



**North Iowa Area Community College, State of Iowa**  
(Merged Area II)

\$1,070,000\*

Taxable Industrial New Jobs Training Certificates, Series 2025-2

(Book Entry Only)

(PARITY® Is the Only Permitted form of Bidding)

(FAST Closing)

(Award will occur at a Board of Directors meeting that begins  
at 6:00 pm on Thursday, November 20, 2025)

DATE: Thursday, November 20, 2025

TIME: 10:00 AM

Telephone: (641)423-1264

Moody's Rating: "Aa2"

\* Preliminary, subject to change

**PIPER | SANDLER**

3900 Ingersoll Ave., Suite 110  
Des Moines, IA 50312  
515/247-2340

**OFFICIAL BID FORM**

TO: Board of Directors of the North Iowa Area Community College, State of Iowa (Merged Area II), (the "Issuer")  
 Re: \$1,070,000\* Taxable Industrial New Jobs Training Certificates, Series 2025-2, dated Date of delivery, of the Issuer (the "Certificates")

For all or none of the above Certificates, we will pay you \$ \_\_\_\_\_ for Certificates bearing interest rates and maturing as follows:

<u>Coupon</u>	<u>Yield</u>	<u>Maturity June 1</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity June 1</u>
_____	_____	2026	_____	_____	2031
_____	_____	2027	_____	_____	2032
_____	_____	2028	_____	_____	2033
_____	_____	2029	_____	_____	2034
_____	_____	2030	_____	_____	2035

\_\_\_\_\_ We hereby elect to have the following issued as term certificates:

<u>Principal Amount</u>	<u>Month and Year (Inclusive)</u>	<u>Maturity Month and Year</u>
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____

Subject to mandatory redemption requirement in the amounts and at the times shown above

\_\_\_\_\_ We will not elect to have any certificates issued as term certificates

This bid is for prompt acceptance and for delivery of said Certificates to use in compliance with the Official Terms of Offering of Certificates, which is made a part of this proposal, by reference. Award will be made on a True Interest Cost Basis (TIC).

According to our computations (the correct computation being controlling in the award), we compute the following:

NET INTEREST COST:\$ \_\_\_\_\_ TRUE INTEREST RATE \_\_\_\_\_ %  
 (Computed from the dated date)

\_\_\_\_\_  
 Account Manager

\_\_\_\_\_  
 Authorized Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the Board of Directors of the North Iowa Area Community College, in the Counties of Butler, Cerro Gordo, Chickasaw, Floyd, Franklin, Hancock, Kossuth, Mitchell, Winnebago, Worth, and Wright, State of Iowa, this 20th day of November 2025.

ATTEST: \_\_\_\_\_  
 District Secretary

\_\_\_\_\_  
 Board President

\* \_\_\_\_\_  
 Preliminary, subject to change

## TERMS OF OFFERING

This section sets forth the description of certain of the terms of the Certificates as well as the terms of offering with which all bidders and bid proposals are required to comply, as follows:

The Certificates. The Certificates to be offered are the following:

TAXABLE INDUSTRIAL NEW JOBS TRAINING CERTIFICATES, SERIES 2025-2, in the principal amount of \$1,070,000\*, dated Date of delivery in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front page of the official statement (the "Certificates")

\* Adjustment to Principal Amount After Determination of Best Bid. Each scheduled maturity of the Certificates are subject to increase or decrease. Such adjustments shall be made promptly after the sale and prior to the award of bids by the Issuer. To cooperate with any adjustment in the principal amounts, the Successful Bidder is required, as a part of its bid, to indicate its Initial Reoffering yield and Initial Reoffering price on each maturity of the Certificates (said price shall be calculated to the date as indicated by the Issuer).

The dollar amount bid by the Successful Bidder may be changed if the aggregate principal amount of the Certificates, as adjusted as described below, is adjusted, however the interest rates specified by the Successful Bidder for all maturities will not change. The Issuer's Municipal Advisor will make every effort to ensure that the percentage net compensation to the Successful Bidder (the percentage resulting from dividing (i) the aggregate difference between the offering price of the Certificates to the public and the price to be paid to the Issuer (not including accrued interest), less any bond insurance premium and credit rating fee, if any, to be paid by the Successful Bidder, by (ii) the principal amount of the Certificates) does not increase or decrease from what it would have been if no adjustment was made to principal amounts shown in the maturity schedule.

The Successful Bidder may not withdraw or modify its bid once submitted to the Issuer for any reason, including post certificate adjustment. Any adjustment shall be conclusive, and shall be binding upon the Successful Bidder.

Interest: Interest on the Certificates will be payable on June 1, and December 1, beginning June 1, 2026. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or a such other address as is furnished to the Paying Agent in writing by a registered owner.

Optional Redemption: The Certificates maturing 2032-2035, may be called for redemption by the Issuer and paid before maturity on June 1, 2031 or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Book Entry System: The Certificates will be issued by means of a book entry system with no physical distribution of certificates made to the public. The Certificates will be issued in fully registered form and one certificate, representing the aggregate principal amount of the Certificates maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Certificates. Individual purchases of the Certificates may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Issuer to DTC or its nominee as registered owner of the Certificates. Transfer of principal and interest payments to participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Successful Bidder, as a condition of delivery of the Certificates, will be required to deposit the certificates with DTC.

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of \$10,700 for the Certificates, payable to the order of the Issuer, is required for each bid to be considered. If a check is used, it must accompany each bid. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. If a wire is to be used, the Issuer will notify the Purchaser ("Purchaser") of the wire instructions, by fax or email, within ten minutes of the stated time for receipt of bids.

If the wire is not received at the time indicated above, for the Certificates, or any of them, the Issuer will abandon its plan to award to the Purchaser, and will contact the next highest bidder received for the particular series of Certificates and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Certificates to the Purchaser absent receipt of the Deposit prior to action awarding the Certificates. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Certificates. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

Form of Bids: All bids shall be unconditional for the entire issue of Certificates for a price not less than 99% of par and not more than 102% of par and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Award will be on a TIC basis. The Board of Directors will consider award of the Certificates outlined herein at their board meeting starting at 6:00 pm on November 20, 2025.

Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be received after the time specified on the front cover of the preliminary official statement. The time as maintained by the Internet Bid System shall constitute the official time with respect to all Bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Confidential information sent via secured portal: All confidential information exchanged between the Issuer and the Purchaser (including but not limited to closing details and good faith wire details) must be sent via a secure portal. As a condition to closing, the Purchaser will cooperate with the Issuer, its legal counsel and its Municipal Advisor to ensure that all confidential information is sent via a secure portal.

Internet Bidding: Internet bids must be submitted through Parity® ("the Internet Bid System"). Information about the Internet Bid System may be obtained by calling 212-849-5000.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purpose of submitting its internet bid in a timely manner and in compliance with the requirements of the Official Terms of Offering. The Issuer is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the internet bidding and the Internet Bid System is not an agent of the Issuer. Provisions of the Official Terms of Offering shall control in the events of conflict with information provided by the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the Internet Bid System. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

Rates of Interest: The rates of interest specified in the bidder's proposal must conform to the limitations following:

1. All Certificates of the same annual maturity must bear the same interest rate.
2. Rates of interest bid may be in multiples of 1/8, 1/20 or 1/100th of 1%.
3. No interest rate bid may be more than 2% higher than any other interest rate bid
4. For maturities 2033-2035, no rate may be bid that is lower than the immediately preceding interest rate bid (level or ascending rates only, 2032 base year)

Delivery: The Certificates will be delivered to the Purchaser via FAST closing, against full payment in immediately available cash or federal funds. The Certificates are expected to be delivered within sixty days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw his bid and thereafter his interest in and liability for the Certificates will cease. (When the Certificates are ready for delivery, the Issuer may give the Purchaser five working days' notice of the delivery date and the Issuer will expect payment in full on that date, otherwise reserving the right at its option to determine that the Purchaser has failed to comply with the offer of purchase.)

Official Statement: The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Certificates, and any other information required by law or deemed appropriate by the Issuer, shall constitute a "Final Official Statement" of the Issuer with respect to the Certificates, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Certificates to any underwriter or underwriting syndicate submitting an Official Bid Form therefore, the Issuer agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Certificates are awarded one .pdf version of the Official Statement and the addendum described in the preceding sentence to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The Issuer shall treat the senior managing underwriter of the syndicate to which the Certificates are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Certificates agrees thereby that if its bid is accepted by the Issuer, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Certificates for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CUSIP Numbers: It is anticipated that CUSIP numbers will be printed on the Certificates. In no event will the Issuer be responsible for or Bond Counsel review or express any opinion of the correctness of such numbers, and incorrect numbers on said Certificates shall not be cause for the Purchaser to refuse to accept delivery of the Certificates. The fee will be paid for by the Issuer.

Responsibility of Bidder: It is the responsibility of the bidder to deliver its signed, completed bid prior to the time of sale as posted on the front cover of the official statement. Neither the Issuer nor its Municipal Advisor will assume responsibility for the collection of or receipt of bids. Bids received after the appointed time of sale will not be opened.

Continuing Disclosure: In order to permit bidders for the Certificates and other participating underwriters in the primary offering of the Certificates to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Certificates, in the Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the “Disclosure Covenants”). The information to be provided, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

Breach of the Disclosure Covenants will not constitute a default or an “Event of Default” under the Certificates or Resolution. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Certificates in the secondary market. Thus, a failure on the part of the Issuer to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Certificates and their market price.

Bond Insurance: Application has not been made for municipal bond insurance. Should the Certificates qualify for the issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance on the Certificates resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Issuer has requested and received a rating on the Certificates from a municipal bond rating service, the Issuer will pay that rating fee. Any other rating service fees shall be the responsibility of the Purchaser.

Requested modifications to the Resolution or other issuance documents shall be accommodated by the Issuer at its sole discretion. In no event will modifications be made regarding the investment of funds created under the Resolution or other issuance documents without prior Issuer consent, in its sole discretion. The insurer must agree, in the insurance commitment letter or separate agreement acceptable to the Issuer in its sole discretion, to notify the Issuer within 5 (five) days of any change to the rating of the insurer or any other event pertaining to the insurer that falls within the definition of a “material event”. Failure of the municipal bond insurer to issue the policy after the Certificates have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Certificates.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 7, 2025

NEW ISSUE - DTC BOOK ENTRY ONLY

Moody's Rating: "Aa2"

In the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law, interest on the Certificates is not intended by the college to be exempt from federal or state income taxation. See "TAX MATTERS" herein.



**North Iowa Area Community College, State of Iowa, (Merged Area II)**  
**\$1,070,000\* Taxable Industrial New Jobs Training Certificates, Series 2025-2**

Dated: Date of delivery

The Taxable Industrial New Jobs Training Certificates, Series 2025-2, described above (the "Certificates") are issuable by North Iowa Area Community College, State of Iowa (the "Issuer" or "College") as fully registered Certificates in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Certificateholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Certificates. Purchases of the Certificates will be made in book-entry form. Purchasers of the Certificates will not receive certificates representing their interest in the Certificates purchased. So long as DTC or its nominee, Cede & Co., is the holder, the principal of, premium, if any, and interest on the Certificates will be paid by UMB Bank, N.A., as Registrar and Paying Agent (the "Registrar" or "Paying Agent"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Certificates.

Interest on the Certificates is payable on June 1, and December 1, beginning June 1, 2026 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or a such other address as is furnished to the Paying Agent in writing by a registered owner.

The Certificates maturing 2032-2035 may be called for redemption by the Issuer and paid before maturity on June 1, 2031 or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

**MATURITY SCHEDULE**

<u>Maturity</u>	<u>Amount *</u>	<u>Rate*</u>	<u>Yield*</u>	<u>Cusip #'s **</u>	<u>Maturity</u>	<u>Amount *</u>	<u>Rate*</u>	<u>Yield*</u>	<u>Cusip #'s **</u>
June 1, 2026	\$30,000			660142 RN2	June 1, 2031	\$125,000			660142 RT9
June 1, 2027	60,000			660142 RP7	June 1, 2032	125,000			660142 RU6
June 1, 2028	100,000			660142 RQ5	June 1, 2033	130,000			660142 RV4
June 1, 2029	110,000			660142 RR3	June 1, 2034	135,000			660142 RW2
June 1, 2030	110,000			660142 RS1	June 1, 2035	145,000			660142 RX0

The Certificates are being offered when, as and if issued by the Issuer and accepted by the purchaser (the "Underwriter"), subject to receipt of an opinion as to legality and validity by Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel. It is expected that the Certificates in the definitive form will be available for delivery on or about December 11, 2025. The Underwriter intends to engage in secondary market trading of the Certificates subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Certificates at the request of the holder thereof.

The Date of this Official Statement is \_\_\_\_\_, 2025

\* Preliminary, subject to change

\*\* CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Certificates nor do they make any representation as to the correctness of such CUSIP numbers on the Certificates or as indicated above.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement is not to be construed as a contract with the purchasers of the Certificates. The Issuer considers the Official Statement to be "near final" within the meaning of Rule 15c2-12 of the Securities Exchange Commission. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTIONS 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THESE SECURITIES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

## **FORWARD-LOOKING STATEMENTS**

This Official Statement, including Appendix A, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget" or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE ISSUER DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

**OFFICIAL STATEMENT**  
**\$1,070,000\* TAXABLE INDUSTRIAL NEW JOBS TRAINING CERTIFICATES, SERIES 2025-2**  
**NORTH IOWA AREA COMMUNITY COLLEGE, STATE OF IOWA (Merged Area II)**

**INTRODUCTORY STATEMENT**

This Official Statement presents certain information relating to North Iowa Area Community College, Iowa (the “Issuer” or “College”), in connection with the sale of the Issuer’s Taxable Industrial New Jobs Training Certificates, Series 2025-2, (the “Certificates”). The Certificates are being issued to provide funds for new job training programs for four different companies who have entered into job training agreements with the Issuer in 2025. See “**THE PROJECT - Sources and Uses of Funds**” herein.

This Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain pricing and other information which is to be made available through a final Official Statement.

This Introductory Statement is only a brief description of the Certificates and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety.

The Certificates constitute a valid and binding obligation of the Issuer which encompasses the corporate boundaries of the College, including all or portions of the following counties: Butler, Cerro Gordo, Chickasaw, Floyd, Franklin, Hancock, Kossuth, Mitchell, Winnebago, Worth and Wright. The Certificates are payable from the revenues of the Projects. In the event the Project revenues deposited into the sinking fund established by the College, as described herein, (which include new jobs credit from withholding taxes where new jobs are created to be received or derived from new employment resulting from the Projects) are not available and appropriated in any year, all taxable property in the territory of the Issuer is subject to ad valorem taxation, without limitation as to rate or amount, to pay the Certificate, as provided by Chapter 260E, Code of Iowa 2025, as amended, and in the Jobs Training Agreements. See “**SOURCE OF SECURITY FOR THE CERTIFICATES**” herein.

All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

**THE CERTIFICATES**

**General**

The Certificates are dated as of Date of delivery and will bear interest at the rates to be set forth on the cover page herein.

Interest on the Certificates is payable on June 1, and December 1, beginning June 1, 2026, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or a such other address as is furnished to the Paying Agent in writing by a registered owner.

**Authorization for the Issuance**

The Certificates are being issued pursuant to Iowa Code Chapter 260E, as amended.

**Book Entry Only System**

*The following information concerning The Depository Trust Company (“DTC”), New York, New York and DTC’s book-entry system has been obtained from sources the Issuer believes to be reliable. However, neither the Issuer, Bond Counsel, the Municipal Advisor or the Underwriter take any responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.*

The Depository Trust Company (“DTC”), New York, NY will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within

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\* Preliminary, subject to change

the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participations include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, national Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered in the transaction. Transfers of ownership interest in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to taken certain steps to augment transmission to them notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit have agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participants in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant’s interest in the Securities, on DTC’s records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent’s DTC account.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or successor securities depository). In that event Security certificates will be printed and delivered to DTC.

### **Transfer and Exchange**

Any Certificate may, in accordance with its terms, be transferred by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation at the principal corporate office of the Registrar accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any Certificate or Certificates shall be surrendered for transfer, the Registrar shall execute and deliver a new Certificate or Certificates of the same maturity, interest rate, and aggregate principal amount.

Certificates may be exchanged at the principal corporate office of the Registrar for a like aggregate principal amount of Certificates or other authorized denominations of the same maturity and interest rate; provided, however, that the Registrar is not required to transfer or exchange any Certificates which have been selected for prepayment and is not required to transfer or exchange any Certificates during the period beginning 15 days prior to the selection of Certificates for prepayment and ending the date notice of prepayment is mailed. The Registrar may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Certificates surrendered pursuant to the provisions of this and the preceding paragraph shall be canceled by the Registrar and shall not be redelivered.

### **Prepayment**

Optional Prepayment The Certificates maturing in 2032-2035 may be called for redemption by the Issuer and paid before maturity on June 1, 2031 or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Notice of Prepayment. Prior to the redemption of any Certificates under the provisions of the Resolution, the Registrar shall give written notice not less than thirty (30) days prior to the redemption date to each registered owner thereof.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Certificates so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Certificates called for redemption in the same manner as the original redemption notice was mailed.

## **CERTIFICATEHOLDERS' RISKS**

### **Tax Levy Procedures**

The Certificates are general obligations of the Issuer, payable from and secured by a continuing ad-valorem tax levied against all of the taxable, real property within the boundaries of the Issuer. As part of the budgetary process of the Issuer each fiscal year the Issuer will have an obligation to request a debt service levy to be applied against all of the taxable, real property within the boundaries of the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on the Certificates for a particular fiscal year may cause Certificateholders to experience delay in the receipt of distributions of principal of and/or interest on the Certificates. Consequently, the remedies of the owners of the Certificates (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Certificates) may have to be enforced from year to year.

### **Property Tax Legislation**

Over time, the Iowa Legislature has modified the process and calculation of taxable valuations for various classifications of property. For example, in 2013 maximum annual taxable value growth due to revaluation of residential and agricultural property was reduced from 4% to 3%, rollback calculations were modified, a new multi-residential classification was created, and an appropriation made to replace some lost tax revenue due to rollbacks. In 2019, the process for hearings on total maximum property tax dollars under certain levies in the College's budget was modified and a supermajority vote required to raise taxes above a prescribed formula. In 2021, the multi-residential classification was removed, and a phase out of the appropriation for rollback initiated. In 2023, SF 181 was signed into law by the Governor on February 20, 2023, effective upon enactment. SF 181 reduced the residential rollback for the 2022 assessment year (affecting Fiscal Year 2023/24) from 56.4919% to 54.6501%. The residential rollback for Fiscal Year 2025 is 46.3428%. This will result in a reduction in taxable valuation in the residential, commercial, industrial and railroad property classes upon which the College levies property taxes. HF718 was signed into law by Governor Reynolds on May 4, 2023, with certain divisions effective upon enactment.

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the College or have an adverse impact on the future tax collections of the College. Purchasers of the Certificates should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Certificates and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

Notwithstanding any modifications to property tax revenues that may result from prior or any pending or future legislation, the Certificates are secured by an unlimited ad valorem property tax as described more fully in the “**SOURCE OF SECURITY FOR THE CERTIFICATES**” herein.

### **Changes in Property Taxation**

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Certificates. Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Certificates and the security for the Certificates.

### **Matters Relating to Enforceability of Agreements**

Holders of the Certificates shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Certificates, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution.

There is no trustee or similar person to monitor or enforce the provisions of the resolution for the Certificates. The owners of the Certificates should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Certificate, there is no provision for acceleration of maturity of the principal of the Certificates. Consequently, the remedies of the owners of the Certificates (consisting primarily of an action in the nature of mandamus requiring the College and certain other public officials to perform the terms of the resolution for the Certificates) may have to be enforced from year to year. Holders of the Certificates shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Certificate, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution. The remedies available to the owners of the Certificates upon an event of default under the Resolution, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Certificates will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Resolution or the Loan Agreement, including principal of and interest on the Certificates.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that such Certificates can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, and secondary marketing practices in connection with a particular Certificate or Certificates issue are suspended or terminated. Additionally, prices of Certificate or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Certificates.

## **Pension**

Pursuant to GASB Statement No. 68, the Issuer reported a liability of \$4,852,216 as of June 30, 2024 for its proportionate share of the net pension liability for Iowa Public Employee Retirement System (“IPERS”). The net pension liability is the amount by which the total actuarial liability exceeds the pension plan’s net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Issuer’s proportion of the net pension liability was based on the Issuer’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. As of June 30, 2023, the Issuer’s collective proportion was 0.107501%, which was a decrease of 0.002284% from its proportion measured June 30, 2022. See Issuer’s Audited Financial Statements for Fiscal Year Ending June 30, 2024, Appendix D, for additional information.

## **Rating**

Moody’s Investor Service (the “Rating Agency”) has assigned a rating of “Aa2” to the Certificates. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of the Rating Agency, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Certificates.

Rating agencies are currently not regulated by any regulatory body. Future regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Certificates.

## **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Certificates.

## **Pending Federal Tax Legislation**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals are pending in Congress that could, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Certificates or otherwise prevent holders of the Certificates from realizing the full benefit of the tax exemption of interest on the Certificates. Further such proposals may impact the marketability or market value of the Certificates simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Certificates. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Certificates would be impacted thereby.

## **Redemption Prior to Maturity**

In considering whether the Certificates might be redeemed prior to maturity, Certificateholders should consider the information included in this Official Statement under the heading "THE CERTIFICATES." Furthermore, the Certificates are subject to optional and mandatory redemption as set forth herein. See "THE CERTIFICATES" herein.

## **Clean up Costs and Liens under Environmental Statutes**

The Issuer is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the Project sites. However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at future date. In the event such enforcement actions were initiated, the Issuer could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Project sites. In addition, under applicable environmental statutes, in the event an enforcement action is initiated, a lien superior to the Certificateholders’ lien, if any, could attach to the Project, which may adversely affect the Certificateholders’ rights.

## **General Liability Claims**

In recent years, the number of general liability suits and the dollar amounts of damage awards have increased nationwide, resulting in substantial increases in insurance premiums. Litigation may also arise against the Issuer from its business activities, such as its status as an employer. While the Issuer maintains general liability insurance coverage, the Issuer is unable to predict the availability or cost of such insurance in the future. In addition, it is possible that certain types of liability awards may not be covered by insurance as in effect at relevant times. Any negative impact resulting from such awards may impact the Issuer's ability to operate.

## **Risks as Employer**

The Issuer is a major employer, combining a complex mix of tenured and untenured full-time faculty, part-time faculty, technical and clerical support staff and other types of workers in a single operation. As with all large employers, the Issuer bears a wide variety of risks in connection with its employees. These risks include discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees or between employees and students) and other risks that may flow from the relationships between employer and employee or between students and employees. Certain of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented in advance.

## **Limitation or Delay of Remedies**

There is no trustee or similar person to monitor or enforce the provisions of the Resolution for the Certificates. The owners of the Certificates should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Certificates, there is no provision for acceleration of maturity of the principal of the Certificates. Consequently, the remedies of the owners of the Certificates (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the Resolution for the Certificates) may have to be enforced from year to year.

The remedies available to the owners of the Certificates upon an event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Certificates and the delivery of the Resolution will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

## **Damage or Destruction to Issuer's Facilities**

Although the Issuer maintains certain kinds of insurance, there can be no assurance that the Issuer will not suffer uninsured losses in the event of damage to or destruction of the Issuer's facilities, including the Project, due to fire or other calamity or in the event of other unforeseen circumstances.

## **Debt Payment History**

The Issuer knows of no instance in which it has intentionally defaulted in the payment of principal and interest on any of its debt.

## **Cybersecurity**

The Issuer relies on its information systems to provide security for processing, transmission and storage of confidential and other sensitive information. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches could create disruptions or shutdowns of the Issuer and the services it provides, or the unauthorized access to or disclosure of personally identifiable information and other confidential or sensitive information. Despite security measures, the Issuer may remain vulnerable to attacks by outside or internal hackers, or breaches caused by employee error, negligence or malfeasance. Any failure to maintain proper functionality and security of the Issuer's information systems could interrupt the Issuer's operations, damage its reputation, subject it to significant costs, liability claims or regulatory penalties, and could have a material adverse effect on the operations and financial condition of the Issuer. The Issuer has a \$2 million cyber-insurance policy. The Issuer cannot predict whether this policy will be sufficient in the event of a cyberattack.

## **DTC-Beneficial Owners**

Beneficial Owners of the Certificates may experience some delay in the receipt of distributions of principal of and interest on the Certificates since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Issuer nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Certificates can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Certificates to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Certificates, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See “**THE CERTIFICATES**– Book-Entry Only System.”

### **Financial Aid/Funding**

Approximately 80% of the College’s undergraduate students currently receive some Federal, State or institutional financial aid covering tuition and fees or living expenses. No assurance can be given that Federal and State financial aid and on-campus employment will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the College’s financial condition. Additionally, decreases in general funding at either the state or federal level for education at the community college level may have an adverse effect on the College’s financial condition.

