



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

FOR RELEASE

December 11, 2023 at 4:00 p.m.

Contact: Ernest Ruben
515/281-5834

Auditor of State Rob Sand today released an audit report on Indian Hills Community College in Ottumwa, Iowa.

FINANCIAL HIGHLIGHTS:

The College's primary government operating revenues totaled \$24,501,030 for the year ended June 30, 2023, a 21.8% decrease for the year ended June 30, 2022. Operating expenses for the year ended June 30, 2023 totaled \$56,045,309, a 6.7% decrease from the prior year. The decrease in receipts is due primarily to decrease in NJTP revenue and funding from the Coronavirus Aid, Relief and Economic Security Act being finalized in fiscal year 2022.

AUDIT FINDINGS:

Consistent with the prior year, Sand reported no findings pertaining to the College.

A copy of the audit report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

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INDIAN HILLS COMMUNITY COLLEGE
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Indian Hills Community College



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Des Moines, Iowa 50319-0006
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November 30, 2023

Officials of Indian Hills Community College
Ottumwa, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Indian Hills Community College for the year ended June 30, 2023. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Indian Hills Community College throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand", written in a cursive style.

Rob Sand
Auditor of State

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Indian Hills Community College

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|--------------------------|----------------|---------------------|
| Board of Trustees | | |
| Richard Gaumer | President | 2025 |
| Katie Nichols | Vice President | 2023 |
| Nellie Coltrain | Member | 2023 |
| Amy Webber | Member | 2023 |
| Alan M. Wilson | Member | 2023 |
| Riley Sheetz | Member | 2023 |
| Lori Yates | Member | 2025 |
| Beth Danowsky | Member | 2025 |
| Jerry Kirkpatrick | Member | 2025 |

Community College

| | |
|-------------------|---|
| Dr. Matt Thompson | President |
| Taren Ferguson | Chief Financial Officer and Board Treasurer |
| Shelle Harvey | Board Secretary |
| Anne Leathers | College Accountant |
| Kelly Heckart | Controller/Grants Accountant |

Indian Hills Community College



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Independent Auditor's Report

To the Board of Trustees of
Indian Hills Community College:

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 Indian Hills Community College, Ottumwa, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2023, and the related Notes to 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 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 Indian Hills Community College and its aggregate discretely presented component units as of June 30, 2023 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 the Indian Hills Community College Development Corporation, Inc, and the Indian Hills Community College Foundation, Inc., (discretely presented component units of the Community College discussed in Note 1), which represent 100% of the assets and revenues of the discretely presented component units as of June 30, 2023, 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 reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, 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 (GAAS) 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 Financial Statements section of our report. We are required to be independent of Indian Hills 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.

Emphasis of Matter

As discussed in Note 6 to the financial statements, Indian Hills Community College adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). Our opinions are not modified with respect to this matter.

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 Indian Hills 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement 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 the Indian Hills 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indian Hills 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, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of College Contributions and the Schedule of Changes in the College's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 54 through 62 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS 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.

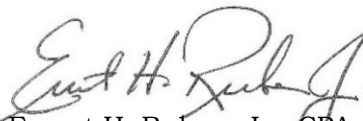
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Indian Hills Community 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 nine years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 12, including the Schedule of Expenditures of Federal Awards required by 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.

Such 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 GAAS. In our opinion, the supplementary information in Schedules 1 through 12 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 November 30, 2023 on our consideration of Indian Hills 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 Indian Hills Community College's internal control over financial reporting and compliance.


Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

November 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Indian Hills Community College provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

2023 FINANCIAL HIGHLIGHTS

- During fiscal year 2023, the College implemented Governmental Accounting Standards Board Statement (GASBS) No. 96, Subscription-Based Information Technology Arrangements (SBITAs).
- Operating revenues decreased 21.8%, or approximately \$6,825,000, during fiscal year 2023 due to a decrease in federal appropriations and Coronavirus Aid and American Rescue Plan Act funds.
- Operating expenses decreased 6.7% or approximately \$4,013,000, during fiscal year 2023. Student services and cooperative services decreased due to Coronavirus Aid and American Rescue Plan Act allocated to students.
- The College's net position increased 8.5%, or approximately \$5,788,000, during fiscal year 2023.

USING THIS ANNUAL REPORT

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

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

The Basic Financial Statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances. The remaining financial statements provide information about activities for which Sample College acts solely as an agent or custodian for the benefit of those outside of College government (Custodial Funds).

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

Required Supplementary Information presents the College's proportionate share of the net pension liability and related contributions, as well as presenting the Changes in the College's Total OPEB Liability, Related Ratios and Notes.

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

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Position

The Statement of Net Position presents 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 will be able to determine the College's financial position by analyzing the increases and decreases in net position. The statement presents the available assets which can be used to satisfy liabilities owed to outside vendors and creditors.

Net Position

| | <u>June 30,</u> | |
|--|----------------------|--------------------|
| | <u>2023</u> | <u>2022</u> |
| Current and other assets | \$ 62,350,890 | 71,741,594 |
| Capital assets, net of accumulated depreciation/amortization | 67,406,728 | 52,647,836 |
| Total assets | <u>129,757,618</u> | <u>124,389,430</u> |
| Deferred outflows of resources | <u>2,128,262</u> | <u>1,682,257</u> |
| Current liabilities | 12,207,426 | 9,169,123 |
| Noncurrent liabilities | <u>35,260,173</u> | <u>30,324,533</u> |
| Total liabilities | <u>47,467,599</u> | <u>39,493,656</u> |
| Deferred inflows of resources | <u>10,378,594</u> | <u>18,326,013</u> |
| Net position: | | |
| Net investment in capital assets | 48,687,740 | 46,719,331 |
| Restricted | 6,091,142 | 6,661,202 |
| Unrestricted | <u>19,260,805</u> | <u>14,871,485</u> |
| Total net position | <u>\$ 74,039,687</u> | <u>68,252,018</u> |

Comparison of Net Position

Net position increased 8.5% or \$5,787,669 over the prior year.

The largest portion of the College's net position (65.76%) is invested in capital assets (e.g., land, buildings and equipment) less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. The net investment in capital assets increased approximately \$1,968,000 over the prior year, primarily due to construction in progress related to building renovations.

The restricted portion of the net position represents resources subject to external restrictions. The restricted net position decreased approximately \$570,060 from the prior year, primarily due to a decrease in federal appropriations, no new Industrial New Jobs Training Certificate proceeds for fiscal year 2023 and decrease in Coronavirus Aid and American Rescue Plan Act allocated to students.

The remaining net position is unrestricted and may be used to meet the College's operating obligations as they become due. The increase in the unrestricted net position is due, in part, to increase in state appropriations.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position presented in the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned by the College, both operating and non-operating, 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.

Generally, a public, state supported college, such as Indian Hills Community College, will report an operating loss as the financial reporting model classifies state appropriations, Pell grants and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire and produce the goods and services provided in return for the operating revenues and to perform the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation/amortization, which allocates the cost of an asset over its expected useful life.

Changes in Net Position

| | <u>Year ended June 30,</u> | |
|---|----------------------------|-------------------|
| | <u>2023</u> | <u>2022</u> |
| Operating revenues: | | |
| Tuition and fees | \$ 10,153,836 | 10,034,609 |
| Federal appropriations | 5,320,033 | 10,294,859 |
| Sales and services | 959,112 | 1,013,412 |
| Iowa Industrial New Jobs Training Program | 322,383 | 1,952,365 |
| Auxiliary | 5,173,940 | 5,258,676 |
| Miscellaneous | 2,571,726 | 2,772,227 |
| Total operating revenues | 24,501,030 | 31,326,148 |
| Total operating expenses | 56,045,309 | 60,057,892 |
| Operating loss | (31,544,279) | (28,731,744) |
| Non-operating revenues (expenses): | | |
| State appropriations | 22,605,349 | 20,006,898 |
| Pell grants | 3,979,501 | 4,506,596 |
| Property tax | 8,800,861 | 6,974,888 |
| Gifts from IHCC Foundation | 2,009,466 | 2,257,426 |
| Interest income on investments | 971,320 | 105,617 |
| Donated capital assets | 37,305 | 343,446 |
| Gain (loss) on disposal of capital assets | (133,203) | 47,263 |
| Interest expense | (938,651) | (272,287) |
| Net non-operating revenues (expenses) | 37,331,948 | 33,969,847 |
| Change in net position | 5,787,669 | 5,238,103 |
| Net position beginning of year | 68,252,018 | 63,013,915 |
| Net position end of year | <u>\$ 74,039,687</u> | <u>68,252,018</u> |

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase of 8.5%, or \$5,787,669 as a result of operations during fiscal year 2023.

In fiscal year 2023, operating revenues totaled approximately \$24.5 million and net non-operating revenues (expenses) totaled approximately \$37.3 million. Observations regarding the changes in operating and non-operating revenues follow:

- Property tax revenue increased due to a new tax levied on property for the bond issued in fiscal year 2022.
- Federal appropriation revenue decreased as a result of funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) ending.
- Iowa Industrial New Jobs Training Program revenue decreased due to less companies requesting the College issue training certificates during the fiscal year.

Operating Expenses

| | Year ended June 30, | |
|---------------------------|---------------------|------------|
| | 2023 | 2022 |
| Education and support: | | |
| Liberal arts and sciences | \$ 4,805,594 | 4,452,234 |
| Vocational technical | 8,681,427 | 8,624,206 |
| Adult education | 3,614,751 | 3,265,969 |
| Cooperative services | 894,164 | 2,054,780 |
| Administration | 1,641,407 | 2,056,927 |
| Student services | 5,228,988 | 8,818,651 |
| Learning resources | 336,814 | 379,708 |
| Physical plant | 6,576,735 | 6,760,535 |
| General institution | 9,580,559 | 9,368,135 |
| Auxiliary enterprises | 6,529,944 | 6,415,843 |
| Scholarships and grants | 1,829,380 | 1,811,294 |
| Workforce Investment Act | 831,517 | 831,517 |
| Plant operations | 1,436,923 | 1,644,638 |
| Depreciation/amortization | 4,057,106 | 3,573,455 |
| Total | \$ 56,045,309 | 60,057,892 |

In fiscal year 2023, operating expenses decreased by 6.7%, or approximately \$4,013,000. The following factors explain some of the changes:

- Cooperative services decreased as a result of a reduction in salaries and benefits.
- Student Services expenses decreased as a result of a decline in Coronavirus Aid and American Rescue Plan Act allocated to students.
- Administration expenses decreased as a result of changes in capital assets funding.

Statement of Cash Flows

The Statement of Cash Flows is an important tool in helping readers 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

| | Year ended June 30, | |
|---|----------------------|-------------------|
| | 2023 | 2022 |
| Cash provided (used) by: | | |
| Operating activities | \$(25,474,559) | (28,152,934) |
| Non-capital financing activities | 35,160,909 | 35,668,035 |
| Capital and related financing activities | (19,728,947) | 16,615,484 |
| Investing activities | 975,048 | 100,129 |
| Net change in cash and cash equivalents | (9,067,549) | 24,230,714 |
| Cash and cash equivalents beginning of year | 54,022,459 | 29,791,745 |
| Cash and cash equivalents end of year | <u>\$ 44,954,910</u> | <u>54,022,459</u> |

Cash used by operating activities includes payments for salaries and benefits, goods and services, scholarships and auxiliary enterprise payments. Cash provided by operating activities includes revenues from tuition and fees, grants, contracts and auxiliary enterprise receipts. Cash provided by non-capital financing activities includes state appropriations, Pell grants, property tax and the receipt and disbursement of federal direct loan program proceeds. Cash provided (used) by capital and related financing activities represents unspent debt proceeds, the principal and interest payments on debt and the proceeds from sales of capital assets offset by the purchase of capital assets. Cash provided by investing activities includes investment income received.

CAPITAL ASSETS

At June 30, 2023, the College had approximately \$67.4 million invested in capital assets, net of accumulated depreciation/amortization of approximately \$56.6 million. Fiscal year 2023 depreciation/amortization charges totaled \$4,057,105. Construction in progress totaling \$16,216,828 for fiscal year 2023 includes \$13,976,555 for the Centerville Academic building and \$1,577,680 for Criminal Justice building project. A summary of capital assets, net of accumulated depreciation/amortization, is shown below.

Capital Assets, Net at Year-End

| | June 30, | |
|-------------------------------------|----------------------|-------------------|
| | 2023 | 2022 |
| Land | \$ 443,437 | 446,597 |
| Construction in progress | 16,216,828 | 1,651,743 |
| Buildings | 42,770,750 | 43,217,634 |
| Improvements other than buildings | 3,012,312 | 3,272,611 |
| Right-to-use leased assets | 763,409 | 374,685 |
| Right-to-use IT subscription assets | 858,597 | - |
| Equipment and vehicles | 3,341,395 | 3,684,566 |
| Total | <u>\$ 67,406,728</u> | <u>52,647,836</u> |

More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

DEBT

Outstanding debt at June 30, 2023 was \$30,661,479, which consists of certificates issued for Iowa Industrial New Jobs Training Program projects and general obligation notes payable. During the year ended June 30, 2023, the College did not issue any new certificates or bonds.

Detailed information is presented in Note 6 to the financial statements.

Outstanding Debt

| | June 30, | |
|---|----------------------|-------------------|
| | 2023 | 2022 |
| Certificates payable | \$ 6,501,531 | 7,882,890 |
| General obligation note | 22,487,659 | 23,879,089 |
| Right-to-use lease agreements | 760,390 | 377,003 |
| Right-to-use IT subscription agreements | 911,899 | - |
| Total | <u>\$ 30,661,479</u> | <u>32,138,982</u> |

ECONOMIC FACTORS

Indian Hills Community College managed its financial position carefully during the current fiscal year. The economic position of the College is closely tied to the State of Iowa, with the State’s overall economy and educational funding remaining a priority of College officials. Like many state-assisted colleges, Indian Hills Community College faces the following potential financial challenges:

- To identify, secure, and allocate the financial resources necessary to best support College, student and regional needs.
- To maintain current levels of services and operations, tuition revenue from rate increases must continue to help offset any shortfall in state funding and enrollment levels.
- Higher tuition is followed by an increased need for student financial aid, scholarship support and student loans.
- To continue to offer current, relevant educational programs and student services to attract and retain the diverse population the College serves.
- To provide a quality learning environment focused on student success.
- Aging College facilities and infrastructure require continual maintenance and renovation to meet the current and future needs.
- To implement technology, cyber and equipment solutions that best meet student, staff and regional needs.

The College continues monitoring expenses, implementing process improvements, pursuing new revenue sources and managing budget allocations to best fulfill the mission of the College with student learning as the central unifying purpose. The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College’s ability to react to unknown issues.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it is provided. If you have questions about this report or need additional financial information, please contact Indian Hills Community College, 525 Grandview Avenue, Building #1, Ottumwa, Iowa 52501.

