



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

NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

December 9, 2024 @ 4:00 p.m.

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 \$31,576,392 for the year ended June 30, 2024, a 28.9% increase for the year ended June 30, 2023. Operating expenses for the year ended June 30, 2024 totaled \$56,722,952, a 1.2% increase from the prior year. The increase in receipts is due primarily to the issuance of Iowa Industrial New Jobs Training Program certificates and increased miscellaneous operating revenues in fiscal year 2024.

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, 2024

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

November 25, 2024

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, 2024. 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".

Rob Sand
Auditor of State

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		8-14
Basic Financial Statements:	<u>Exhibit</u>	
Statement of Net Position	A	16-17
Statement of Revenues, Expenses and Changes in Net Position	B	18-19
Statement of Cash Flows	C	20-21
Statement of Fiduciary Net Position – Custodial Funds	D	22
Statement of Changes in Fiduciary Net Position – Custodial Funds	E	23
Component Unit Financial Statements:		
Statement of Net Assets	F	24
Statement of Revenues, Expenses and Changes in Net Assets	G	25
Notes to Financial Statements		26-51
Required Supplementary Information:		
Schedule of the College’s Proportionate Share of the Net Pension Liability		54-55
Schedule of College Contributions		56-57
Notes to Required Supplementary Information – Pension Liability		59
Schedule of Changes in the College’s Total OPEB Liability and Related Ratios		60-61
Notes to Required Supplementary Information– OPEB Liability		62
Supplementary Information:	<u>Schedule</u>	
Budgetary Comparison Schedule of Expenditures – Budget to Actual	1	65
Combining Balance Sheet – All Funds	2	66-69
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – All Funds	3	70-73
Combining Unrestricted Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Education and Support	4	74-75
Schedule of Revenues, Expenditures and Changes in Fund Balances – Auxiliary Enterprises	5	77
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Restricted Fund	6	78-79
Combining Balance Sheet – Custodial Net Position	7	80
Combining Schedule of Changes in Custodial Net Position	8	81
Schedule of Credit and Contact Hours	9	83
Schedule of Tax and Intergovernmental Revenues	10	84-85
Schedule of Current Fund Revenues by Source and Expenditures by Function	11	86-87
Schedule of Expenditures of Federal Awards	12	88-89
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 <u>Government Auditing Standards</u>		90-91
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance		93-95
Schedule of Findings and Questioned Costs		96-98
Staff		99

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	2027
Lori Yates	Member	2025
Beth Danowsky	Member	2025
Jerry Kirkpatrick	Member	2025
Kevin Crall	Member	2027
Christine Estle	Member	2027
Alan M. Wilson	Member	2027
Riley Sheetz	Member	2027

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



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

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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, 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities, the fiduciary activities and the aggregate discretely presented component units of Indian Hills Community College as of June 30, 2024 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of 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, 2024. 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. The financial statements of the Indian Hills Community College Development Corporation, Inc. and the Indian Hills Community College Foundation, Inc. were not audited in accordance with Government Auditing Standards.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 judgment 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 judgment, 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 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 opinions 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, 2023 (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 25, 2024 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

November 25, 2024

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, 2024. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

2024 FINANCIAL HIGHLIGHTS

- Operating revenues increased 28.9%, or approximately \$7,075,000, during fiscal year 2024 due to increased miscellaneous operating revenues and the issuance of \$1,810,000 Industrial New Jobs Training Program projects.
- Operating expenses increased 1.2% or approximately \$678,000, during fiscal year 2024. Cooperative services and physical plant expenses increased, while general institution expenses decreased.
- The College's net position increased 16.7%, or approximately \$12,390,000, during fiscal year 2024.

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 Indian Hills Community 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

	June 30,	
	2024	2023
Current and other assets	\$ 62,066,120	62,350,890
Capital assets, net of accumulated depreciation/amortization	84,998,963	67,406,728
Total assets	147,065,083	129,757,618
Deferred outflows of resources	3,209,697	2,128,262
Current liabilities	11,692,900	12,207,426
Noncurrent liabilities	42,701,548	35,260,173
Total liabilities	54,394,448	47,467,599
Deferred inflows of resources	9,450,600	10,378,594
Net position:		
Net investment in capital assets	62,279,373	48,687,740
Restricted	7,315,190	6,091,142
Unrestricted	16,835,169	19,260,805
Total net position	\$ 86,429,732	74,039,687

Comparison of Net Position

Net position increased 16.7% or \$12,390,045 over the prior year.