### **Financial Condition of the Issuer from time to time**

No representation is made as to the future financial condition of the Issuer. Certain risks discussed herein could adversely affect the financial condition and/or operations of the Issuer in the future. However, the Certificates are secured by an unlimited ad valorem property tax as described more fully in the “**SOURCE OF SECURITY FOR THE CERTIFICATES**” herein.

### **Government Funding**

The federal and state governments provide funding to support education, including tuition assistance. These sources of funding and the governmental programs that support them have been and will continue to be subject to modification and revision due to state and federal policy decisions, legislative action and government funding limitations. The financial condition of the College could be adversely affected by the actions and the ability of the College to maintain its creditworthiness will be based on its ability to successfully manage the outcome of any such actions.

### **Continuing Disclosure**

A failure by the Issuer to comply with the continuing disclosure obligations (see “Continuing Disclosure” herein) will not constitute an event of default on the Certificates. Any such failure must be disclosed in accordance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and may adversely affect the transferability and liquidity of the Certificates and their market price.

### **Suitability of Investment**

The interest rate borne by the Certificates is intended to compensate the investor for assuming the risk of investing in the Certificates. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgement as to its ability to bear the economic risk of such an investment, and whether or not the Certificates are an appropriate investment for such investor.

### **Factors Beyond Issuer’s Control**

Economic and other factors beyond the Issuer’s control, such as economic recession, deflation of property values, or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the corporate boundaries of the Issuer. The State of Iowa, including the Issuer, is susceptible to tornados, flooding and extreme weather wherein winds and flooding have from time to time caused significant damage, which may have an adverse impact on the Issuer’s financial position.

### **Other Factors**

An investment in the Certificates involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Certificates are an appropriate investment.

### **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Certificates. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

**THE PROJECTS**

Proceeds of the Certificates will be used to fund the new jobs training programs for four different companies. The College has entered into certain New Jobs Training Agreements (the "Agreements") with certain Employers to finance the Projects at their respective companies. For a description, see the section title "THE EMPLOYERS" located herein.

**Sources and Uses of Funds \***

SOURCES	USES	
The Certificates	Job Training Costs	\$
	State Administration	
	Reserve Fund	
	College Administration	
	Issuance Costs	
Total	\$ Total	\$

\* Preliminary, subject to change

**SOURCE OF SECURITY FOR THE CERTIFICATES**

The Certificates constitute a valid and binding obligations of the Issuer and are payable from the revenues of the Projects, as provided in the Agreement entered into by the College with each Employer provides for the following:

Program Costs, including deferred costs, may be paid from one or more of the following sources ("Project Revenues"):

1. New jobs credit from withholding to be received or derived from new employment resulting from the Project. An amount equal to one and one-half percent (1.5%) of the gross wages paid by the Employer to each employee participating in a Project is remitted quarterly to the College in the same manner that the withholding payments are reported to the State Department of Revenue and Finance.
2. Supplemental new jobs credit from withholding to be received or derived from new employment resulting from the Project. An additional amount equal to one and one-half percent (1.5%) of the gross wages paid by the Employer to each employee participating in a Project is remitted quarterly to the College in the same manner that the withholding payments are reported to the State Department of Revenue and Finance.
3. Tuition, student fees, or special charges fixed by the College's Board of Directors to defray Program costs in whole or in part.
4. A standby tax upon all taxable property within the Issuer's Merged Area.

Payment of the Program Costs shall not be deferred for a period longer than ten years from the date of commencement of the Project.

Costs of on-the-job training for employees shall not exceed fifty percent of the annual gross payroll costs for up to one year of the new jobs.

Any payments required to be made by an Employer are a lien upon the Employer's business property until paid and have equal precedence with ordinary taxes and shall not be divested by a judicial sale. Property subject to the lien may be sold for sums due and delinquent at tax sale, with the same forfeitures, penalties and consequences as for nonpayment of ordinary taxes. The purchaser at tax sale obtains the property subject to the remaining payments.

At closing, taxes will be certified to the county auditor of each county contained within the Issuer's Merged Area in an amount, sufficient to pay principal and interest on the certificates (the "Standby Levy"). Provided, however, that the College may direct the adjustment and corresponding reduction of any levy of taxes made whenever funds on hand from any source (including Project Revenues) are available in the Revenue Fund (described below) for payment of the Certificates.

**APPLICATION OF PROJECT REVENUES**

The Resolution establishes a Revenue Fund (the "Revenue Fund") into which shall be deposited all Project Revenues upon collection. Moneys in the Revenue Fund shall be disbursed as follows:

Sinking Fund There is established and maintained within the Revenue Fund a Principal and Interest Fund (the "Sinking Fund"), a special fund from which interest and principal on the Certificates will be paid. The amount to be deposited into the Sinking Fund in any year shall be an amount equal to the interest and principal coming due on the Certificates during the fiscal year. Money shall first be deposited into the interest account of the Sinking Fund in an amount equal to the interest coming due in each fiscal year. Money shall next be deposited into the principal account of the Sinking Fund in an amount equal to the principal coming due in each fiscal year. Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Certificates and Parity Certificates, as the same shall become due and payable.

**Reserve Fund** There is established a debt reserve fund (the "Reserve Fund"). Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity or interest on the Certificates when insufficient money shall be available in the Sinking Fund. The Reserve Fund will be used to pay a portion of the interest due on the Certificates. The initial Reserve Fund requirement will be funded from the proceeds of the Certificates in an amount equal to approximately \$\_\_\_\_\_.

### **Subordinate Obligations**

Revenues of the Projects not required for the Sinking Fund or the Reserve Fund may be used to pay principal of and interest on any obligations (including reasonable reserves), which by their terms shall be payable from the revenues of the Projects, but subordinate to the Certificates and Parity Certificates, and which have been issued for the purposes of the Projects.

### **Surplus Revenue**

All revenues thereafter remaining shall be deposited to remedy any deficiency in any of the funds created by the Resolution; may be used to pay or reimburse the College or the Employer for other loans, moneys advanced to or indebtedness incurred to finance or refinance the Projects in whole or in part, as permitted by law; or may be used to pay or redeem the Certificates or Parity Certificates or for any lawful purpose.

Moneys on hand in any of the funds provided by the Resolution may be invested only in direct obligations of the United States government or deposited in banks that are members of the FDIC. All income derived from such investments shall be deposited in the Reserve Fund and shall be regarded as Project Revenues. Such investments shall be liquidated whenever necessary, and the proceeds applied to the purpose for which the respective fund was created.

## **COVENANTS REGARDING THE OPERATION OF THE PROJECTS**

The College covenants and agrees with each and every holder of the Certificates and Parity Certificates the following:

### **Maintenance in Force**

The College will maintain each of the job training agreements in force and will annually cause the taxes and other revenues thereof to be levied and applied as provided by the Resolution.

### **Accounting and Audits**

The College will cause to be kept proper books and accounts adapted to the Projects and in accordance with general accepted accounting principles, and will cause the books and accounts to be audited on an annual basis by an independent auditor and will provide copies of the audit to the original Purchaser upon request and will make generally available to the holders of the Certificates, the balance sheet and the operating statement of the Project as certified. The original Purchaser and the holders of the Certificates shall have at all reasonable times the right to inspect records, accounts, and data of the College relating to the Projects. The audit reports required shall include, but not be limited to, the following information:

- An evaluation of the manner in which the College has complied with the covenants of the Resolution;
- A statement of tax fund revenues and current expenditures;
- Analyses of each fund and account created under the Resolution, including deposits, withdrawals and beginning and ending balances;
- The tax rates in effect during the fiscal year, and the use of the Projects;
- The names and titles of the principal officers of the College; and
- A general statement covering any events or circumstances that might affect the financial status of the Projects and the Certificates.

In the event the audit provided for is prepared by the State Auditor, the College will cause to be prepared a certified supplemental report containing the required information described above.

### **State Laws**

The College further covenants to faithfully and punctually perform all the duties with reference to the Projects required by the Constitution and the laws of the State of Iowa, and will segregate the Project Revenues and apply said revenues to the funds specified in the Resolution.

## **PARITY OBLIGATIONS**

The College will issue no other certificates or obligations of any kind or nature payable from or enjoying a lien or claim on the property or revenues of the Projects having priority over the Certificates or Parity Certificates.

Additional certificates may be issued on a parity and equality of rank with the Certificates (“Parity Certificates”) with respect to the lien and claim of such additional Certificates to be revenues of the Projects and the money on deposit in the funds adopted by the Resolution, for the following purposes and under the following conditions, but not otherwise:

For the purpose of refunding any of the Certificates or Parity Certificates, which have matured or which shall mature not later than three months after the date of delivery of such refunding Certificates, and for the payment of which there shall be insufficient money in the Sinking Fund and the Reserve Fund; or

For the purpose of the Projects or additional projects, so long as revenues of the Project are sufficient to secure the Certificates and additional Certificates. Additional Certificates must be payable as to principal and as to interest on the same month and day as the Certificates herein authorized.

#### **THE EMPLOYERS**

With respect to the Certificates, the following describes the Employers who have entered into agreements with the Issuer that are the target of the Certificates.

##### Curbtender

Curbtender is a manufacturer of refuse collection trucks based in Cedar Falls, IA. They acquired a factory in Charles City located at 1200 11th Street (one of Winnebago’s buildings) that will enable Curbtender to expand its production of front-loading garbage trucks to meet growing market demand. Curbtender has experienced 500% revenue growth since 2018. The Charles City facility will allow the company to increase production capacity, enhance efficiency, and better service its customers nationwide.

##### Iowa Powdercraft

Iowa Powdercraft offers two distinct powder products to enhance aesthetics, durability, and performance of other’s existing products. They partner with other manufacturers to do the thermoset or thermoplastic powdercoat that industries need on their product. They recently moved the location from the town of Clear Lake to a location on Highway 18 between Mason City and Clear Lake. The building is much bigger in size which will allow them to grow in employees and sales.

##### Sukup

Sukup’s focus on manufacturing has been to create a highly advanced, world-class manufacturing facility. The manufacturing facilities in Sheffield, Iowa, include a number of welding robots, Computer Numeric Control (CNC) machining centers, CNC punching centers, lasers, and numerous roll-forming machines. The company also utilizes progressive dies to accelerate production of high-usage parts. Sukup operates in more than one million square feet of office, manufacturing, and warehouse space worldwide.

Ultimately, the key to Sukup Manufacturing Co.’s success has been its culture of innovation. Sukup has held more than 100 U.S. patents, and continues finding ways to make grain storage, drying, and handling more safe, profitable and efficient for farmers and the agricultural industry. Sukup recently acquired Ramco and created Sukup Innovations. Sukup Innovations is an innovative entity comprised of Ramco Innovations, Maple Studios, and the new products we’ll be developing and launching in-house over time. This integration fosters collaboration while each company retains its unique strategies, driving advancements in agricultural automation and innovative solutions for the future. Sukup is adding an additional 50 positions to their Sheffield location.

##### Woodharbor Custom Cabinetry

Woodharbor Custom Cabinetry specializes in the design and manufacturing of custom cabinetry. In May, 2025, Woodharbor expanded into seamless cabinetry solutions which included additional paints, stains and different processes for cabinetry crafting. The expansion signifies their continued growth in the luxury cabinet industry and required the expansion of their current workforce.

#### **FUTURE FINANCING**

Upon completion of the sale of the Certificates, the Issuer does not currently anticipate the issuance of additional obligations during calendar year 2025.

#### **LITIGATION**

There is no controversy or litigation pending or the College’s knowledge, or threatened involving the incorporation, organization or existence of the College, the titles of the officers to their respective positions, or the validity of the Certificates, or the power and duty of the College to provide and apply adequate taxes for the full and prompt payment of the principal and interest of the Certificates.

#### **ACCOUNTANT**

The accrual-basis financial statements of the Issuer included as APPENDIX D to this Official Statement have been taken from the audit report prepared by Denman & Company, LLP, to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said CPA, and said CPA expresses no opinion with respect to the Certificates or the

Official Statement. The audited financial statements contained herein are not complete and cannot be relied on to fully portray the financial position of the Issuer.

## UNDERWRITING

The Certificates are being purchased, subject to certain conditions, by \_\_\_\_\_ the ("Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Certificates at an aggregate purchase price of \$ \_\_\_\_\_ plus accrued interest to the Closing Date.

The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Certificates may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Certificates subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Certificates at the request of the holder thereof.

## LEGALITY

The Certificates are subject to approval as to certain matters by Ahlers & Cooney, P.C., Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement except for guidance concerning the sections "TAX MATTERS" and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to verify, any of the financial or statistical statements, or data contained in this Official Statement and will express no opinion with respect thereto. The legal opinions in substantially the forms set out in Appendix B herein will be delivered at closing.

## TAX MATTERS

### General

The following discussion is a summary of certain Federal income tax consequences relating to the purchase, ownership, and disposition of the Certificates, based on certain relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"). This discussion does not purport to deal with all aspects of Federal income taxation that may affect particular investors in light of their individual circumstances and is limited to investors who hold the Certificates as capital assets under Section 1221 of the Code, which generally means property held for investment. Prospective investors, particularly those subject to special rules, should consult their tax advisors regarding the consequences of purchasing, owning, and disposing of the Certificates for Federal income tax purposes, and for State and local tax purposes.

### Interest Income Taxable

In the opinion of Bond Counsel, interest on the Certificates is includable in the federal gross income for Federal income tax purposes. Except for original issue discount, which accrues under special rules, interest income on the Certificates is so included in the gross income of the owners when accrued or received in accordance with the owner's regular method of Federal tax accounting.

### Sale, Exchange, or Other Disposition

In general, upon the sale, exchange, or redemption of a Certificate, an owner will recognize taxable gain or loss in an amount equal to the difference between the amount realized and the owner's adjusted tax basis in the Certificate. An owner's adjusted tax basis in a Certificate generally will equal the owner's initial cost of the Certificate, plus any accrued original issue discount and accrued market discount previously included in the owner's taxable income. Such gain or loss generally will be capital gain or loss. Such gain or loss generally will be long-term capital gain or loss if the owner has held the Certificate for more than one year. Subject to various special rules, the Code currently provides preferential treatment for certain net long-term capital gains realized by individuals and generally limits the use by any taxpayer of capital losses to reduce ordinary income.

### Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate owners of Certificates with respect to payments of the principal of and interest on the Certificates and proceeds of sale of such Certificates before maturity. Backup withholding at a rate of 28% generally will apply to such payments unless the owner: (i) is a corporation or other exempt recipient and, when required, demonstrates that fact, or (ii) provides a correct taxpayer identification number, certifies under penalties of perjury when required that such owner is not subject to backup withholding, and has not been notified by the IRS that it has failed to report all interest and dividends required to be shown on its Federal income tax returns.

See "APPENDIX B" for the draft form of legal opinion for the Certificates.

## MUNICIPAL ADVISOR

The Issuer has retained Piper Sandler & Co. as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Certificates. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy, completeness or fairness of the information contained in the official statement. The Municipal Advisor is not a public accounting firm and has not been

engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

### **CONTINUING DISCLOSURE**

In order to permit bidders for the Certificates and other participating underwriters in the primary offering of the Certificates to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Certificates, in the Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the “Disclosure Covenants”). The information to be provided, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

During the previous five-year period beginning October 16, 2020 through October 16, 2025, the Issuer did not timely file certain annual operating data for its fiscal year ended June 30, 2020, and did not file or timely file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing disclosure undertakings. A notice of failure to file was filed on May 3, 2021.

### **RATING**

Moody’s Investors Service has assigned a rating of “Aa2” to the Certificates. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address; Moody’s Investors Service, 99 Church Street, New York, New York, 10007.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody’s, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Certificates.

**APPENDIX A - INFORMATION ABOUT THE ISSUER**

**NORTH IOWA AREA COMMUNITY COLLEGE, STATE OF IOWA, MERGED AREA II**

**BOARD OF DIRECTORS**

Officer

Cathy Rottinghaus	President
Andy Julseth	Vice President
Debra Hill	
Doug Krabbe	
David Moore	
Dr. Stephanie Nettleton	
Nicki Prantner	
John Rowe	
David Steffens Jr.	

**EXECUTIVE OFFICERS**

PRESIDENT	Joel Pedersen
VICE PRESIDENT OF FINANCE & ADMINISTRATION /BOARD TREASURER	Mindy Eastman

**CONSULTANTS**

BOND COUNSEL	Ahlers & Cooney, P.C. Des Moines, IA
DISCLOSURE COUNSEL	Ahlers & Cooney, P.C. Des Moines, IA
MUNICIPAL ADVISOR	Piper Sandler & Co. Des Moines, IA
REGISTRAR & PAYING AGENT	UMB Bank, N.A. West Des Moines, IA

## General Information

North Iowa Area Community College (NIACC), Merged Area II, is located in north central Iowa. The College's area is located in the following counties: Butler, Cerro Gordo, Chickasaw, Floyd, Franklin, Hancock, Kossuth, Mitchell, Winnebago, Worth and Wright. The College is governed by a local nine-member Board of Directors elected by the area electors to serve four-year terms. The members of the board elect a president and such other officers as they deem appropriate. The members also appoint a secretary/treasurer to serve at the pleasure of the board.

NIACC is located four miles east of Mason City, Iowa, a community of over 25,000, which serves as an active business center for Northern Iowa and Southern Minnesota. The main campus lies within 20 miles of Interstate 35 and is less than 30 minutes from Minnesota. The expansive 500-acre countryside campus blends state-of-the-art facilities with natural beauty.

Originally founded in 1918 as Mason City Junior College by the Mason City Independent School District, NIACC has been a fully accredited community college since 1919. As a result of the 1966 legislation, the eleven-county area of North Central Iowa was merged into North Iowa Area Community College District.

The College is accredited by the Higher Learning Commission, as well as the Iowa Department of Education. NIACC's Associate Degree Nursing (ADN) program is accredited by the Accreditation Commission for Education in Nursing (ACEN). The Physical Therapy Assistant (PTA) program is accredited by the Commission on Accreditation in Physical Therapy Education (CAPTE). The Automotive Technology program is ASE Certified.

The main campus includes a 15-building complex that provides facilities for instructional and related activities. The site includes an excellent library and modern classrooms and up-to-date laboratories with the latest in technological equipment. This includes the state-of-the-art Health Simulation Center which opened in the fall of 2016, and the newly expanded STEM Center completed in 2018. The Murphy Manufacturing Technology Center is a state-of-the-art facility, which serves employees from local industries as well as degree seeking students. The award winning NIACC John Pappajohn Entrepreneurial and North Iowa Small Business Development Center operates as a fully integrated business assistance center supporting the development of entrepreneurs and the growth, innovation and successful transition planning for existing businesses within the NIACC region. The NIACC Recreation Center features an energy efficient green design and includes a suspended walking track, an activity area with courts, locker rooms, classrooms, and offices for athletic staff. Another facility available for both public and private use is the North Iowa Community Auditorium.

Adjoining the campus is the Campus View Student Housing Complex, completed in 2015, which offers contemporary living conditions, food service, a convenience store, and many other amenities for 396 students. A newly constructed Dining Hall opened in Spring 2024. In addition to the main campus facility, NIACC also has five regional outreach centers in Charles City, Garner, Hampton, Lake Mills and Osage. The John V. Hanson Career Center, opened in Fall 2021 in Forest City, is a regional career center which allows high school students to choose between four academies for college credit: Advanced Manufacturing, Construction Trades, Information Technology, and Health Careers. The renovation and expansion of the NIACC Career Center in Charles City opened in Fall 2024. This center serves high school students with the four academies, as well as noncredit classes including high school equivalency, English as a Second Language, and community education offerings. NIACC broke ground on an additional regional career center planned for Hampton, partially funded by a federal EDA (Economic Development Association) grant for \$3,000,000. Completion is anticipated in 2026 in time for Fall 2026 classes.

NIACC is a progressive, comprehensive learning institution positioned to serve as the major cultural, educational, and economic development force for the North Iowa region. Students are able to pursue opportunities in a wide variety of fields. Career and transfer programs are grouped into broad areas of interest called Meta Majors, with pathways specifically designed to help students move through their programs quickly and efficiently.

### Enrollment (1) (2)

<u>Fiscal Year</u>	<u>Credit Hours</u>	<u>Total Contact Hours*</u>	<u>Full Time Equivalent Enrollment (FTEE)</u>
2024-25	53,445	1,132,071	2,227
2023-24	50,592	1,073,128	2,108
2022-23	50,435	1,077,841	2,101
2021-22	50,190	1,075,251	2,091
2020-21	53,965	1,150,096	2,249

(1) Contact Hours includes in addition to the categories of "Arts & Sciences" and Vocational Education, the categories of "Adult/Continuing Education,"

(2) Source: The Issuer

**Pensions (1) (2)**

The College is a participating employer in two employee retirement plans, Iowa Public Employees Retirement System (IPERS) and TIAA.

TIAA is a nationwide retirement and financial services system for people who work at colleges, universities, independent schools and other nonprofit education and research institutions throughout the United States. A nonprofit organization, TIAA-CREF is really two companies working together as one. TIAA is a Teachers Insurance and Annuity Association, an insurance company founded in 1918 by the Carnegie Foundation for the Advance of Teaching. All permanent employees of the College are eligible for and must participate in one of either IPERS or TIAA

<u>Fiscal Year</u>	<u>Amount contributed to TIAA</u>	<u>% of Covered Payroll paid by Issuer</u>	<u>% paid by Employee</u>
2020	578,019	9.44	6.29
2021	550,684	9.44	6.29
2022	521,923	9.44	6.29
2023	485,038	9.44	6.29
2024	514,053	9.44	6.29

Plan Description. Iowa Public Employees’ Retirement System (“IPERS”) membership is mandatory for employees of the College. College employees are provided with pensions through a cost-sharing multiple employer defined pension plan administered by IPERS. IPERS benefits are established under Iowa Code, Chapter 97B and the administrative rules thereunder. A College employee who completed seven years of covered service or has reached the age of 65 while in IPERS covered employment becomes vested. If a College employee retires before normal retirement age, the employees’ monthly retirement benefit will be permanently reduced by an early-retirement reduction. IPERS provides pension benefits as well as disability benefits to College employees and benefits to the employees’ beneficiaries upon their death of the eligible employee. See “APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on IPERS. Additionally, copies of IPERS annual financial report may be obtained from www.ipers.org. Moreover, IPERS maintains a website at www.ipers.com. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Contributions. Although the actuarial contribution rates are calculated each year, the contribution rates were set by state law through June 30, 2012 and did not necessarily coincide with the actuarially calculated contribution rate. As a result, from June 30, 2002 through June 30, 2013, the rate allowed by statute was less than the actuarially required rate. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the College and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the future.

The College’s contributions to IPERS for the year ended June 30, 2024 was \$995,108, which amount is not less than its actuarially determined calculated annual actuarial valuation. The College’s share of the contribution, payable from the applicable funds of the College, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The College has always made its full required contributions to IPERS.

The following table sets forth the contributions made by the College and its employees to IPERS for the period indicated. The College cannot predict the levels of funding that will be required in the future.

College and Its Employees Contributions to IPERS

<u>Fiscal Year</u>	<u>College Contribution</u>		<u>College Employees’ Contribution</u>	
	<u>Amount Contributed</u>	<u>% of Covered Payroll</u>	<u>Amount Contributed</u>	<u>% of Covered Payroll</u>
2025	1,031,763	9.44%	687,478	6.29%
2024	995,108	9.44%	663,054	6.29%
2023	889,228	9.44%	592,505	6.29%
2022	825,449	9.44%	550,008	6.29%
2021	803,717	9.44%	535,528	6.29%
2020	783,733	9.44%	522,212	6.29%

(1) Source: The Issuer

(2) IPERS contributed amounts are unaudited for FY25

The College cannot predict the levels of funding that will be required in the future as any IPERS unfunded pension benefit obligation could be reflected in future years in higher contribution rates. The investment of moneys, assumptions underlying the same and the administration of IPERS is not subject to the direction of the College. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of IPERS (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, adjustments, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from the College which could affect other budgetary matters.

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for the periods indicated (the “IPERS CAFRs”), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (the “IPERS Actuarial Reports”). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

Funding Status of IPERS (Dollars in thousands) (1)

Valuation Date	Actuarial Value of Assets	Market Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Actuarial Value)	Funded Ratio (Actuarial Value)	Unfunded Actuarial Accrued Liability (Market Value)	Funded Ratio (Market Value)	Covered Payroll	UAAL as a Percentage of Covered Payroll (Actuarial Value)
	{a}	{b}	{c}	{c}-{a}	{a}/{c}	{c}-{b}	{b}/{c}	{d}	[(c-a)/{d}]
2024	42,927,257,062	43,661,123,300	47,302,619,657	4,375,362,595	90.75	3,641,496,357	92.30	10,003,675,315	43.74
2023	41,012,524,216	41,206,314,259	45,719,979,439	4,707,455,223	89.70	4,513,665,180	90.13	9,588,339,000	49.10
2022	39,354,232,379	40,186,392,289	43,969,714,606	4,615,482,227	89.50	3,783,322,317	91.40	9,018,019,950	51.18
2021	37,584,987,296	42,889,875,682	42,544,648,750	4,959,661,454	88.34	-345,226,932	100.81	8,648,783,536	57.35
2020	34,485,656,745	34,047,692,112	41,072,427,540	6,586,770,795	83.96	7,024,735,428	82.90	8,391,856,350	78.49

According to IPERS, the market value investment return on program assets is as follows (1):

Fiscal Year Ended June 30	Investment Return %
2020	3.39
2021	29.63
2022	-3.90
2023	5.41
2024	9.07

Net Pension Liabilities.