Basic Financial Statements

Exhibit A

Indian Hills Community College

Statement of Net Position

June 30, 2023

| | Primary Government | Component Units |
|--|-----------------------|--------------------|
| Assets | | |
| Current assets: | | |
| Cash, cash equivalents and pooled investments: | | |
| Cash, cash equivalents and pooled investments | \$ 39,861,659 | 29,463,768 |
| Restricted cash, cash equivalents and pooled investments | - | 7,453,277 |
| Receivables: | | |
| Accounts, net of allowance for doubtful accounts of \$100,971 | 1,612,064 | 74,183 |
| Succeeding year property tax | 8,367,799 | - |
| Due from other governments | 2,620,690 | - |
| Lease receivable | 412,359 | - |
| Prepaid expenses | 1,464,438 | 6,250 |
| Inventories | 734,963 | - |
| Total current assets | <u>55,073,972</u> | <u>36,997,478</u> |
| Noncurrent assets: | | |
| Cash and cash equivalents | 5,093,251 | - |
| Receivable for Iowa Industrial New Jobs Training Program | 2,183,667 | - |
| Capital assets not being depreciated | 16,660,265 | - |
| Capital assets, net of accumulated depreciation/amortization | 50,746,463 | - |
| Total noncurrent assets | <u>74,683,646</u> | <u>-</u> |
| Total assets | <u>129,757,618</u> | <u>36,997,478</u> |
| Deferred Outflows of Resources | | |
| Pension related deferred outflows | 1,725,568 | - |
| OPEB related deferred outflows | 402,694 | - |
| Total deferred outflows of resources | <u>2,128,262</u> | <u>-</u> |

Indian Hills Community College

Statement of Net Position

June 30, 2023

| | Primary Government | Component Units |
|--|-----------------------|--------------------|
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 4,743,747 | 237,627 |
| Salaries and benefits payable | 1,252,327 | - |
| Advances from others | 1,701,283 | - |
| Early retirement payable | 325,978 | - |
| Compensated absences payable | 1,049,496 | - |
| Lease agreement payable | 271,058 | 2,775,836 |
| IT subscription agreement payable | 204,123 | - |
| Certificates payable | 1,060,000 | - |
| Notes payable | 1,424,942 | - |
| Interest payable | 51,368 | - |
| Total OPEB liability | 123,104 | - |
| Total current liabilities | 12,207,426 | 3,013,463 |
| Noncurrent liabilities: | | |
| Early retirement payable | 585,103 | - |
| Lease agreement payable | 489,332 | - |
| IT subscription agreement payable | 707,776 | - |
| Certificates payable | 5,441,531 | - |
| Notes payable | 21,062,717 | - |
| Net pension liability | 6,642,315 | - |
| Total OPEB liability | 331,399 | - |
| Total noncurrent liabilities | 35,260,173 | - |
| Total liabilities | 47,467,599 | 3,013,463 |
| Deferred Inflows of Resources | | |
| Lease receivable | 412,359 | - |
| Unavailable property tax revenue | 8,367,799 | - |
| Pension related deferred inflows | 1,531,938 | - |
| OPEB related deferred inflows | 66,498 | - |
| Total deferred inflows of resources | 10,378,594 | - |
| Net position | | |
| Net investment in capital assets | 48,687,740 | - |
| Restricted: | | |
| With donor restrictions | - | 14,000,062 |
| Expendable: | | |
| Scholarships and fellowships | 91,941 | - |
| Cash reserve | 288,745 | - |
| Other | 5,710,456 | - |
| Unrestricted/without donor restrictions | 19,260,805 | 22,722,365 |
| Total net position | \$ 74,039,687 | 36,722,427 |

See notes to financial statements.

Exhibit B

Indian Hills Community College

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2023

| | Primary Government | Component Units |
|--|-----------------------|--------------------|
| Operating revenues: | | |
| Tuition and fees, net of scholarship allowances of \$4,252,661 | \$ 10,153,836 | - |
| Federal appropriations | 5,320,033 | - |
| Sales and services | 959,112 | - |
| Iowa Industrial New Jobs Training Program | 322,383 | - |
| Auxiliary enterprises, net of scholarship allowances of \$1,957,928 | 5,173,940 | - |
| Contributions | - | 2,935,899 |
| Rental income and facility management | - | 756,782 |
| Miscellaneous | 2,571,726 | 19,237 |
| Total operating revenues | <u>24,501,030</u> | <u>3,711,918</u> |
| Operating expenses: | | |
| Education and support: | | |
| Liberal arts and sciences | 4,805,594 | - |
| Vocational technical | 8,681,427 | - |
| Adult education | 3,614,751 | - |
| Cooperative services | 894,164 | - |
| Administration | 1,641,407 | - |
| Student services | 5,228,988 | - |
| Learning resources | 336,814 | - |
| Physical plant | 6,576,735 | - |
| General institution | 9,580,559 | - |
| Auxiliary enterprises | 6,529,944 | - |
| Scholarships and grants | 1,829,380 | - |
| Workforce Investment Act | 831,517 | - |
| Plant operations | 1,436,923 | - |
| General and administrative | - | 624,168 |
| Programs | - | 709,488 |
| Depreciation/amortization | 4,057,106 | - |
| Total operating expenses | <u>56,045,309</u> | <u>1,333,656</u> |
| Operating income (loss) | <u>(31,544,279)</u> | <u>2,378,262</u> |

Indian Hills Community College
Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2023

| | Primary Government | Component Units |
|--|-----------------------|--------------------|
| Non-operating revenues (expenses): | | |
| State appropriations | 22,605,349 | - |
| Pell grants | 3,979,501 | - |
| Property tax | 8,800,861 | - |
| Gifts from Indian Hills Community College Foundation for student scholarships | 2,009,466 | - |
| Investment income | 971,320 | 2,494,259 |
| Gifts to Indian Hills Community College for student scholarships | | (2,009,466) |
| Donated capital assets | 37,305 | - |
| Loss on disposal of capital assets | (133,203) | - |
| Interest on indebtedness | (938,651) | - |
| Net non-operating revenues (expenses) | 37,331,948 | 484,793 |
| Change in net position | 5,787,669 | 2,863,055 |
| Net position beginning of year | 68,252,018 | 33,859,372 |
| Net position end of year | \$ 74,039,687 | 36,722,427 |

See notes to financial statements.

Exhibit C

Indian Hills Community College

Statement of Cash Flows

Year ended June 30, 2023

| | <u>Primary Government</u> |
|---|-------------------------------|
| Cash flows from operating activities: | |
| Tuition and fees | \$ 9,961,785 |
| Federal appropriations | 5,485,118 |
| Iowa Industrial New Jobs Training Program | 1,454,851 |
| Payments to employees for salaries and benefits | (33,284,862) |
| Payments to suppliers for goods and services | (16,086,836) |
| Payments to New Jobs Training Program recipients | (53,157) |
| Scholarships | (1,829,380) |
| Auxiliary enterprise receipts | 5,073,438 |
| Other receipts | 3,804,484 |
| Net cash used by operating activities | <u>(25,474,559)</u> |
| Cash flows from non-capital financing activities: | |
| State appropriations | 21,972,319 |
| Pell grants | 3,979,501 |
| Property tax | 8,800,861 |
| Gifts | 2,009,466 |
| Principal paid on debt | (1,381,359) |
| Interest paid on debt | (219,879) |
| Net cash provided by non-capital financing activities | <u>35,160,909</u> |
| Cash flows from capital and related financing activities: | |
| Proceeds from sale of capital assets | 84,916 |
| Principal paid on debt | (1,391,430) |
| Lease principal paid on right-to-use assets | (420,424) |
| IT subscription paid on right-to-use assets | (214,360) |
| Interest paid on debt | (720,907) |
| Acquisition of capital assets | (17,066,742) |
| Net cash used by capital and related financing activities | <u>(19,728,947)</u> |
| Cash flows from investing activities: | |
| Interest on investments | <u>975,048</u> |
| Net decrease in cash and cash equivalents | (9,067,549) |
| Cash and cash equivalents beginning of year | <u>54,022,459</u> |
| Cash and cash equivalents end of year | <u>\$ 44,954,910</u> |

Indian Hills Community College

Statement of Cash Flows

Year ended June 30, 2023

| | Primary Government |
|---|-----------------------|
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | \$ (31,544,279) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation/amortization | 4,057,106 |
| Provision for doubtful accounts | (23,819) |
| Change in assets and liabilities: | |
| Accounts receivable | 407,454 |
| NJTP receivable | 1,132,468 |
| Prepaid expenses | (238,235) |
| Inventories | (18,191) |
| Accounts payable | 2,929,918 |
| Salaries and benefits payable | (48,138) |
| Advances from others | (237,457) |
| Compensated absences payable | 84,181 |
| Net pension liability | 6,407,763 |
| Deferred inflows of resources | (8,254,639) |
| Deferred outflows of resources | (446,005) |
| Total OPEB liability | 337,514 |
| Early retirement payable | (20,200) |
| Total adjustments | 6,069,720 |
| Net cash used by operating activities | \$ (25,474,559) |

Noncash capital and related financing activities:

The College received donated capital assets with an acquisition value of \$37,305. The trade-in value of equipment deleted was \$72,074.

Assets acquired under right-to-use leases total \$803,811.

Assets acquired under subscription based information technology total \$1,126,259.

See notes to financial statements.

Exhibit D

Indian Hills Community College
Statement of Fiduciary Net Position –
Custodial Funds

June 30, 2023

| | |
|-------------------------------|-------------------|
| Assets | |
| Cash and cash equivalents | \$ 276,675 |
| Accounts receivable | 1,890 |
| Due from other governments | <u>232,863</u> |
| Total assets | <u>511,428</u> |
| Liabilities | |
| Accounts payable | 6,605 |
| Salaries and benefits payable | 247 |
| Due to other governments | 232,862 |
| Advances from others | <u>1,643</u> |
| Total liabilities | <u>241,357</u> |
| Net assets | |
| Restricted: | |
| Other | <u>\$ 270,071</u> |

See notes to financial statements.

Indian Hills Community College

Statement of Changes in Fiduciary Net Position –
Custodial Funds

For the Year Ended June 30, 2023

| | |
|--------------------------------|-------------------|
| Additions: | |
| State appropriations | \$ 2,000 |
| Federal appropriations | 3,566,005 |
| Interest on investments | 2,019 |
| Miscellaneous | <u>334,314</u> |
| Total additions | <u>3,904,338</u> |
| Deductions: | |
| Salaries and benefits | 9,447 |
| Services | 323,796 |
| Direct student loans | <u>3,566,005</u> |
| Total deductions | <u>3,899,248</u> |
| Changes in net position | 5,090 |
| Net position beginning of year | <u>264,981</u> |
| Net position end of year | <u>\$ 270,071</u> |

See notes to financial statements.

Indian Hills Community College

Statement of Net Assets
Component Units

June 30, 2023

| | Indian Hills Community College Development Corp., Inc. | Indian Hills Community College Foundation, Inc. | Total |
|---|--|--|-------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 395,892 | 300,367 | 696,259 |
| Investments | - | 28,767,509 | 28,767,509 |
| Restricted cash and investments | - | 7,453,277 | 7,453,277 |
| Accounts receivable | 73,608 | 575 | 74,183 |
| Prepaid expense | - | 6,250 | 6,250 |
| Right-of-use lease assets | 2,738,412 | - | 2,738,412 |
| Total current assets | 3,207,912 | 36,527,978 | 39,735,890 |
| Noncurrent assets: | | | |
| Capital assets, net of accumulated depreciation of \$15,434 | - | - | - |
| Total assets | 3,207,912 | 36,527,978 | 39,735,890 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 156,767 | 80,860 | 237,627 |
| Right-of-use leases | 2,775,836 | - | 2,775,836 |
| Total liabilities | 2,932,603 | 80,860 | 3,013,463 |
| Net assets | | | |
| With donor restrictions | - | 14,000,062 | 14,000,062 |
| Without donor restrictions | 275,309 | 22,447,056 | 22,722,365 |
| Total net assets | \$ 275,309 | 36,447,118 | 36,722,427 |

See notes to financial statements.

Indian Hills Community College
Statement of Revenues, Expenses and
Changes in Net Assets
Component Units

Year ended June 30, 2023

| | Indian Hills Community College Development Corp., Inc. | Indian Hills Community College Foundation, Inc. | Total |
|--|--|--|-------------------|
| Operating revenues: | | | |
| Contributions | \$ - | 2,935,899 | 2,935,899 |
| Rental income and facility management | 756,782 | - | 756,782 |
| Miscellaneous | 1,025 | 18,212 | 19,237 |
| Total operating revenues | <u>757,807</u> | <u>2,954,111</u> | <u>3,711,918</u> |
| Operating expenses: | | | |
| General and administrative | 186,252 | 437,916 | 624,168 |
| Programs | 709,488 | - | 709,488 |
| Total operating expenses | <u>895,740</u> | <u>437,916</u> | <u>1,333,656</u> |
| Operating income (loss) | <u>(137,933)</u> | <u>2,516,195</u> | <u>2,378,262</u> |
| Non-operating revenues (expenses): | | | |
| Investment income, net of investment expenses | 11,454 | 2,482,805 | 2,494,259 |
| Gifts to Indian Hills Community College | - | (2,009,466) | (2,009,466) |
| Net non-operating revenues (expenses) | <u>11,454</u> | <u>473,339</u> | <u>484,793</u> |
| Change in net assets | (126,479) | 2,989,534 | 2,863,055 |
| Net assets beginning of year | 401,788 | 33,457,584 | 33,859,372 |
| Net assets end of year | <u>\$ 275,309</u> | <u>36,447,118</u> | <u>36,722,427</u> |

See notes to financial statements.

Indian Hills Community College

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

Indian Hills Community College is a publicly supported school established and operated by Merged Area XV under the provisions of Chapter 260C of the Code of Iowa. Indian Hills Community 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. Indian Hills Community College also offers up to two years of career and technical education, training or retraining to persons who are preparing to enter the labor market. Indian Hills Community College maintains campuses in Ottumwa and Centerville, Iowa, and at the Ottumwa Industrial Airport and has its administrative offices in Ottumwa. Indian Hills Community College is governed by a Board of Trustees whose members are elected from each director district within Merged Area XV.

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.

A. Reporting Entity

For financial reporting purposes, Indian Hills Community 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 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 Indian Hills Community College (the primary government) and its component units. The component units discussed below are included in the College's reporting entity because of the significance of their operational or financial relationships with the College. Certain disclosures about the component units are not included because the component units have been audited separately and reports have been issued under separate cover. The audited financial statements are available at the College.

Discrete Component Units

Indian Hills Community College Development Corporation, Inc. is a legally separate not-for-profit corporation established to operate certain dormitories for the College and assist in promoting the College. The Development Corporation is governed by a Board of Directors who are appointed by the existing Development Corporation board members. Although the College does not control the timing or amount of receipts from the Development Corporation, the majority of the resources held by the Development Corporation are used for the benefit of the College and its students. The address of the Development Corporation is 525 Grandview Avenue, Ottumwa, Iowa 52501.

Indian Hills Community College Foundation, Inc. is a legally separate not-for-profit organization established to solicit and receive gifts and grants and make contributions to or for the benefit of Indian Hills Community College. The Foundation is governed by a Board of Directors who are appointed by the existing Foundation board members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources held are used for the benefit of the College and its students. The address of the Foundation is 525 Grandview Avenue, Ottumwa, Iowa 52501.

