,562,093
Cooperative services	8,848,642	8,655,705	9,027,827	9,102,551	10,946,821	11,532,077	6,866,050	6,318,846	7,611,483	4,633,475
General administration	1,418,394	1,415,492	1,445,495	1,480,985	2,507,767	1,676,056	1,912,926	1,788,637	1,229,762	750,693
Student services	2,215,141	2,140,522	1,955,567	1,776,000	1,701,656	1,734,854	1,775,038	1,653,107	1,514,565	1,572,779
Learning resources	879,430	977,697	877,371	1,070,725	696,452	929,461	886,356	742,207	776,377	756,579
Physical plant	3,503,794	3,165,470	3,298,461	2,781,858	2,554,179	2,774,210	2,219,838	1,910,678	1,650,778	1,604,176
General institution	8,063,921	9,980,980	7,999,519	3,845,296	4,842,903	3,845,175	3,503,043	3,377,247	3,526,426	3,363,388
Auxiliary enterprises	4,622,210	4,445,701	4,302,533	4,220,714	4,020,013	4,478,723	4,337,177	3,558,057	3,406,178	3,188,290
Scholarships and grants	16,122,715	18,494,274	20,952,363	22,680,816	24,988,186	23,560,574	16,485,045	13,315,714	12,730,287	12,890,231
Loan cancellations and bad debts									(234)	8,445
	<u>\$ 65,561,678</u>	<u>\$ 67,152,014</u>	<u>\$ 67,841,717</u>	<u>\$ 64,977,336</u>	<u>\$ 69,787,824</u>	<u>\$ 66,425,566</u>	<u>\$ 53,465,599</u>	<u>\$ 47,260,345</u>	<u>\$ 46,589,329</u>	<u>\$ 44,151,922</u>

See Independent Auditor's Report on the Supplementary Information.

NORTHEAST IOWA COMMUNITY COLLEGE  
 SCHEDULE OF CONTACT/CREDIT HOUR ENROLLMENT  
 Year Ended June 30, 2015

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	46,438		46,438			
Vocational Education	43,557		43,557			
Adult/Continuing Education				304,158	75,871	380,029
Related Services and Activities					11,382	11,382
<b>Total</b>	<b>89,995</b>		<b>89,995</b>	<b>304,158</b>	<b>87,253</b>	<b>391,411</b>

NORTHEAST IOWA COMMUNITY COLLEGE  
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2015

Funds/Levy	Original Budget	Actual	Variance Actual and Budget
Unrestricted	\$ 31,304,569	\$ 31,828,705	\$ (524,136)
Restricted	21,075,000	10,726,706	10,348,294
Unemployment	18,518	18,518	(18,518)
Insurance	734,974	526,912	208,062
Early retirement	200,000	141,038	58,962
Equipment replacement	895,968	1,574,874	(678,906)
Standby	238,282		238,282
Total restricted	23,144,224	12,988,048	10,156,176
Plant			
Plant	4,015,928	1,824,124	2,191,804
Bonds and interest	3,790,705	4,518,245	(727,540)
Total plant	7,806,633	6,342,369	1,464,264
Total	\$ 62,255,426	\$ 51,159,122	\$ 11,096,304

**Note to Budgetary Reporting:**

The Board of Directors (Trustees) annually prepares a budget designating the proposed expenditures for operation of the College on a statutory (regulatory) basis. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors (Trustees) certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

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

For the year ended June 30, 2015, the College's expenditures for Restricted Fund - Unemployment and Equipment Replacement and Plant Fund, Bonds and Interest subgroups exceeded the amount budgeted.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

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

- (a) Unmodified 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. No material weaknesses noted.
- (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. No material weaknesses noted.
- (e) An unmodified 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 17.268 - H-1B Job Training Grants
  - CFDA Number 17.282 - Trade Adjustment Assistance Community College and Career Training (TAACCCT)
  - CFDA Number 64.027 - Post 9/11 Veterans Educational Assistance, Recovery Act
  - CFDA Number 84.002 - Adult Education - State Grant Program
  - Clustered programs:
    - Student Financial Assistance Cluster
      - CFDA Number 84.007 - Federal Supplemental Educational Opportunity Grants
      - CFDA Number 84.033 - Federal Work - Study Program, Recovery Act
      - CFDA Number 84.063 - Federal Pell Grant Program, Recovery Act
      - CFDA Number 84.268 - Federal Direct Student Loans - Subsidized/Unsubsidized, Plus Loans
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Northeast Iowa Community College did qualify as a low-risk auditee.

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

**INTERNAL CONTROL DEFICIENCIES:**

No matters were noted.

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

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

**INTERNAL CONTROL DEFICIENCIES:**

No matters were noted.

**INSTANCES OF NONCOMPLIANCE:**

Department of Education  
CFDA Number 84.063 Federal Pell Grant Program, Recovery Act  
Grant period – year ended June 30, 2015  
2015-001

		Questioned Costs
<b>Condition and Criteria:</b>	Parent's IRA deduction was not included as untaxed income when computing the expected family contribution.	
<b>Effect:</b>	Excess payment of Federal Pell Grant.	
<b>Cause:</b>	The deduction was overlooked when the file was verified by financial aid staff.	
<b>Context:</b>	A sample of 40 financial aid files which totaled \$158,834 in Federal Pell Grants was selected for audit from a population of 7,861 financial aid files with a total of \$5,755,939 in Federal Pell Grants. The test found one file not in compliance with questioned costs totaling \$1,300. Our sample was a statistically valid sample.	\$ 46,828
<b>Auditor's Recommendation:</b>	We recommend the College carefully review all applications to verify all amounts requested on the FAFSA are included to correctly calculate a student's expected family contribution.	
<b>Views of Responsible Officials and Planned Corrective Actions:</b>	We have corrected the student's file for the Federal Pell Grant overpayment and updated Common Origination and Disbursement (COD) to reflect a reduction of the student's Federal Pell Grant award. We have submitted a corrected FISAP for the reduced Federal Pell Grant award. The student does not owe us for the Federal Pell Grant overpayment since we have reimbursed the student's account with institutional funds.	