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The College was required to implement GASB 68 in their year end June 30, 2015 financial statements.

At June 30, 2024, the College reported a liability of \$4,852,216 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. 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. See “**APPENDIX D—AUDITED FINANCIAL STATEMENTS OF THE ISSUER**” for additional information related to the College’s deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

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

Bond Counsel, Disclosure Counsel, the Issuer, the Underwriter, the Municipal Advisor and its counsel undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor’s website or links to other Internet sites accessed through the IPERS website.

(1) SOURCE: IPERS. For a description of the assumptions used when calculating the funding status of IPERS, see IPERS CAFRs.

**Other Post-Employment Benefits (OPEB)**

The College operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees, spouses and their dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. As of June 30, 2024, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Individuals who are employed by North Iowa Area 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/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. There is no subsidy or OPEB liability associated with the dental benefit.

Information about the College’s OPEB liability can be found in the College’s Audited Financial Statements.

**Population (1)**

Presented below are the current populations of the eleven counties that the College primarily serves, as provided by the 2020 CENSUS:

<u>County</u>	<u>Population</u>	<u>County</u>	<u>Population</u>
Butler	14,334	Kossuth	14,828
Cerro Gordo	43,127	Mitchell	10,565
Chickasaw	12,012	Winnebago	10,679
Floyd	15,627	Worth	7,443
Franklin	10,019	Wright	12,943
Hancock	10,795		

**Labor Force Data (2)**

Presented below are the unemployment rates for each County the College primarily serves, the State of Iowa and the National unemployment average, for July 2025:

<u>County</u>	<u>Unemployment %</u>	<u>County</u>	<u>Unemployment %</u>
Butler	4.2	Kossuth	3.5
Cerro Gordo	4.0	Mitchell	3.3
Chickasaw	3.5	Winnebago	5.1
Floyd	4.9	Worth	3.3
Franklin	3.9	Wright	3.5
Hancock	4.0		
National Average	4.2	State Average	3.7

**Retail Sales (3)**

Presented below is a listing of retail sales by county for eleven counties that the College primarily serves, for the year ended June 30, 2024:

<u>County</u>	<u>Taxable Retail Sales</u>
Butler	82,297,845
Cerro Gordo	852,699,194
Chickasaw	140,452,106
Floyd	149,226,323
Franklin	101,502,225
Hancock	163,687,838
Kossuth	197,230,377
Mitchell	88,919,295
Winnebago	109,571,405
Worth	59,043,783
Wright	115,456,724

- (1) Source: Census Bureau
- (2) Source: Iowa Workforce Development
- (3) Source: Iowa Department of Revenue

## Major Employers in the Merged Area (1)

Presented below are the some of the largest employers in the Merged Area.

<u>City</u>	<u>Employer</u>	<u>Product/Service</u>	<u>Approximate number of Employees</u>	
Mason City	Mercy Medic Center North Iowa	Healthcare	1000-4999	
	Principal	Insurance, financial services	500-999	
	Curries	Metal door sash frames	250-499	
	Good Shepherd Geriatric Center	Nursing home	250-499	
	Mason City Clinic	Healthcare	250-499	
	Wal-Mart	Discount store	250-499	
	Hy-vee	Grocery store	250-499	
	Cargill Kitchen Solution	Egg processing	250-499	
	Kraft Heinz	Food production	100-249	
	Smithfield	Meat processing	100-249	
	ITC Midwest	Electric company	100-249	
	Charles City	Cambrex	Pharmaceutical manufacturer	250-499
		Zoetis	Drug manufacturer	250-499
Winnebago		RV & camper manufacturer	100-249	
Floyd County Medical Center		Healthcare	100-249	
Forest City	Hy-Vee	Grocery store	100-249	
	Winnebago	RV & camper manufacturer	1000-4999	
Hampton	Hampton-Dumont CSD	Education	250-499	
	ABCM Corp	Residential Care homes	100-249	
	Franklin General Hospital	Healthcare	100-249	
	Rehab Center of Hampton	Rehab services	100-249	
	Seabee Corp Cylinders	Cylinder manufacturing	100-249	
Clear Lake	Clear Lake CSD	Education	250-499	
	McKesson	Pharmaceutical Distributor	100-249	
	Central Rivers AEA	Educational services	100-249	

## Property Tax Assessment (2) (3)

In compliance with Section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the county auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential and commercial property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. The rollback percentages for residential, agricultural, commercial, multi-residential and utilities valuations are as follows:

<u>Fiscal Year</u>	<u>Residential</u>	<u>Ag Land &amp; Buildings</u>	<u>Commercial (3)</u>	<u>Multi-residential</u>	<u>Railroad (3)</u>	<u>Industrial (3)</u>	<u>Old Utilities</u>	<u>Ch 437 Utilities</u>	<u>Ch 428 &amp; 438 Utilities</u>
2026-27	44.5345	59.4401	90.0000	NA	90.0000	90.0000	NA	94.2059	98.0000
2025-26	47.4316	73.8575	90.0000	NA	90.0000	90.0000	100.0000	Utilities	Utilities
2024-25	46.3428	71.8370	90.0000	NA	90.0000	90.0000	100.0000	Utilities	Utilities
2023-24	54.6501	91.6430	90.0000	NA	90.0000	90.0000	100.0000	Utilities	Utilities
2022-23	54.1302	89.0412	90.0000	63.7500	90.0000	90.0000	100.0000	Utilities	Utilities

(1) Source: Iowa Workforce Development/employer database

(2) Source: Iowa Department of Revenue

(3) For assessment year 2022 (applicable to fiscal year 2023-24 valuations), the taxable value rollback rate is 54.6501% of actual value for residential property; 91.6430% of actual value for agricultural property and 100.00% of the actual value of utility property. The residential taxable rollback rate of 54.6501% applies to the value of each property unit of commercial, industrial and railroad property that exceeds zero dollars (\$0), but does not exceed one hundred fifty thousand dollars (\$150,000), with a taxable value rollback rate of 90.0000% to the value that exceeds one hundred fifty thousand dollars (\$150,000).

## Property Valuations (1)

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. Presented below are the historic property valuations of the Issuer by class of property for the periods indicated:

<b>Actual Valuation</b>					
Valuation as of January	2024	2023	2022	2021	2020
<u>Fiscal Year</u>	<u>2025-26</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>
Residential:	8,576,668,753	8,499,545,441	6,897,876,525	6,299,877,794	5,875,658,480
Agricultural Land:	3,685,330,546	3,686,667,061	2,749,777,265	2,743,662,623	2,875,276,187
Ag Buildings:	308,556,463	297,443,223	193,085,221	175,602,749	151,395,117
Commercial:	1,385,543,844	1,373,086,089	1,199,890,617	1,145,831,152	1,106,031,677
Industrial:	701,622,319	688,088,121	592,914,231	526,720,497	518,500,623
Multi Residential:	0	0	0	163,888,931	152,131,634
Reserved	0	0	0	0	0
Railroads:	257,668,471	251,938,579	241,527,803	230,380,593	223,132,106
Utilities:	275,321,157	284,089,923	265,872,408	286,151,274	276,823,966
Other:	0	0	0	0	0
<b>Total Valuation:</b>	<b>15,190,711,553</b>	<b>15,080,858,437</b>	<b>12,140,944,070</b>	<b>11,572,115,613</b>	<b>11,178,949,790</b>
Less Military:	19,567,925	20,484,229	9,798,846	10,331,522	10,897,589
Less Homestead	72,754,851	35,101,753			
<b>Net Valuation:</b>	<b>15,098,388,777</b>	<b>15,025,272,455</b>	<b>12,131,145,224</b>	<b>11,561,784,091</b>	<b>11,168,052,201</b>
TIF Valuation:	1,018,579,163	859,421,778	802,324,196	802,254,031	915,439,854
Utility Replacement:	2,123,581,435	2,132,577,945	2,189,651,902	2,259,559,706	1,833,284,684
<b>Taxable Valuation</b>					
Valuation as of January	2024	2023	2022	2021	2020
<u>Fiscal Year</u>	<u>2025-26</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>
Residential:	4,006,191,408	3,888,894,698	3,713,689,545	3,355,929,950	3,267,865,240
Agricultural Land:	2,721,625,774	2,648,084,084	2,519,892,009	2,442,878,515	2,415,973,151
Ag Buildings:	227,868,432	213,654,954	176,946,622	156,168,477	127,203,922
Commercial:	1,032,548,659	1,023,978,227	910,717,458	1,010,259,608	969,239,297
Industrial:	597,771,442	584,509,463	486,340,872	444,880,102	462,074,513
Multi Residential:	0	0	0	99,160,776	99,775,988
Reserved	0	0	0	0	0
Railroads:	230,646,200	225,465,119	216,330,946	207,342,546	200,818,903
Utilities:	275,321,157	284,089,923	265,872,408	286,151,274	272,806,980
Other:	0	0	0	0	0
<b>Total Valuation:</b>	<b>9,091,973,072</b>	<b>8,868,676,468</b>	<b>8,289,789,860</b>	<b>8,002,771,248</b>	<b>7,815,757,994</b>
Less Military:	19,567,925	20,484,229	9,798,846	10,331,522	10,897,589
Less Homestead	72,754,851	35,101,753			
<b>Net Valuation:</b>	<b>8,999,650,296</b>	<b>8,813,090,486</b>	<b>8,279,991,014</b>	<b>7,992,439,726</b>	<b>7,804,860,405</b>
TIF Valuation:	940,081,253	784,680,202	781,412,099	783,742,766	854,615,780
Utility Replacement:	242,579,922	242,570,839	241,308,284	240,479,840	241,685,543
	Actual Valuation	% Change in Actual Valuation	Taxable Valuation	% Change in Taxable Valuation	
	<u>Year</u>	<u>w/ Utilities</u>	<u>Year</u>	<u>w/ Utilities</u>	
	2024	18,240,549,375	1.24%	10,182,311,471	3.48%
	2023	18,017,272,178	19.14%	9,840,341,527	5.78%
	2022	15,123,121,322	3.42%	9,302,722,626	3.17%
	2021	14,623,597,828	5.08%	9,016,662,332	1.30%
	2020	13,916,776,739	1.70%	8,901,161,728	3.93%

(1) Source: Iowa Department of Management

**Property Tax Rates**

All taxable property within a merged area community college is taxed by each county at a rate not to exceed \$0.2025 per \$1,000 of assessed value on such property for the operation of the area vocational school or the area community college such as the College. In addition to the tax authorized for the operation of a merged area community college, the voters in any merged area may vote a tax not to exceed \$0.2025 per \$1,000 of assessed value for a period not to exceed ten years for capital improvements to the merged area. The board of directors of a merged area may also certify a levy not to exceed \$0.03 per \$1,000 of assessed value for equipment replacement and they are authorized to levy to pay certain insurance expenses of the merged area.

**Tax Rates (1)**

Presented below are the taxes levied by the College for the fund groups as presented, for the period indicated:

<u>Fiscal Year</u>	<u>General</u>	<u>Unemployment</u>	<u>Liability</u>	<u>Insurance</u>	<u>Early Retire</u>	<u>Equipment</u>	<u>Standby</u>	<u>Plant Fund</u>	<u>Debt Service</u>	<u>Total</u>
2026	0.20250	0.00000	0.03571	0.32784	0.07574	0.09000	0.00000	0.20250	0.20246	1.13675
2025	0.20250	0.00065	0.04968	0.30257	0.01877	0.09000	0.00000	0.20250	0.20222	1.06889
2024	0.20250	0.00880	0.02112	0.31333	0.16941	0.09000	0.00000	0.20250	0.20229	1.20995
2023	0.20250	0.00425	0.01700	0.26145	0.10324	0.09000	0.00000	0.20250	0.20252	1.08346
2022	0.20250	0.00497	0.01864	0.22440	0.11185	0.09000	0.00000	0.20250	0.20250	1.05736

**Property Tax Collection**

Each county is required by State law to collect all tax levies within its jurisdiction and remit, before the fifteenth of each month, the amount collected through the last day of the preceding month to underlying units of government, including the College. Property tax payments are made at the office of each county treasurer in full or one-half by September 30 or March 31, pursuant to the Code of Iowa, Sections 445.36 and 445.37. Where the first half of any property tax has not been paid by October 1, such installment becomes delinquent. If the second installment is not paid, it becomes delinquent on April 1. Delinquent taxes and special assessments are subject to a penalty at the rate of one and one-half percent per month, to a maximum of eighteen percent per annum.

If taxes are not paid when due, the property may be offered at the regular tax sale on the third Tuesday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property, and funds so received are applied to the payment of taxes. A property owner may redeem from the regular tax sale, but failing redemption within two years, the tax sale purchaser is entitled to a deed which in general conveys the title free and clear of all liens except future installments of taxes.

**Tax Collection History (2) (3)**

Presented below are the taxes levied and collected for the periods indicated:

<u>Fiscal Year</u>	<u>Amount Levied</u>	<u>Amount Collected</u>	<u>% Collected</u>
2025	9,578,903	10,063,639	111.04%
2024	10,176,446	10,680,432	104.95%
2023	8,818,211	9,104,331	103.24%
2022	8,425,607	8,693,166	103.18%
2021	7,607,116	7,882,464	103.62%

**Utility Property Tax Replacement**

Property owned by entities involved primarily in the production, delivery, service and sale of electricity and natural gas (“Utilities”) pay a replacement tax based upon the delivery of energy by Utilities in lieu of property taxes. All replacement taxes are allocated among local taxing bodies by the State Department of Revenue and Finance and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Utility properties paying the replacement tax are exempt from the levy of property tax by political subdivisions. In addition to the replacement tax, Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State.

- (1) Source: Iowa Department of Management
- (2) Source: The Issuer
- (3) Collections for FY25 are unaudited

By statute, the replacement tax collected by the State and allocated among local taxing bodies (including the Issuer) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. It is possible that the general obligation debt capacity of the Issuer could be adjudicated to be proportionately reduced in future years if Utility property were determined to be other than “taxable property” for purposes of computing the Issuer’s debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer’s ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Certificates. Approximately 7% of the Issuer’s tax base currently is Utility property.

Notwithstanding the foregoing, Iowa Code 76.2 provides that when an Iowa political subdivision issues general obligation bonds, “the governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditor to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full.”

**Tax Increment Financing**

The Code of Iowa currently authorizes the use of two types of tax increment financing by local taxing districts in the State of Iowa. The first type allows local government to establish TIF districts to be established for the purposes of financing capital improvements constructed within the defined area which contribute to the urban redevelopment and economic development of the immediate area.

The second type of tax increment financing was authorized by state legislative action in the mid-1980’s. The area community colleges can establish TIF districts by contract with specific local businesses and industries to provide jobs training programs for new employees if existing expanding businesses or employees of new businesses. The revenues from these job training TIF districts then retires the debt incurred from the issuance of jobs training certificates which finance the costs of jobs training programming over a maximum of ten years. Upon payment of all jobs training certificates the district dissolves and the incremental value from the new or expanded business reverts to the general tax base. The College does not have any TIF district of this type.

**Legislation- Recent Property Tax Legislation**

Over time, the Iowa Legislature has modified the process and calculation of taxable valuations for various classifications of property. For example, in 2013 maximum annual taxable value growth due to revaluation of residential and agricultural property was reduced from 4% to 3%, rollback calculations were modified, a new multi-residential classification was created, and an appropriation made to replace some lost tax revenue due to rollbacks. In 2019, the process for hearings on total maximum property tax dollars under certain levies was modified and a supermajority vote required to raise taxes above a prescribed formula. In 2021, the multi-residential classification was removed, and a phase out of the appropriation for rollback initiated. In 2023, SF 181 was signed into law by the Governor on February 20, 2023, effective upon enactment. SF 181 reduces the residential rollback for the 2022 assessment year (affecting Fiscal Year 2023/24) from 56.4919% to 54.6501%. This will result in a reduction in taxable valuation in the residential, commercial, industrial and railroad property classes.

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the College or have an adverse impact on the future tax collections of the College. Purchasers of the Certificates should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Certificates and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

**Funds on Hand (1)**

The College invests its funds pursuant to Chapter 12B of the Code. Presented below is a summary of the investments of the College as of August 31, 2025

<u>Type of Investment</u>	<u>Amount Invested</u>
Local Bank Money Market	10,032,619
Local Bank Time CD’s	28,000,000
Total	38,032,619

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(1) Source: The Issuer

**Debt Limit (1)**

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The College's debt limit, based upon said valuation, amounts to the following:

	<u>FY2026</u>
Actual Valuation	18,240,549
X	0.05
Statutory Debt Limit	912,027,469

**Makeup of Obligations Subject to Debt Limit (2)**

The College has issued obligations secured by the taxpayers of the College in two different classes: (voter approved) General Obligation Bonds; and New Job Training Certificates. Presented below is a summary of the outstanding debt of the College by type of issue:

Total General Obligation Debt:	7,605,000
Total NJTP Obligations	12,535,000
Total Plant Fund Obligations	0
Other	0
Total Debt Subject to Limit:	20,140,000
Percentage of Debt Limit Obligated:	2.21%

**Direct Debt – General Obligation Bonds (2) (3)**

Presented below is the principal by issue, and the combined interest on the College’s outstanding voted, General Obligation Bonds Debt:

Fiscal Year	6/18/20	-----Less Pre-Levy to Retire 2020 Bond-----				Total Principal	Total Interest	Total P&I
		FY22	FY23	FY24	FY25			
6/1/26	1,490,000					1,490,000	244,950	1,734,950
6/1/27	1,535,000					1,535,000	200,250	1,735,250
6/1/28	1,580,000					1,580,000	154,200	1,734,200
6/1/29	1,625,000					1,625,000	90,000	1,715,000
6/1/30	1,675,000			-45,000	-255,000	1,375,000	41,250	1,416,250
6/1/31	260,000	-70,000	-90,000	-100,000		0	0	0
Totals:	8,165,000	-70,000	-90,000	-145,000	-255,000	7,605,000	730,650	8,335,650

**Direct Debt –Capital Loan Notes (1)**

The Issuer does not have any outstanding Capital Loan Notes.

- (1) Property Valuation source: Iowa Department of Management
- (2) Direct debt source: The Issuer
- (3) As part of the Issuer’s FY26 budget, the issuer has levied \$325,000 in additional taxes to be used to retire a portion of the 6/1/30 maturity at the call date of June 1, 2028.

**Direct Debt – New Job Training Certificates (1) (2)**

Presented below is the principal and interest on the College’s New Job Training Certificates, of which 8 different series are currently outstanding, including this issue:

<u>Fiscal Year</u>	<u>6/8/17</u>	<u>6/1/18</u>	<u>12/1/19</u>	<u>8/24/21</u>	<u>10/18/22</u>	<u>12/12/23</u>	<u>1/9/25</u>	<u>12/11/25</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&amp;I</u>
2026	335,000	225,000	75,000	215,000	665,000	105,000	225,000	30,000	1,875,000	567,437	2,442,437
2027	350,000	245,000	80,000	235,000	685,000	110,000	275,000	60,000	2,040,000	518,021	2,558,021
2028		250,000	80,000	215,000	790,000	115,000	295,000	100,000	1,845,000	437,777	2,282,777
2029			130,000	220,000	755,000	140,000	305,000	110,000	1,660,000	359,224	2,019,224
2030				225,000	780,000	130,000	355,000	110,000	1,600,000	286,936	1,886,936
2031				250,000	815,000	140,000	340,000	125,000	1,670,000	214,471	1,884,471
2032					915,000	150,000	355,000	125,000	1,545,000	140,470	1,685,470
2033						165,000	375,000	130,000	670,000	65,036	735,036
2034							420,000	135,000	555,000	33,025	588,025
2035								145,000	145,000	6,624	151,624
<b>Totals:</b>	<b>685,000</b>	<b>720,000</b>	<b>365,000</b>	<b>1,360,000</b>	<b>5,405,000</b>	<b>1,055,000</b>	<b>2,945,000</b>	<b>1,070,000</b>	<b>13,605,000</b>	<b>2,629,022</b>	<b>16,234,022</b>

**Direct Debt – Dorm Revenue Bonds (1)**

Presented below is the principal and interest on the Issuer’s outstanding Dormitory Revenue Bonds, presented by issue and fiscal year.

<u>Fiscal Year</u>	<u>8/31/21</u>	<u>8/31/21</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Obligations</u>
2026		565,000	565,000	524,097	1,089,097
2027		570,000	570,000	517,199	1,087,199
2028		580,000	580,000	508,942	1,088,942
2029		585,000	585,000	499,299	1,084,299
2030		595,000	595,000	488,626	1,083,626
2031		610,000	610,000	476,950	1,086,950
2032		620,000	620,000	464,142	1,084,142
2033		635,000	635,000	450,131	1,085,131
2034		650,000	650,000	434,951	1,084,951
2035		665,000	665,000	418,760	1,083,760
2036		680,000	680,000	401,526	1,081,526
2037		700,000	700,000	383,154	1,083,154
2038		720,000	720,000	363,538	1,083,538
2039		740,000	740,000	342,641	1,082,641
2040		760,000	760,000	320,421	1,080,421
2041		780,000	780,000	296,838	1,076,838
2042		805,000	805,000	271,842	1,076,842
2043		830,000	830,000	245,723	1,075,723
2044	575,000	285,000	860,000	221,442	1,081,442
2045	885,000		885,000	200,464	1,085,464
2046	905,000		905,000	176,933	1,081,933
2047	935,000		935,000	149,333	1,084,333
2048	960,000		960,000	120,908	1,080,908
2049	990,000		990,000	91,658	1,081,658
2050	1,020,000		1,020,000	64,313	1,084,313
2051	1,045,000		1,045,000	39,016	1,084,016
2052	1,070,000		1,070,000	13,108	1,083,108
<b>Totals:</b>	<b>8,385,000</b>	<b>12,375,000</b>	<b>20,760,000</b>	<b>8,485,950</b>	<b>29,245,950</b>

- (1) Direct debt Source: The Issuer
- (2) Preliminary, subject to change

## Some of the Largest Taxpayers (1)

Set forth in the following table are the persons or entities which represent the 2024 largest taxpayers within the Counties that have a majority of their land in the College, as provided by said counties. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the College. The College's tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the College from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties:

Butler County		Cerro Gordo County	
<u>Taxpayer</u>	<u>2024 Valuation</u>	<u>Taxpayer</u>	<u>2024 Valuation</u>
Landus Cooperative	3,589,254	Interstate Power & Light Co. - aka Alliant Energy,	112,645,690
Iowa Northern RR	2,211,658	Union Pacific,	59,745,657
Vanhouweling Property LLC	1,365,141	GOLDEN GRAIN ENERGY LLC,	36,476,342
Sutton, James & Sharon Family Revocable Trust	1,361,842	WINDMILL REALTY, LLC,	22,715,616
Bramer, Martin L & Juliene K	1,326,757	FIVE STAR COOPERATIVE,	18,743,369
Dar Real Estate LLC & Rogers Pork Farms	1,195,200	Magellan Pipeline Company, LLC,	18,596,045
Staudt Farms Inc	1,086,216	LEHIGH PORTLAND CEMENT CO,	18,359,727
MidAmerican Energy	1,056,615	FF Portfolio Owner 2 LLC	16,282,524
NIXT, Thelma J	1,035,187	Willow Creek Shopping Center	14,529,399
Maifeld LLC	1,025,488	ITC Midwest LLC	13,855,831
Chickasaw County		Floyd County	
<u>Taxpayer</u>	<u>2024 Valuation</u>	<u>Taxpayer</u>	<u>2024 Valuation</u>
Wesley, Ltd.	1,573,683	Mid American Energy	36,987,766
DM & E RR FKA I C & E Railroad	972,659	Zoetis LLC	34,643,947
Wapsie Valley Famrs, Ltd.	724,554	Valero Renewable	33,423,845
Chambers, Donald L. Revocable Trust	657,480	Mid American Energy	14,592,102
Moetsch, Wayne A. Trustee	482,380	Salsbury Chemical Inc.	12,494,476
Burkholder, Larry Z. & Florence R.	387,694	Landus Cooperative	8,194,698
Link E Michael	373,480	Trelleborg Wheel Systems Americas, Inc.	7,126,297
Zimmerman, Norman Horning	366,551	DM & E Railroad	7,031,383
Geerts, James E & Linda L.	358,824	Iowa Northern Railroad CO	6,060,925
NOLT, ELMER N & Irene Z	358,726	Charles City Cedar Mall Inc.	5,311,905
Franklin County		Hancock County	
<u>Taxpayer</u>	<u>2024 Valuation</u>	<u>Taxpayer</u>	<u>2024 Valuation</u>
Interstate Power & Light Co.	90,228,174	Northern Natural Gas Company	101,704,521
Union Pacific Railroad	23,803,196	Crystal Lake Wind, LLC	63,055,022
NEW Cooperative Inc	21,259,757	FPL Energy Hancock Co Wind, LLC	24,789,865
Northern Border Pipeline Co	14,617,953	Winnebago Industries, Inc	19,767,935
Mid American Energy	10,334,228	Gold-Eagle Cooperative	19,533,387
Sukup Manufacturing Co	9,825,537	Hawkeye Pride Egg Farms, LLP	16,716,819
Nexus Cooperative	6,677,777	Northern Border Pipeline	14,240,242
Sukup Building LLC	4,395,377	Landus Cooperative	11,778,482
Corn Belt Power Cooperative	3,769,916	Newmax Merger Cooperative	9,025,880
Hampton Hydraulics LLC	3,738,719	Stellar Industries, Inc	7,905,136
Kossuth County		Mitchell County	
<u>Taxpayer</u>	<u>2024 Valuation</u>	<u>Taxpayer</u>	<u>2024 Valuation</u>
Interstate Power & Light Company	11,221,968	Turtle Creek Wind Farm LLC	59,740,075
Wisconsin Power & Light	5,924,261	Pioneer Prairie Wind Farm LLC	51,524,480
Gold-Eagle Cooperative	4,791,664	Grain Millers Inc	36,815,165
Gold-Eagle Cooperative	2,646,885	Absolute Energy, LLC	28,589,271
ALGK LLC	903,097	Valent BioSciences Corporation	15,897,783
Marks VI INC	895,159	Alliance Pipeline	14,382,497
Cram, Myron I	831,129	A to Z Drying Inc.	9,226,443
Marks Family Farms LLC	800,878	Osage Cooperative Elevator	8,260,896
Chambers, Jonathan	793,633	Cedar Rivers Rr Co.	7,033,428
Klein, Mark A	737,881	Dome Pipeline	6,448,670

(1) Source: the counties indicated

**Some of the Largest Taxpayers, continued (1)**

Winnebago County		Worth County	
<u>Taxpayer</u>	<u>2024 Valuation</u>	<u>Taxpayer</u>	<u>2024 Valuation</u>
Crystal Lake Wind II LLC	76,438,014	Barton Windpower, LLC	78,928,876
Crystal Lake Wind III LLC	32,204,641	Northern Natural Gas Company	39,150,760
Union Pacific Railroad	18,478,689	Northern Iowa Windpower II LLC	38,555,687
Interstate Power & Light Company	13,612,262	Union Pacific Railroad Co.	38,039,110
Christensen Farms Midwest LLC	12,350,124	Diamond Jo Worth, LLC	34,525,836
Landus Cooperative	10,727,380	Old Gold Energy Center LLC	18,467,304
Winnebago Wind Power LLC	10,323,651	POET Biorefining - Hanlontown LLC	18,075,239
Dairyland Power Coop	8,613,896	Northern States Power Company	17,061,909
Iowa Cage Free	7,522,061	Top of IA III Wind Farm	14,181,266
Central Disposal Systems Inc.	6,990,023	Progressive AG Cooperative	10,921,941
Wright County			
<u>Taxpayer</u>	<u>2024 Valuation</u>		

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(1) Source: the counties indicated

### Overlapping & Underlying Obligations (1) (2) (3)

Presented below is a listing of the overlapping and underlying obligations secured by ad-valorem property taxes outstanding of issuers who are wholly or partially within the boundaries of the Issuer.