The Development Corporation and Foundation are non-profit organizations which report under accounting standards established by the Financial Accounting Standards Board (FASB). The Development Corporation's and 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 Development Corporation's and the Foundation's financial information in the College's financial reporting for these differences. The Development Corporation and the Foundation report net assets, which is equivalent to net position reported by the College. Copies of the Development Corporation's and the Foundation's financial statements may be obtained by contacting the Development Corporation or the Foundation.

B. Basis of Presentation

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following 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 improvements of those assets.

Restricted Net Position:

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

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

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 Trustees 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.

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

C. Measurement Focus and Basis of Accounting

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

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

Cash, Cash Equivalents and Pooled Investments – Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust and the Education Liquidity Fund which are valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized 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.

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 are consumed.

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 Trustees to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Trustees to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify its budget to the County Auditor prior to June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources 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, 2023 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets include property, equipment and vehicles and intangibles acquired after July 1, 1980. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets and IT subscription-assets, the measurement of which is discussed under “Leases” and “Subscription-Based Information Technology Arrangements” below, respectively) 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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

| Asset Class | Amount |
|------------------------------------|-----------|
| Land, buildings and improvements | \$ 25,000 |
| Intangible assets | 10,000 |
| Right-to-use leased asset | 10,000 |
| Right-to-use IT subscription asset | 10,000 |
| Equipment and vehicles | 5,000 |

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and right-to-use leased assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

| Asset Class | Estimated Useful Lives (In Years) |
|------------------------------------|-----------------------------------|
| Buildings and improvements | 15 - 50 |
| Intangible assets | 5 |
| Right-to-use leased assets | 2 - 15 |
| Right-to-use IT subscription asset | 2 - 15 |
| Equipment and vehicles | 3 - 5 |

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 – College as Lessee – Indian Hills Community College is the lessee for a noncancellable lease of equipment. The College has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The College recognizes lease liabilities with an initial, individual value of \$10,000 or more.

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 payments 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 over its useful life.

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

Indian Hills Community 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.

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 a purchase option price the College is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt in the statement of net position.

College as Lessor – Indian Hills Community College is a lessor for a noncancellable lease of building space. The College recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the College initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how Indian Hills Community College determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Indian Hills Community College uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Subscription-Based Information Technology Arrangements (SBITA) – Indian Hills Community College has entered into a contract that conveys control of the right to use information technology software. The College has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements. The College recognized IT subscription liabilities with an initial, individual value of \$10,000, or more.

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-to-use an IT 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-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

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

Indian Hills Community 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-to-use IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the College after the measurement date but before the end of the College'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 Others – Advances from others represents fees and payments received in the current fiscal year, but the revenues will not be earned until the following fiscal year.

Compensated Absences – College employees accumulate a limited amount of earned but unused leave 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 at June 30, 2023.

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, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Indian Hills 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 represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable which will not be recognized as revenue until the year for which it is levied, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, housing, printing and athletics.

Summer Session – The College operates summer sessions during May, June and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the number of calendar days in a session.

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

Operating and Non-operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, Pell grants, property tax and interest income.

E. Scholarship Allowances and Student Aid

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

(2) **Cash, Cash Equivalents and Pooled Investments**

The College's deposits in banks at June 30, 2023 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 Trustees; 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.

At June 30, 2023, the College had investments of \$3,484,619 in a diversified portfolio in the Iowa Schools Joint Investment Trust (ISJIT). The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the ISJIT investments. The investments in ISJIT were rated AAA by Standard & Poor's Financial Services.

Component Units

The Indian Hills Community College Foundation (Foundation) categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The Foundation has the following recurring fair value measurement as of June 30, 2023:

| <u>Investments</u> | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> |
|--------------------------------|----------------------|-------------------|-------------------|
| Cash and cash equivalents | \$ 4,642,047 | 4,642,047 | - |
| Corporate and government bonds | 12,187,095 | - | 12,187,095 |
| Corporate stocks | 19,391,644 | 19,391,644 | - |
| Total | <u>\$ 36,220,786</u> | <u>24,033,691</u> | <u>12,187,095</u> |

Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

At June 30, 2023, the Indian Hills Community College Development Corporation (Development Corporation) had investments of \$305,131 in a diversified portfolio in ISJIT. The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the ISJIT investments.

Interest rate risk – The Foundation’s Board has determined that the Foundation can tolerate some interim fluctuation in the funds’ market value and rates of return in order to achieve long-term growth objectives. Given this, the Foundation has determined that its risk tolerance is conservative.

(3) Inventories

The College’s inventories at June 30, 2023 are as follows:

| Type | Amount |
|-----------------------------|-------------------|
| Textbooks and supplies | \$ 532,584 |
| Work in process | 42,316 |
| Merchandise held for resale | 160,063 |
| Total | <u>\$ 734,963</u> |

(4) Capital Assets

Capital assets activity for the year ended June 30, 2023 is as follows:

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year |
|--|---------------------------------|-------------------|------------------|---------------------------|
| Capital assets not being depreciated/amortized: | | | | |
| Land | \$ 446,597 | - | 3,160 | 443,437 |
| Construction in progress | 1,651,743 | 14,663,728 | 98,643 | 16,216,828 |
| Total capital assets not being depreciated/amortized | <u>2,098,340</u> | <u>14,663,728</u> | <u>101,803</u> | <u>16,660,265</u> |
| Capital assets being depreciated/amortized: | | | | |
| Buildings | 83,390,881 | 1,839,558 | 665,070 | 84,565,369 |
| Right-to-use leased asset | 558,793 | 803,811 | 306,512 | 1,056,092 |
| Right-to-use IT subscription asset | - | 1,126,259 | - | 1,126,259 |
| Improvements other than buildings | 6,829,473 | - | - | 6,829,473 |
| Intangibles | 426,567 | - | - | 426,567 |
| Equipment and vehicles | 13,030,416 | 771,479 | 458,600 | 13,343,295 |
| Total capital assets being depreciated/amortized | <u>104,236,130</u> | <u>4,541,107</u> | <u>1,430,182</u> | <u>107,347,055</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings | 40,173,247 | 2,218,626 | 597,254 | 41,794,619 |
| Improvements other than buildings | 3,556,862 | 260,299 | - | 3,817,161 |
| Right-to-use leased asset | 184,108 | 284,729 | 176,154 | 292,683 |
| Right-to-use IT subscription asset | - | 267,662 | - | 267,662 |
| Intangibles | 426,567 | - | - | 426,567 |
| Equipment and vehicles | 9,345,850 | 1,025,789 | 369,739 | 10,001,900 |
| Total accumulated depreciation/amortization | <u>53,686,634</u> | <u>4,057,105</u> | <u>1,143,147</u> | <u>56,600,592</u> |
| Total capital assets being depreciated/amortized, net | <u>50,549,496</u> | <u>484,002</u> | <u>287,035</u> | <u>50,746,463</u> |
| Capital assets, net | <u>\$ 52,647,836</u> | <u>15,147,730</u> | <u>388,838</u> | <u>67,406,728</u> |

(5) Lease Receivable

The College owns property it leases to other State of Iowa agencies. On February 16, 2012, the College entered into a ten-year lease agreement for rental of office space with Iowa Department of Administrative Services. The College is to receive \$1,861 monthly for the first year and \$2,179 monthly over the last nine years with an estimated implicit interest rate of 2.0% with final receipt received September 30, 2022. During the year ended June 30, 2023, the College received \$6,515 in principal and \$22 in interest.

On March 1, 2022, the College entered into a five-year agreement to rent office space to Iowa Department of Administrative Services. The College is to receive \$9,727 monthly with an estimated implicit interest rate of 2.0% with final receipt due February 28, 2027. During the year ended June 30, 2023, the College received \$107,316 in principal and \$9,408 in interest.

| Year Ending | Year | | | |
|----------------|-------------------|---------------|----------------|-------|
| | June 30, | Principal | Interest | Total |
| 2024 | \$ 109,482 | 7,247 | 116,729 | |
| 2025 | 111,692 | 5,037 | 116,729 | |
| 2026 | 113,946 | 2,783 | 116,729 | |
| 2027 | 77,239 | 580 | 77,819 | |
| | <u>\$ 412,359</u> | <u>15,647</u> | <u>428,006</u> | |

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

| | Certificates Payable (1) | General Obligation Notes (2) | Lease Agreements | IT Subscription Agreements | Net Pension Liability | Total OPEB Liability | Early Retirement | Total |
|---------------------------|-----------------------------|------------------------------------|---------------------|----------------------------------|-----------------------------|----------------------------|---------------------|-------------------|
| Balance beginning of year | \$ 7,882,890 | 23,879,089 | 377,003 | - | 234,552 | 116,989 | 931,281 | 33,421,804 |
| Additions | - | - | 803,811 | 1,126,259 | 6,407,763 | 472,794 | 435,358 | 9,245,985 |
| Reductions | 1,381,359 | 1,391,430 | 420,424 | 214,360 | - | 135,280 | 455,558 | 3,998,411 |
| Balance end of year | <u>\$ 6,501,531</u> | <u>22,487,659</u> | <u>760,390</u> | <u>911,899</u> | <u>6,642,315</u> | <u>454,503</u> | <u>911,081</u> | <u>38,669,378</u> |
| Due within one year | <u>\$ 1,060,000</u> | <u>1,424,942</u> | <u>271,058</u> | <u>204,123</u> | <u>-</u> | <u>123,104</u> | <u>325,978</u> | <u>3,409,205</u> |

(1) The unamortized discount on the certificates was \$28,469 at June 30, 2023.

(2) The unamortized premium on the notes was \$47,855 and unamortized discount was \$140,196 at June 30, 2023.

IT Subscription Agreements

On July 1, 2022, the College entered into a subscription license and services information technology agreement with a vendor for financial and educational software with an initial subscription liability of \$984,892. The agreement requires annual payments ranging from \$148,919 to \$208,868 over six years with an escalation rate increasing each annual payment by 7.0% and an estimated implicit interest rate of 3.0% with final payment due July 1, 2027. During the year ended June 30, 2023, the College paid principal of \$148,919 with no interest on the agreement.

On July 1, 2022, the College entered into a subscription license and services information technology agreement with a vendor for educational software with an initial subscription liability of \$141,367. The agreement requires 3 payments of \$8,219 paid July 15, 2022, \$66,781 due July 15, 2023 and \$75,000 due July 15, 2024 with an estimated implicit interest rate of 3.0%. During the year ended June 20, 2023, the College paid the payment due July 15, 2023 in March 2023 making total principal of \$65,441 and interest of \$3,994 paid during the year.

Future principal and interest payments as of June 30, 2023 are as follows:

| Year Ending June 30, | Educational Software | | | Educational Software | | |
|----------------------------|----------------------|---------------|----------------|----------------------|--------------|---------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | \$ 134,265 | 25,079 | 159,344 | \$ 69,858 | 4,457 | 74,315 |
| 2025 | 149,447 | 21,051 | 170,498 | 6,068 | 182 | 6,250 |
| 2026 | 165,865 | 16,568 | 182,433 | - | - | - |
| 2027 | 183,612 | 11,592 | 195,204 | - | - | - |
| 2028 | 202,784 | 6,084 | 208,868 | - | - | - |
| | <u>\$ 835,973</u> | <u>80,374</u> | <u>916,347</u> | <u>\$ 75,926</u> | <u>4,639</u> | <u>80,565</u> |

| Year Ending June 30, | Total | | |
|----------------------------|-------------------|---------------|----------------|
| | Principal | Interest | Total |
| 2024 | \$ 204,123 | 29,536 | 233,659 |
| 2025 | 155,515 | 21,233 | 176,748 |
| 2026 | 165,865 | 16,568 | 182,433 |
| 2027 | 183,612 | 11,592 | 195,204 |
| 2028 | 202,784 | 6,084 | 208,868 |
| | <u>\$ 911,899</u> | <u>85,013</u> | <u>996,912</u> |

Certificates Payable

In accordance with agreements dated between June 7, 2017 and June 1, 2022, the College issued certificates totaling \$10,310,000 with interest rates ranging from 1.66% to 3.33% per annum. The debt was incurred to fund the development and training costs 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.

The certificates mature as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------------|---------------------|----------|-----------|
| 2024 | \$ 1,060,000 | 180,054 | 1,240,054 |
| 2025 | 1,040,000 | 153,220 | 1,193,220 |
| 2026 | 1,020,000 | 125,776 | 1,145,776 |
| 2027 | 1,015,000 | 97,700 | 1,112,700 |
| 2028 | 765,000 | 69,162 | 834,162 |
| 2029-2032 | 1,630,000 | 108,250 | 1,738,250 |
| Total | 6,530,000 | 734,162 | 7,264,162 |
| Unamortized discount | (28,469) | | |
| Certificates payable | <u>\$ 6,501,531</u> | | |

During the year ended June 30, 2023, the 2016-1 certificates were redeemed and College paid principal of \$1,390,000, interest of \$211,238 and amortized discount of \$8,641 on the certificates.

General Obligation Notes Payable

On May 11, 2020, the College issued \$4,995,000 of general obligation plant fund capital loan notes, Series 2020, with interest rates at 2.00% per annum. The bonds were issued to provide funding to help defray the costs of the college's ongoing renovation project.

On April 11, 2022, the College issued \$20,000,000 of general obligation plant fund capital loan notes, Series 2022, with interest rates between 3.00% per annum and 3.50% per annum. The bonds were issued to provide funds to help defray the costs associated with the college's ongoing renovation projects. A summary of the College's June 30, 2023 general obligation note indebtedness is as follows:

| Year Ending June 30, | Interest Rates | Series 2020 | | Interest Rates | Series 2022 | |
|----------------------------|------------------------|---------------------|----------------|-------------------------|----------------------|------------------|
| | | Principal | Interest | | Principal | Interest |
| 2024 | 2.00% | \$ 545,000 | 68,700 | 3.00% | \$ 880,000 | 616,388 |
| 2025 | 2.00 | 550,000 | 57,800 | 3.00 | 930,000 | 589,988 |
| 2026 | 2.00 | 565,000 | 46,800 | 3.00 | 945,000 | 562,088 |
| 2027 | 2.00 | 580,000 | 35,500 | 3.00 | 965,000 | 533,738 |
| 2028 | 2.00 | 590,000 | 23,900 | 3.00 | 980,000 | 504,788 |
| 2029-2033 | 2.00 | 605,000 | 12,100 | 3.000-3.125 | 4,765,000 | 2,091,637 |
| 2034-2038 | | - | - | 3.125-3.500 | 5,160,000 | 1,324,950 |
| 2039-2042 | | - | - | 3.50 | 4,520,000 | 399,525 |
| Total | | \$ 3,435,000 | <u>244,800</u> | | \$ 19,145,000 | <u>6,623,100</u> |
| | Unamortized premium | | <u>47,855</u> | Unamortized discount | | <u>(140,196)</u> |
| | Notes payable | <u>\$ 3,482,855</u> | | Certificates payable | <u>\$ 19,004,804</u> | |

| Year Ending June 30, | Total | | |
|----------------------------|---------------------------------|----------------------|-------------------|
| | Principal | Interest | Total |
| 2024 | \$ 1,425,000 | 685,088 | 2,110,088 |
| 2025 | 1,480,000 | 647,788 | 2,127,788 |
| 2026 | 1,510,000 | 608,888 | 2,118,888 |
| 2027 | 1,545,000 | 569,238 | 2,114,238 |
| 2028 | 1,570,000 | 528,688 | 2,098,688 |
| 2029-2033 | 5,370,000 | 2,103,737 | 7,473,737 |
| 2034-2038 | 5,160,000 | 1,324,950 | 6,484,950 |
| 2039-2042 | 4,520,000 | 399,525 | 4,919,525 |
| Total | \$ 22,580,000 | <u>6,867,900</u> | <u>29,447,900</u> |
| | Unamortized premium/discount | | <u>(92,341)</u> |
| | Notes payable | <u>\$ 22,487,659</u> | |

During the year ended June 30, 2023, the College paid principal of \$1,391,430 and interest of \$720,006 on the notes.

