

**NORTHWEST IOWA COMMUNITY COLLEGE
SHELDON, IOWA**

**Independent Auditors' Report
Financial Statements and Supplementary Information
Schedule of Findings and Questioned Costs**

For the Fiscal Year Ended June 30, 2020

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C O N T E N T S**

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NORTHWEST IOWA COMMUNITY COLLEGE

OFFICIALS

NAME	TITLE	TERM EXPIRES
Board of Directors		
Cynthia Porter	Member	2021
Steve Loshman	Member	2021
Dr. Loretta Berkland	Member	2023
Leroy Van Kekerix	Member	2023
Stephen Simons	Member	2023
Larry Hoekstra	President	2021
Adam Besaw	Vice-President	2023
Community College		
Dr. Alethea Stubbe	President	
Laura Nachtigal	Board Secretary	
Mark Brown	Vice President of Operations and Finance and Board Treasurer	



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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Northwest Iowa Community College
Sheldon, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Northwest Iowa Community College and its discretely presented component unit as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 Northwest Iowa Community College and its discretely presented component unit as of June 30, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 18 to the financial statements, accumulated depreciation was understated in the prior year and corrected on the accompanying financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the College's Proportionate Share of Net Pension Liability, the Schedule of College Contributions and Schedule of Changes in College's total OPEB liability, related ratios and notes on pages 5 through 10 and 38 through 41 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (none of which are presented herein) and expressed unqualified/unmodified opinions on those statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the

underlying accounting and other records used to prepare the 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 auditing standards generally accepted in the United States of America. In our opinion, other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northwest Iowa Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 16, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Northwest Iowa Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- ◆ College operating revenues increased 1.2% or \$130,713 from fiscal year 2019 (FY 19). Federal appropriations, Iowa industrial new jobs training, gifts and contributions, and miscellaneous revenues reported an increase while auxiliary and tuition and fees revenues reported a decrease.
- ◆ College operating expenses increased 5.38% or \$1,016,977 from fiscal year 2019 (FY 19). Liberal arts and sciences, vocational technical, adult education, cooperative services, administration, physical plant, learning resources, student services, general institution, and depreciation and amortization reported an increase in expenses while auxiliary enterprises and scholarships and grants decreased.
- ◆ The College's net position increased by \$3,303,711 from fiscal year 2019 (FY 19). Contributing factors included an increase in Plant Funds and Unrestricted Fund.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

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

The Basic Financial Statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is 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 Changes in the College's Total OPEB Liability.

Supplementary Information provides detailed information about the individual funds. The Budgetary Comparison Schedule of Expenditures – Budget to Actual further explains and supports the financial statements with a comparison of the College's budget for the year. The Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the College.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Position

The Statement of Net Position presents the financial information on all the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being 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 non-current assets, deferred outflows of resources, current and non-current 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. The following statements include only the information of the primary government, not the component unit foundation.

Net Position

	June 30	
	2020	2019
Current Assets	\$ 30,358,040	\$ 29,842,413
Noncurrent Assets	40,433,225	30,989,611
Total Assets	70,791,265	60,832,024
Deferred outflows of resources	935,309	995,596
Current Liabilities	6,328,931	4,358,811
Noncurrent Liabilities	20,786,838	17,110,324
Total Liabilities	27,115,769	21,469,135
Deferred Inflows of Resources	6,160,069	5,211,460
Net Position		
Net Investment in capital assets	26,153,653	21,822,532
Restricted	752,578	788,811
Unrestricted	11,544,505	12,535,682
Total Net Position	\$ 38,450,736	\$ 35,147,025

Comparison of Net Position

The largest portion of the College's net position (68.01%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The next largest portion of the College's net position (30.02%) is the unrestricted net position that can be used to meet the College's obligations as they come due. The restricted portion of the net position (1.97%) includes resources that are subject to external restrictions. The college's restricted portion of the net position shows an decrease of \$36,233 compared to FY 19.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on 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 received by the College, both operating and non-operating, the expenses incurred by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

In general, a public college, such as Northwest Iowa Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating 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. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

Changes in Net Position

	Year ended June 30	
	2020	2019
Operating Revenues:		
Tuition and fees	\$ 3,923,281	\$ 4,380,931
Federal appropriations	2,753,827	2,343,942
Iowa Industrial New Jobs Training Program	866,765	796,693
Auxiliary	1,799,686	2,201,587
Gifts and contributions	602,858	525,632
Miscellaneous	1,104,547	671,466
Total operating revenues	11,050,964	10,920,251
Total operating expenses	19,913,906	18,896,929
Operating Loss	(8,862,942)	(7,976,678)
Non-operating revenues (expenses)		
State appropriations	7,514,591	7,197,919
Property tax	4,854,280	3,534,716
Interest income on investments	555,748	518,626
Gain (loss) on sale of capital assets	(54,210)	(82,682)
Rental of college facilities	15,665	15,291
Interest on indebtedness	(397,176)	(230,553)
Net non-operating revenues	12,488,898	10,953,317
Increase in net position	3,625,956	2,976,639
Net position beginning of year	35,147,025	31,915,631
Prior period adjustment	(322,245)	254,755
Net position beginning of year, as restated	34,824,780	32,170,386
Net position end of year	\$ 38,450,736	\$ 35,147,025

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.

Total Revenue by Source

In FY 20, operating revenues increased by \$130,713 (1.2%) as a net result of the following changes:

- ◆ Tuition and fees decreased by \$457,650 as a result of increased scholarship awarding. Overall gross tuition and fees (before scholarship netting) was up approximately 4%.
- ◆ Federal appropriations increased by \$409,885 due to the increase in federal scholarships and grants as well as the funding from the CARES act.
- ◆ The Iowa Industrial New Jobs Training program increased by \$70,072 due to an increase in job training funding requests by area companies.
- ◆ The auxiliary revenues had a decrease of \$401,901.
- ◆ The gifts and contributions increased by \$77,226.

Total Expenses

	Year ended June 30	
	2020	2019
Education and support:		
Liberal arts and sciences	\$ 1,533,895	\$ 1,516,032
Vocational technical	4,664,672	4,599,624
Adult education	769,004	728,741
Cooperative services	901,658	891,678
Administration	1,077,626	1,043,444
Student services	1,470,227	1,169,668
Learning resources	146,109	143,013
Physical plant	3,151,465	2,749,531
General institution	2,832,602	2,374,260
Auxiliary enterprises	1,653,952	2,178,568
Scholarships and grants	298	1,284
Depreciation and Amortization	1,712,398	1,501,086
Total Operating Expenses	\$ 19,913,906	\$ 18,896,929

In FY 20, operating expenses increased by \$1,016,977 (5.38%). The following factors explain some of the changes:

- ◆ Student Services reported an increase of \$300,559 in the current year, primarily due to an increase in restricted fund expenditures and operating fund expense increases.
- ◆ Physical plant reported an increase of \$401,934 in the current year, primarily due to an increase in service and material expenses and expenses related to COVID-19.
- ◆ General Institution reported an increase of \$458,342 in the current year primarily due to an increase in salaries, other service costs, expenses related to COVID-19 and increased restricted fund expenses.
- ◆ Auxiliary Enterprises reported a decrease of \$524,616.

Statement of Cash Flows

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

Cash Flows

	June 30	
	2020	2019
Cash provided (used) by:		
Operating activities	\$ (6,043,754)	\$ (6,416,534)
Non-capital financing activities	12,465,465	9,070,974
Capital and related financing activities	(7,219,871)	(2,634,270)
Investing activities	555,748	518,626
Net increase (Decrease) in cash	(242,412)	538,796
Cash, beginning of the year	23,216,928	22,678,132
Cash, end of the year	<u>\$ 22,974,516</u>	<u>\$ 23,216,928</u>

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 of capital assets. Cash provided by investing activities includes investment income received.

CAPITAL ASSETS

At June 30, 2020, the College had approximately \$62.7 million invested in capital assets, net of accumulated depreciation of \$23.3 million. Depreciation charges totaled \$1,712,398 for FY 20. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30	
	2020	2019, as restated
Land	\$ 338,966	\$ 338,966
Buildings and Other Structures	40,293,557	39,339,974
Equipment	12,508,402	10,208,400
Software Development	412,457	412,457
Construction in Progress	9,123,728	1,510,269
Less Accumulated Depreciation	<u>(23,281,520)</u>	<u>(22,118,836)</u>
Total	<u>\$ 39,395,590</u>	<u>\$ 29,691,230</u>

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

DEBT

At June 30, 2020, the College had \$18.5 million in debt outstanding, an increase of \$5,152,046 from 2019. The certificates payable are the 260E New Jobs Training Certificates and bonds payable are the revenue bonds for the LLRC, Lyon Hall, O'Brien Hall, and Osceola Hall apartment style dormitories. The capital leases were for a 2017 John Deere Crawler Dozer which the final payment will be in FY21 and a Caterpillar 323 Hydraulic Excavator which the final payment will be in FY 23. The table below summarizes these amounts by type.

Outstanding Debt

	June 30	
	2020	2019
Certificates Payable	\$ 5,560,000	\$ 5,310,000
Bonds Payable	12,660,000	7,670,000
Capital Lease	237,515	325,469
Total	<u>\$ 18,457,515</u>	<u>\$ 13,305,469</u>

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

ECONOMIC FACTORS

Northwest Iowa Community College continued to improve its financial position during the current fiscal year. The following near-term trends will be closely monitored:

- ◆ State Aid annual funding is difficult to predict due to the high variability of state tax receipts.
- ◆ While the College has aggressively managed expenses in recent years, it is likely that inflationary forces will result in some increased expenditures. This may have an impact on future tuition adjustments considering State Aid is likely to experience minimal increases in the near term.
- ◆ The COVID-19 pandemic caused an increase of various expenses this year including increased supplies expenses for the campus, refunds to housing students, and a decrease in continuing education classes.
- ◆ Facilities at the College require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

Contacting the College's Financial Management

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Northwest Iowa Community College, 603 West Park Street, Sheldon, IA 51201.