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2024 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
Clear Lake CSD	174,435,294	1,229,396,048	1,229,396,048	100.00%	174,435,294
Charles City CSD	688,000	727,719,634	727,719,634	100.00%	688,000
St Ansgar CSD	6,220,000	640,504,361	640,504,361	100.00%	6,220,000
North Iowa CSD	618,000	532,429,943	424,370,696	80.50%	492,574
Northwood-Kensett CSD	3,670,000	394,413,381	394,413,381	100.00%	3,670,000
Algona CSD	295,000	1,207,567,688	152,925,554	12.58%	37,359
City Of Mason City	53,296,267	1,383,051,621	1,383,051,621	100.00%	53,296,267
City Of Clear Lake	3,419,500	899,241,002	899,241,002	100.00%	3,419,500
City Of Charles City	9,585,500	302,591,227	302,591,227	100.00%	9,585,500
City Of Garner	5,570,756	167,033,927	167,033,927	100.00%	5,570,756
City Of Forest City	1,532,156	161,768,696	161,768,696	100.00%	1,532,156
City Of Osage	2,250,600	160,167,202	160,167,202	100.00%	2,250,600
City Of Hampton	75,000	123,655,957	123,655,957	100.00%	75,000
City Of St Ansgar	1,474,000	94,381,824	94,381,824	100.00%	1,474,000
City Of Belmont	2,507,308	80,169,173	80,169,173	100.00%	2,507,308
City Of Northwood	2,173,000	77,216,136	77,216,136	100.00%	2,173,000
City Of Ventura	435,000	74,884,875	74,884,875	100.00%	435,000
City Of Britt	705,000	65,457,197	65,457,197	100.00%	705,000
City Of Sheffield	1,215,000	54,537,604	54,537,604	100.00%	1,215,000
City Of Nora Springs	558,000	48,133,774	48,133,774	100.00%	558,000
City Of Rockwell	1,110,000	38,406,316	38,406,316	100.00%	1,110,000
City Of Manly	97,000	38,086,190	38,086,190	100.00%	97,000
City Of Greene	790,000	33,094,195	33,094,195	100.00%	790,000
City Of Buffalo Center	497,000	28,964,517	28,964,517	100.00%	497,000
City Of Stacyville	756,531	25,304,772	25,304,772	100.00%	756,531
City Of Kanawha	347,000	23,023,164	23,023,164	100.00%	347,000
City Of Rockford	375,000	21,573,945	21,573,945	100.00%	375,000
City Of Wesley	1,210,000	17,864,026	17,864,026	100.00%	1,210,000
City Of Latimer	1,124,794	16,530,614	16,530,614	100.00%	1,124,794
City Of Floyd	392,863	15,711,082	15,711,082	100.00%	392,863
City Of Joice	990,000	14,368,329	14,368,329	100.00%	990,000
City Of Plymouth	236,613	12,642,388	12,642,388	100.00%	236,613
City Of Thompson	899,745	12,052,587	12,052,587	100.00%	899,745
City Of Corwith	219,000	11,548,103	11,548,103	100.00%	219,000
City Of Hanlontown	12,869	9,215,951	9,215,951	100.00%	12,869
City Of Coulter	75,000	6,077,641	6,077,641	100.00%	75,000
City Of Swaledale	831	3,260,003	3,260,003	100.00%	831
City Of Goodell	93,877	2,438,175	2,438,175	100.00%	93,877
Cerro Gordo County	998,250	3,594,519,746	3,594,519,746	100.00%	998,250
Hancock County	1,635,000	1,235,315,446	1,232,916,276	99.80%	1,631,825
Floyd County	17,175,000	1,150,984,840	1,105,086,355	96.01%	16,490,103
Mitchell County	13,895,000	1,202,735,302	1,001,737,455	83.05%	11,572,905
Worth County	4,475,000	928,450,116	928,450,116	100.00%	4,475,000
Winnebago County	15,046,054	895,937,219	894,818,953	99.87%	15,027,274
Wright County	1,265,000	1,242,161,853	262,220,789	21.24%	267,042
Butler County	6,060,000	1,215,598,467	217,215,221	17.91%	1,082,861
Chickasaw County	1,825,000	1,005,976,365	30,949,757	3.05%	56,148
Central Rivers AEA	3,765,766	29,657,903,529	10,029,385,917	33.89%	1,273,466
				Total	332,443,311

- (1) Valuation Source: Iowa Department of Management
- (2) Overlapping Direct debt source: EMMA.MSRB.ORG; Treasurer, State of Iowa
- (3) Overlapping Debt outstanding as of 6/30/25

**FINANCIAL SUMMARY (1) (2) (3) (4) (5) (6)**

Actual Value of Property (x000)	18,240,549
Taxable Value of Property (x000)	10,182,311
Direct General Obligation Debt:	7,605,000
<u>Total NJTP Debt:</u>	<u>13,605,000</u>
Total Direct debt:	21,210,000
<u>Less Self-Supported General Obligation Debt:</u>	<u>-13,605,000</u>
Net Direct General Obligation Debt:	7,605,000
<u>Overlapping Debt:</u>	<u>332,443,311</u>
Net Direct & Overlapping General Obligation Debt:	340,048,311
Population, 2020 US Census Bureau:	109,234
Direct Debt per Capita:	70
Total Debt per Capita:	3,113
Net Direct Debt to Taxable Valuation:	0.07%
Total Debt to Taxable Valuation:	3.34%
Net Direct Debt to Actual Valuation:	0.04%
Total Debt to Actual Valuation:	1.86%
Actual Valuation per Capita:	166,986
Taxable Valuation per Capita:	93,216

- 
- (1) Valuation Source: Iowa Department of Management
  - (2) Overlapping debt source: EMMA.MSRB.ORG; Treasurer, State of Iowa
  - (3) For overlapping debt, debt outstanding as of 6/30/25
  - (4) Population source: U.S. Census
  - (5) Direct debt source: the Issuer
  - (6) Preliminary, subject to change

## APPENDIX B – FORM OF LEGAL OPINION

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors and acts of administrative officers of North Iowa Area Community College (Merged Area II), in the Counties of Butler, Cerro Gordo, Chickasaw, Floyd, Franklin, Hancock, Kossuth, Mitchell, Winnebago, Worth and Wright, State of Iowa (the "Issuer"), relating to the issuance of its \$ \_\_\_\_\_ principal amount of Taxable Industrial New Jobs Training Certificates (2025-2 Multiple Project), Series 2025-2, dated December 11, 2025 (the "Certificates"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution authorizing issuance of the Certificates (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Certificates.
2. The Certificates are lawfully issued and constitute a valid and binding obligation of the Issuer payable from revenues of the 2025-2 Multiple Project including Industrial New Jobs Training Agreements with certain employers. In the event that project revenues, including new jobs credit from withholding and supplemental new jobs credit from withholding held by the College in connection with the Project are not available and appropriated in any year, as provided in the Agreements and Chapter 260E, Code of Iowa, all taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Certificates. Taxes have been levied by the Resolution for the payment of the Certificates and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Certificates to the extent the necessary funds are not provided from other sources.
3. The interest on the Certificates is not excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended. **THE HOLDERS OF THE CERTIFICATES SHOULD TREAT THE INTEREST THEREON AS SUBJECT TO FEDERAL INCOME TAXATION.** We express no other opinion regarding any other federal or state income tax consequences caused by the receipt or accrual of interest on the Certificates.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Certificates. Further, we express no opinion regarding tax consequences arising with respect to the Certificates other than as expressly set forth herein.

The rights of the owners of the Certificates and the enforceability of the Certificates are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX C – CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by North Iowa Area Community College (the "Issuer"), in connection with the issuance of \$ \_\_\_\_\_ Taxable Industrial New Jobs Training Certificates, Series 2025-2 (the "Certificates") dated December 11, 2025. The Certificates are being issued pursuant to a Resolution of the Issuer approved on November 20, 2025 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate; Interpretation. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). This Disclosure Certificate shall be governed by, construed and interpreted in accordance with the Rule, and, to the extent not in conflict with the Rule, the laws of the State. Nothing herein shall be interpreted to require more than required by the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with S.E.C. Rule 15c2-12.

"Holders" shall mean the registered holders of the Certificates, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" ([emma.msrb.org](http://emma.msrb.org)).

"Official Statement" shall mean the Issuer's Official Statement for the Certificates, dated \_\_\_\_\_, 2025.

"Participating Underwriter" shall mean any of the original underwriters of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (S.E.C.) under the Securities Exchange Act of 1934, and any guidance and procedures thereunder published by the S.E.C., as the same may be amended from time to time.

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Financial Information.

- a. The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April each year, commencing with information for the 2025/2026 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing

of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

- b. If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.
- c. The Dissemination Agent shall:
  - i. each year file Annual Financial Information with the National Repository; and
  - ii. (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

Section 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing shall contain or incorporate by reference the following:

- a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.
- b) A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the captions "Property Valuations", "Tax Rates", "Tax Collection History", "Debt Limit", "Makeup of Obligations Subject to Debt Limit", "Direct Debt – General Obligation Bonds", "Direct Debt – New Job Training Certificates" and "Direct Debt – Dorm Revenue Bonds."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

- a. Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates in a timely manner not later than 10 Business Days after the day of the occurrence of the event:
  - i. Principal and interest payment delinquencies;
  - ii. Non-payment related defaults, if material;
  - iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
  - iv. Unscheduled draws on credit enhancements relating to the Certificates reflecting financial difficulties;
  - v. Substitution of credit or liquidity providers, or their failure to perform;
  - vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Certificates, or material events affecting the tax-exempt status of the Certificates;
  - vii. Modifications to rights of Holders of the Certificates, if material;
  - viii. Certificate calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
  - ix. Defeasances of the Certificates;
  - x. Release, substitution, or sale of property securing repayment of the Certificates, if material;
  - xi. Rating changes on the Certificates;
  - xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
  - xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  - xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - xv. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
  - xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

- b. Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.
- c. If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

Section 6. Additional Filing. The Issuer's audited financial statements for fiscal year ending June 30, 2025 were not available for inclusion in the Final Official Statement. The Issuer agrees to file these audited financial statements in the same manner as the Annual Financial Information when they become available.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate with respect to each Series of Certificates shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates of that Series or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- a. If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Certificates, or the type of business conducted;
- b. The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c. The amendment or waiver either (i) is approved by the Holders of the Certificates in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Certificates.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action

to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 14. Rescission Rights. The Issuer hereby reserves the right to rescind this Disclosure Certificate without the consent of the Holders in the event the Rule is repealed by the S.E.C. or is ruled invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of the Rule, the Issuer hereby reserves the right to rescind those provisions of this Disclosure Certificate that were required by those parts of the Rule that are so repealed or invalidated.

Date: 20th day of November, 2025.

NORTH IOWA AREA COMMUNITY COLLEGE

By: \_\_\_\_\_  
President of the Board of Directors

ATTEST:

By: \_\_\_\_\_  
Secretary of the Board of Directors

EXHIBIT A - NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: North Iowa Area Community College.

Name of Certificate Issue: \$ \_\_\_\_\_ Taxable Industrial New Jobs Training Certificates, Series 2025-2

Dated Date of Issue: December 11, 2025

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Certificates as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Certificates. The Issuer anticipates that the Annual Financial Information will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

NORTH IOWA AREA COMMUNITY COLLEGE

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## **APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER**

This Appendix contains the entire 2024 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer.

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**North Iowa Area Community College**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2024**

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**North Iowa Area Community College  
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
<b>Board of Directors</b>		
Cathy Rottinghaus	President	2025
Andy Julseth	Vice President	2027
David Steffens, Jr.	Member	2025
Dave Moore	Member	2025
John Rowe	Member	2027
Doug Krabbe	Member	2025
Dr. Stephanie Nettleton	Member	2027
Debra Hill	Member	2027
Nicki Prantner	Member	2027
<b>Officials</b>		
Dr. Steven Schulz	President	
Mindy Eastman	Vice President for Administrative Services and Board Secretary/Treasurer	

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
North Iowa Area Community College  
Mason City, Iowa

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business type activities and the fiduciary activities of North Iowa Area Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the fiduciary activities of North Iowa Area Community College and its discretely presented component unit as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of North Iowa Area Community College Foundation (the Foundation), which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the Foundation is based solely on the report of the other auditors.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Iowa Area Community College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the component unit North Iowa Area Community College Foundation were not audited in accordance with *Government Auditing Standards*.

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15, and the schedules of the College's proportionate share of the net pension liability, College contributions, and changes in College's total OPEB liability, related ratios and notes on pages 52 through 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. We previously audited, in accordance with the standards referred to in the fourth paragraph of this report, the financial statements for the two years ended June 30, 2023 and the three years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the three years ended June 30, 2021 and for the year ended June 30, 2015 (which are not presented herein) were audited by other auditors in accordance with standards referred to in the fourth paragraph of this report who expressed unmodified opinions on those financial statements. The other supplementary information included in Schedules 1 through 12, including the schedule of expenditures of federal awards required by Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our report and the report of the other auditors, the other supplementary information in Schedules 1 through 12, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2025, on our consideration of North Iowa Area Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

  
Denman CPA LLP

West Des Moines, Iowa  
March 15, 2025

**North Iowa Area Community College  
Management's Discussion and Analysis  
For the Year Ended June 30, 2024**

Management of North Iowa Area Community College (College) has prepared a discussion and analysis of the College's financial statements that provides an overview of financial activities for the year beginning July 1, 2023 and ending June 30, 2024. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- College operating revenue remained fairly flat in FY24 compared to FY23. The largest increase was in auxiliary funds, and total tuition and fees increase 5.2% due to a small increase in enrollment along with increased tuition and fee rates. Federal appropriations declined significantly (34.4%) as we had completed our remaining HEERF funding in FY23.
- College operating expenses increased 9.3% from FY23 to FY24. This included increased salary and benefits as we filled several open leadership positions, and also had several employees take advantage of the early retirement incentive. Inflation affected many of our expense categories through FY24, such as materials, supplies and services. Costs for our food service operation were particularly affected by price increases on food.
- Construction projects that were completed in FY24 include a new modern dining hall for our campus housing students, as well as a new addition/remodel of our Charles City location. The NIACC Career Center in Charles City offers technical education to seven area high schools, as well as noncredit offerings for area industry. Construction in progress included a new farm lab and a renovation of the health sciences labs, which will be utilized by our nursing program, as well as credit and noncredit certified nurse aide students. This project also included a new suite of offices for our IT department staff, who had previously been located at several office locations across campus. This will allow for better team communication and collaboration within the department.

**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 statements provide information about the activities of the College as a whole and present an overall view of the College's finances.

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

Required Supplementary Information presents the College's share of the net pension liability and related contributions, as well as presenting the schedule of changes in College's total OPEB liability, related ratios and notes.

Other supplementary information further explains and supports the financial statements with a comparison of the College's actual results to its budget for the year and provides detailed information about the individual funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.

This discussion and analysis focuses on the College's primary institution operations. The College's discretely presented component unit, North Iowa Area Community College Foundation (Foundation), issues separately audited financial statements which can be obtained from the Foundation's administrative offices.

## **REPORTING THE COLLEGE AS A WHOLE**

### **Statement of Net Position**

The Statement of Net Position presents financial information on all of the College's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and 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 are 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 presents the available assets that can be used to satisfy those liabilities.

#### **Net Position**

	<b><u>June 30, 2024</u></b>	<b><u>June 30, 2023</u></b>
Current assets	\$ 61,913,623	\$ 82,539,971
Capital assets, net of accumulated depreciation/amortization	<u>66,790,159</u>	<u>55,956,439</u>
Total assets	<u>128,703,782</u>	<u>138,496,410</u>
Deferred outflows of resources	<u>1,913,162</u>	<u>2,260,360</u>
Total assets and deferred outflows of resources	<u>130,616,944</u>	<u>140,756,770</u>
Current liabilities	10,607,660	8,912,990
Non-current liabilities	<u>59,208,644</u>	<u>76,219,730</u>
Total liabilities	<u>69,816,305</u>	<u>85,132,720</u>
Deferred inflows of resources	<u>10,672,972</u>	<u>11,836,932</u>
Net position:		
Net investment in capital assets	29,933,496	27,665,911
Restricted, expendable	8,388,327	8,375,025
Unrestricted	<u>11,805,844</u>	<u>7,746,182</u>
Total net position	<u>50,127,667</u>	<u>43,787,118</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 130,616,944</u>	<u>\$ 140,756,770</u>

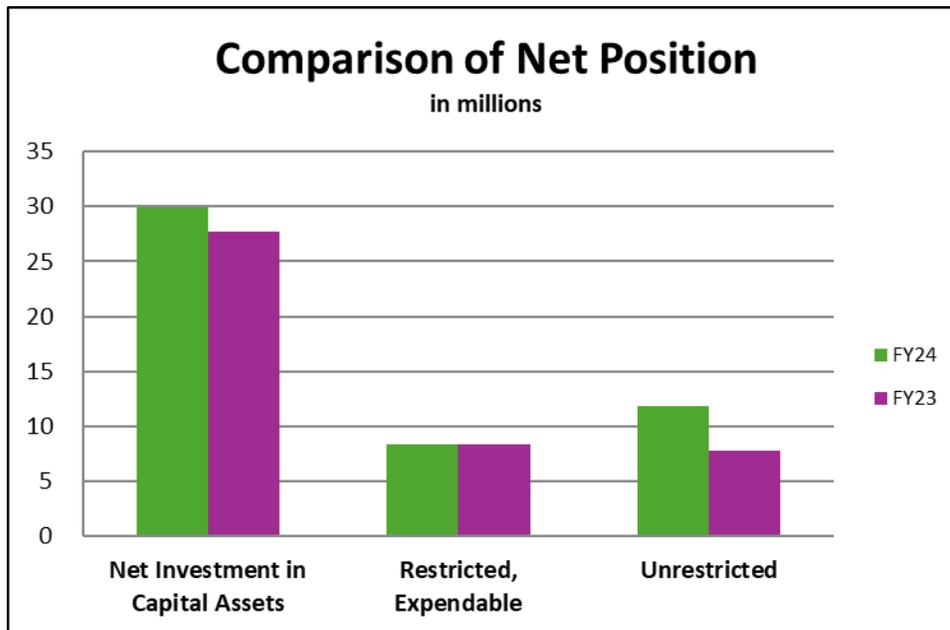
## Comparison of Net Position

Net position increased \$6,340,549 from the prior year or 14.48%.

The largest portion of the College's net position (59.7%) is invested in capital assets (e.g., land, buildings, intangibles and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of net position (16.7%) includes resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The remaining net position (23.6%) is unrestricted. This unrestricted net position can be used to meet the College's obligations as they come due.

Restricted, expendable net position in FY24 increased \$13,302 from FY23 or 0.16%. A portion of this change is attributable to the change of restriction for the pension liability and Other Post-Employment Benefits (OPEB) liability. This is calculated each year and continues to have an effect on this net position category.

Unrestricted net position increased \$4,059,662. This category also reflects the change in presentation of net position restricted for pension liability. Each year the change in valuations of pension liability and Other Post-Employment Benefits (OPEB) will be a part of the change in this net position category. This category also reflects any changes to the final calculation of the difference between revenues and expenses for the year. This is noted in the Statement of Revenues, Expenses and Changes in Net Position that follows.



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

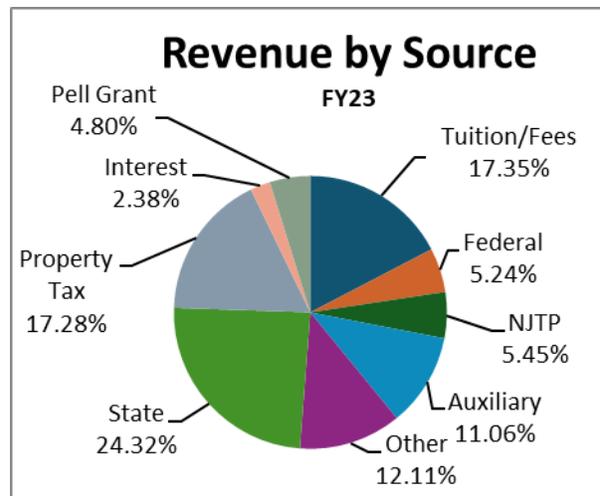
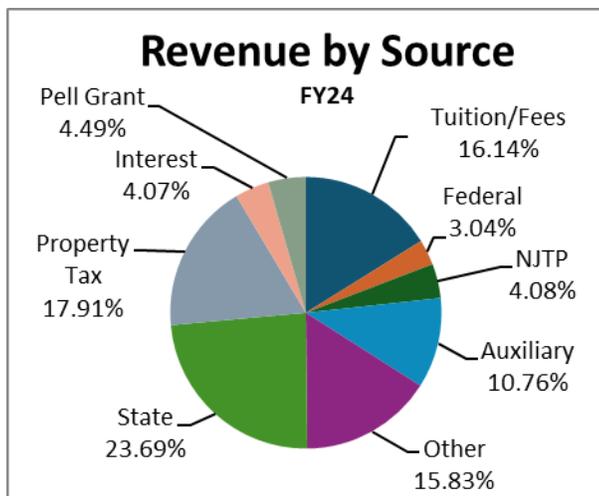
Changes in total net position presented in the statement of net position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenue earned by the College, both operating and non-operating, and the expenses incurred by the College, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College. The graph below reflects FY24 and FY23 amounts.