Lease Agreements

On December 3, 2018, the College entered into a noncancelable lease agreement for two production printers. The agreement required monthly payments of \$1,453 over four years with an estimated implicit interest rate of 2.0% and final payment was made June 1, 2023. During the year ended June 30, 2023, the College paid principal of \$17,243 and interest of \$187 on the agreement.

On November 20, 2019, the College entered into a noncancelable lease agreement for one multi-functional printer. The agreement requires monthly payments ranging from \$1,554 to \$1,823 with an estimated implicit interest rate of 2.0% and final payment due December 1, 2024. During the year ended June 30, 2023, the College paid principal of \$19,679 and interest of \$853 on the agreement.

On March 14, 2019, the College entered into a noncancelable lease agreement for various multi-function printers. The agreement required monthly payments of \$5,424 for five years with an implicit interest rate of 2.0%. During the year ended June 30, 2023, the College paid principal of \$20,968 and interest of \$728 on the agreement. This agreement was ended early and was replaced with the agreement entered into on October 26, 2022 with \$96,103 in leased assets disposed of before scheduled end date.

On July 15, 2022, the College entered into a new lease agreement for upgraded multi-function printers. The new agreement requires monthly payments of \$7,150 for five years with an implicit interest rate of 3.0% and final payment due September 1, 2027. During the year ended June 30, 2023, the College paid principal of \$55,954 and interest of \$8,396 on the agreement.

On October 26, 2022, the College entered into a new lease agreement for printers. The agreement requires monthly payments of \$100 over five years with an estimated implicit interest rate of 3.0% and final payment due November 1, 2027. During the year ended June 30, 2023, the College paid principal of \$605 and interest of \$93 on the agreement.

On March 1, 2019, the College entered into a noncancelable lease agreement for one 2019 passenger bus. The agreement requires monthly payments of \$826 over three years and \$899 over the fourth year with an estimated implicit interest rate of 2.0% and final payment due February 1, 2023. During the year ended June 30, 2023, the College paid principal of \$7,138 and interest of \$54 on the agreement.

On November 18, 2020, the College entered into a noncancelable lease agreement for one passenger bus. The agreement requires monthly payments of \$810 for three years with an estimated implicit interest rate of 2.0%. The College made five payments on this lease during the fiscal year with \$8,822 of leased assets disposed of before scheduled end date. During the year ended June 30, 2023, the College paid principal of \$3,957 and interest of \$93 on the agreement.

On July 7, 2021, the College entered into two noncancelable lease agreements for four 15 passenger buses. The agreement requires monthly payments of \$1,798 to \$1,957 over two years with an estimated implicit interest rate of 2.0%. One agreement ended on in July 2022 with \$23,232 of leased assets disposed of before scheduled end date. The other agreement ended in August 2022 with \$21,313 of leased assets disposed of before scheduled end date. During the year ended June 30, 2023, the College paid principal of \$5,431 and interest of \$122 on these agreements.

On September 20, 2022, the College entered into a new noncancelable lease agreement for four buses. The new agreement requires monthly payments of \$3,596 for two years with an estimated implicit interest rate of 3.0% and final payment due on August 20, 2024. During the year ended June 30, 2023, the College paid principal of \$34,252 and interest of \$1,708 on the agreement.

On February 21, 2023, the College entered into a noncancelable lease agreement for two passenger buses. The agreement requires monthly payments of \$1,931 with a stated interest rate of 6.9% and final payment due February 1, 2025. During the year ended June 30, 2023, the College paid principal of \$6,788 and interest of \$936 on the agreement.

On August 15, 2022, the College entered into a noncancelable lease agreement for one passenger bus. The agreement requires monthly payments of \$3,175 for five years with an estimated implicit interest rate of 3.0% and final payment due on July 15, 2027. During the year ended June 30, 2023, the College paid principal of \$30,890 and interest of \$4,035 on this agreement.

On September 1, 2022, the College entered into a noncancelable lease agreement for two passenger buses. The agreement requires monthly payments of \$2,793 for three years with an estimated implicit interest rate of 3.0% and final payment due August 1, 2025. During the year ended June 30, 2023, the College paid principal of \$26,060 and interest of \$1,872 on this agreement.

On July 15, 2021, the College entered into a noncancelable lease agreement for a compact excavator. The agreement requires monthly payments of \$650 over four years with an implicit interest rate of 2.0% and a final payment on June 15, 2025. During the year ended June 30, 2023, the College paid principal of \$7,414 and interest of \$386 on the agreement.

On August 11, 2021, the College entered into a noncancelable lease agreement for postage mailing equipment. The agreement requires quarterly payments of \$3,273 over five years with an estimated implicit interest rate of 2.0% and a final payment of July 1, 2026. During the year ended June 30, 2023, the College paid principal of \$12,118 and interest of \$974 on the agreement.

On August 17, 2021, the College entered into a noncancelable lease agreement for the rental of hanger space at the Ottumwa Regional Airport. The agreement requires monthly payments of \$510 for three years with an implicit interest rate of 2.0% and final payment of June 1, 2024. During the year ended June 30, 2023, the College paid principal of \$5,934 and interest of \$186 on the agreement.

On May 10, 2022, the College entered into a noncancelable lease agreement for the rental of building space in Centerville, Iowa. The agreement requires monthly payments of \$1,420 for 25 months with an implicit interest rate of 2.0% and final payment on June 1, 2024. During the year ended June 30, 2023, the College paid principal of \$16,523 and interest of \$517 on the agreement.

During the year ended June 30, 2023, the College paid a total principal of \$270,954 and interest of \$21,140 on these lease agreements. Additionally, \$149,470 of leased assets were disposed before scheduled end date.

Various printers ranging from December 3, 2018 to October 26, 2022 and buses ranging from March 1, 2019 to September 1, 2022 have been combined to report future principal and interest lease payment as of June 30, 2023 are as follows:

| Year Ending June 30, | Printers | | | Passenger Buses | | |
|----------------------------|-------------------|---------------|----------------|-------------------|---------------|----------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | \$ 98,620 | 9,793 | 108,413 | \$ 129,602 | 8,345 | 137,947 |
| 2025 | 90,889 | 7,067 | 97,956 | 90,327 | 4,006 | 94,333 |
| 2026 | 82,447 | 4,549 | 86,996 | 41,861 | 1,830 | 43,691 |
| 2027 | 84,955 | 2,042 | 86,997 | 37,399 | 706 | 38,105 |
| 2028 | 21,838 | 111 | 21,949 | 3,168 | 8 | 3,176 |
| Total | <u>\$ 378,749</u> | <u>23,562</u> | <u>402,311</u> | <u>\$ 302,357</u> | <u>14,895</u> | <u>317,252</u> |

| Year Ending June 30, | Compact Excavator | | | Postage Machine | | |
|----------------------------|-------------------|------------|---------------|------------------|--------------|---------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | \$ 7,563 | 237 | 7,800 | \$ 12,362 | 730 | 13,092 |
| 2025 | 7,716 | 84 | 7,800 | 12,611 | 481 | 13,092 |
| 2026 | - | - | - | 12,865 | 227 | 13,092 |
| 2027 | - | - | - | 3,256 | 16 | 3,272 |
| 2028 | - | - | - | - | - | - |
| | <u>\$ 15,279</u> | <u>321</u> | <u>15,600</u> | <u>\$ 41,094</u> | <u>1,454</u> | <u>42,548</u> |

| Year Ending June 30, | Airport Hanger | | | Building Space | | |
|----------------------------|-----------------|-----------|--------------|----------------|------------|---------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | \$ 6,054 | 66 | 6,120 | \$ 16,857 | 183 | 17,040 |
| 2025 | - | - | - | - | - | - |
| 2026 | - | - | - | - | - | - |
| 2027 | - | - | - | - | - | - |
| 2028 | - | - | - | - | - | - |
| | <u>\$ 6,054</u> | <u>66</u> | <u>6,120</u> | <u>16,857</u> | <u>183</u> | <u>17,040</u> |

| Year Ending June 30, | Total | | |
|----------------------------|------------|----------|---------|
| | Principal | Interest | Total |
| 2024 | \$ 271,058 | 19,354 | 290,412 |
| 2025 | 201,543 | 11,638 | 213,181 |
| 2026 | 137,173 | 6,606 | 143,779 |
| 2027 | 125,610 | 2,764 | 128,374 |
| 2028 | 25,006 | 119 | 25,125 |
| Total | \$ 760,390 | 40,481 | 800,871 |

(7) 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 PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month 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 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 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the College contributed 9.44% of covered payroll, for a total rate of 15.73%.

The College’s contributions to IPERS for the year ended June 30, 2023 totaled \$1,425,479.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the College reported a liability of \$6,642,315 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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, 2022, the College’s proportion was 0.175809%, which was an increase of 0.243750% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the College recognized pension expense of \$477,721. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 294,453 | 90,985 |
| Changes of assumptions | 5,636 | 158 |
| Net difference between projected and actual earnings on IPERS' investments | - | 711,039 |
| Changes in proportion and differences between College contributions and College's proportionate share of contributions | - | 729,756 |
| College's contributions subsequent to the measurement date | 1,425,479 | - |
| Total | <u>\$ 1,725,568</u> | <u>1,531,938</u> |

\$1,425,479 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Total |
|----------------------------|-----------------------|
| 2024 | \$ (937,818) |
| 2025 | (711,784) |
| 2026 | (1,009,838) |
| 2027 | 1,413,415 |
| 2028 | 14,176 |
| Total | <u>\$ (1,231,849)</u> |

There are no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability (asset) in the June 30, 2022 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, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Asset Allocation | Long-Term Expected Real Rate of Return |
|--------------------------|------------------|--|
| Domestic equity | 22.0% | 3.57% |
| International equity | 17.5 | 4.79 |
| Global smart beta equity | 6.0 | 4.16 |
| Core plus fixed income | 20.0 | 1.66 |
| Public credit | 4.0 | 3.77 |
| Cash | 1.0 | 0.77 |
| Private equity | 13.0 | 7.57 |
| Private real assets | 8.5 | 3.55 |
| Private credit | 8.0 | 3.63 |
| Total | <u>100.0%</u> | |

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 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 to 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 1% lower (6.00%) or 1% point higher (8.00%) than the current rate.

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---------------------------|-----------------------------|---------------------------|
| College's proportionate share of the net pension plan asset | \$12,375,431 | 6,642,315 | 1,589,864 |

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.

Payables to IPERS – All legally required College contributions and legally required employee contributions which had been withheld from employee wages were remitted by the College to IPERS by June 30, 2023.

(8) 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 the College and employees vest immediately. For the year ended June 30, 2023, employee contributions totaled \$459,201 and the College recognized pension expense of \$689,167.

All legally required College contributions and legally required employee contributions which had been withheld from employee wages were remitted to the TIAA by June 30, 2023.

(9) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2023, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 28 |
| Active employees | <u>362</u> |
| Total | <u>390</u> |

Total OPEB Liability - The College's total OPEB liability of \$454,503 was measured as of June 30, 2023 and was determined by an actuarial valuation as of January 1, 2023.

Actuarial Assumptions – The total OPEB liability in the January 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 January 1, 2023) | 3.00% per annum. |
| Rates of salary increase (effective January 1, 2023) | 3.00% per annum, including inflation. |
| Discount rate (effective January 1, 2023) | 3.72% compounded annually, including inflation. |
| Healthcare cost trend rate (effective January 1, 2023) | 5.00% per annum |

Discount Rate – The discount rate used to measure the total OPEB liability was 3.72% 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 project 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

| | <u>Total OPEB Liability</u> |
|---|---------------------------------|
| Total OPEB liability beginning of year | <u>\$ 116,989</u> |
| Changes for the year: | |
| Service cost | 12,388 |
| Interest | 18,509 |
| Difference between expected and actual experiences | 441,897 |
| Changes in assumptions | (12,176) |
| Benefit payments | <u>(123,104)</u> |
| Net changes | <u>337,514</u> |
| Total OPEB liability end of year | <u>\$ 454,503</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 (2.72%) or 1% higher (4.72%) than the current discount rate.

| | 1% Decrease (2.72%) | Discount Rate (3.72%) | 1% Increase (4.72%) |
|----------------------|---------------------------|-----------------------------|---------------------------|
| Total OPEB liability | \$ 468,525 | 454,503 | 441,406 |

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 (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

| | 1% Decrease (4.00%) | Healthcare Cost Trend Rate (5.00%) | 1% Increase (6.00%) |
|----------------------|---------------------------|---|---------------------------|
| Total OPEB liability | \$ 438,830 | 454,503 | 471,750 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the College recognized OPEB expense of \$70,937. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 391,104 | 52,711 |
| Changes of assumptions | 11,590 | 13,787 |
| Total | <u>\$ 402,694</u> | <u>66,498</u> |

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

| Year Ending June 30, | Amount |
|----------------------------|-------------------|
| 2024 | \$ 40,040 |
| 2025 | 40,040 |
| 2026 | 39,992 |
| 2027 | 39,526 |
| 2028 | 46,715 |
| Thereafter | <u>129,883</u> |
| | <u>\$ 336,196</u> |

(10) Insurance Management Program for Area Community Colleges (IMPACC)

The College is a member of the Insurance Management Program for Area Community Colleges (IMPACC), as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a group self-insurance program whose five members are Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance for its members. The Program provides coverage and protection in the following categories: general liability, employee benefits liability, automobile liability, automobile physical damage, property and inland marine, wrongful acts and educators’ legal liability, workers compensation and employer’s liability, crime and employee fidelity, equipment breakdown (boiler and machinery), foreign liability and cyber liability. There have been no reductions in insurance coverage from prior years except for the cyber liability which was reduced from \$5,000,000 in the prior year to \$1,000,000.

Each member's annual contributions to the Program fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Program's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year.

The College's contributions to the Program are recorded as prepaid expense from its operating funds at the time of payment. The College amortizes the expense over the periods for which the Program is expected to provide coverage. The College's contributions to the Program for the year ended June 30, 2023 were \$2,957,163.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$350,000 per occurrence for workers compensation and employer's liability and \$250,000 per occurrence for wrongful acts, employee benefits liability and educators' legal liability. First layer of excess insurance is \$1,750,000 per occurrence for property, automobile, general and for wrongful acts, employee benefits liability and educators' legal liability and \$1,650,000 per occurrence for workers compensation. The Program's annual aggregate retention (loss fund) is \$1,000,000 with stop-gap loss protection provided above the loss fund.