FINANCIAL STATEMENTS

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government	Component Unit
ASSETS		
Current Assets:		
Cash and Pooled Investments	\$ 22,301,346	\$ 448,804
Restricted Cash	673,170	-
Receivables:		
Accounts	924,136	-
Property Tax:		
Current Year Delinquent	55,590	-
Succeeding Year	5,554,083	-
Iowa Industrial New Jobs Training Program	52,772	-
Foundation Promises to Give	-	39,204
Due from Other Governments	458,091	-
Inventories	150,725	-
Prepaid Expenses	188,127	-
Total Current Assets	<u>30,358,040</u>	<u>488,008</u>
Noncurrent Assets:		
Foundation Promises to Give	-	40,270
Foundation Investments	-	6,357,904
Iowa Industrial New Jobs Training Program	1,037,635	-
Capital Assets:		
Land	338,966	-
Construction in Progress	9,123,728	-
Buildings	39,275,757	-
Other Structures and Improvements	1,017,800	-
Furniture, Machinery and Equipment	12,508,402	-
Software Development	412,457	-
Accumulated Depreciation	(23,281,520)	-
Total Noncurrent Assets	<u>40,433,225</u>	<u>6,398,174</u>
Total Assets	<u><u>70,791,265</u></u>	<u><u>6,886,182</u></u>
Deferred Outflows of Resources		
OPEB related deferred outflows	162,323	-
Pension related deferred outflows	772,986	-
Total deferred outflows	<u>\$ 935,309</u>	<u>\$ -</u>

See Notes to Financial Statements

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government	Component Unit
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 1,730,837	\$ -
Salaries and Benefits Payable	259,556	-
Accrued Interest Payable	39,608	-
Unearned Revenue	648,019	-
Early Retirement Payable	264,002	-
Compensated Absences Payable	43,899	-
Insurance Reserve	150,000	-
Deposits Held in Custody for Others	215,913	-
Certificates Payable	1,235,000	-
Capital Lease Payable	92,097	-
Bonds Payable	1,650,000	-
Total Current Liabilities	6,328,931	-
Noncurrent Liabilities:		
Unearned Revenue	72,000	-
Compensated Absences Payable	395,088	-
Early Retirement Payable	787,253	-
Capital Lease Payable	145,418	-
Certificates Payable	4,325,000	-
Bonds Payable	11,354,422	-
Net Pension Liability	2,737,381	-
Total OPEB Obligation	970,276	-
Total Noncurrent Liabilities	20,786,838	-
Total Liabilities	27,115,769	-
DEFERRED INFLOWS OF RESOURCES:		
OPEB related deferred inflows	88,362	-
Pension related deferred inflows	517,624	-
Unavailable Revenue- Future Property Tax	5,554,083	-
	6,160,069	-
NET POSITION		
Net Investment in Capital Assets	26,153,653	-
Restricted:		
Nonexpendable:		
Cash Reserve	119,016	-
Permanent Foundation Endowment Assets	-	520,428
Expendable:		
Temporarily Restricted Foundation Endowment Assets	-	3,394,057
Debt Service	633,562	-
Unrestricted	11,544,505	2,971,697
Total Net Position	\$ 38,450,736	\$ 6,886,182

**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	Primary Government	Component Unit
Revenues		
Operating Revenues:		
Tuition and Fees, net of scholarship allowances of \$2,567,380	\$ 3,923,281	\$ -
Federal Appropriations	2,753,827	-
Iowa Industrial New Jobs Training Program	866,765	-
Auxiliary Enterprises, net of scholarship allowances of \$443,337	1,799,686	-
Special Events, net of related expenses, \$3,538	-	40,684
Gifts and Contributions	602,858	791,178
Miscellaneous	1,104,547	-
Total Operating Revenues	<u>11,050,964</u>	<u>831,862</u>
Expenses		
Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences	1,533,895	-
Vocational Technical	4,664,672	106,055
Adult Education	769,004	-
Cooperative Services	901,658	-
Administration	1,077,626	9,809
Student Services	1,470,227	-
Learning Resources	146,109	-
Physical Plant	3,151,465	-
General Institution	2,832,602	-
Auxiliary Enterprises	1,653,952	-
Scholarships and Grants	298	532,100
Depreciation	1,712,398	-
Total Operating Expenses	<u>19,913,906</u>	<u>647,964</u>
Operating Income (Loss)	(8,862,942)	183,898
Non-operating Revenues (Expenses)		
State Appropriations	7,514,591	-
Property Tax	4,854,280	-
Interest Income From Investments	555,748	154,378
(Loss) on Disposal of Capital Assets	(54,210)	-
Rental of College Facilities	15,665	-
Interest on Indebtedness	(397,176)	-
Net Non-operating Revenues	<u>12,488,898</u>	<u>154,378</u>
Increase in Net Position	3,625,956	338,276
Net Position Beginning of Year	35,147,025	6,547,906
Prior Period Adjustment	(322,245)	-
Net Position Beginning of Year, as Restated	<u>34,824,780</u>	<u>6,547,906</u>
Net Position End of Year	<u>\$ 38,450,736</u>	<u>\$ 6,886,182</u>

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	Primary Government
Cash Flows from Operating Activities:	
Tuition and Fees	\$ 3,571,363
Grants and Contracts	2,910,421
Iowa Industrial New Jobs Training Program	833,783
Payments to Employees	(10,602,784)
Payments to Suppliers	(5,361,384)
Net Receipts of NJTP Issuances and Repayments	(901,658)
Payments for Scholarships	(298)
Auxiliary Enterprise Charges	1,799,398
Other Receipts	1,707,405
Net Cash (Used) by Operating Activities	<u>(6,043,754)</u>
Cash Flows from Non-Capital Financing Activities:	
State Appropriations	7,397,242
Property Tax	4,817,479
Rental of College Facilities	15,665
Certificates Issued	1,352,400
Principal Paid on Debt	(1,130,000)
Agency receipts	165,821
Agency disbursements	(153,142)
Net Cash Provided From Non-Capital Financing Activities	<u>12,465,465</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(11,892,282)
Proceeds from the Issuance of Bonds	6,468,000
Bond Issue Premium	310,356
Principal Paid on Debt	(1,697,954)
Interest Paid on Debt	(407,991)
Net Cash (Used) by Capital and Related Financing Activities	<u>(7,219,871)</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>555,748</u>
Net Cash Provided by Investing Activities	<u>555,748</u>
Net Decrease in Cash	(242,412)
Cash at Beginning of Year	<u>23,216,928</u>
Cash at End of Year	<u><u>\$ 22,974,516</u></u>

**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	Primary Government
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating (Loss)	\$ (8,862,942)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	1,712,398
Changes in Assets and Liabilities:	
(Increase) Decrease in Assets:	
Prepaid Assets	263,458
Accounts Receivable	(283,319)
NJTP Receivable	(3,691)
Due From Federal Agencies	11,650
Deferred Outflows of Resources	60,287
Inventories	16,031
Increase (Decrease) in Liabilities:	
Accounts Payable	1,003,094
Salaries Payable	6,808
Deferred Revenue	112,489
Compensated Absences	43,214
Early Retirement Payable	(244,160)
Other Postemployment Benefits	169,234
Deposits in Custody (non-Agency portion)	(1,160)
Net Pension Liability	(326,237)
Deferred Inflows of Resources	279,092
Total Adjustments	2,819,188
Net Cash (Used) by Operating Activities	\$ (6,043,754)
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:	
Cash and Pooled Investments	\$ 22,301,346
Restricted Cash	673,170
	\$ 22,974,516

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

Northwest Iowa Community College is a publicly supported college, established and operated by Merged Area IV under the provisions of Chapter 260C of the Code of Iowa. Northwest Iowa Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Northwest Iowa Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Northwest Iowa Community College maintains a campus and has its administrative office in Sheldon, Iowa. The Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area IV.

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

A. Reporting Entity

For financial reporting purposes, Northwest Iowa Community College has included all funds, organizations, agencies, boards, commissions and authorities. The Community 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 Community College are such that exclusion would cause the Community 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 Community 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 Community College. Northwest Iowa Community College has included the Northwest Iowa Community College Foundation as a discretely presented component unit that meets the Governmental Accounting Standards Board criteria. Separate financial statements have not been issued for the Foundation.

Discretely Presented Component Unit

Northwest Iowa Community College Foundation is a legally separate non-profit corporation, whose goal is to provide support to the Community College and students, and whose financial activities are included as endowment funds in these financial statements. Northwest Iowa Community College Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the Community College. However, these members do not comprise a majority of the Foundation's board. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Northwest Iowa Community College and its students.

B. Basis of Presentation

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

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies – (Continued)

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

Restricted Net Position:

Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the Community College, including the Community College's permanent endowment funds, and a cash reserve required by Iowa Code.

Expendable – Net position whose use by the Community College is subject to externally imposed stipulations that can be fulfilled by actions of the Community College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Position: Net position that is not subject to externally imposed stipulations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. When an expense is incurred for which both restricted and unrestricted resources are available, the College will first apply restricted resources.

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

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, Northwest Iowa Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The following accounting policies are followed in preparing the balance sheet:

Cash and Pooled Investments – Investments consist of non-negotiable savings and certificates of deposit and are stated at cost which approximates fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, which approximates fair value. The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies – (Continued)

For the 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 amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Short-Term Interfund Receivables/Payables – During the course of its operations, the Community College had numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received, as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded as “due to other funds” and “due from other funds”, respectively.

Due from Other Governments – This asset represents state aid, grants and reimbursements due from the State of Iowa, grants and reimbursements due from the Federal government, and amounts due from local municipalities.

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

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 Directors to the appropriate County Auditors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Directors 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 Directors 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.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2020, on NJTP projects, plus interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are defined by the Community College as assets with initial, individual costs in excess of \$5,000.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies – (Continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u> <u>(In Years)</u>
Buildings	30
Other structures and improvements	30
Equipment	5-10
Vehicles	5-10

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

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

Unearned Revenue – When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. Unearned revenue consists of tuition deposits, tuition paid for portion of summer term after June 30th, unspent grant proceeds and unearned revenue on 260 E and F projects.