In general, a public college, such as North Iowa Area Community College, will report an operating loss since the financial reporting model classifies state appropriations, Pell grant and property tax as non-operating revenue. Operating revenue is received for providing goods and services to 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 revenue, and to carry out the mission of the College. Non-operating revenue is revenue received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation/amortization, which allocates the cost of an asset over its expected useful life.

### **Changes in Net Position**

	<b><u>Year ended</u></b> <b><u>June 30, 2024</u></b>	<b><u>Year ended</u></b> <b><u>June 30, 2023</u></b>
Operating revenues:		
Tuition and fees	\$ 9,622,568	\$ 9,143,468
Federal appropriations	1,811,769	2,762,153
Sales and services	235,512	246,617
Iowa Industrial New Jobs Training Program	2,434,566	2,872,816
Auxiliary enterprises	6,416,196	5,825,265
Miscellaneous	<u>3,272,206</u>	<u>3,580,817</u>
Total operating revenues	24,431,136	24,431,136
 Total operating expenses	 <u>51,729,574</u>	 <u>47,547,607</u>
 Operating loss	 <u>(27,936,758)</u>	 <u>(23,116,471)</u>
 Non-operating revenues (expenses):		
State appropriations	14,127,076	12,815,215
Pell grant	2,675,328	2,528,303
Property tax	10,680,432	9,104,331
Gifts	2,984,853	781,917
Interest income on investments	2,425,093	1,252,790
Transfers from (to) custodial funds	52,564	(22,498)
Interest on indebtedness	(1,616,510)	(1,843,517)
Gain on sale of equipment	731,377	170,219
Other	<u>2,217,094</u>	<u>1,604,106</u>
 Net non-operating revenues	 <u>34,277,307</u>	 <u>26,390,866</u>
 Change in net position	 6,340,549	 3,274,395
 Net position beginning of year (restated)	 <u>43,787,118</u>	 <u>40,512,723</u>
 Net position end of year	 <u>\$50,127,667</u>	 <u>\$43,787,118</u>

The Statement of Revenues, Expenses and Changes in Net Position reflects a surplus with an increase (\$6,340,549 or 14.5%) in the net position at the end of the fiscal year, and an increase (\$4,820,287 or 15.1%) in the operating loss. Much of the change in net position can be attributed to nonoperating revenue, including significant increases in property tax, gifts, and income on investments.



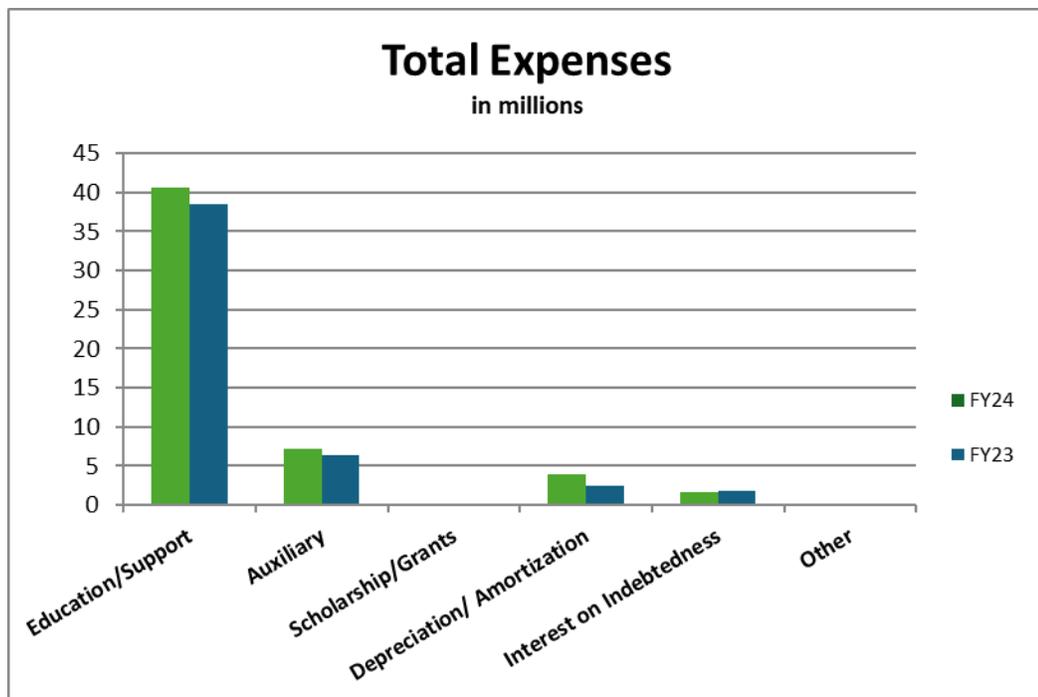
In FY24, operating revenues decreased \$638,320 or 2.6%, including the net result of the following changes:

- Federal appropriations decreased as the final portion of HEERF institutional funds were spent down in FY23. This relief funding came to the College due to the Coronavirus pandemic and the disruption it had on college operations. Federal guidelines dictated how the College could distribute this money between students and the institution.
- Auxiliary enterprise revenues increased 10% for FY24, due to increases in housing occupancy and related food service revenues, along with continuing post-pandemic improvement on ticket sales for our performing arts series.
- Enrollment numbers finally increased after several years of decline during and after the pandemic. This increase, combined with our tuition and fee increases, resulted in a 5.2% increase in tuition and fee revenues.

In non-operating revenue, we account for State appropriations, including state general aid. There was an overall increase in total state appropriations, which can be attributed the 2% increase in state general aid, along with a \$1,000,000 grant to build a new career center at our Charles City location that will serve dual-enrolled high school students. The College also saw a 17.3% increase in property tax revenue due to valuations increasing across the region. The early retirement levy increased significantly due to anticipated retirements in FY24, and insurance levies also increased as the cost of coverage continues to increase. Interest income on investments increased significantly from FY23 to FY24, due to notable increases in interest rates.

## Operating Expenses

	<b><u>Year ended June 30, 2024</u></b>	<b><u>Year ended June 30, 2023</u></b>
Education and support:		
Liberal arts and sciences	\$ 5,639,396	\$ 5,481,068
Career and technical	5,883,697	5,839,250
Adult education	3,620,391	3,290,646
Cooperative services	4,948,742	4,874,245
Administration	2,709,539	1,674,635
Student services	6,302,810	6,026,103
Learning resources	274,977	239,244
Physical plant	8,403,368	8,622,391
General institution	2,771,188	2,721,735
Auxiliary enterprises	7,263,550	6,309,877
Depreciation/amortization	<u>3,911,916</u>	<u>2,468,413</u>
 Total	 <u>\$ 51,729,574</u>	 <u>\$ 47,547,607</u>



In FY24, operating expenses increased \$4,181,967 or 8.8%. About half of this was related to salaries and benefits, including early retirement incentives of \$1,119,820. Total non-salary expenses increased about 4% for FY24.

## **Statement of Cash Flows**

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

### **Cash Flows**

	<b><u>Year ended June 30, 2024</u></b>	<b><u>Year ended June 30, 2023</u></b>
Cash provided by (used in):		
Operating activities	\$ (23,205,265)	\$ (18,643,841)
Non-capital financing activities	29,976,851	28,894,089
Capital and related financing activities	(30,284,572)	(7,519,592)
Investing activities	<u>2,254,992</u>	<u>1,252,790</u>
Net increase (decrease) in cash	(21,257,994)	3,983,476
Cash and cash equivalents – beginning of the year	<u>64,451,311</u>	<u>60,467,835</u>
Cash and cash equivalents - end of the year	<u>\$ 43,193,317</u>	<u>64,451,311</u>

Cash used in 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 grants, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. This section also includes Iowa Industrial New Jobs Training Program Certificate issuances as well as the repayment of these certificates. The increase in cash flow is directly related to an increase in property tax received as well as the increase in interest income.

Cash used in capital and related financing activities represents the issuance and repayment of debt related to construction and the purchase of capital assets. Dormitory revenue bonds were refinanced in FY21, which included establishing an escrow for an early call of one of the previous issues; this amount was \$15,455,000 and they were redeemed in FY24. Construction projects, including the NIACC Career Center in Charles City, account for the rest of the increase of cash used in capital and related financing activities.

Cash provided by investing activities includes investment income received. Interest income continued to improve from FY23 to FY24, as interest rates continued to increase throughout the year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### ***Capital Assets***

As of June 30, 2024, the College had \$114,632,279 invested in capital assets, less accumulated depreciation/amortization of \$47,842,120. Depreciation expense/amortization totaled \$3,911,916 for FY24. Details of capital assets are shown below.

#### **Capital Assets, Net, at Year End**

	<b><u>June 30, 2024</u></b>	<b><u>June 30, 2023</u></b>
Land	\$ 340,756	\$ 340,756
Construction in progress	1,120,060	4,877,802
Buildings	56,670,146	44,497,097
Other structures and improvements	429,274	349,606
Intangibles	20,864	104,447
Furniture, vehicles and equipment	3,416,719	2,253,272
Right-of-use leased equipment	4,028,600	2,511,106
Right-of-use subscription asset	<u>763,740</u>	<u>1,022,353</u>
Total	<b><u>\$ 66,790,159</u></b>	<b><u>\$ 55,956,439</u></b>

The change in total assets was primarily due to an increase in buildings for the new dining hall for student housing, and the addition/remodel of the Charles City Career Center – both were completed in FY24. The total of our additions including construction in progress, less depreciation and amortization costs, provides for a net increase in capital assets. More detailed information about the College's capital assets is presented in Note 3 to the financial statements.

### ***Debt***

As of June 30, 2024, the College had \$48,094,048 in debt outstanding, a decrease of \$16,317,981 from FY23. The table below summarizes these amounts by type.

#### **Outstanding Debt**

	<b><u>June 30, 2024</u></b>	<b><u>June 30, 2023</u></b>
Lease agreements payable	\$ 4,420,348	\$ 2,533,151
Certificates payable	11,913,333	12,565,117
Revenue bonds payable	21,320,000	37,330,000
General obligation bonds payable	<u>10,440,367</u>	<u>11,983,761</u>
	<b><u>\$ 48,094,048</u></b>	<b><u>\$ 64,412,029</u></b>

More detailed information about the College's outstanding debt is presented in Note 4 to the financial statements. The College redeemed \$15,455,000 in revenue bonds with an early call during FY24, which decreased the outstanding debt significantly.

## **ECONOMIC FACTORS**

North Iowa Area Community College increased its financial position during the current fiscal year. The College received a small increase in funding for FY24 through the Iowa legislature, and there was a slight increase in enrollment.

- As cyber security threats continue to increase, the IT department has made a concerted effort to increase and improve security at the College. All employees are required to complete cyber security training, and fake phishing emails are sent periodically to gauge employees' ability to identify them; additional training is provided to employees as needed. Multi-factor authentication (MFA) was implemented for VPN access, in addition to requiring MFA when logging into the ERP system. MFA is also required when accessing NIACC email accounts from off-campus. These and other added security measures will allow the College to purchase more robust cyber security insurance in the future.
- Demographics of our area continue to be a source of concern. The number of high school graduates has been declining over the last several years and this trend is projected to continue. This impacts enrollment at the College, as well as students working and enrolling in fewer credits. The College continues to focus on these traditional high school students as well as the adult student market.
- Demographics are a concern as it relates to our staff population, as well. The College offers an early retirement incentive when an employee reaches age 59 and has completed 10 years of service. Once an employee reaches eligibility, they have a 5-year window to take the benefit. The incentive includes a cash payout, along with single health insurance coverage until Medicare eligibility. To date, 11 employees have notified of their intent to retire in FY25. There are 14 employees whose early retirement window will close in FY26, and another 13 that are eligible. This is about 16% of our total employees, and many of these are long-time employees, possessing a large amount of institutional knowledge. Succession planning along with strategic hiring will be important in the next several years.
- The business climate in our region has an economic impact on the student population and demand for retraining of workers. Funding through Iowa Workforce Development and other state initiatives assist in some of this training, but has a limited period of availability. Changes in State deliveries of developmental education and access to services will continue to increase demand for college services. New businesses in the area will have the potential to challenge North Iowa in the ability to meet hiring and training needs.
- State and Federal legislatures are an ongoing source of financial concern, with unknown funding and evolving political priorities affecting grant funding. We continue to monitor new developments, and change our practices as needed to meet requirements and maintain compliance. These challenges will likely continue for the near future.

## **CONTACT 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 North Iowa Area Community College, 500 College Drive, Mason City, IA 50401.

**BASIC FINANCIAL STATEMENTS**

**North Iowa Area Community College  
STATEMENT OF NET POSITION  
June 30, 2024**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>College</u>	<u>Foundation</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 43,193,317	\$ 2,035,155
Receivables		
Accounts (net of allowance for doubtful accounts – College – \$203,444)	2,750,100	64,387
Accrued interest	–	6,000
Property tax, succeeding year	9,578,903	–
Notes	47,961	–
Iowa Industrial New Jobs Training Program	5,408,399	–
Contributions	–	327,788
Due from other governments	377,536	–
Prepaid expenses	280,814	–
Inventories	276,593	–
Total current assets	<u>61,913,623</u>	<u>2,433,330</u>
<b>NONCURRENT ASSETS</b>		
Investments	–	45,117,789
Receivables		
Contributions (net of allowance for uncollectible promises of \$10,645)	–	186,856
Investments in real estate	–	783,656
Cash value of life insurance	–	114,030
Capital assets, net of accumulated depreciation/amortization	<u>66,790,159</u>	<u>–</u>
Total noncurrent assets	<u>66,790,159</u>	<u>46,202,331</u>
 Total assets	 <u>128,703,782</u>	 <u>48,635,661</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	<u>1,913,162</u>	<u>–</u>
Total deferred outflows of resources	<u>1,913,162</u>	<u>–</u>

**North Iowa Area Community College**  
**STATEMENT OF NET POSITION (continued)**  
**June 30, 2024**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>College</u>	<u>Foundation</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	964,628	620
Salaries and benefits payable	1,234,108	-
Accrued interest payable	60,847	-
Due to North Iowa Area Community College	-	28,423
Compensated absences	214,547	-
Lease agreements payable, current portion	1,088,123	-
Subscription agreements payable, current portion	280,315	-
Insurance claims incurred but not reported	2,219,323	-
Deposits held in custody for others	114,944	-
Early retirement payable	241,077	-
Certificates payable	2,184,750	-
Bonds payable – revenue	560,000	-
Bonds payable – general obligation	1,445,000	-
Total current liabilities	<u>10,607,660</u>	<u>29,043</u>
<b>NONCURRENT LIABILITIES</b>		
Advances from others	2,233,151	-
Lease agreements payable	3,332,225	-
Subscription agreements payable	395,633	-
Early retirement payable	843,444	-
Certificates payable	9,728,583	-
Bonds payable – revenue	20,760,000	-
Bonds payable – general obligation (net of unamortized premium – College \$830,367)	8,995,367	-
Net pension liability	4,852,216	-
Total OPEB liability	<u>8,068,025</u>	<u>-</u>
Total noncurrent liabilities	<u>59,208,644</u>	<u>-</u>
Total liabilities	<u>69,816,305</u>	<u>29,043</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable property tax revenue	9,578,903	-
Pension-related deferred inflows	48,328	-
OPEB-related deferred inflows	1,045,741	-
Total deferred inflows of resources	<u>10,672,972</u>	<u>-</u>

**North Iowa Area Community College  
STATEMENT OF NET POSITION (continued)  
June 30, 2024**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>College</u>	<u>Foundation</u>
<b>NET POSITION</b>		
Net investment in capital assets	29,933,496	-
Restricted		
Nonexpendable		
Scholarships	-	11,926,111
Program support and special projects	-	176,968
Expendable		
Scholarships	-	8,044,636
Program support and special projects	-	13,803,461
Endowment challenge grants	-	4,710,681
Debt service	3,759,952	-
Cash reserve	285,793	-
Other	4,342,582	-
Unrestricted	<u>11,805,844</u>	<u>9,944,761</u>
Total net position	<u>\$ 50,127,667</u>	<u>\$48,606,618</u>

**North Iowa Area Community College**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Year ended June 30, 2024**

	<b>College</b>	<b>Foundation</b>
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship allowances of \$2,765,351	\$ 9,622,568	\$ —
Federal appropriations	1,811,769	—
Sales and services	235,512	—
Iowa Industrial New Jobs Training Program	2,434,566	—
Auxiliary enterprises	6,416,196	—
Contributions	—	2,363,509
Miscellaneous	<u>3,272,206</u>	<u>63,887</u>
Total operating revenues	<u>23,792,816</u>	<u>2,427,396</u>
<b>OPERATING EXPENSES</b>		
Education and support		
Liberal arts and sciences	5,639,396	—
Career and technical	5,883,697	—
Adult education	3,620,391	—
Cooperative services	4,948,742	—
Administration	2,709,539	—
Student services	6,302,810	—
Learning resources	274,977	—
Physical plant	8,403,368	—
General institution	2,771,188	—
Auxiliary enterprises	7,263,550	—
Program expenses	—	3,380,858
Management and general expenses	—	50,850
Fundraising	—	890,410
Depreciation/amortization	<u>3,911,916</u>	<u>—</u>
Total operating expenses	<u>51,729,574</u>	<u>4,322,118</u>
<b>OPERATING INCOME (LOSS)</b>	<b>(27,936,758)</b>	<b>(1,894,722)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	14,127,076	—
Pell grant	2,675,328	—
Property tax	10,680,432	—
Gifts	2,984,853	—
Income on investments (net of investment expense Foundation – \$154,953)	2,425,093	939,035
Net realized and unrealized gains	—	4,625,184
Interest on indebtedness	(1,616,510)	—
Gain on sale of equipment	731,377	—
Other	<u>2,217,094</u>	<u>—</u>
Net nonoperating revenues (expenses), net	<u>34,224,743</u>	<u>5,564,219</u>
<b>TRANSFER FROM CUSTODIAL FUNDS</b>	<u>52,564</u>	<u>—</u>
<b>INCREASE IN NET POSITION</b>	<b>6,340,549</b>	<b>3,669,497</b>
<b>NET POSITION, beginning of year</b>	<b>43,787,118</b>	<b>44,937,121</b>
<b>NET POSITION, end of year</b>	<b><u>\$50,127,667</u></b>	<b><u>\$48,606,618</u></b>

See Notes to Financial Statements.

**North Iowa Area Community College**  
**STATEMENT OF CASH FLOWS**  
 Year ended June 30, 2024

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 8,736,609
Federal appropriations	2,490,714
Sales and services	115,288
Iowa Industrial New Jobs Training Program	3,774,045
Payment to employees for salaries and benefits	(22,817,507)
Payment to suppliers for goods and services	(23,086,942)
Payments to New Jobs Training Program recipients	(2,617,510)
Auxiliary enterprise receipts	6,416,196
Other receipts	<u>3,783,842</u>
Net cash used in operating activities	<u>(23,205,265)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State appropriations	14,127,077
Pell grant	2,675,328
Property tax	11,277,975
Gifts	2,984,853
Proceeds from issuance of debt	1,215,000
Principal paid on debt	(1,866,784)
Interest paid on debt	(489,162)
Transfers	<u>52,564</u>
Net cash provided by noncapital financing activities	<u>29,976,851</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from sale of capital assets	732,242
Acquisition of capital assets	(13,260,784)
Principal paid on debt	(17,553,394)
Interest paid on debt	<u>(202,636)</u>
Net cash used in capital and related financing activities	<u>(30,284,572)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on investments	<u>2,254,992</u>
Net cash provided by investing activities	<u>2,254,992</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(21,257,994)

**CASH AND CASH EQUIVALENTS, beginning of year**

64,451,311

**CASH AND CASH EQUIVALENTS, end of year**

\$43,193,317

**North Iowa Area Community College**  
**STATEMENT OF CASH FLOWS (continued)**  
**Year ended June 30, 2024**

**RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS  
 USED IN OPERATING ACTIVITIES**

Operating loss	\$(27,936,758)
Adjustments to reconcile operating loss to net cash flows used in operating activities	
Depreciation/amortization	3,911,916
Changes in assets and liabilities	
Increase in accounts receivable, net	(940,365)
Decrease in notes receivable, net	30,947
Increase in Iowa Industrial New Jobs Training Program receivable	(969,421)
Decrease in due from other governments	678,945
Increase in prepaid expenses	(59,830)
Decrease in inventories	30,536
Decrease in accounts payable	(120,224)
Increase in salaries and benefits payable	86,015
Increase in advances from others	(308,610)
Decrease in compensated absences payable	21,297
Increase right-of-use leased equipment, net of liability	1,887,197
Increase right-of-use subscription asset, net of liability	(211,601)
Increase in net pension liability	704,373
Increase in deferred outflows of resources	347,198
Decrease in deferred inflows of resources	(1,163,960)
Increase in insurance claims incurred but not reported	749,843
Increase in deposits held in custody for others	23,459
Increase in early retirement payable	455,036
Decrease in net OPEB liability	<u>(421,257)</u>
Net cash flows used in operating activities	<u><u>\$(23,205,265)</u></u>

**North Iowa Area Community College**  
**STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUNDS**  
**June 30, 2024**

**ASSETS**

Cash and cash equivalents	\$ 392,739
Accounts receivable	14,417
Due from other governments	<u>86,811</u>
Total assets	<u>493,966</u>

**LIABILITIES**

Accounts payable	<u>67,305</u>
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**FUND BALANCE**

Restricted	\$ <u>426,662</u>
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**North Iowa Area Community College**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CUSTODIAL FUNDS**  
 Year ended June 30, 2024

**ADDITIONS**

Federal appropriations	\$2,848,430
Sales and services	5,915
Interest on investments	30,564
Gifts	16,112
Miscellaneous	176,939
Transfers	4,894
Total additions	<u>3,082,855</u>

**DEDUCTIONS**

Salaries and benefits	44,807
Services	2,849,796
Materials and supplies	2,499
Miscellaneous	10,787
Transfers	57,458
Total deductions	<u>2,965,348</u>

**CHANGES IN NET POSITION**

117,507

**NET POSITION**

Beginning of year	<u>309,155</u>
End of year	<u>\$ 426,662</u>

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS**

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

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

**Reporting Entity**

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

These financial statements present North Iowa Area Community College (the primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational and financial relationship with the College. Certain disclosures about the component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the College.

**Discrete Component Unit**

North Iowa Area Community College Foundation (Foundation) is a legally separate not-for-profit foundation. The Foundation was established for the purpose of soliciting gifts and grants to support the activities and services of the College. The Foundation is governed by a Board of Directors who are not appointed by the College. 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 the College.

The Foundation is a nonprofit organization which reports under accounting standards established by the Financial Accounting Standards Board (FASB). The Foundation's financial statements were prepared in accordance with the provisions of FASB No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting for these differences. The Foundation reports net assets, which is equivalent to net position reported by the College. A copy of the Foundation's financial statements may be obtained from Mindy Eastman, Vice President of Finance and Administration, Pierce Administration Building, Mason City, Iowa.

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (continued)**

**Basis of Presentation**

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

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

**Restricted Net Position**

**Nonexpendable** – Net position subject to externally imposed stipulations that they be maintained permanently by the College.

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

**Unrestricted Net Position** - Net position not subject to externally imposed 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. Substantially all unrestricted net position is designated for academic and general programs of the College.

Under the College's centralized management structure, it is the responsibility of the business office to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

GASB Statement No. 35 also requires the statements of net position, revenue, expenses and changes in net position and cash flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

**Measurement Focus and Basis of Accounting**

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

**Cash and Cash Equivalents**

Certificates of deposit are stated at cost.

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

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (continued)**

**Property Tax Receivable**

Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate County Auditors. 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 April 30 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 College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2024 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

**Due from Other Governments**

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

**Inventories**

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

**Capital Assets**

Capital assets, which include land, buildings, other structures and improvements, intangibles, furniture, vehicles and equipment, and right-of-use assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

No interest costs were capitalized during the year ended June 30, 2024.

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

<u>Assets</u>	<u>Amount</u>
Land	\$5,000
Buildings	5,000
Other structures and improvements	5,000
Intangibles	5,000
Furniture, vehicles and equipment	5,000
Right-of-use assets	5,000

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (continued)**

**Capital Assets (continued)**

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

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Other structures and improvements	20-50
Intangibles	4-15
Furniture, vehicles and equipment	4-20
Right-of-use assets	3-10

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

**Leases**

The College is the lessee for various noncancellable leases of equipment. The College has recognized lease liabilities and intangible right-of-use leased assets (lease assets) in the financial statements.

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

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

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

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

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

Lease assets are reported with capital assets and lease liabilities are reported as lease agreements payable on the statement of net position.

**Subscription-Based Information Technology Arrangements (SBITA)**

The College has entered into a contract that conveys control of the right-of-use information technology software. The College has recognized an IT subscription liability and an intangible right-of-use subscription asset in the financial statements. The College recognized IT subscription liabilities with an initial, individual value of \$5,000, or more.

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (continued)**

**Subscription-Based Information Technology Arrangements (SBITA) (continued)**

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

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

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

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

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

Right-of-use IT subscription assets are reported with capital assets and the liability is reported as subscription agreements payable on the statement of net position.