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

See management letter dated December 3, 2015

**Part V: Summary of Prior Federal Audit Findings and Questioned Costs**

N/A

NORTHEAST IOWA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2015

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
U.S. Department of Agriculture Rural Business Enterprise Grants	10.769	\$ 14,618	
Passed through Iowa Department of Education Child and Adult Care Food Program	10.558	<u>29,658</u>	
Subtotal Department of Agriculture		<u>44,276</u>	
U.S. Department of Interior Passed through Silos and Smokestacks National Heritage Area National Heritage Area Federal Financial Assistance	15.939	<u>6,111</u>	
U.S. Department of Labor Direct H-1B Job Training Grants	17.268	1,313,979	
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	2,970,947	
Passed through Upper Explorerland Regional Planning Commission Youthbuild	17.274	<u>116,701</u>	
Subtotal U.S. Department of Labor		<u>4,401,627</u>	
National Science Foundation Passed through Iowa State University Education and Human Resources	47.076	<u>174,295</u>	
Small Business Development Center Passed through Iowa State University Small Business Development	59.037	<u>75,213</u>	
U.S. Department of Veteran Affairs Direct Post 9/11 Veterans Educational Assistance, Recovery Act	64.027	<u>189,076</u>	
U.S. Department of Education Direct Adult Education - State Grant Program	84.002	<u>138,455</u>	
Higher Education - Institutional Aid	84.031	<u>394,806</u>	
TRIO Cluster TRIO - Student Support Services	84.042	<u>232,135</u>	
Student Financial Assistance Cluster Federal Supplemental Educational Opportunity Grants	84.007	76,196	
Federal Work-Study Program, Recovery Act	84.033	89,358	
Federal Pell Grant Program, Recovery Act	84.063	5,755,939	
Federal Direct Student Loans - Plus Loans	84.268		\$ 67,190
Federal Direct Student Loans - Subsidized Loans	84.268		4,581,480
Federal Direct Student Loans - Unsubsidized Loans	84.268		<u>4,745,081</u>
		<u>5,921,493</u>	<u>9,393,751</u>
Vocational Education-Basic Grants to States Career and Technical Education - Basic Grants to States	84.048	<u>271,792</u>	
Passed through Iowa College Student Aid Commission College Access Challenge Grant Program	84.378	<u>11,700</u>	
Subtotal U.S. Department of Education		<u>6,970,381</u>	<u>9,393,751</u>
		<u>\$ 11,860,979</u>	<u>\$ 9,393,751</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, 2015

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Northeast Iowa Community College under programs of the federal government for the year ended June 30, 2015. 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*. Because the schedule presents only a selected portion of the operations of Northeast Iowa Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Northeast Iowa Community College.

**Note 2. Summary of Significant Accounting Policies**

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit, and each major fund of Northeast Iowa Community College, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Northeast Iowa Community College's basic financial statements, and have issued our report thereon dated December 3, 2015.

**Internal Control over Financial Reporting**

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Iowa Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2015-001.

### Northeast Iowa Community College's Response to Finding

Northeast Iowa Community College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Northeast Iowa Community College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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

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

Decorah, Iowa  
December 3, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

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

We have audited Northeast Iowa Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Northeast Iowa Community College's major federal programs for the year ended June 30, 2015. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Northeast Iowa Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Northeast Iowa Community College's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Northeast Iowa Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

Northeast Iowa Community College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Northeast Iowa Community College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control over Compliance

Management of Northeast Iowa Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northeast Iowa Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Decorah, Iowa  
December 3, 2015

## 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, 2015, we considered the College's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the College's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 9 below are compliance comments required by the Iowa Auditor of State. A separate report dated December 3, 2015 contains our report on the College's internal control. This letter does not affect our report dated December 3, 2015, on the financial statements of the Northeast Iowa Community College. All 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**  
Expenditures for the year ended June 30, 2015 did not exceed the amounts budgeted in total.
2. **Questionable Disbursements**  
We noted no expenditures 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**  
No business transactions between the College and College officials and/or employees were noted.
5. **Bond Coverage**  
Surety bond coverage of College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to 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.14(12) of the Code of Iowa.

8. **Deposits and Investments**

During our audit, we noted there was an authorized signer on an account, who should no longer be an authorized signer.

**Recommendation**

We recommend the College update the authorized signers to include only those that are currently approved as authorized signers by the Board of Trustees.

**Response**

We have reviewed the authorized signers and have made the appropriate changes.

**Conclusion**

Response accepted.

9. **Contact and Credit Hours**

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

10. **Financial Aid**

During our audit, we noted one out of forty student files tested the College did not include the parent's IRA deduction as untaxed income when the expected family contribution was calculated, which resulted in an over award of the Federal Pell Grant.

**Recommendation**

We recommend the College carefully review all applications to verify all amounts requested on the FAFSA are included to correctly calculate the student's expected family contribution.

**Response**

The financial aid staff has made the appropriate change to the student's Federal Pell Grant award. The staff will also review files closer in the future.

**Conclusion**

Response accepted.

11. Payroll

During our audit, we noted one out of sixteen employee files tested did not have a W-4 in the file. We also noted one of the sixteen paychecks tested the time card related to the paycheck tested was not located.

Recommendation

We recommend the College carefully review all employee payroll files to verify all the required documentation are included. We also recommend all the timecards be kept so the hours can be verified.

Response

We have reviewed the recommendation and will comply in the future.

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  
December 3, 2015