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 Outflows / Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable which will not be recognized as revenue until the year for which it is levied, OPEB related deferred items, and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies – (Continued)

Compensated Absences – Community 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 plus related benefits are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at June 30, 2020.

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

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, dormitories, parts, printing and reproduction, and trade and industry.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are allocated between fiscal years based upon the number of days in the term occurring before and after June 30th.

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

Operating and Non-Operating 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. Non-operating activities include state appropriations, property tax and interest income.

E. 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) 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.

Note 2 - Cash and Pooled Investments

The Community College's deposits in banks at June 30, 2020, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. The discretely presented component unit Foundation's deposits exceeded the FDIC coverage at one institution by a total of \$203,402. The Foundation also owned uninsured investments in various mutual funds.

The Community 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

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 2 - Cash and Pooled Investments – (Continued)

of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

All of the College's investments are in savings accounts, certificates of deposit, Iowa Schools Joint Investment Trust (ISJIT) or money-market accounts, thus cost equals fair value for all of the College's investments with the exception of ISJIT as discussed at Note 1.D. The College protects against interest rate risk by dictating all maturities be of one year or less.

As of June 30, 2020, the College's investments were rated at follows:

Investment Type	Standard & Poors Financial Services
Iowa Schools Joint Investment Trust	AAAm

The College uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the ISJIT investments.

The College had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

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.

The College foundation, a discretely presented component unit of the College, has various investments in mutual funds totaling \$6,217,036. The recurring fair value measurement for the mutual funds was determined using the last reported sales price at current exchange rates (level 1 inputs).

The only other foundation investments were in certificates of deposit.

Note 3 - Endowment Funds (Component Unit)

The Foundation's endowment consists of individual funds established for a variety of purposes. The endowment includes only donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on existence of donor-imposed restrictions.

The State Prudent Management of Institutional Funds Act (SPMIFA) requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 3 - Endowment Funds (Component Unit) - (Continued)

making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies – The Foundation has adopted investment policies, approved by the Board of Directors. The management objective of the Endowment will be to maximize total returns within acceptable risk limits. Endowment growth will be the primary consideration. The maximization of total return can be interpreted to imply a real rate of return, after expenses and inflation, of 3.0% annually over the course of a market cycle.

The Board recognizes that higher long-term rewards are directly correlated with the risk assumed to capture such rewards. For purposes of this policy and the management of the Endowment, risk will be defined as periodic volatility.

The Board will establish an asset mix for the Endowment. This mix will be included in an investment strategy statement provided to the manager of the Endowment, will be narrow in scope, and will be designed to serve for a period of time encompassing a market cycle. The asset mix instructions must provide the manager sufficient flexibility to adjust to changing market conditions.

The asset mix decision will take into consideration internal and external factors. Internal factors will include, but not be limited to, the need for an income stream to supplement other funding sources for operating activities, the prospects for future significant capital expenditures, and potential trends in outside funding. External factors will include, but not be limited to, historic and expected returns for different asset classes available for investment in the Endowment's funds.

The Foundation Financial/Investment Committee will review the performance of Endowment's assets quarterly. The Committee will compare asset class performance to both market indices and managed portfolios of similar style, composition, and purpose.

Spending Funds – The Foundation allocates the investment income earned less investment fees each quarter. Earnings and losses are allocated to each participating fund based on the end of the quarter balance. Scholarship disbursements are calculated each semester by Foundation staff and approved by the Executive Director in accordance with the Foundation's finance policy.

Endowment net position composition as of June 30, 2020 is as follows:

	Unrestricted	Restricted Expendable: Other	Restricted Nonexpendable: Endowment	Total Net Endowment Net Position
Donor-restricted endowment funds	\$ -	\$ 3,394,057	\$ 520,428	\$ 3,914,485
Total Funds	\$ -	\$ 3,394,057	\$ 520,428	\$ 3,914,485

Changes in endowment net assets as of June 30, 2020 are as follows:

	Unrestricted	Restricted Expendable: Other	Restricted Nonexpendable: Endowment	Total Net Endowment Net Position
Beginning Endowment Net Assets	\$ -	\$ 3,416,555	\$ 495,428	\$ 3,911,983
Investment Return, Net of Fees	-	88,695	-	88,695
Transfer of Funds In	-	22,950	-	22,950
Contributions	-	420,306	25,000	445,306
Appropriation of Endowment				
Assets for Expenditures	554,449	(554,449)	-	-
Expenditures	(554,449)	-	-	(554,449)
Ending Endowment Net Assets	\$ -	\$ 3,394,057	\$ 520,428	\$ 3,914,485

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 4 - Accounts Receivable and Credit Policies

Accounts receivable includes \$281,382 of uncollateralized student obligations stated at the amount billed to the student plus any accrued and unpaid interest. The carrying amount of accounts receivable is reduced by an allowance of \$113,723 that reflects management's best estimate of amounts that will not be collected. Management reviews all accounts receivable balances that are delinquent and estimates the portion, if any, of the balance that will not be collected.

Each student is required to pay the balance on their account by the first day of class. However, students do have the option of enrolling with a third party designated by the college which administers a payment plan. The students are required to pay a \$25 fee to participate in the plan. The third party handles all collections of payments and remits them to NCC.

Note 5 - Inventories

The Community College's inventories at June 30, 2020, are as follows:

Parts, Supplies and Materials	\$ 38,279
Merchandise Held for Resale-Bookstore	106,817
Other-Bookstore	<u>5,629</u>
Total	<u>\$ 150,725</u>

Note 6 - Capital Assets

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

	Balance Beginning of Year, as restated	Additions	Deletions	Balance End Of Year
Capital Assets, not being depreciated:				
Land	\$ 338,966	\$ -	\$ -	\$ 338,966
Construction in Progress	1,510,269	8,567,042	953,583	9,123,728
Total Capital Assets, not being depreciated	1,849,235	8,567,042	953,583	9,462,694
Capital Assets, being depreciated:				
Buildings	38,322,174	953,583	-	39,275,757
Other Structures and Improvements	1,017,800	-	-	1,017,800
Furniture, Machinery and Equipment	10,208,400	2,903,926	603,924	12,508,402
Software Development	412,457	-	-	412,457
Total Capital Assets, being depreciated	49,960,831	3,857,509	603,924	53,214,416
Less Accumulated Depreciation for:				
Buildings and Other Structures and Improvements	15,052,185	1,117,571	-	16,169,756
Movable Equipment	7,066,651	594,827	549,714	7,111,764
Total Accumulated Depreciation	22,118,836	1,712,398	549,714	23,281,520
Total Capital Assets, Being Depreciated, Net	27,841,995	2,145,111	54,210	29,932,896
Capital Assets, Net	<u>\$ 29,691,230</u>	<u>\$ 10,712,153</u>	<u>\$ 1,007,793</u>	<u>\$ 39,395,590</u>

The College has a lease agreement with the City of Sioux Center for 800 square feet in the Sioux Center Public Library. The agreement was entered effective August 1, 2013, with monthly rent of \$300, through December 31, 2014. There are also renewal options available to extend the agreement annually, which have been exercised.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 6 - Capital Assets - (Continued)

The College entered into a monthly agreement with M.O.C. Floyd Valley School District, with the school district to provide facilities for the College to operate the NCC College and Career Academy. The agreement calls for payments of \$800 for use of the school district facilities. The agreement can be terminated individually no later than April 1 of each year.

The primary government construction in progress at year end relate to various campus plant and infrastructure projects.

Reconciliation of Net Investment in Capital Assets:

	<u>Primary Government</u>
Land	\$ 338,966
Construction in Progress	9,123,728
Buildings	39,275,757
Other Structures and Improvements	1,017,800
Furniture, Machinery and Equipment	12,508,402
Software Development	412,457
Accumulated Depreciation	(23,281,520)
Less: Bonds Payable	(13,004,422)
Capital Lease Payable	(237,515)
Net Investment in Capital Assets	<u>\$ 26,153,653</u>

Note 7 – Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020, is as follows:

	Capital Lease	Certificates Payable	Bonds Payable	Unearned Revenue	Compensated Absences
Balance Beginning of Year	\$ 325,469	\$ 5,310,000	\$ 7,670,000	\$ 607,531	\$ 395,773
Additions	-	1,380,000	6,600,000	652,019	314,086
Reductions	87,954	1,130,000	1,610,000	539,531	270,872
Balance End of Year	<u>237,515</u>	<u>5,560,000</u>	<u>12,660,000</u>	<u>720,019</u>	<u>438,987</u>
Portion Due Within One Year	<u>\$ 92,097</u>	<u>\$ 1,235,000</u>	<u>\$ 1,650,000</u>	<u>\$ 648,019</u>	<u>\$ 43,899</u>

	Early Retirement Payable	Net Pension Liability	Total OPEB Liability	Total
Balance Beginning of Year	\$ 1,295,415	\$ 3,063,618	\$ 801,042	\$ 19,468,848
Additions	-	-	169,234	9,115,339
Reductions	244,160	326,237	-	4,208,754
Balance End of Year	<u>1,051,255</u>	<u>2,737,381</u>	<u>970,276</u>	<u>24,375,433</u>
Portion Due Within One Year	<u>\$ 264,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,933,017</u>

Bonds are recorded net of unamortized premium of \$344,422 on the statement of Net Position.

Capital Lease

The College entered into a lease agreement with John Deere Financial for the lease of a 2017 John Deere Crawler Dozer. The agreement is for a period of four years at an interest rate of 3.5%. At June 30, 2020 the total payments of \$102,358 were remaining on the lease, which consisted of interest of \$5,213 and minimum future payments of \$97,145.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 7 – Changes in Long-Term Liabilities – (Continued)

The College entered into a lease agreement with Caterpillar Financial for the lease of a Caterpillar 323 Hydraulic Excavator. The agreement is for a period of four years at an interest rate of 5.35%. At June 30, 2020, total payments of \$155,650 were remaining on the lease, which consisted of interest of \$15,280 and minimum future payments of \$140,370.