**Deferred Outflows of Resources**

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

**Salaries and Benefits Payable**

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

**Advances from Students**

Advances from students includes fees for summer session activity received in the current fiscal year which will be recognized as revenue in the following fiscal year.

**Advances from Others**

Advances from others include administrative fees received by the College for the administration of New Jobs Training Program projects. The administrative fees are recognized as revenue over a nine-year period for projects administered in accordance with Chapter 260E of the Code of Iowa.

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (continued)**

**Compensated Absences**

College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect as of June 30, 2024.

**Bond Premiums and Discounts**

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

**Pensions**

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

**Total OPEB Liability**

For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on North Iowa Area Community College's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position 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 consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unrecognized items not yet included in pension and OPEB expense.

**Tuition and Fees**

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

**Summer Session**

The College operates summer sessions during May, June and July. Revenue and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.

**Auxiliary Enterprise Revenues**

Auxiliary enterprise revenues primarily represent revenues generated by the dormitories, bookstore, food service, auditorium and athletics.

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (continued)**

**Operating and Nonoperating Activities**

Operating activities, as reported in the statement of revenue, expenses and changes in net position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations, Pell grants, property tax and interest income.

**Scholarship Allowances and Student Aid**

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

**Income Taxes**

The College is exempt from federal income taxes under the provisions of Internal Revenue Code Section 115 as a political subdivision of the State of Iowa. As such, the College is subject to federal income taxes only on unrelated business taxable income under the provisions of Internal Revenue Code Section 511.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS**

The College's deposits in banks as of June 30, 2024 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of 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.

The College's investments as of June 30, 2024 consisted of certificates at local banks. The College had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

**Interest Rate Risk**

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

**Component Unit – Foundation**

The Foundation is authorized by the Board of Directors to invest funds in deposits at FDIC-insured institutions, bonds, equity securities and real estate.

Marketable securities and other investments are stated at fair value in the statement of net position. Fair value and unrealized appreciation as of June 30, 2024 are summarized as follows:

	<u>Cost or Donated Value</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual funds			
Equity funds	\$ 2,529,829	\$ 4,642,707	\$2,112,878
Bond funds	7,684,869	7,135,472	(549,397)
Exchange traded funds	<u>26,692,498</u>	<u>33,058,079</u>	<u>6,365,581</u>
Total mutual funds	36,907,196	44,836,258	7,929,062
Cash and cash equivalents	<u>281,531</u>	<u>281,531</u>	<u>—</u>
 Totals	 <u>\$37,188,727</u>	 <u>\$45,117,789</u>	 <u>\$7,929,062</u>

The Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly; and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for debt securities traded in inactive markets, while Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

**Fair Value Measurements**

*Level 1* – The fair value of cash and cash alternatives and mutual funds is based on quoted net asset values and per share values of the shares held by the Foundation at year end.

*Level 2* – The fair value of the Bond Funds is based on benchmark yields, reported trades, broker/dealer quotes, two-sided markets, benchmark securities, bids, offers and reference data where quoted market prices are not available.

*Level 3* – Valuation based on inputs that are unobservable and significant to the overall fair value measurement. The Foundation has no assets which were valued using Level 3 inputs as of June 30, 2024.

**North Iowa Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024**

**NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

The following table presents information about the Foundation's assets measured at fair value as of June 30, 2024:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity funds	\$ 4,642,707	\$ 4,642,707	\$ -	\$ -
Bond funds	7,135,472	-	7,135,472	-
Exchange traded funds	33,058,079	33,058,079	-	-
Cash and cash alternatives	<u>281,531</u>	<u>281,531</u>	<u>-</u>	<u>-</u>
Totals	<u>\$45,117,789</u>	<u>\$37,982,317</u>	<u>\$7,135,472</u>	<u>\$ -</u>

Investment income and gains not subject to external restrictions or that have restrictions which expire in the fiscal year earned are recorded as unrestricted revenue. Restricted cash and restricted investments consist of assets with donor restrictions to be used for scholarships.

The following schedule summarizes the investment return for the year ended June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investment income, net of expense	\$ 389,419	\$ 549,616	\$ 939,035
Net realized and unrealized losses	<u>2,301,506</u>	<u>2,323,678</u>	<u>4,625,184</u>
Totals	<u>\$2,690,925</u>	<u>\$2,873,294</u>	<u>\$5,564,219</u>

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 3 CAPITAL ASSETS**

Capital assets activity for the College for the year ended June 30, 2024 is as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance end of year</u>
Capital assets not being depreciated/amortized					
Land	\$ 340,756	\$ —	\$ —	\$ —	\$ 340,756
Construction in progress	<u>4,877,802</u>	<u>7,762,984</u>	<u>(11,520,726)</u>	—	<u>1,120,060</u>
Total capital assets not being depreciated/amortized	<u>5,218,558</u>	<u>7,762,984</u>	<u>(11,520,726)</u>	—	<u>1,460,816</u>
Capital assets being depreciated/amortized					
Buildings	74,972,926	772,692	11,520,726	(73,622)	87,192,722
Other structures and improvements	3,050,792	—	—	119,051	3,169,843
Intangibles	2,376,747	—	—	(91,593)	2,285,154
Furniture, vehicles and equipment	11,974,589	1,903,744	—	(667,979)	13,210,354
Right-of-use leased equipment	3,354,351	2,567,543	—	—	5,921,894
Right-of-use subscription asset	<u>1,384,540</u>	<u>6,956</u>	—	—	<u>1,391,496</u>
Total capital assets being depreciated/amortized	<u>97,113,945</u>	<u>5,250,935</u>	<u>11,520,726</u>	<u>(714,143)</u>	<u>113,171,463</u>
Less accumulated depreciation/amortization					
Buildings	28,828,760	1,749,339	—	(55,523)	30,522,576
Other structures and improvements	2,701,186	39,383	—	—	2,740,569
Intangibles	2,272,300	83,583	—	(91,593)	2,264,290
Furniture, vehicles and equipment	9,635,804	723,993	—	(566,162)	9,793,635
Right-of-use leased equipment	843,245	1,050,049	—	—	1,893,294
Right-of-use subscription asset	<u>362,187</u>	<u>265,569</u>	—	—	<u>627,756</u>
Total accumulated depreciation/amortization	<u>44,643,482</u>	<u>3,911,916</u>	—	<u>(713,278)</u>	<u>47,842,120</u>
Total capital assets being depreciated/amortized, net	<u>52,470,463</u>	<u>1,339,019</u>	<u>11,520,726</u>	<u>(865)</u>	<u>65,329,343</u>
Capital assets, net	<u>\$57,689,021</u>	<u>\$9,102,003</u>	<u>\$ —</u>	<u>\$ (865)</u>	<u>\$ 66,790,159</u>

**NOTE 4 LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2024 is as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance end of year</u>	<u>Current portion</u>
Advances from others	\$ 2,541,761	\$1,059,372	\$ 1,367,982	\$ 2,233,151	\$ —
Lease agreements payable	2,533,151	2,567,543	680,346	4,420,348	1,088,123
Subscription agreements payable	887,549	6,956	218,557	675,948	280,315
Early retirement payable	629,485	1,060,171	605,135	1,084,521	241,077
Certificates payable	12,565,117	1,215,000	1,866,784	11,913,333	2,184,750
Revenue bonds payable	37,330,000	—	16,010,000	21,320,000	560,000
General obligation bonds payable	11,015,000	—	1,405,000	9,610,000	1,445,000
Unamortized premium on sale of bonds	968,761	—	138,394	830,367	—
Net pension liability	4,147,843	704,373	—	4,852,216	—
Net OPEB obligation	<u>8,489,282</u>	—	<u>421,257</u>	<u>8,068,025</u>	—
Totals	<u>\$81,107,949</u>	<u>\$6,613,415</u>	<u>\$22,713,455</u>	<u>\$65,007,909</u>	<u>\$5,799,265</u>

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 4 LONG-TERM LIABILITIES (continued)**

**Lease Agreements Payable**

The College has entered into lease agreements for the rental of various equipment. These lease agreements require varying monthly, quarterly, or annual payments, totaling approximately \$1,080,000 on an annual basis over 5 years. An implicit interest rate of 3.00% is applicable to all lease agreements payable. During the year ended June 30, 2024, principal and interest paid on the lease agreements payable were \$764,275 and \$144,036, respectively.

Future principal and interest payments on the lease agreements payable as of June 30, 2024 are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$1,088,123	\$ 117,145	\$1,205,268
2026	1,089,397	89,141	1,178,538
2027	961,622	54,239	1,015,861
2028	808,528	27,161	835,689
2029	<u>472,678</u>	<u>5,144</u>	<u>477,822</u>
Totals	<u>\$4,420,348</u>	<u>\$ 292,830</u>	<u>\$4,713,178</u>

**Subscription Agreements Payable**

During the year ended June 30, 2024, the College entered into subscription license and services information technology agreements with vendors with an initial subscription liability of \$1,180,298. The agreements require annual payments ranging over three to five years. During the year ended June 30, 2024, the College paid the principal and interest of \$211,601 and \$22,363, respectively. Future principal and interest payments as of June 30, 2024 are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 280,315	\$ 20,079	\$ 300,394
2026	266,190	11,700	277,890
2027	111,520	3,545	115,065
2028	<u>17,923</u>	<u>255</u>	<u>18,178</u>
Totals	<u>\$ 675,948</u>	<u>\$ 35,579</u>	<u>\$ 711,527</u>

**Certificates Payable**

In accordance with agreements dated between December 1, 2015 and December 12, 2023, the College issued certificates totaling \$19,450,000 with interest rates ranging from 2.0% to 6.0% per annum. The debt was incurred to fund the development and training costs incurred related to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding tax, incremental property tax, budgeted reserves and, in the case of default, from standby property tax. During the year ended June 30, 2024, principal and interest paid were \$1,880,000 and \$489,162, respectively.

**North Iowa Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024**

**NOTE 4 LONG-TERM LIABILITIES (continued)**

**Certificates Payable (continued)**

The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,200,000	\$ 477,529	\$ 2,677,529
2026	1,620,000	401,251	2,021,251
2027	1,705,000	340,556	2,045,556
2028	1,450,000	276,341	1,726,341
2029	1,245,000	216,396	1,461,796
2030-2034	<u>3,570,000</u>	<u>346,980</u>	<u>3,916,980</u>
Totals	<u>\$11,790,000</u>	<u>\$2,059,053</u>	<u>\$13,849,053</u>

**Notes Payable**

The College has issued bonds for the construction of a dormitory as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2024 notes payable indebtedness are as follows:

<b>Dormitory Revenue Bonds Issued August 31, 2021 (2021A)</b>			
<u>Year ending June 30</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>
2025	2.25%	\$ —	\$ 223,358
2026	2.25%	—	223,358
2027	2.25%	—	223,358
2028	2.25%	—	223,358
2029	2.25%	—	223,358
2030-2034	2.25%	—	1,116,788
2035-2039	2.25%	—	1,116,788
2040-2044	2.25%	575,000	1,110,319
2045-2049	2.45-3.00%	4,675,000	739,294
2050-2052	2.45%	<u>3,135,000</u>	<u>116,436</u>
Totals		<u>\$8,385,000</u>	<u>\$5,316,415</u>

<b>Dormitory Revenue Bonds Issued August 31, 2021 (2021B)</b>			
<u>Year ending June 30</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>
2025	0.87%	\$ 560,000	\$ 306,331
2026	1.12%	565,000	300,739
2027	1.32%	570,000	293,842
2028	1.56%	580,000	285,584
2029	1.76%	585,000	275,941
2030-2034	1.86-2.41%	3,110,000	1,198,012
2035-2039	2.51-2.91%	3,505,000	792,831
2040-2044	3.01-3.20%	<u>3,460,000</u>	<u>245,946</u>
Totals		<u>\$12,935,000</u>	<u>\$3,699,226</u>

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 4 LONG-TERM LIABILITIES (continued)**

**Notes Payable (continued)**

<u>Year ending June 30</u>	<u>Total Dormitory Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 560,000	\$ 529,689	\$ 1,089,689
2026	565,000	524,097	1,089,097
2027	570,000	517,200	1,087,200
2028	580,000	508,942	1,088,942
2029	585,000	499,299	1,084,299
2030-2034	3,110,000	2,314,800	5,424,800
2035-2039	3,505,000	1,909,619	5,414,619
2040-2044	4,035,000	1,356,265	5,391,265
2045-2049	4,675,000	739,294	5,414,294
2050-2052	<u>3,135,000</u>	<u>116,436</u>	<u>3,251,436</u>
Totals	<u>\$21,320,000</u>	<u>\$9,015,641</u>	<u>\$30,335,641</u>

The College had pledged future housing dormitory system revenue, net of specific operating expenses, to repay \$25,000,000 in dormitory revenue Bonds issued in September, 2013. Proceeds from these bonds provided financing for the construction of a new dormitory system and to repay dormitory bonds coming due in December, 2013. On August 19, 2021, the Board of Directors authorized the issuance of \$8,280,000 in Dorm Revenue Refunding bonds Series 2021A, and \$14,025,000 in Dorm Revenue Refunding bonds, Series 2021B, which totaled \$7,775,000 at time of redemption. They also authorized the redemption of the outstanding Dorm Revenue bonds, Series 2013A. The mortgage that had been placed on the Dorm Revenue bonds, Series 2013A, was released and a new mortgage was approved to be set in place on the Dorm Revenue Refunding bonds, Series 2021A and 2021B. The bonds are payable solely from the dormitory system net revenue and are payable through 2045. Annual principal and interest payments are expected to require less than the net revenue of the system. The total principal and interest remaining to be paid on the notes is \$30,335,641. The new dormitory system was operational January 1, 2015. Interest of \$936,709 and principal of \$555,000 was paid in the current year.

The resolution providing for the issuance of the revenue bonds includes the following provisions:

1. The bonds will only be redeemed from the future revenue from the dormitory system and from other funds held pursuant to the resolution and indenture and the bond holders hold a lien on the future revenue.
2. Sufficient monthly transfers shall be made to the bond and interest sinking fund for the purpose of making the bond principal and interest payments when due.
3. Additional monthly transfers shall be made to a reserve fund until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying bond principal and interest payments due when insufficient money is available in the sinking funds.

During the year ended June 30, 2024, the College was in compliance with the revenue bond provisions.

**North Iowa Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024**

**NOTE 4 LONG-TERM LIABILITIES (continued)**

**General Obligation Bonds**

On June 18, 2020, the College issued \$15,000,000 of general obligation bonds, Series 2020, with an interest rate of 3% per year. The bonds were issued for building improvements across the campus.

Details of general obligation bonds as of June 30, 2024 are as follows:

	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Originally Issued</u>	<u>Outstanding June 30, 2024</u>
Essential Purpose	June 18, 2020	3.00%	June 30, 2031	\$1,320,000 - \$1,733,750	\$15,000,000	\$9,610,000

A summary of the annual general obligation bond principal and interest requirements to maturity by is as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,445,000	\$ 288,300	\$ 1,733,300
2026	1,490,000	244,950	1,734,950
2027	1,535,000	200,250	1,735,250
2028	1,580,000	154,200	1,734,200
2029	1,625,000	106,800	1,731,800
2030-2031	<u>1,935,000</u>	<u>65,850</u>	<u>2,000,850</u>
Totals	<u>\$9,610,000</u>	<u>\$1,060,350</u>	<u>\$10,670,350</u>

**NOTE 5 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)**

**Plan Description**

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

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

**Pension Benefits**

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, 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. For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 5 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (continued)**

**Pension Benefits (continued)**

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. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2024, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the College contributed 9.44% for a total rate of 15.73%.

The College's contributions to IPERS for the year ended June 30, 2024 were \$995,108.

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

At June 30, 2024, the College reported a liability of \$4,852,216 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the College's collective proportion was 0.107501%, which was an decrease of 0.002284% from its proportion measured as of June 30, 2022.

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 5 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (continued)**

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

For the year ended June 30, 2024, the College recognized pension expense of \$440,454. As of June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 410,504	\$ 19,944
Changes in assumptions	-	77
Net difference between projected and actual earnings on IPERS investments	449,374	-
Changes in proportion and differences between College contributions and proportionate share of contributions	58,176	28,307
College contributions subsequent to the measurement date	<u>995,108</u>	<u>-</u>
 Totals	 <u>\$1,913,162</u>	 <u>\$ 48,328</u>

\$995,108 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2025	\$ (98,716)
2026	(352,663)
2027	1,097,874
2028	196,112
2029	<u>27,119</u>
 Total	 <u>\$ 869,726</u>

There are no nonemployer contributing entities at IPERS.

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 5 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (continued)**

**Actuarial Assumptions**

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Long term investment rate of return (effective June 30, 2017)	7.00%, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25%, per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an economic assumption study dated July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real estate	9.0	3.88
Private credit	<u>4.5</u>	4.60
Total	<u>100.0%</u>	

**North Iowa Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024**

**NOTE 5 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS) (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and contributions from the College will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
College's proportionate share of the net pension liability	<u>\$10,316,892</u>	<u>\$4,852,216</u>	<u>\$ 272,727</u>

**IPERS' Fiduciary Net Position**

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

**Payable to IPERS**

All legally required employer contributions and legally required employee contributions which had been withheld from employee wages were remitted by the College to IPERS by June 30, 2024.

**NOTE 6 TEACHERS INSURANCE AND ANNUITY ASSOCIATION (TIAA)**

As required by Chapter 97B.42 of the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. In lieu of participating in IPERS, eligible employees may participate in the Iowa Association of Community College Trustees 403(a) plan, which is a defined contribution pension plan administered by the Teachers Insurance and Annuity Association (TIAA). The defined contribution retirement plan provides individual annuities for each plan participant.

Benefit terms, including contribution requirements, for TIAA are established and specified by the contract with TIAA, and in accordance with the Code of Iowa. For each employee in the pension plan, the College is required to contribute 9.44% of annual salary, including overtime pay, to an individual employee account. Each employee is required to contribute 6.29%. Contributions made by both employer and employees vest immediately. For the year ended June 30, 2024, employee contributions totaled \$342,881 and the College recognized pension expense of \$514,593.

As of June 30, 2024, the College had no material payables to the defined contribution pension plan for legally required employer and employee contributions which had been withheld from employee wages but not yet remitted to TIAA.

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 7 TERMINATION BENEFITS**

The College offers a voluntary early retirement plan to its employees. In order to qualify, an employee must be a minimum of 59 years of age and have completed ten or more years of service with the College in a part-time or full-time Board-approved position. Written acceptance of this offer must be received by the President by the first Monday of January in the year of retirement. Acceptance of this offer shall be considered by the Board as a voluntary resignation and termination of the continuing contract. An eligible employee may select one of the following options (1) cash payment, (2) partially paid family health insurance coverage, (3) partially paid individual health insurance coverage and partial cash payment or (4) mid-year early retirement. Early retirement benefits shall be calculated as a percent of the employee's last Board-approved salary.

A staff member electing retirement may, at his or her option, elect at the time of retirement to apply any retirement cash incentive, so long as it lasts, directly to continued participation in the College's group health insurance plan and/or life insurance plan (maximum benefits for life insurance coverage are equal to two times the employee's last annual salary rounded to the next highest thousand), provided that the College's insurer allows such. Such continued participation is limited to the plan that is offered to continuing staff members and is subject to the same terms, conditions, options and cost-sharing arrangements applicable to continuing staff members. Any unused cash incentive upon cessation of group health and/or life insurance plan participation shall be paid directly to the retiree or his or her beneficiary.

A retiree may elect to continue to insure his/her spouse in the College's group health plan until the spouse becomes eligible for Medicare. All costs of continued participation shall be paid by the participant.

If a staff member is at least 55 years of age, has completed ten years of service and has accumulated at least 90 days of sick leave on February 1 of the year of retirement, they will receive a payment for their accumulated sick leave as follows: \$4,000 for professional salaried staff and faculty, office personnel and associate staff members and physical plant staff members. Those who meet the age and service criteria will be paid proportionately if they have less than 90 days on February 1, of the retirement year.

As of June 30, 2024, the College has an obligation of \$1,084,521 to 22 retirees for early retirement benefits. Early retirement is funded on a pay-as-you-go basis through property tax levies. During the year ended June 30, 2024, 21 retirees received early retirement benefits. The College's early retirement expenditures for the year ended June 30, 2024 were \$605,135.

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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

**OPEB Benefits** – Individuals who are employed by the College and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement if they are age 55 with 10 years of service. Coverage during retirement continues in the group health, and dental plans. Employees covered by the plan make contributions toward the plan premiums, but employees participating in the early retirement program may have a single premium paid by the College.

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	13
Active employees	<u>194</u>
Total	<u>207</u>

**North Iowa Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**Total OPEB Liability** – The College’s total OPEB liability of \$8,068,026 at June 30, 2024 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

**Actuarial Assumptions** – The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective July 1, 2023)	3.00% per annum.
Rates of salary increase (effective July 1, 2023)	3.00% per annum, including inflation.
Discount rate (effective July 1, 2023)	4.75% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2023)	6.00% per annum.
Claim cost trend rate (effective July 1, 2023)	7.30% per annum.

**Discount, Mortality, and Other Rates** – The discount rate used to measure the total OPEB liability was 4.75% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2021 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

**Changes in the Total OPEB Liability**

	<b><u>Total OPEB Liability</u></b>
Total OPEB liability, beginning of year	\$8,489,282
Changes for the year	
Service cost	519,446
Interest	363,235
Differences between expected and actual experiences	(807,983)
Changes in assumptions	(304,112)
Benefit payments	(191,842)
Net changes	<u>(421,257)</u>
Total OPEB liability, end of year	<u>\$8,068,025</u>

**Sensitivity of the College’s Total OPEB Liability to Changes in the Discount Rate** – The following presents the total OPEB liability of the College, as well as what the College’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.75%) or 1% higher (5.75%) than the current discount rate.

	<b><u>1% Decrease (3.75%)</u></b>	<b><u>Discount Rate (4.75%)</u></b>	<b><u>1% Increase (5.75%)</u></b>
Total OPEB liability	\$8,476,508	\$8,068,024	\$7,680,487

**North Iowa Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**Sensitivity of the College’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The following presents the total OPEB liability of the College, as well as what the College’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	<b>1% Decrease (5.00%)</b>	<b>Healthcare Cost Trend Rate (6.00%)</b>	<b>1% Increase (7.00%)</b>
Total OPEB liability	<u>\$7,467,874</u>	<u>\$8,068,024</u>	<u>\$8,760,490</u>

**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2024, the College recognized OPEB expense of \$822,267. At June 30, 2024, the College reported deferred outflows and deferred inflows of resources related to OPEB from the following resources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ –	\$ 759,774
Changes in assumptions	<u>–</u>	<u>285,967</u>
Totals	<u>\$ –</u>	<u>\$1,045,741</u>

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

<b>Year ending June 30</b>	<b>Amount</b>
2025	\$ 66,354
2026	66,354
2027	66,354
2028	66,354
2029	66,354
Thereafter	<u>713,971</u>
Total	<u>\$1,045,741</u>

**NOTE 9 RISK MANAGEMENT**

The College is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The College assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks did not exceed commercial insurance coverage during any of the past three fiscal years.

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 10 SELF-FUNDED HEALTH INSURANCE PLAN**

In fiscal year 2016, the College established a program for the self-funding of the College's health insurance benefit plan, which is accounted for in the Unrestricted Fund. The plan is funded by both employee and College contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The College assumes liability for claims up to the individual stop-loss limitation of \$95,000. Claims in excess of coverage are insured through purchase of stop-loss insurance.

The College's monthly contributions to the program and employee deductions fund current operations and provide capital for future claims. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark. The College's contribution for the year ended June 30, 2024 was \$5,124,493.

Amounts payable as of June 30, 2024 totaled \$543,832, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$1,675,491 as of June 30, 2024. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in the past year. A reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims – beginning of year	\$1,469,480
Incurred claims (including claims incurred but not reported as of June 30, 2024)	6,079,602
Payments on claims during the fiscal year	<u>(5,329,759)</u>
Unpaid claims – end of year	<u>\$2,219,323</u>

**NOTE 11 NEW JOBS TRAINING PROGRAMS**

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area II in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property tax, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College has administered one hundred fifty-two projects with thirty currently receiving project funding. The remaining one hundred twenty-two projects have been completed, of which twenty-six are in the repayment process and ninety-six have been fully repaid.

The College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area II 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 Workforce Training Fund or the Grow Iowa Values Fund which are State administered funds. Since inception, the College has administered two hundred fifty projects, with twenty-eight currently receiving project funding and the remaining two hundred twenty-two having been completed.

**North Iowa Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024**

**NOTE 12 RELATED PARTY TRANSACTIONS**

The North Iowa Area Community College Foundation (Foundation) provided funding for various projects of the College. The Foundation paid a net amount of \$3,380,858 for scholarships and direct aid for the year ended June 30, 2024. The Foundation owes the College \$28,423 for costs associated with capital additions. Such has been reflected in the statement of net position.