The Program's intergovernmental contract with its members provides that in the event any claim or series of claims exceeds the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The College does not report a liability for losses in excess of reinsurance unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2023, no liability has been recorded in the College's financial statements. As of June 30, 2023, settled claims have not exceeded the Program's coverage in any of the past three fiscal years.

Members agree to continue membership in the Program for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the By-laws, may withdraw from the Program. Upon withdrawal, payments for all claims and claims expenses for the years of membership continue until all claims for those years are settled.

The College also carries commercial insurance purchased from other insurers for coverage associated with catastrophic, accidental death and dismemberment, aviation and government crime. The College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Self-Funded Health Insurance Plan

The College established a program for the self-funding of the College's health insurance benefit plan, which is accounted for in the Restricted 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 \$35,000. 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, 2023 was \$4,112,577.

Amounts payable at June 30, 2023 total \$774,312, 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 \$3,800,063 at June 30, 2023. 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 any of 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 | \$ 605,353 |
| Incurred claims (including claims incurred but not reported at June 30, 2023) | 4,183,798 |
| Payments on claims during the fiscal year | <u>(4,014,839)</u> |
| Unpaid claims end of year | <u>\$ 774,312</u> |

(12) Deferred Compensation Plan

The College offers its employees a deferred compensation plan created in accordance with Internal revenue Code Section 403b and 457 for employees. The Plans are available to all College employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights must be held in trust of the exclusive benefit of plan participants and beneficiaries. These funds are invested and held by an outside investment company and do not constitute a liability of the College.

(13) New Jobs Training Programs

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area XV 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 tax. Since inception, the College has administered 109 projects with 8 currently receiving project funding. Of the remaining 101 projects, 79 projects are complete and fully repaid with 9 in the repayment process. Thirteen projects have defaulted, one of which was repaid by the guarantor bank, six were repaid by standby property tax and six by the other companies as part of a multiple issuance.

The College also administers the Iowa Jobs Training Program in Area XV in accordance with Chapter 260F of the Code of Iowa. The current program's purpose is to provide tax-aided training or retraining for employers of businesses whose training costs cannot be economically funded under Chapter 260F. Approved businesses received forgivable loans from the Workforce Development Fund, a State administered fund. Since inception of this program, the College administered 505 projects. Of these 505 projects, eight defaulted, 11 withdrew and 33 are active projects.

(14) Termination Benefits

On December 10, 2012, January 12, 2015, December 12, 2016, December 11, 2017, December 10, 2018, October 14, 2019, and December 1, 2020, the Board of Trustees adopted voluntary early retirement programs. The program enrollment periods ran from December 11, 2012 until February 4, 2013, January 14, 2015 until March 12, 2015, December 12, 2016 until February 1, 2017, December 11, 2017 until February 1, 2018, December 10, 2018 until January 31, 2019, respectively. The October 14, 2019 program was approved and is intended to run continuously until further Board action alters or discontinues the plan. On November 15, 2021, the Board of Trustees reviewed the voluntary early retirement plan and made no changes. The Board of Trustees advised that this plan was a “continual offering.” Annual enrollment periods from December 1 to the last Thursday in January. Full-time staff who reach the age of 55 and have been employed by the College continually for the previous 10 years are eligible.

For the December 10, 2012, January 12, 2015, December 12, 2016, December 11, 2017, December 10, 2018, October 14, 2019, December 1, 2020, December 1, 2021, and December 1, 2022, plans, retirement began at the end of the retiree’s employment year, or another date agreed upon by the College President and approved by the Board of Trustees. Employees who accepted early retirement under the December 10, 2012, plans authorized by the Board of Trustees received a cash payment equal to 5% of the employee’s annualized salary for each full year of employment, up to 100% which was ultimately limited to 55% of the calculated cash payment. Employees who accepted early retirement under the December 10, 2018, October 14, 2019, December 1, 2020, December 1, 2021, and December 1, 2022, plans received a cash payment equal to 1% of the employee’s annualized salary for each full year of employment, up to \$20,000.

The cash payment for the December 10, 2012, December 10, 2018, October 14, 2019, December 1, 2020 and December 1, 2021 plans was based on the availability of funds allocated for the plan by the Board of Trustees. Retirees under the December 10, 2012, plan were limited to 55% of the calculated cash payment as authorized by the Board of Trustees. The 2012 plan required the employee to receive the incentive retirement benefits in two equal installments. Retirees under the December 10, 2018, October 14, 2019, December 1, 2020, December 1, 2021, and December 1, 2022, plan received 100% of the calculated cash payment on the next regular pay date following retirement. For each plan, current health coverage determined employee eligibility to receive single coverage health insurance paid by the College or monthly cash payments of a specific amount until the age of Medicare eligibility.

Retirees under the January 12, 2015 through December 1, 2022 plans received the option to continue with the College’s health insurance plan or waive their right to the College’s health insurance plan. For retirees who continue with the College’s health insurance plan, the College will pay a certain amount per month in insurance premiums until the retiree is eligible for Medicare. Retirees who waived the College’s health insurance will receive monthly cash payments of \$500 for a maximum of 36 months following the retirement date under the January 12, 2015, plan. Retirees who waived the College’s health insurance will receive monthly cash payments of \$650 until the retiree is eligible for Medicare under the December 12, 2016, and December 11, 2017, plans. Retirees who waived the College’s health insurance will receive monthly cash payments of \$600 until the retiree is eligible for Medicare under the December 10, 2018 plan.

Retirees who waived the College’s health insurance will receive monthly cash payments of \$600 until the retiree is eligible for Medicare for plans starting after the October 14, 2019 plan.

Early Retirement is funded on a pay-as-you-go basis through property tax levies. The activity for the early retirement liability for the June 30, 2023 is as follows:

| Enrollment Date | Liability at June 30, 2022 | | Liability at June 30, 2023 | | Monthly College Contribution |
|-------------------|-------------------------------|-----------|-------------------------------|---------|------------------------------------|
| | | Additions | Reductions | | |
| December 10, 2012 | \$ 2,842 | - | 2,842 | - | \$ - |
| December 12, 2016 | 70,379 | - | 34,693 | 35,686 | 721 |
| December 11, 2017 | 97,034 | - | 23,432 | 73,602 | 716 |
| | 170,255 | - | 60,967 | 109,288 | |
| December 10, 2018 | 235,039 | - | 72,262 | 162,777 | 660 |
| October 14, 2019 | 96,012 | - | 30,092 | 65,920 | 640 |
| December 1, 2020 | 87,664 | - | 36,935 | 50,729 | 608 |
| December 1, 2021 | 342,311 | - | 167,763 | 174,548 | 608 |
| December 1, 2022 | - | 435,358 | 87,539 | 347,819 | 624 |
| | 761,026 | 435,358 | 394,591 | 801,793 | |
| | \$ 931,281 | 435,358 | 455,558 | 911,081 | |

(15) Tax Abatements

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

College Tax Abatements

The College provides tax abatements for industrial new jobs training projects with the tax increment financing as provided for in Chapters 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 costs 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, 2023, the College had no abatements of property tax and \$1,342,913 of state income tax withholding under the projects.

Tax Abatements of Other Entities

Other entities within the College also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Milton, City of Sigourney, City of Keosauqua and Monroe County offered urban revitalization tax abatement programs pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, these programs provide 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, 2023 under agreements entered into by the following entities:

| <u>Entity</u> | <u>Tax Abatement Program</u> | <u>Amount of Tax Abated</u> |
|---------------------|---|-----------------------------|
| City of Bloomfield | Urban renewal and economic development projects | \$ 195 |
| City of Centerville | Urban renewal and economic development projects | 320 |
| City of Chariton | Urban renewal and economic development projects | 608 |
| City of Fairfield | Urban renewal and economic development projects | 5,078 |
| City of Oskaloosa | Urban renewal and economic development projects | 6,549 |
| City of Ottumwa | Urban renewal and economic development projects | 28,298 |
| City of Sigourney | Urban renewal and economic development projects | 802 |
| | Chapter 404 tax abatement program | 3,899 |
| City of Milton | Chapter 404 tax abatement program | 163 |
| City of Keosauqua | Chapter 404 tax abatement program | 1,131 |
| Monroe County | Chapter 404 tax abatement program | 7,287 |

(16) Construction Commitments

The College has entered into multiple contracts totaling \$40,962,344 for projects at the Ottumwa campus and the construction project at the Centerville campus. As of June 30, 2023, costs of \$16,365,607 on the projects have been incurred. The balance of \$24,596,737 remaining on the contracts at June 30, 2023 will be paid as work on the projects progresses.

(17) Subsequent Events

On October 9, 2023, the College approved public notice of not to exceed \$8,000,000 of general obligations school bonds to finance the remodel and improve buildings on its campuses and improve those sites with the bonds to be issued dated December 5, 2023.

On November 20, 2023, the College issued certificates totaling \$1,810,000 for Iowa Industrial New Jobs Training Program (NJTP) projects. The debt was incurred as allowed by Chapter 260E of the Code of Iowa and will mature beginning June 1, 2024.

Required Supplementary Information

Indian Hills Community College

Schedule of the College's Proportionate Share of the Net Pension liability (Asset)

Iowa Public Employees' Retirement System
For the Last Nine Years*
(In Thousands)

Required Supplementary Information

| | 2023 | 2022 | 2021 | 2020 |
|---|-----------|----------------|-----------|-----------|
| College's proportion of the net pension plan liability (asset) | 0.175809% | (0.067941)% ** | 0.175591% | 0.184701% |
| College's proportionate share of the net pension asset/liability | \$ 6,642 | 235 | 12,335 | 10,695 |
| College's covered payroll | \$ 14,169 | 13,615 | 13,935 | 14,056 |
| College's proportionate share of the net pension liability/asset as a percentage of its covered payroll | 46.88% | 1.73% | 88.52% | 76.09% |
| IPERS' net position as a percentage of the total pension plan liability (asset) | 91.40% | 100.81% | 82.90% | 84.45% |

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

** Overall plan net pension asset.

See accompanying independent auditor's report.

| 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------|-----------|-----------|-----------|-----------|
| 0.192049% | 0.199915% | 0.201670% | 0.199910% | 0.204420% |
| 12,153 | 13,317 | 12,692 | 9,877 | 8,107 |
| 14,447 | 14,936 | 14,453 | 13,731 | 13,405 |
| 84.12% | 89.16% | 87.82% | 71.93% | 60.48% |
| 83.62% | 82.21% | 81.82% | 85.19% | 87.61% |

Indian Hills Community College

Schedule of College Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Required Supplementary Information

| | 2023 | 2022 | 2021 | 2020 |
|---|-----------|---------|---------|---------|
| Statutorily required contribution | \$ 1,425 | 1,337 | 1,285 | 1,315 |
| Contributions in relation to the statutorily required contribution | (1,425) | (1,337) | (1,285) | (1,315) |
| Contribution deficiency (excess) | \$ - | - | - | - |
| College's covered payroll | \$ 15,119 | 14,169 | 13,615 | 13,935 |
| Contributions as a percentage of covered payroll * | 9.44% | 9.44% | 9.44% | 9.44% |

* Amounts reported do not agree with calculated amounts due to rounding required contributions and covered payroll to nearest thousandth.

See accompanying independent auditor's report.

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------|---------|---------|---------|---------|---------|
| 1,327 | 1,289 | 1,334 | 1,291 | 1,226 | 1,195 |
| (1,327) | (1,289) | (1,334) | (1,291) | (1,226) | (1,195) |
| - | - | - | - | - | - |
| 14,056 | 14,447 | 14,936 | 14,453 | 13,731 | 13,405 |
| 9.44% | 8.93% | 8.93% | 8.93% | 8.93% | 8.91% |

Indian Hills Community College

Indian Hills Community College

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2023

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 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%.

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Indian Hills Community College
Schedule of Changes in College's
Total OPEB Liability, Related Ratios and Notes

For the Last Six Years
Required Supplementary Information

| | 2023 | 2022 | 2021 | 2020 |
|--|---------------|------------|------------|------------|
| Service cost | \$ 12,388 | 12,167 | 11,813 | 7,678 |
| Interest cost | 18,509 | 2,459 | 2,196 | 4,700 |
| Difference between expected and actual experiences | 441,897 | - | (39,807) | - |
| Changes in assumptions | (12,176) | - | 14,902 | - |
| Benefit payments | (123,104) | (2,907) | (1,063) | (4,218) |
| Net change in total OPEB liability | 337,514 | 11,719 | (11,959) | 8,160 |
| Total OPEB liability beginning of year | 116,989 | 105,270 | 117,229 | 109,069 |
| Total OPEB liability end of year | \$ 454,503 | 116,989 | 105,270 | 117,229 |
| Covered-employee payroll | \$ 20,791,471 | 20,592,718 | 19,992,930 | 20,675,934 |
| Total OPEB liability as a percentage of covered-employee payroll | 2.19% | 0.57% | 0.53% | 0.57% |

See accompanying independent auditor's report.

| <u>2019</u> | <u>2018</u> |
|----------------|----------------|
| 7,454 | 12,492 |
| 4,310 | 5,507 |
| (57,924) | - |
| (6,776) | 4,578 |
| (733) | (5,686) |
| (53,669) | 16,891 |
| <u>162,738</u> | <u>145,847</u> |
| <u>109,069</u> | <u>162,738</u> |
| 20,073,722 | 21,926,534 |
| 0.54% | 0.74% |

Indian Hills Community College

Notes to Required Supplementary Information – OPEB Liability and Related Ratios

For the Last Six Years

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

| | |
|--------------------------|-------|
| Year ended June 30, 2023 | 3.72% |
| Year ended June 30, 2022 | 2.12% |
| Year ended June 30, 2021 | 2.12% |
| Year ended June 30, 2020 | 4.10% |
| Year ended June 30, 2019 | 4.10% |
| Year ended June 30, 2018 | 3.44% |
| Year ended June 30, 2017 | 4.00% |

January 1, 2023 Valuations:

The mortality assumption changed to the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2021 generational project of future mortality improvement.

January 1, 2019 Valuation:

The mortality assumption changed to the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2020 generational projection of future mortality improvement.

No assets were accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Supplementary Information

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 Educational 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 non-instructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the College.

Restricted Fund – The Restricted Fund is used to account for resources available for the operation and support of the educational program, but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students and are financed primarily by the federal government.

Quasi-Endowment Funds – The Quasi-Endowment Funds are used to account for resources, the principal of which is to be maintained to conform with restrictions by the Board of Trustees. Generally, only the income from these funds may be used.

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 supplementary information.