The following is a schedule of future minimum lease payments under capital lease, together with the net present value of the minimum lease payment as of June 30, 2020.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 92,097	\$ 10,965	\$ 103,062
2022	96,168	6,894	103,062
2023	49,250	2,634	51,884
Minimum Lease Payments			258,008
Less: Amount Representing Interest			(20,493)
Present Value of Minimum Lease Payments			<u>\$ 237,515</u>

Equipment and related accumulated amortization under capital lease are as follows:

Equipment	\$ 421,149
Less: accumulated amortization	<u>(66,006)</u>
Net Value	<u>\$ 355,143</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

Certificates Payable

In accordance with agreements dated between December 9, 1985 and June 2020, the Community College issued certificates totaling \$30,305,000, with interest rates ranging from 1.0% to 8.1% 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 to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default from standby property taxes.

The certificates will mature as follows:

Years Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,235,000	\$ 143,355	\$ 1,378,355
2022	890,000	113,663	1,003,663
2023	885,000	91,985	976,985
2024	660,000	69,430	729,430
2025	655,000	53,698	708,698
2026-2030	1,235,000	67,980	1,302,980
Total	<u>\$ 5,560,000</u>	<u>\$ 540,111</u>	<u>\$ 6,100,111</u>

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 7 – Changes in Long-Term Liabilities - (Continued)

Bonds Payable

On July 2, 2019, the Community College issued \$6,600,000 of general obligation school bonds, Series 2019, for the purpose of paying costs of the construction, acquisition, improvements, and equipping of capital facilities and to expand various programs and technical training. The bonds have an interest rate of 3.00% and mature on June 1, 2031.

On October 17, 2017, the Community College issued \$2,560,000 of general obligation capital notes for the purpose of paying costs of the construction, acquisition, improvements, and equipping of capital facilities. The bonds have an interest rate ranging from 2.00% to 3.00% and mature on June 1, 2037.

On January 23, 2017, the Community College issued \$3,400,000 of dormitory revenue bonds for the purpose of paying costs of the construction, acquisition, improvement and equipping of student dormitories and related facilities. The 2017 bonds have an interest rate ranging from 2.00% to 3.25% and mature on June 1, 2036.

On September 15, 2015, the Community College did a current refunding of its 2008 dormitory building construction bonds. The Community College issued \$1,645,000 dormitory refunding revenue bonds with an interest rate of 3.00%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 14 years by \$263,077, with an economic gain of \$218,918.

On May 10, 2012, the Community College did a current refunding of its 2007 dormitory building construction bonds. The Community College issued \$1,685,000 dormitory refunding revenue bonds with interest rates ranging from .70% to 3.45%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 15 years by \$92,907, with a present value of \$79,870.

Details of the College's June 30, 2020 indebtedness are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,650,000	\$ 370,586	\$ 2,020,586
2022	835,000	322,940	1,157,940
2023	865,000	299,781	1,164,781
2024	920,000	273,680	1,193,680
2025	960,000	245,630	1,205,630
2026-2030	4,590,000	809,970	5,399,970
2031-2035	2,280,000	269,663	2,549,663
2036-2040	560,000	22,475	582,475
Total	<u>\$ 12,660,000</u>	<u>\$ 2,614,725</u>	<u>\$ 15,274,725</u>

Note 8 – Pension Plan

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 Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 8 – Pension Plan – (Continued)

which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

Pension Benefits

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

The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

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

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

Disability and Death Benefits

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

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. 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

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 8 – Pension Plan – (Continued)

the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29 percent of pay and the College contributed 9.44 percent for a total rate of 15.73 percent.

The College’s total contributions to IPERS for the year ended June 30, 2020 were \$338,685.

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

At June 30, 2020, the College reported a liability of \$2,737,381 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College’s proportion of the net pension liability was based on the College’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2019, the College’s collective proportion was 0.0472724 percent, which was a decrease of 0.001139 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the College recognized pension expense of \$512,510. At June 30, 2020 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,589	\$ 98,422
Changes of assumptions	293,213	-
Net difference between projected and actual earnings on pension plan investments	-	308,470
Changes in proportion and differences between College contributions and proportionate share of contributions	133,499	110,732
College contributions subsequent to the measurement date	338,685	-
Total	\$ 772,986	\$ 517,624

\$338,685 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ 78,026
2022	(59,055)
2023	(34,080)
2024	(54,978)
2025	(13,236)
	<u>\$ (83,323)</u>

There were no non-employer contributing entities to IPERS.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 8 – Pension Plan – (Continued)

Actuarial assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 to 16.25 percent average, including inflation. Rates vary by membership group.
Long-term Investment Rate of Return (effective June 30, 2017)	7.00 percent per annum, compounded annually, net of pension plan investment expense, and including inflation
Wage Growth (effective June, 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22%	5.60%
International Equity	15	6.08
Global Smart Beta Equity	3	5.82
Core Plus Fixed Income	27	1.71
Public Credit	3.5	3.32
Public Real Assets	7	2.81
Cash	1	(0.21)
Private Equity	11	10.13
Private Real Assets	7.5	4.76
Private Credit	3	3.01
Total	<u>100%</u>	

Discount rate – The discount rate used to measure the total pension liability was 7.00 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.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 8 – Pension Plan – (Continued)

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate - The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, 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 (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
College's proportionate share of the net Pension liability	\$ 4,860,705	\$ 2,737,381	\$ 956,360

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at www.ipers.org.

Payable at IPERS – at June 30, 2020, the College reported payables to IPERS of \$10,747 for legally required College contributions and \$7,162 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Note 9 – Teachers Insurance and Annuity Association – College Retirement Equities (TIAA-CREF)

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 6.29% and the Community College is required to contribute 9.44%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2020, were \$261,650 and \$174,371 respectively.

Note 10 – Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	17
Active employees	108
Total	125

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 10 – Other Postemployment Benefits (OPEB) - (Continued)

Total OPEB Liability – The Community College's total OPEB liability of \$970,276 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	
(effective June 30, 2020)	3.00% per annum
Rates of salary increase	3.00% per annum
(effective June 30, 2020)	including inflation.
Discount rate	3.50% compounded annually,
(effective July 1, 2019)	including inflation
Healthcare cost trend rate	5.00% per annum
(effective June 30, 2020)	

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the valuation date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2019 generational projection of future mortality improvement. Annual retirement probabilities are based on sample rates varying by age and turnover probabilities are based on Scale T-5 of the Actuary's Pension Handbook.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 801,042
Changes for the year:	
Service cost	61,505
Interest	34,387
Differences between expected and actual experiences	163,081
Changes in assumptions	3,484
Benefit payments	(93,223)
Net changes	169,234
Total OPEB liability end of year	\$ 970,276

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2019 to 3.50% in fiscal year 2020.

Sensitivity of the Community College's Total OPEB liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 10 – Other Postemployment Benefits (OPEB) - (Continued)

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 1,033,429	\$ 970,276	\$ 912,026

Sensitivity of the Community College's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Community College as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1 % higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 888,429	\$ 970,276	\$ 1,066,414

OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB – For the year ended June 30, 2020, the Community College recognized OPEB expense of \$101,774. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 88,362	\$ 147,093
Changes in assumptions	-	15,230
Total	<u>\$ 88,362</u>	<u>\$ 162,323</u>

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

Year ending June 30,	Amount
2021	\$ (5,882)
2022	(5,882)
2023	(5,882)
2024	(5,882)
2025	(5,882)
Thereafter	(44,551)
	<u>\$ (73,961)</u>

Note 11 – New Jobs Training Programs

The Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IV 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 Community 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 taxes. Since inception, the Community College has administered ninety-seven projects with thirty-two currently active. The sixty-five remaining projects have been completed,

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 11 – New Jobs Training Programs – (Continued)

and have been fully repaid. In cases where projects exceed the budgeted amounts, the Community College intends to obtain additional withholding revenue from the companies.

The Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area IV in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. Since inception, the Community College has administered 183 projects, with 7 projects having unspent training dollars at June 30, 2020.

The Community College is also involved in the Iowa Accelerated Career Education (ACE) Program in Area IV in accordance with Chapter 260G of the Code of Iowa. ACE's purpose is to provide financial assistance for business driven training programs. In FY 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020, the College received \$400,000 to be used for an infrastructure project through the state RIF Program. The second aspect of this program provides funding for the operational costs of a program through withholding credits and a 20% employer match. The Community College has five 260G programs, industrial instrumentation, practical nursing, radiology tech, and two associate nursing programs.

Note 12 – Termination Benefits

The College offered a voluntary early retirement plan to its employees during fiscal year 2017. The plan was for retirements effective from June 1, 2017 through June 30, 2018. Eligible employees must have completed at least ten years of full-time service to the College and must have reached the age of fifty-five on or before the date in which early retirement commences. The application for early retirement is subject to approval by the Board of Directors. This was a one-time opportunity. At June 30, 2020, there were fourteen employees with benefits remaining under this program. Currently, there are no plans open for enrollment.

Early retirement benefits are a one-time cash incentive equal to an amount ranging from 2.5% to 3.5%, multiplied by the employee's total number of qualifying years of service, multiplied by the employee's annual base salary at the date of retirement request, with a maximum retirement benefit not to exceed 100% of the employee's annual base salary at the date of request for early retirement. The percentage used is based upon the number of years of service.

The one-time incentives will be paid in two equal installments the first within 60 days of retirement. The second payment will be paid one hundred eighty days thereafter.

Eligible employees of the new plan shall also receive, at no cost to the employee, health/dental coverage for both the employee and spouse for up to 84 months depending upon age.

In fiscal year 2010, the College offered an additional one-time enrollment early retirement plan in which the College offered one-time cash payments, which have all been paid, and no-cost health/dental insurance to the employees and spouses for up to 84 months depending upon age. At June 30, 2020, there were two employees receiving benefits under this plan.

In fiscal year 2003 the college also offered a one-time enrollment early retirement plan in which the college offered one-time cash payments, which have subsequently been paid, and no cost health/dental coverage to the employees and spouses until age 65. At June 30, 2020 there was one employee receiving health/dental coverage under this plan.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 12 – Termination Benefits – (Continued)

At June 30, 2020, the college has obligations to seventeen participants with a total liability of \$1,051,255. The liability is calculated based on unadjusted premium and incentive amounts to be paid over the term of each employee's involvement in the plan. Early retirement is funded on a pay-as-you-go basis through property tax levies. Actual early retirement cash basis expenditures for the year ended June 30, 2020 totaled \$244,159.