The largest portion of the College's net position (72.1%) 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 \$13,592,000 over the prior year, primarily due to construction in progress related to the Centerville Academic Building construction project and the main campus Performing Arts Center addition and remodel project.

The restricted portion of the net position represents resources subject to external restrictions. The restricted net position increased approximately \$1,224,000 over the prior year, primarily due to new Industrial New Jobs Training Certificate proceeds for fiscal year 2024.

The remaining net position is unrestricted and may be used to meet the College's operating obligations as they become due. The decrease in the unrestricted net position is due, in part, to the Centerville construction project.

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>2024</u>	<u>2023</u>
Operating revenues:		
Tuition and fees	\$ 10,899,925	10,153,836
Federal appropriations	6,237,925	5,320,033
Sales and services	1,008,408	959,112
Iowa Industrial New Jobs Training Program	1,285,480	322,383
Auxiliary	5,616,808	5,173,940
Miscellaneous	6,527,846	2,571,726
Total operating revenues	31,576,392	24,501,030
Total operating expenses	56,722,952	56,045,309
Operating loss	(25,146,560)	(31,544,279)
Non-operating revenues (expenses):		
State appropriations	21,281,460	22,605,349
Pell grants	4,499,847	3,979,501
Property tax	9,478,651	8,800,861
Gifts from IHCC Foundation	1,777,841	2,009,466
Interest income on investments	1,720,257	971,320
Donated capital assets	16,640	37,305
Loss on disposal of capital assets	(84,773)	(133,203)
Interest expense	(1,153,318)	(938,651)
Net non-operating revenues (expenses)	37,536,605	37,331,948
Change in net position	12,390,045	5,787,669
Net position beginning of year	74,039,687	68,252,018
Net position end of year	<u>\$ 86,429,732</u>	<u>74,039,687</u>

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase of 16.7%, or \$12,390,045 as a result of operations during fiscal year 2024.

In fiscal year 2024, operating revenues totaled approximately \$31.6 million and net non-operating revenues (expenses) totaled approximately \$37.6 million. Observations regarding the changes in operating and non-operating revenues follow:

- Interest Income on investments increased.
- Miscellaneous revenue increased in the Plant Fund due to additional funding for General Obligation bond projects.
- Iowa Industrial New Jobs Training Program revenue increased due to new program activity.
- Auxiliary revenue increased due to more students choosing to live on campus, impacting housing and food service revenues.
- Federal appropriation revenue increased as a result of funding from the Economic Development Administration (EDA) and the Department of Labor (DOL).

Operating Expenses

	Year ended June 30,	
	2024	2023
Education and support:		
Liberal arts and sciences	\$ 4,368,534	4,805,594
Vocational technical	8,641,270	8,681,427
Adult education	3,721,431	3,614,751
Cooperative services	1,681,560	894,164
Administration	2,018,628	1,641,407
Student services	5,365,270	5,228,988
Learning resources	277,970	336,814
Physical plant	7,269,240	6,576,735
General institution	8,293,721	9,580,559
Auxiliary enterprises	6,887,773	6,529,944
Scholarships and grants	1,814,185	1,829,380
Workforce Investment Act	933,841	831,517
Plant operations	1,330,315	1,436,923
Depreciation/amortization	4,119,214	4,057,106
Total	\$ 56,722,952	56,045,309

In fiscal year 2024, operating expenses increased by 1.2%, or approximately \$678,000. The following factors explain some of the changes:

- Cooperative services expenses increased due to growth in the Industrial New Jobs Training program.
- Physical plant expenses increased due to ongoing construction projects.
- Auxiliary expenses increased due to housing and food-related costs from having an increased number of resident students.