Schedules presented in 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 schedule of revenues, expenditures and changes in fund balances is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Indian Hills Community College
 Budgetary Comparison Schedule of Expenditures –
 Budget to Actual

Year ended June 30, 2023

| Funds/Levy | Original Final Budget | Actual | Variance between Budget and Actual |
|---------------------------|--------------------------|------------|---|
| Unrestricted | \$ 37,256,000 | 32,510,536 | 4,745,464 |
| Restricted | 17,700,000 | 11,365,884 | 6,334,116 |
| Unemployment Compensation | 35,000 | 1,774 | 33,226 |
| Insurance | 2,835,000 | 2,340,450 | 494,550 |
| Tort Liability | 665,000 | 558,837 | 106,163 |
| Early Retirement | 430,000 | 431,050 | (1,050) |
| Equipment Replacement | 638,358 | 592,003 | 46,355 |
| Total Restricted | 22,303,358 | 15,289,998 | 7,013,360 |
| Plant | 26,800,000 | 17,708,871 | 9,091,129 |
| Bonds and Interest | 1,500,000 | 2,131,301 | (631,301) |
| Total | \$ 87,859,358 | 67,640,706 | 20,218,652 |

Note to Budgetary Reporting:

The Board of Trustees annually prepares a budget designating the proposed expenditures for operation of the College on a basis consistent with 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 Trustees certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

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

For the year ended June 30, 2023, the College's expenditures did not exceed the total amount budgeted.

See accompanying independent auditor's report.

Indian Hills Community College

Balance Sheet
All Funds

June 30, 2023

| | Current Funds | | Quasi- |
|--|----------------------|-------------------|--------------------|
| | Unrestricted | Restricted | Endowment Funds |
| Assets and Deferred Outflows of Resources | | | |
| Cash, cash equivalents and pooled investments | \$ 23,773,195 | 5,917,872 | 3,195,874 |
| Receivables: | | | |
| Accounts, net of allowance of \$100,971 | 1,545,594 | 29,064 | - |
| Succeeding year property tax | 1,298,006 | 4,136,392 | - |
| Iowa Industrial New Jobs Training Program | - | 2,183,667 | - |
| Due from other funds | 113,092 | 4,203,318 | - |
| Due from other governments | 256,365 | 1,999,463 | - |
| Lease receivables | - | - | - |
| Prepaid expenses | 348,660 | 769,120 | - |
| Inventories | 734,963 | - | - |
| Capital assets: | | | |
| Land | - | - | - |
| Buildings | - | - | - |
| Construction in progress | - | - | - |
| Improvements other than buildings | - | - | - |
| Right to use leased asset | - | - | - |
| Right to use IT subscription asset | - | - | - |
| Intangibles | - | - | - |
| Equipment and vehicles | - | - | - |
| Accumulated depreciation/amortization | - | - | - |
| Total assets | 28,069,875 | 19,238,896 | 3,195,874 |
| Deferred Outflows of Resources: | | | |
| Pension related deferred outflows | - | - | - |
| OPEB related deferred outflows | - | - | - |
| Total deferred outflows | - | - | - |
| Total assets and deferred outflows of resources | \$ 28,069,875 | 19,238,896 | 3,195,874 |

| Plant Funds | | | | |
|-------------|-------------------------------|------------------------|--------------|--------------|
| Unexpended | Retirement of Indebtedness | Investment in Plant | Adjustments | Total |
| 12,048,537 | 19,432 | - | - | 44,954,910 |
| 37,406 | - | - | - | 1,612,064 |
| 1,298,006 | 1,635,395 | - | - | 8,367,799 |
| - | - | - | - | 2,183,667 |
| 7,948,574 | - | - | (12,264,984) | - |
| 364,862 | - | - | - | 2,620,690 |
| 412,359 | - | - | - | 412,359 |
| 346,658 | - | - | - | 1,464,438 |
| - | - | - | - | 734,963 |
| - | - | 443,437 | - | 443,437 |
| - | - | 84,565,369 | - | 84,565,369 |
| - | - | 16,216,828 | - | 16,216,828 |
| - | - | 6,829,473 | - | 6,829,473 |
| - | - | 1,056,092 | - | 1,056,092 |
| - | - | 1,126,259 | - | 1,126,259 |
| - | - | 426,567 | - | 426,567 |
| - | - | 13,343,295 | - | 13,343,295 |
| - | - | - | (56,600,592) | (56,600,592) |
| 22,456,402 | 1,654,827 | 124,007,320 | (68,865,576) | 129,757,618 |
| - | - | - | 1,725,568 | 1,725,568 |
| - | - | - | 402,694 | 402,694 |
| - | - | - | 2,128,262 | 2,128,262 |
| 22,456,402 | 1,654,827 | 124,007,320 | (66,737,314) | 131,885,880 |

(continued on next page)

Indian Hills Community College

Balance Sheet
All Funds
(continued)

June 30, 2023

| | Current Funds | | Quasi- |
|---|----------------------|-------------------|--------------------|
| | Unrestricted | Restricted | Endowment Funds |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 3,078,730 | 1,006,327 | - |
| Salaries and benefits payable | 1,174,901 | 77,426 | - |
| Due to other funds | 12,022,416 | 113,092 | - |
| Advances from others | 965,087 | 734,605 | - |
| Early retirement payable | - | 911,081 | - |
| Compensated absences | 1,041,016 | 8,480 | - |
| Lease agreement payable | - | - | - |
| IT subscription agreement payable | - | - | - |
| Certificates payable | - | 6,501,531 | - |
| Notes payable | - | - | - |
| Premium on note payable | - | - | - |
| Discount on note payable | - | - | - |
| Interest payable | - | - | - |
| Net pension liability | - | - | - |
| Total OPEB liability | - | - | - |
| Total liabilities | 18,282,150 | 9,352,542 | - |
| Deferred inflows of resources: | | | |
| Lease related | - | - | - |
| Succeeding year property tax | 1,298,006 | 4,136,392 | - |
| Pension related deferred inflows | - | - | - |
| OPEB related deferred inflows | - | - | - |
| Total deferred inflows of resources | 1,298,006 | 4,136,392 | - |
| Fund balances: | | | |
| Net investment in capital assets | - | - | - |
| Restricted: | | | |
| Expendable: | | | |
| Scholarships and fellowships | - | 91,941 | - |
| Cash reserve | - | 288,745 | - |
| Other | - | 5,710,456 | - |
| Unrestricted | 5,214,052 | (341,180) | 3,195,874 |
| Auxiliary enterprises | 3,275,667 | - | - |
| Total fund balances | 8,489,719 | 5,749,962 | 3,195,874 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 28,069,875 | 19,238,896 | 3,195,874 |

See accompanying independent auditor's report.

| Plant Funds | | | | |
|-------------|-------------------------------|------------------------|--------------|-------------|
| Unexpended | Retirement of Indebtedness | Investment in Plant | Adjustments | Total |
| 636,690 | 22,000 | - | - | 4,743,747 |
| - | - | - | - | 1,252,327 |
| - | 129,476 | - | (12,264,984) | - |
| 1,591 | - | - | - | 1,701,283 |
| - | - | - | - | 911,081 |
| - | - | - | - | 1,049,496 |
| - | - | 760,390 | - | 760,390 |
| - | - | 911,899 | - | 911,899 |
| - | - | - | - | 6,501,531 |
| 5,581,156 | - | 16,998,844 | - | 22,580,000 |
| - | - | 47,855 | - | 47,855 |
| (140,196) | - | - | - | (140,196) |
| - | 51,368 | - | - | 51,368 |
| - | - | - | 6,642,315 | 6,642,315 |
| - | - | - | 454,503 | 454,503 |
| 6,079,241 | 202,844 | 18,718,988 | (5,168,166) | 47,467,599 |
| 412,359 | - | - | - | 412,359 |
| 1,298,006 | 1,635,395 | - | - | 8,367,799 |
| - | - | - | 1,531,938 | 1,531,938 |
| - | - | - | 66,498 | 66,498 |
| 1,710,365 | 1,635,395 | - | 1,598,436 | 10,378,594 |
| - | - | 105,288,332 | (56,600,592) | 48,687,740 |
| - | - | - | - | 91,941 |
| - | - | - | - | 288,745 |
| - | - | - | - | 5,710,456 |
| 14,666,796 | (183,412) | - | (3,291,325) | 19,260,805 |
| - | - | - | (3,275,667) | - |
| 14,666,796 | (183,412) | 105,288,332 | (63,167,584) | 74,039,687 |
| 22,456,402 | 1,654,827 | 124,007,320 | (66,737,314) | 131,885,880 |

Indian Hills Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
All Funds

Year ended June 30, 2023

| | Current Funds | | Quasi- Endowment |
|--|-------------------|-------------------|---------------------|
| | Unrestricted | Restricted | Funds |
| Revenues: | | | |
| General: | | | |
| State appropriations | \$ 16,029,116 | 5,937,426 | - |
| Tuition and fees | 14,406,497 | - | - |
| Property tax | 1,417,889 | 4,484,342 | - |
| Federal appropriations | - | 9,299,534 | - |
| Sales and services | 505,526 | 15,720 | - |
| Interest on investments | 380,544 | 209,494 | 10,113 |
| Iowa Industrial New Jobs Training Program | - | 184,355 | - |
| Increase in plant investment due to donated plant assets | - | - | - |
| Increase in plant investment due to plant expenditures (including \$544,074 of current fund expenditures) | - | - | - |
| Increase in plant investments due to payment of right-to-use leased/subsription assets | - | - | - |
| Increase in plant investment due to retirement of debt | - | - | - |
| Proceed from sale of capital assets | - | - | - |
| Miscellaneous | 2,018,478 | 4,727,297 | - |
| | 34,758,050 | 24,858,168 | 10,113 |
| Auxiliary enterprises: | | | |
| Tuition and fees | 769,221 | - | - |
| Federal appropriations | 10,584 | - | - |
| Sales and services | 5,556,259 | - | - |
| Interest on investments | 87,705 | - | - |
| Miscellaneous | 708,099 | - | - |
| | 7,131,868 | - | - |
| Total revenues | 41,889,918 | 24,858,168 | 10,113 |
| Expenditures: | | | |
| Education and support: | | | |
| Liberal arts and sciences | 4,847,424 | 618,029 | - |
| Vocational technical | 9,353,807 | 1,061,492 | - |
| Adult education | 1,321,927 | 2,820,493 | - |
| Cooperative services | 14,851 | 1,036,828 | - |
| Administration | 1,626,284 | 592,002 | - |
| Student services | 4,493,139 | 1,471,294 | - |
| Learning resources | 386,759 | - | - |
| Physical plant | 4,980,800 | 2,340,450 | - |
| General institution | 5,485,545 | 5,175,458 | - |
| Total education and support | 32,510,536 | 15,116,046 | - |

| Plant Funds | | | | |
|------------------|-------------------------------|------------------------|---------------------|-------------------|
| Unexpended | Retirement of Indebtedness | Investment in Plant | Adjustments | Total |
| 777,853 | 13,728 | - | - | 22,758,123 |
| - | - | - | (4,252,661) | 10,153,836 |
| 1,417,889 | 1,480,741 | - | - | 8,800,861 |
| - | - | - | - | 9,299,534 |
| 437,866 | - | - | - | 959,112 |
| 371,169 | - | - | - | 971,320 |
| - | - | - | - | 184,355 |
| - | - | 37,305 | - | 37,305 |
| - | - | 17,138,818 | (17,138,818) | - |
| - | - | 634,784 | (634,784) | - |
| - | - | 1,391,430 | (1,391,430) | - |
| 80,693 | - | - | (80,693) | - |
| 753,208 | - | - | (2,932,537) | 4,566,446 |
| <u>3,838,678</u> | <u>1,494,469</u> | <u>19,202,337</u> | <u>(26,430,923)</u> | <u>57,730,892</u> |
| - | - | - | - | 769,221 |
| - | - | - | - | 10,584 |
| - | - | - | (1,957,928) | 3,598,331 |
| - | - | - | - | 87,705 |
| - | - | - | - | 708,099 |
| - | - | - | (1,957,928) | 5,173,940 |
| <u>3,838,678</u> | <u>1,494,469</u> | <u>19,202,337</u> | <u>(28,388,851)</u> | <u>62,904,832</u> |
| - | - | - | (659,859) | 4,805,594 |
| - | - | - | (1,733,872) | 8,681,427 |
| - | - | - | (527,669) | 3,614,751 |
| - | - | - | (157,515) | 894,164 |
| - | - | - | (576,879) | 1,641,407 |
| - | - | - | (735,445) | 5,228,988 |
| - | - | - | (49,945) | 336,814 |
| - | - | - | (744,515) | 6,576,735 |
| - | - | - | (1,080,444) | 9,580,559 |
| - | - | - | (6,266,143) | 41,360,439 |

(continued on next page)

Indian Hills Community College

Schedule of Revenues, Expenditures and
Changes in Fund Balances
All Funds
(continued)

Year ended June 30, 2023

| | Current Funds | | Quasi- |
|--|---------------------|-------------------|--------------------|
| | Unrestricted | Restricted | Endowment Funds |
| Expenditures (continued): | | | |
| Auxiliary enterprises | 7,300,315 | - | - |
| Scholarships and grants | - | 7,299,838 | - |
| Workforce Investment Act | - | 831,517 | - |
| Plant operations | - | - | - |
| Plant asset acquisitions | - | - | - |
| Disposal of plant assets | - | - | - |
| Retirement on indebtedness | - | - | - |
| Interest on indebtedness | - | 219,879 | - |
| Depreciation/amortization | - | - | - |
| Loss (gain) on disposal of capital assets | (4,224) | - | - |
| Total expenditures | <u>39,806,627</u> | <u>23,467,280</u> | - |
| Excess (deficiency) of revenues over (under) expenditures | 2,083,291 | 1,390,888 | 10,113 |
| Transfers: | | | |
| Non-mandatory transfers | (2,116,619) | (1,419,745) | - |
| Net | (33,328) | (28,857) | 10,113 |
| Fund balances beginning of year | <u>8,523,047</u> | <u>5,778,819</u> | <u>3,185,761</u> |
| Fund balances end of year | <u>\$ 8,489,719</u> | <u>5,749,962</u> | <u>3,195,874</u> |

See accompanying independent auditor's report.

| Plant Funds | | | | |
|--------------|-------------------------------|------------------------|--------------|------------|
| Unexpended | Retirement of Indebtedness | Investment in Plant | Adjustments | Total |
| - | - | - | (770,371) | 6,529,944 |
| - | - | - | (5,470,458) | 1,829,380 |
| - | - | - | - | 831,517 |
| 1,414,921 | 22,000 | - | 3 | 1,436,924 |
| 16,269,112 | - | - | (16,269,112) | - |
| - | - | 1,433,344 | (1,433,344) | - |
| 23,937 | 1,390,000 | - | (1,413,937) | - |
| 901 | 719,301 | - | (1,430) | 938,651 |
| - | - | - | 4,057,105 | 4,057,105 |
| - | - | - | 137,427 | 133,203 |
| 17,708,871 | 2,131,301 | 1,433,344 | (27,430,260) | 57,117,163 |
| (13,870,193) | (636,832) | 17,768,993 | (958,591) | 5,787,669 |
| 15,800,681 | 622,309 | (12,886,626) | - | - |
| 1,930,488 | (14,523) | 4,882,367 | (958,591) | 5,787,669 |
| 12,736,308 | (168,889) | 100,405,965 | (62,208,993) | 68,252,018 |
| 14,666,796 | (183,412) | 105,288,332 | (63,167,584) | 74,039,687 |

Indian Hills Community College

Schedule of Revenues, Expenditures and Changes in Fund Balances
Unrestricted Fund
Education and Support