Note 13 – Risk Management

The Community College carries commercial insurance purchased from other insurers for coverage associated with general liability, workers compensation, automobile liability and physical damage, property and inland marine, errors and omissions, crime insurance, fiduciary bonds, boiler and machinery insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Beginning July 1, 2009 the College began to operate a medical expense reimbursement plan. Under the plan the Community College currently purchases a fully insured high deductible healthcare plan and self-funds the deductible and out of pocket maximum down to a lower deductible and out of pocket maximum for employees. The premium savings between the purchased plan and the employee plan is used to fund the claims for employees who exceed their lower deductible plan. The College risk is limited to the difference between the out of pocket maximums of the two plans. Actual claims have not exceeded 70% of the premium savings.

The claims payable, including claims incurred but not yet reported, have been determined by the College's management and have been recorded in the accompanying financial statements included in the unrestricted funds accounts payable liability. Changes in the claim's liability amount were as follows:

Year Ended June 30	Beginning Balance Liability	Claims and Changes in Estimates	Claim Payments	Ending Balance
2010	\$ -	\$ 121,663	\$ 111,382	\$ 10,281
2011	10,281	65,642	70,883	5,040
2012	5,040	69,617	69,958	4,699
2013	4,699	65,219	64,861	5,057
2014	5,057	97,144	94,902	7,299
2015	7,299	92,514	92,586	7,227
2016	7,227	107,599	101,486	13,340
2017	13,340	110,677	110,057	13,960
2018	13,960	115,863	116,797	13,026
2019	13,026	119,624	121,033	11,617
2020	11,617	95,735	98,746	8,606

Note 14 – Promises to Give

The discretely-presented component unit Foundation has held fund-raising campaigns for funding for scholarships and equipment for technical programs. The promises to give as of June 30, 2020 are unconditional and due in 2020 and over the next one to six years. No provision has been made for uncollectible promises to give because the uncollected amounts are expected to be insignificant.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 14 – Promises to Give – (Continued)

Unconditional promises to give at June 30, 2020 are as follows:

<u>Receivable in Fiscal Year Ending</u>	
June 30, 2021	\$ 39,204
June 30, 2022	24,474
June 30, 2023	10,524
June 30, 2024	4,074
June 30, 2025	920
June 30, 2026	611
Total unconditional promises to give	79,807
Less: discounts to net present value	(333)
Net unconditional promises to give at June 30, 2020	<u>\$ 79,474</u>

Promises to give, which are receivable in more than one year are discounted at 0.52% for 2020.

Note 15 – Operating Lease

The College entered an operating lease for use of a 2014 Freightliner Truck to be used in the Heavy Equipment Program. The lease was a 60-month non-cancelable lease, consisting of monthly payments of \$2,760. Final future minimum lease payments of \$5,520 were required in fiscal year 2020. The College retained the equipment on a month to month basis after the lease expired and the total expense in fiscal year 2020 was \$33,120.

Note 16 – Tax Abatements

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

College Tax Abatements

260E Projects - The College provides tax abatements for industrial new jobs training projects with the tax increment financing as provided for in section 403.19 of the Code of Iowa and/or state income tax withholding as provided for in section 206E.5 of the Code of Iowa. Community Colleges enter into training agreements with eligible businesses to establish single or multiple projects to provide training to employees in new jobs. A final agreement executed between the Community College and a business is a binding contract. To fund training, the College borrows money from investors in the form of bond certificates. These certificates are repaid by capturing a portion of the state withholding dollars generated by the new jobs' payroll and diverting these dollars into special funds controlled by the College. These payments are equal to 1.5 percent of the gross wages paid to employees in the new jobs. An additional payment equivalent to 1.5 percent of the gross wages paid on new jobs is authorized by 15A-7 of the Code of Iowa. In essence, this program enables a business to divert the equivalent of 3 percent of the new jobs gross payroll. No other commitments were made by the College as part of these agreements.

For the year ended June 30, 2020, the College had no abatements of property tax and \$861,596 of state income tax withholding under the projects.

260G Projects – The College also provides tax abatements for training programs with tax increment financing as provided for in section 403.19 of the Code of Iowa and/or state income tax

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 16 – Tax Abatements - (Continued)

withholding as provided for in section 260G.4A of the Code of Iowa. For this type of program, a Community College will enter into an agreement with a business to establish or expand a training program for occupations most needed by Iowa business. A business must be engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products, construction, conducting research and development or providing services in interstate or intrastate commerce. Retail, health and professional services are excluded. At a minimum, a business must match 20 percent of the program costs and an agreement shall not exceed a period of 5 years. The remaining program costs are diverted to the College through state withholding dollars. These dollars are paid into a special fund of the College to pay, in part, the program costs. No other commitments were made by the College as part of these agreements.

For the year ended June 30, 2020, the College had no abatements of property tax and \$308,048 of state income tax withholding under the projects.

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Sheldon	Urban Renewal and Economic Development Projects	\$ 3,302.32
City of Sioux Center	Urban Renewal and Economic Development Projects	3,771.75
City of Rock Valley	Urban Renewal and Economic Development Projects	9,021.38
City of Hull	Urban Renewal and Economic Development Projects	18,811.55
City of Orange City	Urban Renewal and Economic Development Projects	7,663.29
City of Rock Rapids	Urban Renewal and Economic Development Projects	4,212.01
City of Alton	Urban Renewal and Economic Development Projects	827.00
City of Primghar	Urban Renewal and Economic Development Projects	648.31
City of Paullina	Urban Renewal and Economic Development Projects	346.71
City of Doon	Urban Renewal and Economic Development Projects	1,446.31
Cherokee County	Urban Renewal and Economic Development Projects	7,650.26
Lyon County	Urban Renewal and Economic Development Projects	4,605.49
Osceola County	Urban Renewal and Economic Development Projects	4,769.57

Note 17 – Commitments

At June 30, 2020 the College had no contracted projects in progress.

Note 18 – Prior Period Adjustment

During 2020, it was determined that an error was made in the prior years in the calculation of the building depreciation and related accumulated depreciation. This error was corrected in the current year resulting in a decrease of \$322,245 to Net Position of the Primary Government.

Note 19 – Subsequent Events

In October 2020, the College approved offering an additional voluntary early retirement plan to its employees. Nine employees accepted. The College has calculated a liability of \$929,861 for this obligation.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to the Financial Statements
June 30, 2020

Note 20 – Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No, 84, *Fiduciary Activities*. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business- type activities should report their fiduciary activities.

REQUIRED SUPPLEMENTARY INFORMATION

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST SIX FISCAL YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	.0472724%	.0484118%	.0450059%	.0466821%	.0449747%	.046071%
College's proportionate share of the net pension liability	\$ 2,737	\$ 3,064	\$ 2,998	\$ 2,938	\$ 2,222	\$ 1,865
College's covered payroll	\$ 3,591	\$ 3,639	\$ 3,359	\$ 3,350	\$ 3,087	\$ 3,096
College's proportionate share of the net pension liability as a percentage of its covered payroll	76.2%	84.1%	89.3%	72.0%	66.3%	60.2%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF THE COLLEGE CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 339	\$ 339	\$ 324	\$ 300	\$ 299
Contributions in relation to the statutorily required contribution	(339)	(339)	(324)	(300)	(299)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 3,588	\$ 3,591	\$ 3,639	\$ 3,359	\$ 3,350
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%
	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 276	\$ 275	\$ 257	\$ 231	\$ 193
Contributions in relation to the statutorily required contribution	(276)	(275)	(257)	(231)	(193)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 3,087	\$ 3,096	\$ 2,969	\$ 2,868	\$ 2,771
Contributions as a percentage of covered payroll	8.93%	8.93%	8.67%	8.07%	6.95%

See accompanying independent auditors' report

**Northwest Iowa Community College
Schedule of Changes in College's
Total OPEB Liability, Related Ratios and Notes
For the Last Three Years
Required Supplementary Information**

	2020	2019	2018
Service Cost	\$ 61,505	\$ 56,007	\$ 54,376
Interest Cost	34,387	28,364	26,831
Difference between expected and actual experiences	163,081	-	(124,674)
Changes in assumptions	3,484	-	17,056
Benefit payments	(93,223)	(39,200)	(40,854)
Net change in total OPEB liability	169,234	45,171	(67,265)
Total OPEB liability beginning of year	801,042	755,871	823,136
Total OPEB liability end of year	\$ 970,276	\$ 801,042	\$ 755,871
Covered-employee payroll	5,373,646	\$ 5,601,341	\$ 5,438,195
Total OPEB liability as a percentage Of covered-employee payroll	18.06%	14.30%	13.90%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.50%

**NORTHWEST IOWA COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions

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

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

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

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

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent 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.

OTHER SUPPLEMENTARY INFORMATION

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to Other Supplementary Information
June 30, 2020

Supplemental Financial Statements

Supplemental financial information of the Community College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds – The current funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College. All property tax revenues and other receipts 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, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprises subgroup accounts 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 Community College. In addition, it 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 Fund – The Restricted Fund is 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.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the Community College properties and consist of the following self-balancing subfunds:

Unexpended – This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness – This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in Plant – This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds – The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities. 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.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to Other Supplementary Information
June 30, 2020

The Budgetary Comparison Schedule of Expenditures – Budget to Actual provides a comparison of the budget to actual expenditures for those funds and/or levies required to be budgeted. Since the Community College uses the Business-Type Activities reporting, this budgetary comparison information is included as other supplementary information.