**NOTE 13 TAX ABATEMENTS**

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

**College Tax Abatements**

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

For the year ended June 30, 2024, the College had no abatements of property tax or state income tax withholding under the projects.

**Tax Abatements of Other Entities**

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

Property tax revenues of the College were reduced by the following amounts for the year ended June 30, 2024 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of tax abated</u>
Cerro Gordo County	Urban revitalization	\$ 5,771
City of Belmond	Urban revitalization	374
City of Belmond	Urban renewal and economic development projects	782
City of Charles City	Urban renewal and economic development projects	25,548
City of Clear Lake	Urban renewal and economic development projects	30,536
City of Forest City	Urban renewal and economic development projects	2,931
City of Garner	Urban renewal and economic development projects	4,997
City of Hampton	Urban revitalization	2,218
City of Kanawha	Urban revitalization	562
City of Lake Mills	Urban renewal and economic development projects	1,524
City of Mason City	Urban renewal and economic development projects	50,808
City of Osage	Urban renewal and economic development projects	5,246

**North Iowa Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024**

**NOTE 13 TAX ABATEMENTS (continued)**

**Tax Abatements of Other Entities (continued)**

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of tax abated</u>
City of Osage	Urban revitalization	2,933
City of Scarville	Urban renewal and economic development projects	4,508
City of Sheffield	Urban revitalization	635
City of St. Ansgar	Urban renewal and economic development projects	19,544
City of St. Ansgar	Urban revitalization	1,724
City of Wesley	Urban renewal and economic development projects	3,517
Franklin County	Urban renewal and economic development projects	7,911
Mitchell County	Urban renewal and economic development projects	19,962
Worth County	Urban revitalization	930

**NOTE 14 COMPONENT UNIT – ENDOWMENT**

The Foundation’s endowment policy includes both endowment funds with donor restrictions and funds designated by the Board of Directors to function as endowments (quasi-endowments).

The Board of Directors of the Foundation has elected to follow the State of Iowa’s Uniform Prudent Management of Institutional Funds Act (UPMIFA) and has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds with donor restrictions absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets not subject to expenditure (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund with donor restrictions that is not classified in net assets not subject to expenditure is classified as net assets subject to expenditure until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulated endowment funds with donor restrictions.

- The duration and preservation of the fund.
- The purposes of the organization and the endowment fund with donor restrictions.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the organization.
- The investment policies of the organization.

From time to time, the fair value of assets associated with individual endowment funds with donor restrictions may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature would be reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2024.

**North Iowa Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 14 COMPONENT UNIT – ENDOWMENT (continued)**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable and reliable source of funding for scholarships, institutional improvements and development and other needs identified by the College Board of Directors, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of funds with donor restrictions that the Foundation must hold in perpetuity or for donor-specific periods as well as Board-designated funds. Under this policy, as approved by the Foundation Board of Directors, the endowment assets are invested in a manner that a goal of the CPI + 5% is desired. Actual returns in any given year may not vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that placed a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

To achieve the investment goals, the Foundation has retained an investment advisor to manage its assets that are invested in bonds, stocks and other marketable securities and other investments that are approved by the Foundation Board of Directors.

The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its total return on investments to be consistent with the appropriate indices as the primary performance goal. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**Changes in Endowment Net Assets for the Year Ended June 30, 2024**

	<u>Without donor restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>	<u>Total</u>
		<u>Subject to expenditure</u>	<u>Not subject to expenditure</u>		
Endowment net assets, beginning of year	\$ <u>1,531,075</u>	\$ <u>25,853,442</u>	\$ <u>11,567,343</u>	\$ <u>37,420,785</u>	\$ <u>38,951,860</u>
Investment return, investment income, net	37,895	549,616	–	549,616	587,511
Net appreciation (realized and unrealized)	<u>162,427</u>	<u>2,323,678</u>	–	<u>2,323,678</u>	<u>2,486,105</u>
Total investment return	200,322	2,873,294	–	2,873,294	3,073,616
Contributions	7,559	1,047,086	535,736	1,582,822	1,590,381
Appropriation of endowment assets for expenditure	<u>(53,500)</u>	<u>(3,215,044)</u>	–	<u>(3,215,044)</u>	<u>(3,268,544)</u>
Endowment net assets, end of year	\$ <u>1,685,456</u>	\$ <u>26,558,778</u>	\$ <u>12,103,079</u>	\$ <u>38,661,857</u>	\$ <u>40,347,313</u>

**North Iowa Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024**

**NOTE 14 COMPONENT UNIT – ENDOWMENT (continued)**

**Endowment Net Asset Composition by Type of Fund as of June 30, 2024**

	<u>Without donor restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>	<u>Total</u>
		<u>Subject to expenditure</u>	<u>Not subject to expenditure</u>		
Donor-restricted endowment funds	\$ –	\$26,558,778	\$12,103,079	\$38,661,857	\$38,661,857
Board-designated endowment funds	<u>1,685,456</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,685,456</u>
Totals	<u>\$ 1,685,456</u>	<u>\$26,558,778</u>	<u>\$12,103,079</u>	<u>\$38,661,857</u>	<u>\$40,347,313</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**North Iowa Area Community College**  
**SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Iowa Public Employees' Retirement System**  
**For the Last Ten Fiscal Years \***  
**Required Supplementary Information**

	Year ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.107501%	0.109785%	(0.042599)%	0.104612%	0.104399%	0.102561%	0.099913%	0.105070%	0.108734%	0.110282%
College's proportionate share of the net pension liability	\$ 4,852,216	\$4,147,843	\$147,062	\$7,348,747	\$6,045,392	\$6,490,310	\$6,655,489	\$6,612,365	\$5,371,996	\$6,157,858
College's covered-employee payroll	\$10,522,166	\$9,410,782	\$8,744,479	\$8,514,000	\$8,302,000	\$7,945,000	\$7,704,000	\$7,447,000	\$7,539,000	\$7,447,000
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.11%	44.03%	1.68%	88.52%	76.89%	84.25%	89.37%	87.70%	72.14%	51.32%
IPERS net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

\*In accordance with GASB Statement No. 58, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

**North Iowa Area Community College  
SCHEDULE OF COLLEGE CONTRIBUTIONS  
Iowa Public Employees' Retirement System  
For the Last Ten Fiscal Years  
Required Supplementary Information**

	Year ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutory required contribution	\$ 995,108	\$ 889,228	\$ 825,449	\$ 803,717	\$ 783,733	\$ 750,023	\$ 688,000	\$ 665,000	\$ 673,000	\$ 665,041
Contributions in relation to the contractually required contribution	<u>(995,108)</u>	<u>(889,228)</u>	<u>(825,449)</u>	<u>(803,717)</u>	<u>(783,733)</u>	<u>(750,023)</u>	<u>(688,000)</u>	<u>(665,000)</u>	<u>(673,000)</u>	<u>(665,041)</u>
Contribution deficiency (excess)	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
College's covered-employee payroll	\$10,522,166	\$9,419,782	\$8,744,479	\$8,514,000	\$8,302,000	\$7,945,000	\$7,704,000	\$7,447,000	\$7,539,000	\$7,447,000
Contributions as a percentage of covered-employee payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

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

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY**  
**Year ended June 30, 2024**

**CHANGES OF BENEFIT TERMS**

There are no significant changes in benefit terms.

**CHANGES OF ASSUMPTIONS**

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

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

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

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

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

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

**North Iowa Area Community College**  
**SCHEDULE OF CHANGES IN COLLEGE'S TOTAL OPEB LIABILITY,**  
**RELATED RATIOS AND NOTES**  
**For the Last Seven Fiscal Years**

**Required Supplementary Information**

	Year ended June 30						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 519,446	\$ 449,948	\$ 436,842	\$ 514,763	\$ 455,148	\$ 385,171	\$ 373,952
Interest	363,235	357,047	328,417	181,842	243,459	249,041	226,324
Differences between expected and actual experiences	(807,983)	352,076	(830,451)	404,941	(706,489)	410,712	130,654
Changes in assumptions	(304,112)	-	(660,245)	299,108	-	-	-
Benefit payments	<u>(191,842)</u>	<u>(138,868)</u>	<u>(201,721)</u>	<u>(148,835)</u>	<u>(150,579)</u>	<u>(107,442)</u>	<u>(147,936)</u>
Net change in total OPEB liability	(421,257)	1,020,203	(927,158)	1,251,819	(158,461)	937,482	582,994
Total OPEB liability, beginning of year	<u>8,489,282</u>	<u>7,469,079</u>	<u>8,395,237</u>	<u>7,144,418</u>	<u>7,302,879</u>	<u>6,365,397</u>	<u>5,782,403</u>
Total OPEB liability, end of year	<u>\$8,068,025</u>	<u>\$8,489,282</u>	<u>\$7,469,079</u>	<u>\$8,396,237</u>	<u>\$7,144,468</u>	<u>\$7,302,879</u>	<u>\$6,365,397</u>
Covered-employee payroll	\$15,990,367	\$15,013,805	\$14,700,332	\$12,595,368	\$12,371,880	\$12,715,940	\$15,203,868
Total OPEB liability as a percentage of covered-employee payroll	50.46%	56.54%	50.81%	66.66%	57.75%	57.43%	41.87%

**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 during the years ended June 30, 2024, 2023, 2022, 2020, or 2019.

Changes in assumptions or other inputs

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, 2024	4.75%
Year ended June 30, 2023	4.55%
Year ended June 30, 2022	4.55%
Year ended June 30, 2021	2.37%
Year ended June 30, 2020	3.15%
Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%

See accompanying independent auditor's report.

**OTHER SUPPLEMENTARY INFORMATION**

**North Iowa Area Community College**  
**NOTE TO OTHER SUPPLEMENTARY INFORMATION**  
**June 30, 2024**

**Other Supplementary Information**

Other supplementary information of the 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, liabilities, 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 College and consist of the following:

**Unrestricted Fund** – The Education and Support subgroup of the Unrestricted Fund accounts for the general operations of the College.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide noninstructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the College.

**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.

**Loan Fund** – The Loan Fund is used to account for loans to students, and is financed primarily by the federal government.

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

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

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

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

**Custodial Funds** – The Custodial Funds are used to account for assets held by the College in a custodial capacity or as an agent for others.

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 College uses business-type activities reporting, this budgetary comparison information is included as other supplementary information.

Schedules presented in other supplementary 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 schedules of revenues, expenditures and changes in fund balances are schedules of financial activities related to the current reporting period. They do not purport to present the results of operations or net income or loss for the period as would a statement of income or statement of revenues and expenses.

**North Iowa Area Community College**  
**BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL**  
**Year ended June 30, 2024**

<u>Funds/Levy</u>	<u>Original and final budget</u>	<u>Actual</u>	<u>Over (under) budget</u>
Unrestricted	\$27,545,844	\$26,959,599	\$ (586,245)
Restricted	6,775,000	7,288,603	513,603
Unemployment	75,000	10,836	(64,164)
Insurance	5,042,500	5,226,772	184,272
Early retirement	2,000,000	1,130,980	(869,020)
Equipment replacement	975,000	478,627	(496,373)
Total restricted	<u>14,867,500</u>	<u>14,135,817</u>	<u>(731,683)</u>
Plant and interest	<u>11,911,829</u>	<u>11,793,614</u>	<u>(118,215)</u>
Totals	<u>\$54,325,173</u>	<u>\$52,889,031</u>	<u>\$(1,436,142)</u>

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**NOTE TO BUDGETARY REPORTING**  
**Year ended June 30, 2024**

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

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

While the College overexpended its budget in the restricted and insurance functions, for the year ended June 30, 2024, the College's expenditures did not exceed the amount budgeted in total.

**NOTE 1 RECONCILIATION BETWEEN BUDGETARY BASIS STATEMENT AND GAAP EXPENSES**

The budget is prepared on the current financial resources measurement focus and does not include several groups of expenditures. The reconciliation between the expenditures on the budgetary basis and the GAAP basis statement of revenues, expenses and changes in net position is as follows:

Total actual expenditures above, budgetary basis	\$52,889,031
Items not required to be budgeted	
Auxiliary enterprises	7,263,550
Scholarships and grants	2,765,351
Other	(469,324)
Combining adjustments	<u>(8,554,266)</u>
Total expenses	<u>\$53,894,341</u>

Expenses from the statement of revenues, expenses and changes in net position are as follows:

Total operating expenses	\$52,277,830
Interest on indebtedness	<u>1,616,510</u>
Total expenses	<u>\$53,894,341</u>

See accompanying independent auditor's report.

North Iowa Area Community College  
 BALANCE SHEET – ALL FUNDS  
 June 30, 2024

	Current Funds		Plant Funds			Adjustments	Total
	Unrestricted	Restricted	Unexpended	Retirement of Indebtedness	Investment in Plant		
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>							
<b>ASSETS</b>							
Cash and cash equivalents	\$18,112,442	\$16,390,405	\$ 8,243,926	\$ 446,543	\$ -	\$ -	\$ 43,193,317
Receivables							
Accounts (net of allowance for doubtful accounts - \$203,444)	1,842,035	479,919	428,146	-	-	-	2,750,100
Property tax – succeeding year	1,784,651	4,068,740	1,784,651	1,940,861	-	-	9,578,903
Notes	-	47,961	-	-	-	-	47,961
Iowa Industrial New Jobs Training Program	-	5,408,399	-	-	-	-	5,408,399
Due from other funds	6,132,033	136	-	-	-	(6,132,169)	-
Due from other governments	-	377,536	-	-	-	-	377,536
Prepaid expenditures	113,456	167,358	-	-	-	-	280,814
Inventories	276,593	-	-	-	-	-	276,593
Capital assets							
Land	-	-	-	-	340,756	-	340,756
Buildings	-	-	-	-	87,192,722	-	87,192,722
Construction in progress	-	-	-	-	1,120,060	-	1,120,060
Other structures and improvements	-	-	-	-	3,169,843	-	3,169,843
Intangibles	-	-	-	-	2,285,154	-	2,285,154
Right-of-use leased equipment	-	-	-	-	-	5,921,894	5,921,894
Right-of-use subscription asset	-	-	-	-	-	1,391,496	1,391,496
Furniture, vehicles, and equipment	-	-	-	-	13,210,353	-	13,210,354
Accumulated depreciation/amortization	-	-	-	-	-	(47,842,120)	(47,842,120)
Total assets	28,261,210	26,940,454	10,456,723	2,387,404	107,318,889	(46,660,898)	128,703,782
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
IPERS-related deferred outflows	-	-	-	-	-	1,913,162	1,913,162
Total deferred outflows of resources	-	-	-	-	-	1,913,162	1,913,162
Total assets and deferred outflows of resources	\$28,261,210	\$26,940,454	\$10,456,723	\$ 2,387,404	\$107,318,889	\$(44,747,736)	\$130,616,944

See accompanying independent auditor's report.

Schedule 2 (continued)

North Iowa Area Community College  
BALANCE SHEET – ALL FUNDS (continued)  
June 30, 2024

	Current Funds		Plant Funds			Adjustments	Total
	Unrestricted	Restricted	Unexpended	Retirement of Indebtedness	Investment in Plant		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 402,285	\$ 177,592	\$ 384,751	\$ -	\$ -	\$ -	\$ 964,628
Salaries and benefits payable	1,211,981	22,127	-	-	-	-	1,234,108
Accrued interest payable	-	37,941	-	22,906	-	-	60,847
Due to other funds	4,906,573	1,225,596	-	-	-	(6,132,169)	-
Advances from others	25,806	2,207,346	-	-	-	-	2,233,151
Compensated absences payable	181,594	32,953	-	-	-	-	214,547
Lease agreements payable	-	-	-	-	-	4,420,348	4,420,348
Subscription agreements payable	-	-	-	-	-	675,948	675,948
Insurance claims incurred but not reported	2,219,323	-	-	-	-	-	2,219,323
Deposits held in custody for others	114,944	-	-	-	-	-	114,944
Early retirement payable	-	1,084,521	-	-	-	-	1,084,521
Certificates payable	-	11,913,333	-	-	-	-	11,913,333
Bonds payable – revenue	21,320,000	-	-	-	-	-	21,320,000
Bonds payable – general obligation (net of unamortized premium - \$830,367)	-	-	-	-	10,440,367	-	10,440,367
Net pension liability	-	-	-	-	-	4,852,216	4,852,216
Net other postemployment benefits obligation	-	-	-	-	-	8,068,025	8,068,025
Total liabilities	<u>30,382,506</u>	<u>16,701,407</u>	<u>384,751</u>	<u>22,906</u>	<u>10,440,367</u>	<u>11,884,368</u>	<u>69,816,305</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Succeeding year property tax	1,784,651	4,068,740	1,784,651	1,940,861	-	-	9,578,903
Pension related deferred inflows	-	-	-	-	-	48,328	48,328
OPEB-related deferred outflows	-	-	-	-	-	1,045,741	1,045,741
Total deferred inflows of resources	<u>1,784,651</u>	<u>4,068,740</u>	<u>1,784,651</u>	<u>1,940,861</u>	<u>-</u>	<u>1,094,069</u>	<u>10,672,972</u>
<b>FUND BALANCES</b>							
Net investment in capital assets	(21,320,000)	-	-	-	96,878,522	(45,625,026)	29,933,496
Restricted							
Expendable							
Debt service	1,765,321	1,994,631	-	-	-	-	3,759,952
Cash reserve	-	285,793	-	-	-	-	285,793
Other	-	3,889,883	452,699	-	-	-	4,342,582
Unrestricted	12,335,721	-	7,834,622	423,637	-	(12,101,148)	8,492,832
Auxiliary enterprises	<u>3,313,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,313,012</u>
Total fund balances	<u>(3,905,946)</u>	<u>6,170,307</u>	<u>8,287,321</u>	<u>423,637</u>	<u>96,878,522</u>	<u>(57,726,174)</u>	<u>50,127,667</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$28,261,210</u>	<u>\$26,940,454</u>	<u>\$10,456,723</u>	<u>\$ 2,387,404</u>	<u>\$107,318,889</u>	<u>\$(44,747,736)</u>	<u>\$130,616,944</u>

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – ALL FUNDS**  
**Year ended June 30, 2024**

	<u>Current Funds</u>		<u>Plant Funds</u>		<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unexpended</u>	<u>Retirement of Indebtedness</u>		
<b>REVENUES</b>						
General						
State appropriations	\$11,369,693	\$ 1,314,299	\$ 1,420,609	\$ 22,475	\$ –	\$14,127,076
Tuition and fees	12,387,919	–	–	–	(2,765,351)	9,622,568
Property tax	1,762,623	5,235,977	1,762,623	1,919,209	–	10,680,432
Federal appropriations	15,147	4,471,950	–	–	–	4,487,097
Sales and services	230,722	4,790	–	–	–	235,512
Interest on investment income	843,622	799,476	513,455	–	–	2,156,553
Iowa Industrial New Jobs Training Program	–	2,434,566	–	–	–	2,434,566
Increase in plant investment due to plant expenditures	–	–	–	–	9,556,667	(9,556,667)
Gifts and grants	1,007,099	175,500	1,666,342	–	–	2,848,941
Miscellaneous	448,666	2,823,539	–	–	–	3,272,205
Gain on sale of equipment	–	–	–	–	731,377	731,377
Total general revenues	<u>28,065,491</u>	<u>17,260,096</u>	<u>5,363,029</u>	<u>1,941,684</u>	<u>9,556,667</u>	<u>(11,590,641)</u>
Auxiliary enterprises						
Tuition and fees	311,980	–	–	–	–	311,980
Sales and services	5,963,143	–	–	–	–	5,963,143
Interest on investments	268,540	–	–	–	–	268,540
Gifts and grants	135,912	–	–	–	–	135,912
Miscellaneous	141,073	–	–	–	–	141,073
Total auxiliary enterprises	<u>6,820,648</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,820,648</u>
Total revenues	<u>34,886,139</u>	<u>17,260,096</u>	<u>5,363,029</u>	<u>1,941,684</u>	<u>9,556,667</u>	<u>(11,590,641)</u>

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – ALL FUNDS (continued)**  
**Year ended June 30, 2024**

	Current Funds		Plant Funds				
	Unrestricted	Restricted	Unexpended	Retirement of Indebtedness			
<b>EXPENDITURES</b>							
Education and support							
Liberal arts and sciences	\$ 5,329,380	\$ 37,721	\$ –	\$ –	\$ –	\$ 272,295	\$ 5,639,396
Career and technical	5,774,412	1,093,233	–	–	–	(983,949)	5,883,697
Adult education	3,090,852	408,693	–	–	–	120,845	3,620,391
Cooperative services	–	5,035,557	–	–	–	(86,815)	4,948,742
Administration	1,901,426	732,830	–	–	–	75,282	2,709,539
Student services	5,228,925	1,048,092	54,280	–	–	(28,488)	6,302,810
Learning resources	281,430	10,986	–	–	–	(17,439)	274,977
Physical plant	2,912,249	4,931,533	10,135,350	–	–	(9,575,763)	8,403,368
General institution	<u>2,440,924</u>	<u>347,681</u>	<u>7,642</u>	<u>–</u>	<u>–</u>	<u>(25,058)</u>	<u>2,771,188</u>
Total education and support	26,959,599	13,646,325	10,197,272	–	–	(10,249,089)	40,554,108
Auxiliary enterprises	7,263,550	–	–	–	–	–	7,263,550
Scholarships and grants	–	2,765,351	–	–	–	(2,765,351)	–
Retirement of indebtedness	–	–	–	1,405,000	–	(1,405,000)	–
Increase in plant investment due to retirement of debt	–	–	–	–	(1,405,000)	1,405,000	–
Interest on indebtedness	935,676	489,492	(148,886)	340,229	–	–	1,616,510
Other income	–	–	–	–	–	(2,217,094)	(2,217,094)
Depreciation/amortization	–	–	–	–	–	<u>3,911,916</u>	<u>3,911,916</u>
Total expenditures	<u>35,158,825</u>	<u>16,901,168</u>	<u>10,048,385</u>	<u>1,745,229</u>	<u>(1,405,000)</u>	<u>(11,319,618)</u>	<u>51,128,990</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(272,686)</u>	<u>358,928</u>	<u>(4,685,356)</u>	<u>196,456</u>	<u>10,961,667</u>	<u>(271,023)</u>	<u>6,287,985</u>
<b>TRANSFER</b>							
Nonmandatory transfers in	2,612,890	255,489	1,568,884	–	–	–	4,437,263
Nonmandatory transfers out	<u>(2,185,778)</u>	<u>(630,037)</u>	<u>–</u>	<u>–</u>	<u>(1,568,884)</u>	<u>–</u>	<u>(4,384,699)</u>
Total transfers	<u>427,112</u>	<u>(374,548)</u>	<u>1,568,884</u>	<u>–</u>	<u>(1,568,884)</u>	<u>–</u>	<u>52,564</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	154,426	(15,620)	(3,116,472)	196,456	9,392,783	(271,023)	6,340,549
<b>FUND BALANCES, beginning of year</b>	<u>(4,060,373)</u>	<u>6,185,927</u>	<u>11,403,794</u>	<u>227,181</u>	<u>87,485,739</u>	<u>(57,455,151)</u>	<u>43,787,118</u>
<b>FUND BALANCES, end of year</b>	<u>\$ (3,905,946)</u>	<u>\$ 6,170,306</u>	<u>\$ 8,287,322</u>	<u>\$ 423,637</u>	<u>\$96,878,522</u>	<u>\$(57,726,174)</u>	<u>\$50,127,667</u>

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - UNRESTRICTED FUND - EDUCATION AND SUPPORT**  
**Year ended June 30, 2024**