Year ended June 30, 2023

| | Education | | | |
|--|---------------------------------|-------------------------|--------------------|-------------------------|
| | Liberal Arts and Sciences | Vocational Technical | Adult Education | Cooperative Services |
| Revenues: | | | | |
| State appropriations | \$ 7,853,228 | 7,060,437 | 1,102,460 | - |
| Tuition and fees | 6,549,530 | 6,701,894 | 1,097,941 | - |
| Property tax | - | - | - | - |
| Sales and services | - | 196,983 | 107,271 | - |
| Interest on investments | - | - | - | - |
| Miscellaneous | 168 | 444,646 | 7,237 | - |
| Total revenues | 14,402,926 | 14,403,960 | 2,314,909 | - |
| Expenditures: | | | | |
| Salaries and benefits | 4,677,785 | 8,282,722 | 981,603 | - |
| Services | 41,385 | 397,889 | 214,153 | 12,566 |
| Materials and supplies | 52,210 | 606,169 | 96,510 | - |
| Travel | 65,419 | 42,763 | 16,818 | 2,285 |
| Loan cancellations and bad debts | 10,033 | 9,001 | - | - |
| Administrative and collections | - | - | - | - |
| Miscellaneous | 592 | 9,143 | 12,843 | - |
| Retirement of indebtedness, leases | - | 5,934 | - | - |
| Interest on indebtedness, leases | - | 186 | - | - |
| Total expenditures | 4,847,424 | 9,353,807 | 1,321,927 | 14,851 |
| Excess (deficiency) of revenues over (under) expenditures | 9,555,502 | 5,050,153 | 992,982 | (14,851) |
| Transfers: | | | | |
| Non-mandatory transfers | - | 54,500 | - | - |
| Net | \$ 9,555,502 | 5,104,653 | 992,982 | (14,851) |
| Fund balances beginning of year | | | | |
| Fund balances end of year | | | | |

See accompanying independent auditor's report.

| Support | | | | | Education and Support Total |
|------------------------|------------------|--------------------|----------------|---------------------|-----------------------------|
| General Administration | Student Services | Learning Resources | Physical Plant | General Institution | |
| 12,991 | - | - | - | - | 16,029,116 |
| - | 57,082 | - | - | 50 | 14,406,497 |
| 1,417,889 | - | - | - | - | 1,417,889 |
| - | 189,387 | 23 | 1,000 | 10,862 | 505,526 |
| 380,544 | - | - | - | - | 380,544 |
| 435,368 | 1,274 | 19 | 1,122,129 | 7,637 | 2,018,478 |
| 2,246,792 | 247,743 | 42 | 1,123,129 | 18,549 | 34,758,050 |
| 1,195,156 | 4,135,253 | 250,049 | 2,674,060 | 3,151,008 | 25,347,636 |
| 284,663 | 287,573 | 18,155 | 1,735,628 | 1,693,997 | 4,686,009 |
| 32,294 | 43,566 | 118,555 | 553,964 | 453,815 | 1,957,083 |
| 40,518 | 25,590 | - | 1,314 | 88,961 | 283,668 |
| - | 849 | - | - | - | 19,883 |
| 7,507 | - | - | - | - | 7,507 |
| 1,098 | 308 | - | 2,742 | 97,764 | 124,490 |
| 56,559 | - | - | 12,118 | - | 74,611 |
| 8,489 | - | - | 974 | - | 9,649 |
| 1,626,284 | 4,493,139 | 386,759 | 4,980,800 | 5,485,545 | 32,510,536 |
| 620,508 | (4,245,396) | (386,717) | (3,857,671) | (5,466,996) | 2,247,514 |
| (2,251,228) | (13,566) | - | - | - | (2,210,294) |
| (1,630,720) | (4,258,962) | (386,717) | (3,857,671) | (5,466,996) | 37,220 |
| | | | | | 5,176,832 |
| | | | | | \$ 5,214,052 |

Indian Hills Community College

Indian Hills Community College

Schedule of Revenues, Expenditures and Changes in Fund Balances
Unrestricted Fund
Auxiliary Enterprises

Year ended June 30, 2023

| | Institutional Services | Education Program | Miscellaneous | Student Organizations | Total |
|--|---------------------------|----------------------|------------------|--------------------------|------------------|
| Revenues: | | | | | |
| Tuition and fees | \$ - | 686,000 | 24,925 | 58,296 | 769,221 |
| Federal appropriations | - | 10,584 | - | - | 10,584 |
| Sales and services | 2,264,854 | 2,419,805 | 808,126 | 63,474 | 5,556,259 |
| Interest on investments | - | - | 87,705 | - | 87,705 |
| Miscellaneous | 151,580 | 194,383 | 354,267 | 7,869 | 708,099 |
| Total revenues | 2,416,434 | 3,310,772 | 1,275,023 | 129,639 | 7,131,868 |
| Expenditures: | | | | | |
| Salaries and benefits | 501,111 | 1,033,106 | 381,929 | - | 1,916,146 |
| Services | 324,880 | 612,532 | 624,268 | 61,450 | 1,623,130 |
| Materials and supplies | 114,992 | 317,788 | 139,216 | 30,769 | 602,765 |
| Travel | 465 | 649,599 | 3,834 | 36,392 | 690,290 |
| Loan cancellations and bad debts | 11,089 | 8,311 | 3,200 | - | 22,600 |
| Plant asset acquisitions | 41,801 | 5,109 | 38,708 | - | 85,618 |
| Miscellaneous | 2,218 | 87,209 | 160,253 | 8,370 | 258,050 |
| Cost of goods sold | 1,384,611 | 696,573 | - | - | 2,081,184 |
| Retirement of indebtedness, leases | 19,679 | - | - | - | 19,679 |
| Interest on indebtedness, leases | 853 | - | - | - | 853 |
| Total expenditures | 2,401,699 | 3,410,227 | 1,351,408 | 136,981 | 7,300,315 |
| Excess (deficiency) of revenues over (under) expenditures | 14,735 | (99,455) | (76,385) | (7,342) | (168,447) |
| Miscellaneous | | | | | |
| Disposal of plan assets | - | - | 4,224 | - | 4,224 |
| Transfers: | | | | | |
| Non-mandatory transfers | (142,154) | 123,171 | 110,907 | 1,751 | 93,675 |
| Net | (127,419) | 23,716 | 38,746 | (5,591) | (70,548) |
| Fund balances beginning of year | 1,718,143 | 925,568 | 683,843 | 18,661 | 3,346,215 |
| Fund balances end of year | \$ 1,590,724 | 949,284 | 722,589 | 13,070 | 3,275,667 |

See accompanying independent auditor's report.

Indian Hills Community College

Schedule of Revenue, Expenditures and Changes in Fund Balances
Restricted Fund

Year ended June 30, 2023

| | Scholarships and Grants | Equipment Replacement | Tort Liability | Insurance | Early Retirement |
|--|-------------------------------|--------------------------|-------------------|------------------|---------------------|
| Revenues: | | | | | |
| State appropriations | \$ 2,456,394 | 5,774 | 5,217 | 26,176 | 3,935 |
| Property tax | - | 630,171 | 571,476 | 2,852,080 | 430,510 |
| Federal appropriations | 4,074,624 | - | - | - | - |
| Sales and services | - | - | - | - | - |
| Interest on investments | - | - | - | - | - |
| Iowa Industrial New Jobs Training Program | - | - | - | - | - |
| Miscellaneous | 444,345 | - | - | - | - |
| Total revenues | <u>6,975,363</u> | <u>635,945</u> | <u>576,693</u> | <u>2,878,256</u> | <u>434,445</u> |
| Expenditures: | | | | | |
| Salaries and benefits | - | - | 81,380 | - | 431,050 |
| Services | - | - | 477,457 | 2,340,118 | - |
| Materials and supplies | - | 443,834 | - | 332 | - |
| Travel | - | - | - | - | - |
| Interest on indebtedness | - | - | - | - | - |
| Plant asset acquisitions | - | 148,169 | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Federal Pell grant program | 3,979,501 | - | - | - | - |
| Federal Supplemental Educational Opportunity grant | 117,575 | - | - | - | - |
| Iowa College Student Aid Commission | 2,456,394 | - | - | - | - |
| Private scholarships | 746,368 | - | - | - | - |
| Total expenditures | <u>7,299,838</u> | <u>592,003</u> | <u>558,837</u> | <u>2,340,450</u> | <u>431,050</u> |
| Excess (deficiency) of revenues over (under) expenditures | (324,475) | 43,942 | 17,856 | 537,806 | 3,395 |
| Transfers: | | | | | |
| Non-mandatory transfers | 346,171 | - | - | - | - |
| Net | 21,696 | 43,942 | 17,856 | 537,806 | 3,395 |
| Fund balances (deficits) beginning of year | 70,245 | (2) | 100,999 | (658,365) | (224,015) |
| Fund balances (deficits) end of year | <u>\$ 91,941</u> | <u>43,940</u> | <u>118,855</u> | <u>(120,559)</u> | <u>(220,620)</u> |

See accompanying independent auditor's report.

| Unemployment Compensation | State Grants | Federal Grants | Workforce Investment Act | Iowa Industrial New Jobs Training Program | Retraining Program (HF 260F) | Self - Funded Health Insurance Program | Miscellaneous | Total |
|------------------------------|-----------------|-------------------|--------------------------------|---|------------------------------------|---|---------------|-------------|
| - | 2,952,060 | 145,439 | - | - | 342,431 | - | - | 5,937,426 |
| 105 | - | - | - | - | - | - | - | 4,484,342 |
| - | - | 4,346,758 | 878,152 | - | - | - | - | 9,299,534 |
| - | - | - | - | - | - | - | 15,720 | 15,720 |
| - | - | - | - | 209,494 | - | - | - | 209,494 |
| - | - | - | - | 184,355 | - | - | - | 184,355 |
| - | 21,059 | - | - | - | - | 4,112,577 | 149,316 | 4,727,297 |
| 105 | 2,973,119 | 4,492,197 | 878,152 | 393,849 | 342,431 | 4,112,577 | 165,036 | 24,858,168 |
| 1,774 | 964,184 | 1,951,933 | 379,079 | 116,737 | - | 65,457 | 89,962 | 4,081,556 |
| - | 203,157 | 800,074 | 129,694 | 53,157 | 273,085 | 4,118,341 | 219,294 | 8,614,377 |
| - | 58,321 | 380,420 | 1,914 | - | - | - | 131,399 | 1,016,220 |
| - | 14,563 | 129,938 | 6,190 | 36 | - | - | - | 150,727 |
| - | - | - | - | 219,879 | - | - | - | 219,879 |
| - | - | 515,665 | - | - | - | - | 48,180 | 712,014 |
| - | 314,025 | 685,702 | 360,567 | - | - | - | 12,375 | 1,372,669 |
| - | - | - | - | - | - | - | - | 3,979,501 |
| - | - | - | - | - | - | - | - | 117,575 |
| - | - | - | - | - | - | - | - | 2,456,394 |
| - | - | - | - | - | - | - | - | 746,368 |
| 1,774 | 1,554,250 | 4,463,732 | 877,444 | 389,809 | 273,085 | 4,183,798 | 501,210 | 23,467,280 |
| (1,669) | 1,418,869 | 28,465 | 708 | 4,040 | 69,346 | (71,221) | (336,174) | 1,390,888 |
| - | ##### | (8,886) | - | (272,331) | - | - | (20,667) | (1,419,745) |
| (1,669) | (45,163) | 19,579 | 708 | (268,291) | 69,346 | (71,221) | (356,841) | (28,857) |
| 170,778 | 125,856 | - | 22,943 | 1,253,699 | 256,507 | 3,869,898 | 790,276 | 5,778,819 |
| 169,109 | 80,693 | 19,579 | 23,651 | 985,408 | 325,853 | 3,798,677 | 433,435 | 5,749,962 |

Schedule 7

Indian Hills Community College

Balance Sheet
Custodial Funds

Year ended June 30, 2023

| | Federal Direct Student Loan Program | Miscellaneous | Total |
|-------------------------------|---|----------------|----------------|
| Assets | | | |
| Cash and cash equivalents | \$ - | 276,675 | 276,675 |
| Accounts receivable | - | 1,890 | 1,890 |
| Due from other governments | 232,863 | | 232,863 |
| Total assets | 232,863 | 278,565 | 511,428 |
| Liabilities | | | |
| Accounts payable | - | 6,605 | 6,605 |
| Salaries and benefits payable | - | 247 | 247 |
| Due to other governments | 232,862 | - | 232,862 |
| Advances from others | - | 1,643 | 1,643 |
| Total liabilities | 232,862 | 8,495 | 241,357 |
| Net assets | | | |
| Restricted: | | | |
| Other | \$ - | 270,071 | 270,071 |

See notes to financial statements.

Indian Hills Community College

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2023

| | Federal Direct Student Loan Program | Miscellaneous | Total |
|--------------------------------|---|---------------|-----------|
| Additions: | | | |
| State appropriations | \$ - | 2,000 | 2,000 |
| Federal appropriations | 3,566,005 | - | 3,566,005 |
| Interest on investments | - | 2,019 | 2,019 |
| Miscellaneous | - | 334,314 | 334,314 |
| Total additions | 3,566,005 | 338,333 | 3,904,338 |
| Deductions: | | | |
| Salaries and benefits | - | 9,447 | 9,447 |
| Services | - | 323,796 | 323,796 |
| Direct student loans | 3,566,005 | - | 3,566,005 |
| Total deductions | 3,566,005 | 333,243 | 3,899,248 |
| Changes in net position | - | 5,090 | 5,090 |
| Net position beginning of year | - | 264,981 | 264,981 |
| Net position end of year | \$ - | 270,071 | 270,071 |

See accompanying independent auditor's report.

Indian Hills Community College

Indian Hills Community College
 Schedule of Credit and Contact Hours
 Year ended June 30, 2023

| Category | Credit Hours | | | Contact Hours | | |
|--|---------------------|---------------------|---------------|---------------------|---------------------|---------|
| | Eligible for Aid | Not | | Eligible for Aid | Not | |
| | | Eligible for Aid | Total | | Eligible for Aid | Total |
| Arts and Sciences | 44,189 | - | 44,189 | - | - | - |
| Vocational Education | 26,386 | - | 26,386 | - | - | - |
| Adult Education/ Continuing Education | - | - | - | 145,273 | 11,895 | 157,168 |
| Total | <u>70,575</u> | - | <u>70,575</u> | | | |

See accompanying independent auditor's report.