Schedules presented in the supplemental information are reported using the “current financial resources measurement focus” and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balance is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

NORTHWEST IOWA COMMUNITY COLLEGE
Budgetary Comparison Schedule of Expenditures –
Budget and Actual
Year Ended June 30, 2020

Funds/Levy	Original Budget	Final Budget	Actual	Variance Between Actual and Budget
Unrestricted	\$ 13,135,000	\$ 13,135,000	\$ 11,644,399	\$ 1,490,601
Restricted	4,145,000	4,145,000	2,475,022	1,669,978
Unemployment	-	-	4,718	(4,718)
Insurance	1,440,000	1,440,000	1,634,572	(194,572)
Early Retirement	20,000	20,000	40,252	(20,252)
Stand-By Tax	35,767	35,767	34,893	874
Equipment Replacement	450,000	450,000	122,410	327,590
Total Restricted	6,090,767	6,090,767	4,311,867	1,778,900
Plant	9,990,237	9,990,237	11,998,897	(2,008,660)
Bonds & Interest	1,353,757	1,353,757	2,095,130	(741,373)
Total	\$ 30,569,761	\$ 30,569,761	\$ 30,050,293	\$ 519,468

NORTHWEST IOWA COMMUNITY COLLEGE
Note to Supplementary Information –
Budgetary Reporting
June 30, 2020

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

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Scholarships and Grant Accounts, Endowment Funds, the discrete component unit and Agency Funds.

NORTHWEST IOWA COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2020

	Current Funds		
	Unrestricted	Restricted	
		New Jobs Training	Other Restricted
Assets			
Cash and Pooled Investments	\$ 15,671,591	\$ 4,469,593	\$ 744,416
Restricted Cash			
Receivables:			
Accounts	569,947		354,189
Property Tax:			
Current Year Delinquent	11,039		18,470
Succeeding Year	1,020,675		2,173,633
Iowa Industrial New Jobs Training Program		1,090,407	
Due from Other Governmental Agencies	48,687		403,591
Inventories	150,725		
Prepaid Expenses	188,127		
Capital Assets			
Land			
Buildings			
Construction in Progress			
Software Development			
Other Structures and Improvements			
Furniture, Machinery and Equipment			
Accumulated Depreciation			
Total Assets	17,660,791	5,560,000	3,694,299
 Deferred Outflows of Resources:			
OPEB related deferred outflows			
Pension related deferred outflows			
Total deferred outflows	-	-	-
 Total Assets and deferred outflows of resources	\$ 17,660,791	\$ 5,560,000	\$ 3,694,299

Plant Funds					
Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
\$ 1,240,661			\$ 175,085		\$ 22,301,346
	\$ 673,170				673,170
					924,136
26,081					55,590
2,359,775					5,554,083
					1,090,407
			5,813		458,091
					150,725
					188,127
		\$ 338,966			338,966
		39,275,757			39,275,757
		9,123,728			9,123,728
		412,457			412,457
		1,017,800			1,017,800
		12,508,402			12,508,402
				\$ (23,281,520)	(23,281,520)
3,626,517	673,170	62,677,110	180,898	(23,281,520)	70,791,265
				162,323	162,323
				772,986	772,986
-	-	-	-	935,309	935,309
\$ 3,626,517	\$ 673,170	\$ 62,677,110	\$ 180,898	\$ (22,346,211)	\$ 71,726,574

NORTHWEST IOWA COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2020

		Current Funds		
		Restricted		
		New Jobs	Other	
		Training	Restricted	
	Unrestricted			
Liabilities and Equity				
Liabilities:				
Accounts Payable	\$ 1,414,872			
Salaries and Benefits Payable	259,556			
Interest Payable				
Unearned Revenue	432,185		\$ 287,834	
Early Retirement Payable			1,051,255	
Compensated Absences	434,111			
Insurance Reserve	150,000			
Deposits Held in Custody for Others	39,891			
Certificates Payable		\$ 5,560,000		
Capital Lease Payable				
Bonds Payable				
Net Pension Liability				
Total OPEB Obligation				
Total Liabilities	2,730,615	5,560,000	1,339,089	
Deferred Inflows of Resources:				
OPEB related deferred inflows				
Pension related deferred inflows				
Unavailable Revenue- Future Property Tax	1,020,675		2,173,633	
Total Deferred Inflows of Resources	1,020,675	-	2,173,633	
Fund Balance:				
Net Investment in Capital Assets				
Fund Balances:				
Restricted				
Nonexpendable:				
Cash Reserve			119,016	
Expendable:				
Debt Service				
Unrestricted	13,909,501		62,561	
Total Fund Balances	13,909,501	-	181,577	
Total Liabilities, Deferred Inflows and Fund Balance	\$ 17,660,791	\$ 5,560,000	\$ 3,694,299	

Plant Funds					
Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
\$ 315,965					\$ 1,730,837
					259,556
	\$ 39,608				39,608
					720,019
					1,051,255
			\$ 4,876		438,987
					150,000
			176,022		215,913
					5,560,000
		\$ 237,515			237,515
		13,004,422			13,004,422
				\$ 2,737,381	2,737,381
				970,276	970,276
315,965	39,608	13,241,937	180,898	3,707,657	27,115,769
				88,362	88,362
				517,624	517,624
2,359,775					5,554,083
2,359,775	-	-	-	605,986	6,160,069
		49,435,173		(23,281,520)	26,153,653
					119,016
	633,562				633,562
950,777				(3,378,334)	11,544,505
950,777	633,562	49,435,173	-	(26,659,854)	38,450,736
\$ 3,626,517	\$ 673,170	\$ 62,677,110	\$ 180,898	\$ (22,346,211)	\$ 71,726,574

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	Current Funds		
	Unrestricted	Restricted	
		Jobs Training	Other Restricted
Revenues and other additions:			
General:			
State Appropriations	\$ 5,150,024		\$ 1,924,718
Tuition and Fees	6,490,661		
Property tax	965,423	\$ 34,893	1,580,474
Federal Appropriations	21,844		2,731,983
Interest on Investments	344,794		30,188
Rental of College Facilities	15,665		
Gifts and Contributions			521,358
Iowa Industrial New Jobs Training Program		866,765	
Proceeds from Sale of Bonds			
Increase in Plant Investment Due to Plant Expenditures			
Sales and Services	345		
Increase in Plant Investment Due to Retirement of Debt			
Miscellaneous	119,705		979,097
Total General	13,108,461	901,658	7,767,818
Auxiliary Enterprises:			
State Appropriations	15,468		
Tuition and Fees	175,893		
Sales and Services	1,979,119		
Interest on Investments	35,531		
Federal Appropriations	3,738		
Miscellaneous	142,015		
Total Auxiliary Enterprises	2,351,764	-	-
Total Revenues and Other Additions	\$ 15,460,225	\$ 901,658	\$ 7,767,818

Plant Funds				
Unex- pended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
\$ 439,849				\$ 7,514,591
			\$ (2,567,380)	3,923,281
965,423	\$ 1,308,067			4,854,280
				2,753,827
180,766				555,748
				15,665
81,500				602,858
				866,765
6,600,000			(6,600,000)	-
		\$ 11,470,968	(11,470,968)	-
				345
		1,697,954	(1,697,954)	-
5,400				1,104,202
8,272,938	1,308,067	13,168,922	(22,336,302)	22,191,562
				15,468
				175,893
			(552,078)	1,427,041
				35,531
				3,738
				142,015
-	-	-	(552,078)	1,799,686
\$ 8,272,938	\$ 1,308,067	\$ 13,168,922	\$ (22,888,380)	\$ 23,991,248

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	Current Funds		
	Unrestricted	Restricted	
		Jobs Training	Other Restricted
Expenditures and other deductions:			
Education and Support:			
Liberal Arts and Sciences	\$ 1,573,468		
Vocational Technical	4,316,108		\$ 321,117
Adult Education	522,590		247,321
Cooperative Services		\$ 901,658	
Administration	928,211		136,321
Student Services	1,335,579		114,948
Learning Resources	127,267		
Physical Plant	1,026,329		1,634,570
General Institution	1,814,847		955,932
Total Education and Support	11,644,399	901,658	3,410,209
Auxiliary Enterprises	1,643,380		
Scholarships and Grants			3,011,015
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Issuance of Bonds			
Interest on Indebtedness			
Depreciation			
(Gain) Loss on Sale of Capital Assets			
Total Expenditures	13,287,779	901,658	6,421,224
Excess (Deficiency) of Revenues and Other Additions			
Over (Under) Expenditures and Other Deductions	2,172,446	-	1,346,594
Transfers:			
Mandatory Transfers			28,141
Non-mandatory Transfers	(1,208,139)		(897,368)
Total Transfers	(1,208,139)	-	(869,227)
Net	964,307	-	477,367
Fund Balances Beginning of Year	12,945,194	-	(295,790)
Prior Period Adjustment	-	-	-
Fund Balances Beginning of Year, as Restated	12,945,194	-	(295,790)
Fund Balances End of Year	\$ 13,909,501	\$ -	\$ 181,577

Plant Funds				
Unex- pended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
			\$ (39,573)	\$ 1,533,895
			27,447	4,664,672
			(907)	769,004
			-	901,658
			13,094	1,077,626
			19,700	1,470,227
			18,842	146,109
\$ 473,069			17,497	3,151,465
			61,823	2,832,602
473,069	-	-	117,923	16,547,258
			10,572	1,653,952
			(3,010,717)	298
11,525,828			(11,525,828)	-
	\$ 1,697,954		(1,697,954)	-
		\$ 603,924	(603,924)	-
		6,600,000	(6,600,000)	-
	397,176		-	397,176
			1,712,398	1,712,398
			54,210	54,210
11,998,897	2,095,130	7,203,924	(21,543,320)	20,365,292
(3,725,959)	(787,063)	5,964,998	(1,345,060)	3,625,956
				28,141
1,475,484	750,830	(148,948)		(28,141)
1,475,484	750,830	(148,948)	-	-
(2,250,475)	(36,233)	5,816,050	(1,345,060)	3,625,956
3,201,252	669,795	43,619,123	(24,992,549)	35,147,025
-	-	-	(322,245)	(322,245)
3,201,252	669,795	43,619,123	(25,314,794)	34,824,780
\$ 950,777	\$ 633,562	\$ 49,435,173	\$ (26,659,854)	\$ 38,450,736

**NORTHWEST IOWA COMMUNITY COLLEGE
UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EDUCATION AND SUPPORT
FOR THE YEAR ENDED JUNE 30, 2020**