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,	
	2024	2023
Cash provided (used) by:		
Operating activities	\$ (25,291,094)	(25,474,559)
Non-capital financing activities	36,620,514	35,160,909
Capital and related financing activities	(16,165,393)	(19,728,947)
Investing activities	1,732,010	975,048
Net change in cash and cash equivalents	(3,103,963)	(9,067,549)
Cash and cash equivalents beginning of year	44,954,910	54,022,459
Cash and cash equivalents end of year	\$ 41,850,947	44,954,910

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, 2024, the College had approximately \$85.0 million invested in capital assets, net of accumulated depreciation/amortization of approximately \$59.4 million. Fiscal year 2024 depreciation/amortization charges totaled \$4,119,214. Construction in progress totaling \$32,947,396 for fiscal year 2024 includes \$26,809,293 for the Centerville Academic building and \$5,841,006 for the Performing arts building project. A summary of capital assets, net of accumulated depreciation/amortization, is shown below.

Capital Assets, Net at Year-End

	June 30,	
	2024	2023
Land	\$ 443,437	443,437
Construction in progress	32,947,397	16,216,828
Buildings	42,016,867	42,770,750
Improvements other than buildings	3,320,682	3,012,312
Right-to-use leased assets	961,134	763,409
Right-to-use IT subscription assets	590,935	858,597
Equipment and vehicles	4,718,511	3,341,395
Total	\$ 84,998,963	67,406,728

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

DEBT

Outstanding debt at June 30, 2024 was \$37,058,240, which consists of certificates issued for Iowa Industrial New Jobs Training Program projects and general obligation notes payable. During the year ended June 30, 2024, the College issued \$1,810,000 of NJTP certificates.

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

Outstanding Debt

	June 30,	
	2024	2023
Certificates payable	\$ 6,400,129	6,501,531
General obligation note	29,001,238	22,487,659
Right-to-use lease agreements	949,097	760,390
Right-to-use IT subscription agreements	707,776	911,899
Total	\$ 37,058,240	30,661,479

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, 2024

	<u>Primary Government</u>	<u>Component Units</u>
Assets		
Current assets:		
Cash, cash equivalents and pooled investments:		
Cash, cash equivalents and pooled investments	\$ 35,782,854	31,479,631
Restricted cash, cash equivalents and pooled investments	-	8,666,984
Receivables:		
Accounts, net of allowance for doubtful accounts of \$106,516	4,740,115	161
Succeeding year property tax	8,542,284	-
Due from other governments	2,694,693	-
Lease receivable	397,449	-
Contributions, net of discounts	-	4,254,609
Prepaid expenses	946,603	-
Inventories	1,016,573	-
Total current assets	<u>54,120,571</u>	<u>44,401,385</u>
Noncurrent assets:		
Cash and cash equivalents	6,068,093	-
Receivable for Iowa Industrial New Jobs Training Program	1,877,456	-
Capital assets not being depreciated	33,390,834	-
Capital assets, net of accumulated depreciation/amortization	<u>51,608,129</u>	<u>2,589,719</u>
Total noncurrent assets	<u>92,944,512</u>	<u>2,589,719</u>
Total assets	<u>147,065,083</u>	<u>46,991,104</u>
Deferred Outflows of Resources		
Pension related deferred outflows	2,859,912	-
OPEB related deferred outflows	<u>349,785</u>	<u>-</u>
Total deferred outflows of resources	<u>3,209,697</u>	<u>-</u>

Indian Hills Community College

Statement of Net Position

June 30, 2024

	Primary Government	Component Units
Liabilities		
Current liabilities:		
Accounts payable	4,923,031	3,583,615
Salaries and benefits payable	1,177,970	-
Advances from others	1,358,769	-
Early retirement payable	212,427	-
Compensated absences payable	935,177	-
Lease agreement payable	287,655	2,661,182
IT subscription agreement payable	155,515	-
Certificates payable	980,000	-
Notes payable	1,478,431	-
Interest payable	78,832	-
Total OPEB liability	105,093	-
Total current liabilities	11,692,900	6,244,797
Noncurrent liabilities:		
Early retirement payable	511,288	-
Lease agreement payable	661,442	-
IT subscription agreement payable	552,261	-
Certificates payable	5,420,129	-
Notes payable	27,522,807	-
Net pension liability	7,761,117	-
Total OPEB liability	272,504	-
Total noncurrent liabilities	42,701,548	-
Total liabilities	54,394,448	6,244,797
Deferred Inflows of Resources		
Lease receivable	397,449	-
Unavailable property tax revenue	8,542,284	-
Pension related deferred inflows	457,238	-
OPEB related deferred inflows	53,629	-
Total deferred inflows of resources	9,450,600	-
Net position		
Net investment in capital assets	62,279,373	-
Restricted:		
With donor restrictions	-	19,468,379
Expendable:		
Scholarships and fellowships	76,806	-
Cash reserve	288,745	-
Other	6,949,639	-
Unrestricted/without donor restrictions	16,835,169	21,277,928
Total net position	\$ 86,429,732	40,746,307

See notes to financial statements.