Indian Hills Community College
Schedule of Taxes and Intergovernmental Revenues
For the Last Ten Years

| | 2023 | 2022 | 2021 | 2020 |
|----------------------|----------------------|-------------------|-------------------|-------------------|
| Local (property tax) | \$ 8,800,861 | 6,974,888 | 6,666,848 | 6,097,705 |
| State | 22,758,123 | 20,006,898 | 19,648,311 | 19,233,294 |
| Federal | 9,299,534 | 14,801,455 | 13,788,018 | 9,545,742 |
| Total | <u>\$ 40,858,518</u> | <u>41,783,241</u> | <u>40,103,177</u> | <u>34,876,741</u> |

See accompanying independent auditor's report.

| Years ended June 30, | | | | | |
|----------------------|------------|------------|------------|------------|------------|
| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| 5,646,929 | 5,423,508 | 5,137,967 | 4,979,238 | 4,944,550 | 4,143,844 |
| 18,030,432 | 18,264,076 | 18,195,085 | 18,971,694 | 18,600,408 | 18,099,666 |
| 8,758,724 | 10,175,756 | 10,964,930 | 12,252,023 | 12,281,881 | 12,526,693 |
| 32,436,085 | 33,863,340 | 34,297,982 | 36,202,955 | 35,826,839 | 34,770,203 |

Indian Hills Community College

Schedule of Current Fund Revenues by Source
and Expenditures by Function

For the Last Ten Years

| | 2023 | 2022 | 2021 | 2020 |
|--|----------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | |
| State appropriations | \$ 21,966,542 | 19,588,902 | 19,230,081 | 18,816,021 |
| Tuition and fees | 14,406,497 | 14,311,571 | 13,926,553 | 15,178,112 |
| Property tax | 5,902,231 | 5,595,541 | 5,313,849 | 4,851,061 |
| Federal appropriations | 9,299,534 | 14,801,455 | 13,776,993 | 9,538,260 |
| Sales and services | 521,246 | 532,447 | 421,549 | 530,691 |
| Interest on investments | 590,038 | 67,769 | 101,014 | 305,898 |
| Iowa Industrial New Jobs Training Program | 184,355 | 1,952,365 | 1,073,992 | 1,850,540 |
| Auxiliary enterprises | 7,131,868 | 7,234,431 | 6,055,474 | 5,935,627 |
| Miscellaneous | 6,745,775 | 7,303,312 | 6,483,040 | 6,843,095 |
| Total | \$ 66,748,086 | 71,387,793 | 66,382,545 | 63,849,305 |
| Expenditures: | | | | |
| Liberal arts and sciences | \$ 5,465,453 | 5,058,333 | 5,147,841 | 5,773,021 |
| Vocational technical | 10,415,299 | 10,557,468 | 10,914,875 | 11,884,922 |
| Adult education | 4,142,420 | 3,738,198 | 3,382,406 | 3,398,608 |
| Cooperative services | 1,051,679 | 2,256,721 | 1,940,066 | 2,451,575 |
| Administration | 2,218,286 | 2,320,483 | 2,175,023 | 2,187,369 |
| Student services | 5,964,433 | 9,640,854 | 6,662,642 | 5,537,182 |
| Learning resources | 386,759 | 441,489 | 456,315 | 471,100 |
| Physical plant | 7,321,250 | 7,628,016 | 6,374,737 | 5,787,612 |
| General institution | 10,661,003 | 10,155,184 | 9,544,355 | 9,293,505 |
| Auxiliary enterprises | 7,296,091 | 7,175,102 | 8,077,454 | 6,101,026 |
| Scholarships and grants | 7,299,838 | 7,285,608 | 7,197,514 | 7,022,488 |
| Workforce Investment Act | 831,517 | 831,517 | 510,571 | 640,248 |
| Interest on indebtedness | 219,879 | 145,975 | 153,681 | 162,828 |
| Total | \$ 63,273,907 | 67,234,948 | 62,537,480 | 60,711,484 |

See accompanying independent auditor's report.

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|------------|------------|------------|------------|------------|------------|
| 17,611,740 | 17,843,715 | 17,774,403 | 18,030,920 | 17,979,069 | 17,363,247 |
| 16,766,157 | 17,194,736 | 18,728,253 | 20,784,275 | 19,395,523 | 17,579,936 |
| 4,451,906 | 4,274,419 | 4,032,218 | 3,910,307 | 3,883,262 | 3,085,749 |
| 8,750,207 | 10,165,709 | 10,950,860 | 12,236,822 | 12,181,578 | 12,031,460 |
| 603,343 | 529,891 | 556,838 | 383,741 | 297,256 | 300,735 |
| 446,226 | 225,483 | 100,374 | 63,334 | 51,920 | 37,972 |
| 2,032,582 | 822,127 | 1,206,763 | 157,690 | 596,542 | 1,916,716 |
| 6,529,258 | 6,897,016 | 7,520,131 | 7,835,328 | 7,631,662 | 7,569,391 |
| 7,196,319 | 7,152,428 | 7,214,997 | 2,771,633 | 2,192,017 | 1,842,141 |
| 64,387,738 | 65,105,524 | 68,084,837 | 66,174,050 | 64,208,829 | 61,727,347 |
| 5,738,492 | 6,223,235 | 5,864,965 | 5,744,156 | 5,600,909 | 5,850,290 |
| 13,281,002 | 13,275,581 | 13,852,317 | 16,443,417 | 14,905,151 | 13,786,667 |
| 3,591,749 | 3,715,933 | 4,387,844 | 3,838,136 | 3,262,739 | 2,123,833 |
| 2,394,505 | 1,333,594 | 1,566,597 | 457,993 | 832,692 | 1,222,017 |
| 2,118,822 | 2,055,306 | 2,128,346 | 2,100,764 | 2,092,312 | 2,240,614 |
| 4,663,360 | 4,690,315 | 5,080,346 | 4,605,789 | 4,745,026 | 4,984,211 |
| 467,795 | 530,364 | 671,888 | 666,013 | 639,303 | 609,387 |
| 5,869,319 | 5,873,068 | 5,231,076 | 5,504,060 | 5,705,919 | 5,067,087 |
| 9,892,184 | 9,473,296 | 9,805,014 | 6,310,500 | 6,007,787 | 5,260,498 |
| 6,324,058 | 6,731,330 | 7,211,589 | 7,509,776 | 7,201,078 | 7,634,273 |
| 6,742,279 | 6,970,049 | 7,309,917 | 8,646,281 | 9,507,591 | 9,215,765 |
| 689,675 | 1,671,877 | 2,571,972 | 2,493,210 | 2,260,702 | 2,130,210 |
| 143,890 | 93,801 | 56,685 | 58,427 | 72,413 | 228,566 |
| 61,917,130 | 62,637,749 | 65,738,556 | 64,378,522 | 62,833,622 | 60,353,418 |

Schedule 12

Indian Hills Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2023

| Grantor/Program | Assistance Listing Number | Pass-through Entity Identifying Number | Program Expenditures | New Loans and New Loan Guarantees |
|--|---------------------------------|---|-------------------------|--|
| U.S. Department of Agriculture: | | | | |
| Passed through Iowa Department of Education: | | | | |
| Child and Adult Care Food Program | 10.558 | 90-9915 | \$ 10,584 | - |
| Distance Learning and Telemedicine Loan and Grants | 10.855 | IA0710-B16 | 8,149 | - |
| Total U.S. Department of Agriculture | | | <u>18,733</u> | - |
| U.S. Department of Labor: | | | | |
| Passed through Iowa Department of Economic Development: | | | | |
| WIOA Cluster: | | | | |
| WIOA Adult Program | 17.258 | 20-N-SC-WI-OA-SP | 322,015 | - |
| WIOA Youth Activities | 17.259 | 20-N-SC-WI-OA-SP | 261,219 | - |
| WIOA Dislocated Worker Formula Grants | 17.278 | 20-N-SC-WI-OA-SP | 294,918 | - |
| Total WIOA Cluster | | | <u>878,152</u> | - |
| Passed through Des Moines Area Community College Workforce Data Quality Initiative (WDQI) | 17.261 | 23A60CC000001 | 8,355 | - |
| Job Corps Experimental Projects and Technical Assistance | 17.287 | JC-34684-20-60-O-19 | 207,451 | - |
| Total U.S. Department of Labor | | | <u>1,093,958</u> | - |
| U.S. Department of Health and Human Services | | | | |
| Passed through National Science Foundation: | | | | |
| Education and Human Resources | 47.076 | Award No. 2130114 | 126,332 | - |
| Total U.S. Department of Health and Human Services | | | <u>126,332</u> | - |
| U.S. Small Business Administration: | | | | |
| Pass through Iowa State University: | | | | |
| Small Business Development Centers | 59.037 | Subcontract No. 023992B & 025754B | 91,998 | - |
| U.S. Department of Education: | | | | |
| Student Financial Assistance Cluster: | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | 001437 | 95,123 | - |
| Federal Work-Study Program | 84.033 | 001437 | 81,082 | - |
| Federal Pell Grant Program | 84.063 | 008298 | 3,979,501 | - |
| Federal Direct Student Loans | 84.268 | G08403 | - | 3,566,005 |
| Total Student Financial Assistance Cluster | | | <u>4,155,706</u> | <u>3,566,005</u> |
| Higher Education Institutional Aid | 84.031A | P031A200132-21 | 389,799 | - |
| TRIO Cluster: | | | | |
| TRIO Student Support Services | 84.042 | P042A201562-21 | 416,653 | - |
| TRIO Talent Search | 84.044 | P044A210526 | 294,318 | - |
| TRIO Upward Bound | 84.047 | P047A170580-21 | 306,061 | - |
| TRIO Educational Opportunity Centers | 84.066 | P066A210055 | 280,420 | - |
| Total TRIO Cluster | | | <u>1,297,452</u> | - |
| Fund for the Improvement of Postsecondary Education | 84.116Z | P116Z220126 | 2,590 | - |
| Pass through Iowa Department of Education: | | | | |
| Adult Education - State Grant Program | 84.002 | V002A210015 | 213,926 | - |
| COVID-19, Governor's Emergency Education Relief (GEER) | 84.425C | ^ | 327,279 | - |
| Pass through Iowa Department of Education - Vocational Rehabilitation Services: | | | | |
| Career and Technical Education - Basic Grants to States (Perkind IV) | 84.048 | G-PER 22-193 | 296,254 | - |
| Career and Technical Education - Basic Grants to States (Perkins V) | 84.048A | | 40,000 | - |
| Rehabilitation Services Vocational Rehabilitation | 84.126 | 17-VRIN-04 | 81,937 | - |
| COVID-19, Higher Education Emergency Relief Fund (HEERF) - Student Aid Portion | 84.425E | ^ | 13,562 | - |
| COVID-19, HEERF Institutional Aid Portion | 84.425F | ^ | 893,555 | - |
| Total U.S. Department of Education | | | <u>7,712,060</u> | <u>3,566,005</u> |

Indian Hills Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2023

| Grantor/Program | Assistance Listing Number | Pass-through Entity Identifying Number | Program Expenditures | New Loans and New Loan Guarantees |
|---|---------------------------------|---|-------------------------|--|
| U.S. Department of Health and Human Services: Pass through Iowa Department of Public Health: Injury Prevention and Control Research and State and Community Based Programs | 93.136 | 5882RP04 | 172,451 | - |
| Passed through National Science Foundation Iowa Childcare Stabilization | 93.575 | | 94,586 | - |
| Total U.S. Department of Health and Human Services | | | 267,037 | - |
| Total | | | \$ 9,310,118 | 3,566,005 |

^ Total Higher Education Emergency Relief Fund (HEERF) \$1,234,396

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Indian Hills Community College under programs of the federal government for the year ended June 30, 2023. 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 Indian Hills Community College, it is not intended to and does not present the financial position, changes in financial position or cash flows of Indian Hills Community College.

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.

Indirect Cost Rate – Indian Hills Community College has elected to not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Trustees of Indian Hills Community College:

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 the business type activities and the fiduciary activities of Indian Hills Community College, Ottumwa, Iowa, and its discretely presented component unit as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 30, 2023. Our report includes a reference to other auditors who audited the financial statements of Indian Hills Community College Development Corporation, Inc. and the Indian Hills Community College Foundation, Inc., as described in our report on Indian Hills Community College's financial statements. The financial statements of Indian Hills Community College Facilities Foundation were not audited in accordance with Government Auditing Standards. This report on internal control over financial reporting and compliance and other matters does not include the results of the Indian Hills Community College Development Corporation, Inc. or the Indian Hill Community College Foundation, Inc.'s audit performed by another auditor.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Indian Hills Community College'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 were not identified.

Report on Compliance and Other Matters


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

Comments involving statutory and other legal matters about the Indian Hills Community College’s operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Indian Hills Community 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 Indian Hills Community 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 Indian Hills Community College’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Indian Hills Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

November 30, 2023

Indian Hills Community College



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report on Compliance
For Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Board of Trustees of Indian Hills Community College:

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited Indian Hills Community College's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Indian Hills Community College's major federal programs for the year ended June 30, 2023. Indian Hills Community College's major federal programs are identified in the summary of auditor's results section (Part I) of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Indian Hills Community College complied, in all material respects, with the 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, 2023.

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 Indian Hills Community College and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Indian Hills Community 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 Indian Hills Community 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 Indian Hills Community 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 GAAS, 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 judgement made by a reasonable user of the report on compliance about Indian Hills Community College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards and the Uniform Guidance, we:

- Exercise professional judgement 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 Indian Hills Community College's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Indian Hills Community 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 Indian Hills Community 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 we identified during the audit.

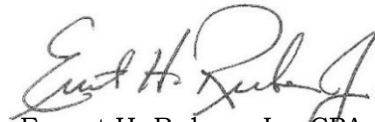
Report on Internal Control Over Compliance

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, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance 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.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

November 30, 2023

Indian Hills Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

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

- (a) An unmodified opinion was issued on the financial statements prepared in accordance with accounting principles generally accepted in the United States of America.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) Major programs were as follows:
 - Student Financial Assistance Cluster:
 - Assistance Listing Number 84.007 – Federal Supplemental Educational Opportunity Grant
 - Assistance Listing Number 84.033 – Federal Work-study Program (FWS)
 - Assistance Listing Number 84.063 – Federal Pell Grant Program
 - Assistance Listing Number 84.268 – Federal Direct Student Loans
 - Higher Education Emergency Relief Fund:
 - Assistance Listing Number 84.425C – COVID-19, Governor's Emergency Education Relief
 - Assistance Listing Number 84.425E – COVID-19, Student Aid Portion
 - Assistance Listing Number 84.425F – COVID-19, Institutional Aid Portion
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Indian Hills Community College qualified as a low-risk auditee.

Indian Hills Community College
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over financial reporting were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over compliance were noted.

Indian Hills Community College

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting:

2023-A Certified Budget – Expenses for the year ended June 30, 2023 did not exceed the amount budgeted.

2023-B Questionable Disbursements – No expenditures we believe did not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

2023-C 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.

2023-D Business Transactions and Competitive Bidding Requirements – Business transactions between the College and College officials as detailed as follows:

| <u>Name, Title and Business Connection</u> | <u>Transaction Description</u> | <u>Amount</u> |
|--|---|---------------|
| Lori Yates, Trustee, Owner of Yates Glass | Maintenance and construction per bid | \$ 522,150 |

In accordance Chapter 279.7A of the Code of Iowa, the above transactions with Yates Glass do not appear to represent conflict of interest since they were entered into through competitive bid.

2023-E 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.

2023-F 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.

2023-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

2023-H Publication – 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.

2023-I Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the College’s investment policy were noted.

2023-J 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, 2023 were supported by detailed records maintained by the College.

Indian Hills Community College

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Katherine L. Rupp, CPA, Manager
Ethan M. Snedigar, Senior Auditor
Zachary T. Shaw, Senior Auditor
Jared M. Ernst, CPA, Staff Auditor
Hunter W. Penton, Staff Auditor
Brianna M. Denton, Assistant Auditor