		Education		
		Liberal Arts and Science	Vocational Technical	Adult Education
REVENUES				
State Appropriations	\$	2,184,084	\$ 2,409,656	\$ 474,776
Tuition and Fees		2,666,109	3,490,150	308,034
Property Tax				
Federal Appropriations				
Rental of College Facilities				
Interest on Investments		17,199		
Sales and Services			345	
Miscellaneous		31,799	28,445	22,761
Total Revenues		<u>4,899,191</u>	<u>5,928,596</u>	<u>805,571</u>
EXPENDITURES				
Salaries and Benefits		1,548,741	3,484,115	408,256
Services		11,783	434,632	37,374
Materials and Supplies		11,396	303,864	67,260
Travel		1,548	25,824	9,700
Cost of Goods Sold			1,950	
Miscellaneous			65,723	
Total Expenditures		<u>1,573,468</u>	<u>4,316,108</u>	<u>522,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		3,325,723	1,612,488	282,981
TRANSFERS				
Non-Mandatory Transfers In		14,200	268,577	
Non-Mandatory Transfers Out				
Net	\$	<u>3,339,923</u>	<u>\$ 1,881,065</u>	<u>\$ 282,981</u>
Fund Balances Beginning of Year				
Fund Balances End of Year				

Support Services					Total Education and Support Services
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ 16,821	\$ 64,687				\$ 5,150,024
	26,368				6,490,661
965,423					965,423
21,844					21,844
			\$ 15,665		15,665
316,695				\$ 10,900	344,794
					345
14,008	675			22,017	119,705
<u>1,334,791</u>	<u>91,730</u>	<u>-</u>	<u>15,665</u>	<u>32,917</u>	<u>13,108,461</u>
744,394	1,119,977	\$ 95,137	544,781	818,693	8,764,094
163,368	80,632	13,028	214,730	797,808	1,753,355
10,077	120,586	19,102	266,308	172,272	970,865
10,372	6,235		28	15,552	69,259
					1,950
	8,149		482	10,522	84,876
<u>928,211</u>	<u>1,335,579</u>	<u>127,267</u>	<u>1,026,329</u>	<u>1,814,847</u>	<u>11,644,399</u>
406,580	(1,243,849)	(127,267)	(1,010,664)	(1,781,930)	1,464,062
	1,348		97,149	12,120	393,394
			(44,328)	(1,721,915)	(1,766,243)
<u>\$ 406,580</u>	<u>\$ (1,242,501)</u>	<u>\$ (127,267)</u>	<u>\$ (957,843)</u>	<u>\$ (3,491,725)</u>	<u>91,213</u>
					1,653,325
					<u>\$ 1,744,538</u>

**NORTHWEST IOWA COMMUNITY COLLEGE
UNRESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISES
FOR THE YEAR ENDED JUNE 30, 2020**

	Campus Store	Dormitories	Carpentry	Farm
REVENUES				
State Appropriations				
Tuition and Fees				
Sales and Services (Net of Returns)	\$ 567,052	\$ 587,580		
Interest on Investments	2,595		\$ 3,715	\$ 2,693
Federal Appropriations	591			
Miscellaneous		6,290		
Total Revenues	570,238	593,870	3,715	2,693
EXPENDITURES				
Salaries and Benefits	96,291			
Services	15,991	27,194		
Materials and Supplies	1,212		100	
Travel				
Cost of Goods Sold	429,513			
Miscellaneous				
Total Expenditures	543,007	27,194	100	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	27,231	566,676	3,615	2,693
TRANSFERS				
Non-Mandatory Transfers In	16,400		100	
Non-Mandatory Transfers Out		(559,458)	(224,815)	(152,549)
Net	43,631	7,218	(221,100)	(149,856)
Fund Balance Beginning of Year	670,310	656,274	226,034	167,549
Fund Balance End of Year	\$ 713,941	\$ 663,492	\$ 4,934	\$ 17,693

Parts	Printing and Reproduction	Trade and Industry	Wellness Center	Heavy Equipment	Other	Total
					\$ 15,468	\$ 15,468
		\$ 119,724	\$ 2,272	\$ 7,933	45,964	175,893
\$ 199,226	\$ 79,564	18,723	180,547	278,444	67,983	1,979,119
1,402	2,723	13,308			9,095	35,531
			3,147		-	3,738
57,111	1,409	8,120	3,767		65,318	142,015
257,739	83,696	159,875	189,733	286,377	203,828	2,351,764
2,329	34,983	226,758	190,907		49,770	601,038
797	41,085	32,735	68,056	10,641	35,656	232,155
1,064	27,514	3,694	24,902	42,841	79,778	181,105
		6,104	458		2,267	8,829
201,862					-	631,375
	(23,398)				12,276	(11,122)
206,052	80,184	269,291	284,323	53,482	179,747	1,643,380
51,687	3,512	(109,416)	(94,590)	232,895	24,081	708,384
		118,556	1,490		1,801,558	1,938,104
(450,000)			(18,004)	(103,062)	(265,506)	(1,773,394)
(398,313)	3,512	9,140	(111,104)	129,833	1,560,133	873,094
461,536	157,036	330,086	(60,441)	74,438	8,609,047	11,291,869
\$ 63,223	\$ 160,548	\$ 339,226	\$ (171,545)	\$ 204,271	\$ 10,169,180	\$ 12,164,963

**NORTHWEST IOWA COMMUNITY COLLEGE
RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020**

	Scholarships and Grants	Equipment Replacement	Insurance
REVENUES			
State Appropriations	\$ 1,118,818	\$ 7,476	\$ 11,550
Property Tax		429,075	628,023
Federal Appropriations	1,382,548		
Investment Income			
Iowa Industrial New Jobs Training Program			
Gifts and Grants	521,358		
Miscellaneous			730,000
Total Revenues	<u>3,022,724</u>	<u>436,551</u>	<u>1,369,573</u>
EXPENDITURES			
Salaries and Benefits	299		1,180
Services		33,120	1,633,392
Material and Supplies		89,290	
Travel			
Interest on Indebtedness			
Federal Pell Grant Program	1,359,409		
Federal Supplemental Educational Opportunity Grant	22,840		
Iowa College Student Aid Commission	51,500		
Other Misc. State Grants	1,067,318		
Private Scholarships	509,649		
Total Expenditures	<u>3,011,015</u>	<u>122,410</u>	<u>1,634,572</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,709	314,141	(264,999)
TRANSFERS			
Non-Mandatory Transfers In	27		
Non-Mandatory Transfers Out		(236,789)	
Net	<u>11,736</u>	<u>77,352</u>	<u>(264,999)</u>
Fund Balances (Deficit) Beginning of Year	<u>(52,675)</u>	<u>252,985</u>	<u>216,740</u>
Fund Balances (Deficit) End of Year	<u>\$ (40,939)</u>	<u>\$ 330,337</u>	<u>\$ (48,259)</u>

Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Other	Total
	\$ 9,119			\$ 777,755	\$ 1,924,718
	523,376		\$ 34,893		1,615,367
				1,349,435	2,731,983
				30,188	30,188
			866,765		866,765
					521,358
				249,097	979,097
<u>-</u>	<u>532,495</u>	<u>-</u>	<u>901,658</u>	<u>2,406,475</u>	<u>8,669,476</u>
\$ 4,718	40,252			997,065	1,043,514
			736,437	209,702	2,612,651
				138,054	227,344
				20,406	20,406
			165,221		165,221
					1,359,409
					22,840
					51,500
				243,030	1,310,348
					509,649
<u>4,718</u>	<u>40,252</u>	<u>-</u>	<u>901,658</u>	<u>1,608,257</u>	<u>7,322,882</u>
(4,718)	492,243	-	-	798,218	1,346,594
				28,114	28,141
				(660,579)	(897,368)
<u>(4,718)</u>	<u>492,243</u>	<u>-</u>	<u>-</u>	<u>165,753</u>	<u>477,367</u>
38,217	(1,631,968)	\$ 119,016	-	761,895	(295,790)
<u>\$ 33,499</u>	<u>\$ (1,139,725)</u>	<u>\$ 119,016</u>	<u>\$ -</u>	<u>\$ 927,648</u>	<u>\$ 181,577</u>

**NORTHWEST IOWA COMMUNITY COLLEGE
AGENCY FUNDS
SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Student Clubs and Organizations</u>	<u>NWICC Foundation</u>	<u>Municipal Coordinator</u>	<u>Total</u>
Balance Beginning of Year	\$ 117,689	\$ 43,546	\$ 2,108	\$ 163,343
<u>ADDITIONS</u>				
Tuition and Fees	43,817			43,817
Interest on Investments		1,312		1,312
Payments from Governmental Funds	13,978			13,978
Miscellaneous	<u>15,672</u>	<u></u>	<u>91,042</u>	<u>106,714</u>
Total Additions	73,467	1,312	91,042	165,821
<u>DEDUCTIONS</u>				
Salaries and Benefits	15,535		81,422	96,957
Services and Workshops	20,993		7,554	28,547
Material and Supplies	6,341		1,541	7,882
Travel	5,242		64	5,306
Scholarships and Awards	2,355			2,355
Payments to Governmental Funds	<u>12,095</u>	<u></u>	<u></u>	<u>12,095</u>
Total Deductions	62,561	-	90,581	153,142
Balance End of Year	<u>\$ 128,595</u>	<u>\$ 44,858</u>	<u>\$ 2,569</u>	<u>\$ 176,022</u>

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES
For the Last Ten Years**

	<u>Years Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Local (Property Tax)	\$ 4,854,280	\$ 3,534,716	\$ 3,374,372	\$ 3,195,295
State	7,514,591	7,197,919	5,974,765	6,046,755
Federal	2,753,827	2,343,942	2,750,984	2,161,777
Total	<u>\$ 15,122,698</u>	<u>\$ 13,076,577</u>	<u>\$ 12,100,121</u>	<u>\$ 11,403,827</u>