	<u>Education</u>			<u>Support</u>					<u>Total</u>
	<u>Liberal Arts and Sciences</u>	<u>Vocational Technical</u>	<u>Adult Education</u>	<u>General Administration</u>	<u>Student Services</u>	<u>Learning Resources</u>	<u>Physical Plant</u>	<u>General Institution</u>	
<b>REVENUES</b>									
State appropriations	\$ 5,797,842	\$3,685,907	\$1,865,335	\$ 20,609	\$ -	\$ -	\$ -	\$ -	\$11,369,693
Tuition and fees	6,945,840	2,907,364	1,968,408	500,756	65,550	-	-	-	12,387,919
Property tax	-	-	-	1,762,623	-	-	-	-	1,762,623
Federal appropriations	-	-	-	2,930	640	-	11,577	-	15,147
Sales and services	3,221	148,665	39,937	-	-	-	36,694	2,205	230,722
Interest on investments	-	-	-	843,619	-	-	-	3	843,622
Gifts	32,516	758,991	20,557	-	-	-	3,860	191,174	1,007,099
Miscellaneous	-	238,035	14,685	21,013	105,808	58	21,687	47,380	448,666
Total revenues	<u>12,779,420</u>	<u>7,738,963</u>	<u>3,908,922</u>	<u>3,151,550</u>	<u>171,998</u>	<u>58</u>	<u>73,818</u>	<u>240,762</u>	<u>28,065,490</u>
<b>EXPENDITURES</b>									
Salaries and benefits	5,026,218	3,851,733	2,179,692	1,357,863	3,963,695	142,393	1,376,457	1,289,363	19,187,413
Services	196,750	730,341	747,590	382,566	376,497	1,055	1,327,578	1,033,806	4,796,182
Materials and supplies	76,761	323,009	120,600	28,604	99,902	120,543	245,682	41,849	1,056,951
Travel	21,028	38,160	42,218	24,265	64,063	-	(42,890)	63,387	210,230
Plant asset acquisitions	8,623	831,169	752	5,015	3,260	17,439	5,422	12,520	884,200
Loan cancellations and bad debts	-	-	-	85,649	-	-	-	-	85,649
Miscellaneous	-	-	-	17,465	721,509	-	-	-	738,974
Total expenditures	<u>5,329,380</u>	<u>5,774,412</u>	<u>3,090,852</u>	<u>1,901,426</u>	<u>5,228,925</u>	<u>281,430</u>	<u>2,912,249</u>	<u>2,440,924</u>	<u>26,959,599</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,450,040</u>	<u>1,964,550</u>	<u>818,070</u>	<u>1,250,123</u>	<u>(5,056,927)</u>	<u>(281,373)</u>	<u>(2,838,430)</u>	<u>(2,200,162)</u>	<u>1,105,891</u>
<b>TRANSFERS</b>									
Nonmandatory transfers in	-	535,896	83,865	29,648	-	-	-	-	649,408
Nonmandatory transfers out	(2,646)	(61,932)	(67,407)	(4,542)	(1,647,899)	-	-	(90,380)	(1,874,806)
Total transfers	<u>(2,646)</u>	<u>473,964</u>	<u>16,458</u>	<u>25,106</u>	<u>(1,647,899)</u>	<u>-</u>	<u>-</u>	<u>(90,380)</u>	<u>(1,225,398)</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<u>\$ 7,447,394</u>	<u>\$2,438,514</u>	<u>\$ 834,528</u>	<u>\$1,275,230</u>	<u>\$ (6,704,826)</u>	<u>\$ (281,373)</u>	<u>\$ (2,838,430)</u>	<u>\$ (2,290,543)</u>	<u>(119,506)</u>
<b>FUND BALANCES, beginning of year</b>									<u>12,455,227</u>
<b>FUND BALANCES, end of year</b>									<u>\$12,335,721</u>

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - UNRESTRICTED FUND - AUXILIARY ENTERPRISES**  
**Year ended June 30, 2024**

	<u>Trade and Industry</u>	<u>Farm</u>	<u>Food Services</u>	<u>Auditorium</u>	<u>Dormitories</u>	<u>Athletics</u>	<u>Fine Arts</u>	<u>Student Organizations</u>	<u>BookZone</u>	<u>Miscellaneous</u>	<u>Total</u>
<b>REVENUES</b>											
Tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ 101,450	\$ 116,215	\$ -	\$ 94,315	\$ -	\$ -	\$ 311,980
Sales and services	23,320	207,625	1,513,321	673,961	2,714,099	44,287	7,404	800	773,880	4,446	5,963,143
Interest on investments	2,672	3,600	62,848	14,408	144,976	-	897	10,768	13,106	15,266	268,540
Gifts	-	-	-	-	-	135,912	-	-	-	-	135,912
Miscellaneous	-	16,279	13,047	23,532	14,530	69,134	528	3,058	966	-	141,073
Total revenues	<u>25,993</u>	<u>227,503</u>	<u>1,589,215</u>	<u>711,900</u>	<u>2,975,055</u>	<u>365,548</u>	<u>8,829</u>	<u>108,941</u>	<u>787,952</u>	<u>19,712</u>	<u>6,820,648</u>
<b>EXPENDITURES</b>											
Salaries and benefits	-	7,712	422,581	270,873	64,243	21,183	2,325	-	157,118	-	946,035
Services	-	142,599	320,717	589,353	453,290	280,694	3,812	32,375	47,748	-	1,870,587
Materials and supplies	24,496	44,079	744,526	23,782	25,390	240,128	114	7,850	321	-	1,110,686
Travel	-	970	343	3,441	178	597,528	8,400	30,038	-	-	640,897
Loan cancellations and bad debts	-	-	-	-	48,332	-	-	-	7,481	-	55,813
Interest on indebtedness	-	-	-	-	935,676	-	-	-	-	-	935,676
Miscellaneous	-	-	-	-	1,196,898	814,962	-	858	626,814	-	2,639,532
Total expenditures	<u>24,496</u>	<u>195,360</u>	<u>1,488,166</u>	<u>887,448</u>	<u>2,724,007</u>	<u>1,954,495</u>	<u>14,651</u>	<u>71,122</u>	<u>839,481</u>	<u>-</u>	<u>8,199,226</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,496</u>	<u>32,144</u>	<u>101,050</u>	<u>(175,548)</u>	<u>251,048</u>	<u>(1,588,947)</u>	<u>(5,822)</u>	<u>37,819</u>	<u>(51,529)</u>	<u>19,712</u>	<u>(1,378,578)</u>
<b>TRANSFERS</b>											
Nonmandatory transfers in	6,961	-	307,209	-	50,000	1,594,947	602	3,763	-	-	1,963,482
Nonmandatory transfers out	-	-	(307,209)	-	-	-	-	(3,763)	-	-	(310,972)
Total transfers	<u>6,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>1,594,947</u>	<u>602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,652,510</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	8,457	32,144	101,050	(175,548)	301,048	6,000	(5,220)	37,819	(51,529)	19,712	273,932
<b>FUND BALANCES, beginning of year</b>	<u>51,274</u>	<u>(1,500)</u>	<u>1,382,291</u>	<u>170,592</u>	<u>(18,783,646)</u>	<u>-</u>	<u>17,723</u>	<u>177,293</u>	<u>298,170</u>	<u>172,204</u>	<u>(16,515,599)</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 59,731</u>	<u>\$ 30,644</u>	<u>\$ 1,483,341</u>	<u>\$ (4,956)</u>	<u>\$ (18,482,598)</u>	<u>\$ 6,000</u>	<u>\$ 12,502</u>	<u>\$ 215,112</u>	<u>\$ 246,641</u>	<u>\$ 191,916</u>	<u>\$ (16,241,667)</u>

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - RESTRICTED FUND**  
**Year ended June 30, 2024**

	Scholarship and Grants	Equipment Replacement	Insurance	Early Retirement	Unemployment Compensation	Cash Reserve	State and Federal Grants	Iowa Industrial New Jobs Training Program Administration	Iowa Industrial New Jobs Training Program	Iowa Small Business New Jobs Training Program	Miscellaneous	Total
<b>REVENUES</b>												
State appropriations	\$ -	\$ 9,160	\$ 34,039	\$ 17,241	\$ 896	\$ -	\$ 1,252,963	\$ -	\$ -	\$ -	\$ -	\$ 1,314,299
Property tax	-	783,387	2,906,913	1,468,547	77,130	-	-	-	-	-	-	5,235,977
Federal appropriations	2,765,351	-	-	-	-	-	1,706,599	-	-	-	-	4,471,950
Sales and services	-	-	-	-	-	-	-	-	-	-	4,790	4,790
Interest on investments	-	101,708	33,143	56,902	2,425	-	-	156,360	418,655	-	30,284	799,476
Iowa Industrial New Jobs Training Program	-	-	-	-	-	-	-	-	2,198,855	235,711	-	2,434,566
Gifts	-	-	-	-	-	-	-	-	-	-	175,500	175,500
Miscellaneous	-	84,298	2,242,342	-	-	-	-	425,564	-	-	71,335	2,823,539
Total revenues	<u>2,765,351</u>	<u>978,553</u>	<u>5,216,436</u>	<u>1,542,690</u>	<u>80,451</u>	<u>-</u>	<u>2,959,563</u>	<u>581,924</u>	<u>2,617,510</u>	<u>235,711</u>	<u>281,908</u>	<u>17,260,096</u>
<b>EXPENDITURES</b>												
Salaries and benefits	-	-	195,658	1,130,980	10,836	-	1,781,189	1,212,897	-	-	491,131	4,822,690
Services	-	-	5,031,114	-	-	-	482,098	55,170	2,128,018	194,725	37,905	7,929,030
Materials and supplies	-	96,422	-	-	-	-	114,868	21,049	-	-	25,651	257,990
Travel	-	-	-	-	-	-	42,919	26,642	-	-	23,914	93,475
Plant asset acquisitions	-	382,205	-	-	-	-	44,121	-	-	-	86,815	513,141
Interest on indebtedness	-	-	-	-	-	-	-	-	489,492	-	-	489,492
Federal Pell Grant Program	2,675,328	-	-	-	-	-	-	-	-	-	-	2,675,328
Federal Supplemental Educational Opportunity Grants	90,023	-	-	-	-	-	-	-	-	-	-	90,023
Scholarships	-	-	-	-	-	-	30,000	-	-	-	-	30,000
Total expenditures	<u>2,765,351</u>	<u>478,627</u>	<u>5,226,772</u>	<u>1,130,980</u>	<u>10,836</u>	<u>-</u>	<u>2,495,196</u>	<u>1,315,758</u>	<u>2,617,510</u>	<u>194,725</u>	<u>665,415</u>	<u>16,901,168</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>499,926</u>	<u>(10,336)</u>	<u>411,710</u>	<u>69,615</u>	<u>-</u>	<u>464,367</u>	<u>(733,834)</u>	<u>-</u>	<u>40,986</u>	<u>(383,507)</u>	<u>358,928</u>
<b>TRANSFERS</b>												
Nonmandatory transfers in	-	30,000	11,354	-	-	-	-	43,563	-	-	170,571	255,489
Nonmandatory transfers out	-	-	-	-	-	-	(550,082)	(43,563)	-	(31,415)	(4,977)	(630,548)
Total transfers	<u>-</u>	<u>30,000</u>	<u>11,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(550,082)</u>	<u>-</u>	<u>-</u>	<u>(31,415)</u>	<u>165,594</u>	<u>(374,548)</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<u>-</u>	<u>529,926</u>	<u>1,018</u>	<u>411,710</u>	<u>69,615</u>	<u>-</u>	<u>(85,715)</u>	<u>(733,834)</u>	<u>-</u>	<u>9,571</u>	<u>(217,913)</u>	<u>(15,620)</u>
<b>FUND BALANCES, beginning of year</b>	<u>-</u>	<u>1,985,628</u>	<u>296,729</u>	<u>557,177</u>	<u>13,219</u>	<u>285,793</u>	<u>415,720</u>	<u>1,715,264</u>	<u>-</u>	<u>180,977</u>	<u>735,420</u>	<u>6,185,927</u>
<b>FUND BALANCES, end of year</b>	<u>\$ -</u>	<u>\$ 2,515,554</u>	<u>\$ 297,748</u>	<u>\$ 968,887</u>	<u>\$ 82,834</u>	<u>\$ 285,793</u>	<u>\$ 330,005</u>	<u>\$ 981,430</u>	<u>\$ -</u>	<u>\$ 190,548</u>	<u>\$ 517,507</u>	<u>\$ 6,170,307</u>

See accompanying independent auditor's report.

North Iowa Area Community College  
**COMBINING BALANCE SHEET – CUSTODIAL FUNDS**  
 Year ended June 30, 2024

	<b>Federal Direct Student Loan Program</b>	<b>Miscellaneous</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ —	\$ 392,739	\$ 392,739
Accounts receivable	—	14,417	14,417
Due from other governments	<u>49,290</u>	<u>37,521</u>	<u>86,811</u>
Total assets	<u>49,290</u>	<u>444,676</u>	<u>493,966</u>
<b>LIABILITIES</b>			
Accounts payable	<u>49,290</u>	<u>18,015</u>	<u>67,305</u>
<b>FUND BALANCE</b>	<u>\$ —</u>	<u>\$ 426,662</u>	<u>\$ 426,662</u>

See accompanying independent auditor's report.

North Iowa Area Community College  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – CUSTODIAL FUNDS**  
 Year ended June 30, 2024

	<b>Federal Direct Student Loan Program</b>	<b>Miscellaneous</b>	<b>Total</b>
<b>ADDITIONS</b>			
Federal appropriations	\$2,848,430	\$ –	\$2,848,430
Sales and services	–	5,915	5,915
Interest on investments	–	30,564	30,564
Gifts	–	16,112	16,112
Miscellaneous	–	176,939	176,939
Transfers	–	4,894	4,894
Total additions	<u>2,848,430</u>	<u>234,425</u>	<u>3,082,855</u>
<b>DEDUCTIONS</b>			
Salaries and benefits	–	44,807	44,807
Services	2,848,430	1,366	2,849,796
Materials and supplies	–	2,499	2,499
Miscellaneous	–	10,787	10,787
Transfers	–	57,458	57,458
Total deductions	<u>2,848,430</u>	<u>116,918</u>	<u>2,965,348</u>
<b>CHANGE IN NET POSITION</b>	–	117,507	117,507
<b>BALANCE</b> , beginning of year	<u>–</u>	<u>309,155</u>	<u>309,155</u>
<b>BALANCE</b> , end of year	<u>\$ –</u>	<u>\$ 426,662</u>	<u>\$ 426,662</u>

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**SCHEDULE OF CREDIT AND CONTACT HOURS**  
For the year ended July 22, 2023 through July 21, 2024

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and sciences	33,736	-	33,736	654,635	-	654,635
Vocational education	16,856	-	16,856	418,493	-	418,493
Adult education/continuing education	-	-	-	211,788	33,949	245,736
Totals	<u>50,592</u>	<u>-</u>	<u>50,592</u>	<u>1,284,916</u>	<u>33,949</u>	<u>1,318,865</u>

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES**  
For the last ten years

	Year ended June 30									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Local (property tax)	\$10,680,432	\$ 9,104,331	\$ 8,693,166	\$ 7,882,464	\$ 5,786,251	\$ 5,745,812	\$ 5,050,074	\$ 4,869,617	\$ 4,704,382	\$ 4,119,993
State	14,131,076	12,815,215	12,537,745	13,341,477	12,518,261	11,912,637	11,712,905	11,678,826	11,720,098	12,170,192
Federal	<u>4,487,097</u>	<u>5,290,456</u>	<u>7,295,796</u>	<u>7,557,516</u>	<u>5,825,818</u>	<u>5,034,208</u>	<u>5,099,438</u>	<u>5,131,556</u>	<u>5,693,594</u>	<u>5,595,443</u>
Total	<u>\$29,298,605</u>	<u>\$27,210,002</u>	<u>\$28,526,707</u>	<u>\$28,781,457</u>	<u>\$24,130,330</u>	<u>\$22,692,657</u>	<u>\$21,862,417</u>	<u>\$21,679,999</u>	<u>\$22,118,074</u>	<u>\$21,885,628</u>

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**SCHEDULE OF CURRENT FUND REVENUES BY SOURCE AND**  
**EXPENDITURES BY FUNCTION**

	Year ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>REVENUE</b>										
State appropriations	\$12,683,992	\$12,357,030	\$12,068,139	\$11,864,992	\$11,842,806	\$11,482,406	\$11,280,708	\$11,247,932	\$11,287,186	\$11,374,693
Tuition and fees	12,387,919	11,748,572	12,697,364	12,855,312	12,426,716	12,546,461	11,958,496	11,240,576	10,632,390	10,837,543
Property tax	6,998,600	5,597,101	5,255,709	4,602,738	4,279,054	4,277,486	3,628,716	3,501,783	3,370,663	2,817,945
Federal appropriations	4,487,097	5,290,456	7,295,796	7,504,816	5,825,818	4,807,006	5,099,438	5,131,556	5,693,594	5,595,443
Sales and services	235,512	246,617	137,488	89,422	134,054	217,917	176,501	199,389	155,583	179,180
Interest on investments	1,643,098	852,606	77,543	130,790	509,429	636,539	336,479	145,126	76,271	37,693
Iowa Industrial New Jobs Training Program	2,434,566	2,872,816	829,819	1,145,295	953,603	1,682,852	1,733,067	2,867,684	2,134,214	1,853,265
Auxiliary enterprises	6,820,648	6,177,280	6,593,544	5,281,823	6,296,782	6,107,631	7,060,957	7,027,870	5,977,441	5,786,967
Miscellaneous	4,454,804	4,051,960	2,619,415	2,760,374	2,407,703	2,905,410	2,269,525	2,072,527	2,165,814	1,679,246
<b>Total revenue</b>	<b>\$52,146,235</b>	<b>\$49,194,438</b>	<b>\$47,574,817</b>	<b>\$46,035,562</b>	<b>\$44,675,965</b>	<b>\$44,663,708</b>	<b>\$43,543,887</b>	<b>\$43,434,443</b>	<b>\$41,493,156</b>	<b>\$40,161,975</b>
<b>EXPENDITURES</b>										
Liberal arts and sciences	\$ 5,367,101	\$ 5,266,381	\$ 5,177,642	\$ 4,879,261	\$ 5,349,530	\$ 4,968,150	\$ 5,179,495	\$ 5,646,629	\$ 5,692,711	\$ 5,626,406
Vocational technical	6,867,645	5,671,502	5,433,800	4,919,420	4,659,659	4,086,201	4,624,868	4,420,934	4,793,197	4,512,198
Adult education	3,499,545	3,193,298	4,558,011	4,353,946	4,357,972	4,227,785	4,366,215	4,108,029	4,144,980	3,783,570
Cooperative services	5,035,557	4,874,245	2,047,896	2,880,513	2,072,528	3,087,152	2,857,136	3,981,754	3,189,068	2,715,466
Administration	2,634,257	1,621,965	1,755,998	1,627,423	1,973,513	1,263,635	1,783,136	1,590,549	1,494,499	1,864,811
Student services	6,277,017	5,861,655	7,847,766	4,748,078	5,194,850	4,564,697	4,747,758	4,514,201	4,165,433	4,268,246
Learning resources	292,416	234,258	487,795	544,916	639,573	600,711	592,382	664,944	735,991	675,063
Physical plant	7,843,782	7,034,160	5,978,951	5,672,370	6,125,511	4,819,827	4,017,369	3,559,200	3,464,357	2,406,369
General institution	2,788,605	2,651,474	3,426,747	4,453,213	3,419,052	4,310,216	2,621,971	2,470,336	2,731,383	2,748,883
Auxiliary enterprises	7,263,550	6,309,877	6,342,245	5,309,595	5,813,284	6,626,115	6,628,979	6,484,056	5,702,943	12,998,323
Scholarships and grants	2,765,351	2,605,104	2,589,252	2,716,045	3,014,239	3,201,530	2,920,452	2,773,940	3,046,406	3,579,447
Interest on indebtedness	1,425,168	1,735,533	1,254,329	1,410,333	1,458,636	1,503,557	1,494,285	1,582,970	1,385,708	1,485,126
<b>Total expenditures</b>	<b>\$52,059,993</b>	<b>\$47,059,452</b>	<b>\$46,900,432</b>	<b>\$43,515,113</b>	<b>\$44,078,347</b>	<b>\$43,259,576</b>	<b>\$41,834,046</b>	<b>\$41,797,542</b>	<b>\$40,546,676</b>	<b>\$46,663,908</b>

\*Excludes mandatory and nonmandatory transfers

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
<b>United States Department of Agriculture – Direct</b>				
Rural Business Development Grant	10.351	\$ —	\$ 13,986	\$ —
<b>U.S. Department of Commerce - Indirect</b>				
<i>Passed Through Iowa State University</i>				
Center for Industrial Research and Service	11.611	—	39,263	—
<b>National Science Foundation – Direct</b>				
Advanced Technological Education	47.076	—	52,489	—
<b>Small Business Administration – Indirect</b>				
<i>Pass-Through Iowa State University</i>				
Small Business Development Centers	59.037	—	53,187	—
<b>U.S. Department of Education – Direct</b>				
Student Financial Aid – Cluster				
Federal Supplemental Educational	84.007	—	90,023	—
Federal Work-Study Program	84.033	—	57,163	—
Federal Pell Grant Program	84.063	—	2,675,328	—
Federal Direct Loan Program	84.268	—	2,848,430	2,848,430
Total Student Financial Assistance Cluster		—	5,670,944	2,848,430
TRIO Cluster				
TRIO Student Support Services	84.042	—	340,140	—
Title III – Strengthening Institutions Program	84.031A	—	441,604	—
Total U.S. Department of Education – Direct		—	6,452,688	2,848,430
<b>U.S. Department of Education – Indirect</b>				
<i>Pass-Through Iowa Department of Education</i>				
Adult Education – Basic Grants to States	84.002	—	118,049	—
Career and Technical Education – Basic Grants to States	84.048A	—	211,049	—
Total Pass-Through from Iowa Department of Education		—	329,098	—
<i>Pass-Through Indian Hills Community College</i>				
Iowa College & Career Transition Counselor Initiative	84.116Z	—	71,668	—
<i>Pass-Through Iowa Vocational Rehabilitation Services</i>				
Rehabilitation Grants to States	84.126	—	107,595	—
Total U.S. Department of Education – Indirect		—	508,361	—
Total U.S. Department of Education		—	6,961,049	2,848,430
<b>Corporation for National and Community Service</b>				
Direct				
Retired and Senior Volunteer Program	94.002	—	125,670	—
Indirect				
<i>Pass-Through Iowa Economic Development Authority</i>				
Volunteer Generation Fund	94.021	—	1,741	—
Total Corporation for National and Community Service		—	127,411	—
<b>Social Security Administration – Direct</b>				
Social Security – Work Incentives Planning and Assistance Program	96.008	—	34,284	—
Total expenditures of federal awards		\$ —	\$7,281,669	\$2,848,430

See accompanying independent auditor's report.

**North Iowa Area Community College**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2024**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (schedule) includes the federal grant activity of North Iowa Area Community College (the College) under programs of the federal government for the year ended June 30, 2024. 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 the College, it is not intended to and does not present the financial position, change in net position, or cash flows of the College.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 STUDENT FINANCIAL ASSISTANCE**

The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of loans outstanding to students and former students of the College under this program at June 30, 2024.

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

Board of Directors  
North Iowa Area Community College  
Mason City, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of North Iowa Area Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 15, 2025. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

**Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2024 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Denman CPA LLP*  
Denman CPA LLP

West Des Moines, Iowa  
March 15, 2025

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
North Iowa Area Community College  
Mason City, Iowa

### Report on Compliance for Each Major Federal Program

#### ***Opinion on Each Major Federal Program***

We have audited North Iowa Area Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2024. The College's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the 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, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*Denman CPA LLP*  
Denman CPA LLP

West Des Moines, Iowa  
March 15, 2025

**North Iowa Area Community College  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2024**

**Part 1 – Summary of Independent Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

**Unmodified opinion**

Internal control over financial reporting:

- Material weakness(es) identified?                           Yes        **X**   No
- Significant deficiency(ies) identified?                       Yes        **X**   None Reported

Noncompliance material to financial statements noted?                           Yes        **X**   No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?                           Yes        **X**   No
- Significant deficiency(ies) identified?                       Yes        **X**   None Reported

Type of auditor’s report issued on compliance for major federal programs:

**Unmodified opinion**

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?                           Yes        **X**   No

Identification of major federal programs:

**Assistance Listing Number 84.007, 84.033, 84.063, 84.268 – Student Financial Assistance Cluster**

Dollar threshold used to distinguish between type A and type B programs:

**\$750,000**

Auditee qualified as low-risk auditee?

  **X**   Yes             No

**North Iowa Area Community College**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**Year ended June 30, 2024**

**Part II – Findings Relating to the Financial Statements Reported in Accordance  
with *Government Auditing Standards***

**INTERNAL CONTROL DEFICIENCIES**

No matters were noted.

**INSTANCES OF NONCOMPLIANCE**

No matters were noted.

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

**INTERNAL CONTROL DEFICIENCIES**

No matters were noted.

**INSTANCES OF NONCOMPLIANCE**

No matters were noted.

**North Iowa Area Community College**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**Year ended June 30, 2024**

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

**IV-A-24 CERTIFIED BUDGET**

Expenditures for the year ended June 30, 2024 did not exceed the amount budgeted.

**IV-B-24 QUESTIONABLE DISBURSEMENTS**

No expenditures we believe did not meet the requirements of public purpose, as defined in the Attorney General's opinion dated April 25, 1979, were noted.

**IV-C-24 TRAVEL EXPENSE**

No expenditures of College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.

**IV-D-24 BUSINESS TRANSACTIONS**

No business transactions between the College and College officials or employees were noted.

**IV-E-24 RESTRICTED DONOR ACTIVITY**

No transactions were noted between the College, College officials, College employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

**IV-F-24 BOND COVERAGE**

Surety bond coverage of College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

**IV-G-24 BOARD MINUTES**

No transactions were found that we believe should have been approved in the Board minutes but were not.

**IV-H-24 PUBLICATION OF RECEIPTS AND DISBURSEMENTS**

The College published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms, or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.

**IV-I-24 DEPOSITS AND INVESTMENTS**

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.

**IV-J-24 CREDIT AND CONTACT HOURS**

Eligible credit and contact hours reported to the Iowa Department of Education by the College for the year ended June 30, 2024 were supported by detailed records maintained by the College.