Exhibit B

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

Year ended June 30, 2024

	<u>Primary Government</u>	<u>Component Units</u>
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$4,225,290	\$ 10,899,925	-
Federal appropriations	6,237,925	-
Sales and services	1,008,408	-
Iowa Industrial New Jobs Training Program	1,285,480	-
Auxiliary enterprises, net of scholarship allowances of \$1,895,244	5,616,808	-
Contributions	-	3,162,518
Rental income and facility management	-	858,276
Miscellaneous	6,527,846	22,105
Total operating revenues	<u>31,576,392</u>	<u>4,042,899</u>
Operating expenses:		
Education and support:		
Liberal arts and sciences	4,368,534	-
Vocational technical	8,641,270	-
Adult education	3,721,431	-
Cooperative services	1,681,560	-
Administration	2,018,628	-
Student services	5,365,270	-
Learning resources	277,970	-
Physical plant	7,269,240	-
General institution	8,293,721	-
Auxiliary enterprises	6,887,773	-
Scholarships and grants	1,814,185	-
Workforce Investment Act	933,841	-
Plant operations	1,330,315	-
General and administrative Programs	-	3,777,601
	-	646,051
Depreciation/amortization	4,119,214	-
Total operating expenses	<u>56,722,952</u>	<u>4,423,652</u>
Operating loss	<u>(25,146,560)</u>	<u>(380,753)</u>

Indian Hills Community College

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2024

	Primary Government	Component Units
Non-operating revenues (expenses):		
State appropriations	21,281,460	-
Pell grants	4,499,847	-
Property tax	9,478,651	-
Gifts from Indian Hills Community College Foundation for student scholarships	1,777,841	-
Investment income	1,720,257	3,335,459
Gifts to Indian Hills Community College for student scholarships	-	(1,777,841)
Donated capital assets	16,640	-
Loss on disposal of capital assets	(84,773)	-
Interest on indebtedness	(1,153,318)	-
Net non-operating revenues (expenses)	<u>37,536,605</u>	<u>1,557,618</u>
Change in net position	12,390,045	1,176,865
Net position beginning of year, as restated	<u>74,039,687</u>	<u>39,569,442</u>
Net position end of year	<u>\$ 86,429,732</u>	<u>40,746,307</u>

See notes to financial statements.

Exhibit C

Indian Hills Community College

Statement of Cash Flows

Year ended June 30, 2024

	<u>Primary Government</u>
Cash flows from operating activities:	
Tuition and fees	\$ 11,038,364
Federal appropriations	6,237,925
Iowa Industrial New Jobs Training Program	1,591,691
Payments to employees for salaries and benefits	(32,298,620)
Payments to suppliers for goods and services	(18,663,652)
Payments to New Jobs Training Program recipients	(914,922)
Scholarships	(1,814,185)
Auxiliary enterprise receipts	5,481,344
Other receipts	4,050,961
Net cash used by operating activities	<u>(25,291,094)</u>
Cash flows from non-capital financing activities:	
State appropriations	21,207,457
Pell grants	4,499,847
Property tax	9,478,651
Gifts	1,777,841
Proceeds from issuance of debt	1,810,000
Principal paid on debt	(1,911,402)
Interest paid on debt	(241,880)
Net cash provided by non-capital financing activities	<u>36,620,514</u>
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	(1,405,947)
Proceeds from issuance of debt	7,936,000
Principal paid on debt	(1,422,421)
Lease principal paid on right-to-use assets	(294,216)
IT subscription paid on right-to-use assets	(204,123)
Interest paid on debt	(883,974)
Acquisition of capital assets	(19,890,712)
Net cash used by capital and related financing activities	<u>(16,165,393)</u>
Cash flows from investing activities:	
Interest on investments	<u>1,732,010</u>
Net decrease in cash and cash equivalents	(3,103,963)
Cash and cash equivalents beginning of year	<u>44,954,910</u>
Cash and cash equivalents end of year	<u>\$ 41,850,947</u>