<u>Years Ended June 30,</u>					
<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 2,776,132	\$ 2,549,134	\$ 2,385,995	\$ 2,115,657	\$ 1,992,406	\$ 1,967,964
8,099,114	6,997,917	5,792,288	5,462,870	4,624,742	5,207,160
2,088,975	1,725,066	1,898,994	2,433,014	2,597,620	2,792,595
<u>\$ 12,964,221</u>	<u>\$ 11,272,117</u>	<u>\$ 10,077,277</u>	<u>\$ 10,011,541</u>	<u>\$ 9,214,768</u>	<u>\$ 9,967,719</u>

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE
AND EXPENDITURES BY FUNCTION
FOR THE LAST TEN YEARS**

	Years Ended June 30,			
	2020	2019	2018	2017
Revenues:				
State Appropriations	\$ 7,074,742	\$ 5,982,609	\$ 5,959,967	\$ 6,031,488
Tuition and Fees	6,490,661	6,223,530	6,048,057	5,949,631
Property Tax	2,580,790	2,635,392	2,509,946	2,366,999
Federal Appropriations	2,753,827	2,343,942	2,750,984	2,161,777
Interest on Investments	374,982	434,731	300,382	162,860
Rental of College Facilities	15,665	15,291	18,293	16,998
Iowa Industrial New Jobs Training Program	866,765	796,693	1,189,918	580,307
Auxiliary Enterprises	2,351,764	2,722,720	2,903,676	3,172,162
Miscellaneous	1,620,505	1,175,273	1,244,126	1,318,578
Total	24,129,701	22,330,181	22,925,349	21,760,800
Expenditures:				
Liberal Arts and Sciences	1,573,468	1,582,160	1,507,141	1,570,072
Vocational Technical	4,637,225	4,586,875	4,555,191	4,529,313
Adult Education	769,911	740,453	645,602	817,299
Cooperative Services	901,658	891,678	1,244,655	670,799
Administration	1,064,532	1,033,807	1,403,115	3,288,812
Student Services	1,450,527	1,155,275	1,138,448	1,174,580
Learning Resources	127,267	118,350	146,411	190,355
Physical Plant	2,660,899	2,272,053	2,297,937	2,215,727
General Institution	2,770,779	2,356,696	2,534,201	2,012,894
Auxiliary Enterprises	1,643,380	2,168,794	2,518,427	2,700,893
Scholarships and Grants	3,011,015	2,218,861	2,121,756	2,041,512
Total	\$ 20,610,661	\$ 19,125,002	\$ 20,112,884	\$ 21,212,256

Years Ended June 30,					
2016	2015	2014	2013	2012	2011
\$ 6,078,183	\$ 5,934,304	\$ 5,774,758	\$ 4,951,716	\$ 4,487,837	\$ 4,510,674
5,586,501	5,501,802	5,708,745	5,947,815	5,964,497	5,743,853
2,009,684	1,802,402	1,686,482	1,450,190	1,372,248	1,378,718
2,088,975	1,725,066	1,898,994	2,433,014	2,597,620	2,792,595
99,822	83,740	82,294	139,836	88,916	94,683
17,495	22,120	22,105	10,477	11,245	6,280
1,422,350	669,347	1,164,982	1,553,644	797,309	552,861
3,148,917	3,200,394	3,225,023	3,062,326	2,653,918	2,456,803
1,236,930	494,685	458,707	556,533	347,046	330,684
21,688,857	19,433,860	20,022,090	20,105,551	18,320,636	17,867,151
1,536,697	1,526,979	1,559,063	1,526,692	1,533,181	1,378,700
4,330,373	4,195,013	4,188,189	4,146,217	3,898,802	3,954,420
885,597	939,601	862,331	800,086	786,353	795,049
1,516,903	761,290	1,265,218	1,553,644	797,309	552,861
1,043,075	797,731	848,720	1,457,598	780,560	913,337
1,056,227	1,123,974	1,082,088	792,754	802,501	775,327
203,041	195,809	195,177	196,738	178,762	171,944
1,737,362	1,121,927	1,237,105	1,121,236	925,288	889,225
1,925,350	1,897,221	2,038,629	2,244,004	2,178,288	2,118,671
2,646,829	2,929,434	2,882,996	2,588,991	2,330,761	2,261,937
2,031,483	1,959,776	2,048,104	2,231,111	2,153,826	2,202,386
\$ 18,912,937	\$ 17,448,755	\$ 18,207,620	\$ 18,659,071	\$ 16,365,631	\$ 16,013,857

COMPLIANCE SECTION

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Direct:				
U.S. Department of Education:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		\$ 22,400	
Federal Direct Student Loans	84.268			\$ 1,685,445
Federal Work-Study Program	84.033		24,121	
Federal Pell Grant Program	84.063		1,361,169	
Total for Student Financial Assistance Cluster			1,407,690	1,685,445
Higher Education - Institutional Aid	84.031	N/A	557,600	
TRIO Cluster:				
TRIO Student Support Services	84.042	N/A	278,168	
CARES Act				
COVID-19 - Higher Education Emergency Relief Fund - Students	84.425E	P425E201482	114,410	
COVID-19 - Higher Education Emergency Relief Fund - Institutional	84.425F	P425F200026	163,181	
Total CARES Act Awards			277,591	
Total Direct U.S. Department of Education			2,521,049	1,685,445
Total Direct			2,521,049	1,685,445
Indirect:				
U.S. Department of Education:				
Indirect Through Iowa Department of Education:				
Adult Education - Basic Grants to States	84.002	N/A	90,637	
Vocational Education - Basic Grants to States	84.048	N/A	98,310	
Indirect Through Iowa Vocational Rehabilitation Services				
Rehabilitation Services Vocational Rehabilitation Grants	84.126	17-VRIN-11	69,362	
Corporation for National and Community Service:				
Indirect Through Iowa Department of Economic Development:				
AmeriCorps	94.006		440	
Total Indirect			258,749	-
Total			\$ 2,779,798	\$ 1,685,445

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - **BASIS OF PRESENTATION** - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Northwest Iowa Community College under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Northwest Iowa Community College, it is not intended to and does not present the financial position, changes in financial position or cash flows of Northwest Iowa Community College.

Note 2 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**- Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Northwest Iowa Community College has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



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**Independent Auditors' 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 Directors
Northwest Iowa Community College
Sheldon, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States 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 Northwest Iowa Community College and its discretely presented component unit as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwest Iowa Community College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Iowa Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Northwest Iowa Community College's Response to Findings

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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

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

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

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

Williams & Company, P.C.
Certified Public Accountants

December 16, 2020
Le Mars, Iowa



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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Northwest Iowa Community College
Sheldon, Iowa

Report on Compliance for Each Major Federal Program

We have audited the compliance of Northwest Iowa Community College with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. The College's major federal programs are identified in the summary of the independent auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in a material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

The management of the 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 the 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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Williams & Company P.C.
Certified Public Accountants

Le Mars, Iowa
December 16, 2020

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Part I: Summary of the Independent Auditors' Results:

- (a) An unmodified opinion was issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) Major programs as follows:
 - Student Financial Assistance Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Northwest Iowa Community College did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESS:

2020-001 Financial Reporting

Condition and Criteria - During the audit, we identified transactions concerning receivables, capital assets, and transfers not properly recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Effect – The financial information provided by management does not properly present all transactions.

Cause – With a limited number of personnel and current staff workload, they do not allow for adequate review and preparation.

Recommendation – The College should implement procedures to ensure all transactions are properly identified, classified, and included in the College's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future and monitor this process on a regular basis. However, hiring additional staff to implement additional review would not be cost effective.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No Matters were reported.

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Part III – Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No Matters were reported.

SIGNIFICANT DEFICIENCY:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

- 20-IV-A Certified Budget – Total operating expenditures for the year ended June 30, 2020 did not exceed the amount budgeted.
- 20-IV-B Questionable Expenditures – No expenditures that did not meet the requirements of public purpose, as defined in an Attorney General's opinion, dated April 25, 1979, were noted.
- 20-IV-C Travel Expense – No expenditures of the Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.
- 20-IV-D Business Transactions – No non-exempt business transactions between the Community College and the Community College officials or employees were noted.
- 20-IV-E Restricted Donor Activity - No transactions were noted between the College, College officials or College employees and restricted donors in compliance with Chapter 688 of the Code of Iowa.
- 20-IV-F Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- 20-IV-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 20-IV-H Publication – The Community College published a statement of receipts and disbursements of all required funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Code of Iowa.
- 20-IV-I Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.



**NORTHWEST IOWA COMMUNITY COLLEGE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2020**

Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*

Financial Statement Audit:

Material Weakness:

2019-001 Financial Reporting

Condition and Criteria – During the audit, we identified transactions concerning payables and receivables not properly recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Effect – The financial information provided by management does not properly present all transactions.

Cause – With a limited number of personnel and current staff workload, they do not allow for adequate review and preparation.

Recommendation – The College should continue to implement procedures to ensure all transactions are properly identified, classified, and included in the College's financial statements.

Response – We will revise our current procedures to ensure proper amounts are recorded in the financial statement in the future and monitor this process on a regular basis. However, hiring additional staff to implement additional review would not be cost effective.

Current Status – This finding still exists at June 30, 2020. (See Comment 2020-001). This finding was first reported in fiscal year 2007.



**Northwest Iowa Community College
Schedule of Findings and Questioned Costs
Corrective Action Plan
June 30, 2020**

Northwest Iowa Community College respectfully submits the following corrective action plan for the year ended June 30, 2020.

The audit was performed by Williams & Company, P.C., 21 1st Avenue NW, Le Mars, Iowa, for the fiscal year ended June 30, 2020.

The findings from the June 30, 2020 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Finding Related to the Financial Statements:

MATERIAL WEAKNESS:

2020-001 Condition and Criteria – During the audit, we identified transactions concerning receivables, capital assets, and transfers not properly recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Effect – The financial information provided by management does not properly present all transactions.

Cause – With a limited number of personnel and current staff workload, they do not allow for adequate review and preparation.

Recommendation – The College should implement procedures to ensure all transactions are properly identified, classified, and included in the College's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future and monitor this process on a regular basis. However, hiring additional staff to implement additional review would not be cost effective.

If involved agencies have any questions regarding this plan, please call Mark Brown at 712-324-5061.

Sincerely yours,

Northwest Iowa Community College

Mark Brown, Vice President of Operations and Finance