Indian Hills Community College

Statement of Cash Flows

Year ended June 30, 2024

	Primary Government
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (25,146,560)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation/amortization	4,119,214
Provision for doubtful accounts	5,545
Change in assets and liabilities:	
Accounts receivable	(3,145,349)
NJTP receivable	306,211
Prepaid expenses	517,835
Inventories	(281,610)
Accounts payable	179,284
Salaries and benefits payable	(74,357)
Advances from others	(342,514)
Compensated absences payable	(114,319)
Net pension liability	1,118,802
Deferred inflows of resources	(1,087,569)
Deferred outflows of resources	(1,081,435)
Total OPEB liability	(76,906)
Early retirement payable	(187,366)
Total adjustments	(144,534)
Net cash used by operating activities	\$ (25,291,094)

Noncash capital and related financing activities:

The College received donated capital assets with an acquisition value of \$16,640. The trade-in value of equipment deleted was \$101,880. Assets acquired under right-to-use leases total \$482,923.

See notes to financial statements.

Exhibit D

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

June 30, 2024

Assets	
Cash and cash equivalents	\$ 283,964
Accounts receivable	5,957
Due from other governments	<u>79,326</u>
Total assets	<u>369,247</u>
Liabilities	
Accounts payable	4,360
Salaries and benefits payable	127
Due to other governments	79,326
Advances from others	<u>5,830</u>
Total liabilities	<u>89,643</u>
Net assets	
Restricted:	
Other	<u>\$ 279,604</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, 2024

Additions:	
State appropriations	\$ 42,911
Federal appropriations	3,600,438
Interest on investments	6,128
Miscellaneous	<u>384,485</u>
Total additions	<u>4,033,962</u>
Deductions:	
Salaries and benefits	9,141
Services	414,850
Direct student loans	<u>3,600,438</u>
Total deductions	<u>4,024,429</u>
Changes in net position	9,533
Net position beginning of year	<u>270,071</u>
Net position end of year	<u><u>\$ 279,604</u></u>

See notes to financial statements.

Indian Hills Community College

Statement of Net Assets
Component Units

June 30, 2024

	Indian Hills Community College Development Corp., Inc.	Indian Hills Community College Foundation, Inc.	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 930,974	995,346	1,926,320
Investments	-	29,553,311	29,553,311
Restricted cash and investments	-	8,666,984	8,666,984
Accounts receivable	161	-	161
Contributions, net of discounts	-	4,254,609	4,254,609
Prepaid expense	-	-	-
Right-of-use lease assets	\$ 2,589,719	-	2,589,719
Total current assets	3,520,854	43,470,250	46,991,104
Noncurrent assets:			
Capital assets, net of accumulated depreciation of \$15,434	-	-	-
Total assets	3,520,854	43,470,250	46,991,104
Liabilities			
Current liabilities:			
Accounts payable	553,639	3,029,976	3,583,615
Right-of-use leases	2,661,182	-	2,661,182
Total liabilities	3,214,821	3,029,976	6,244,797
Net assets			
With donor restrictions	-	19,468,379	19,468,379
Without donor restrictions	306,033	20,971,895	21,277,928
Total net assets	\$ 306,033	40,440,274	40,746,307

See notes to financial statements.

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

Year ended June 30, 2024

	Indian Hills Community College Development Corp., Inc.	Indian Hills Community College Foundation, Inc.	Total
Operating revenues:			
Contributions	\$ -	3,162,518	3,162,518
Rental income and facility management	858,276	-	858,276
Miscellaneous	12,000	10,105	22,105
Total operating revenues	<u>870,276</u>	<u>3,172,623</u>	<u>4,042,899</u>
Operating expenses:			
General and administrative	218,436	3,559,165	3,777,601
Programs	646,051	-	646,051
Total operating expenses	<u>864,487</u>	<u>3,559,165</u>	<u>4,423,652</u>
Operating income (loss)	<u>5,789</u>	<u>(386,542)</u>	<u>(380,753)</u>
Non-operating revenues (expenses):			
Investment income, net of investment expenses	24,935	3,310,524	3,335,459
Gifts to Indian Hills Community College	-	(1,777,841)	(1,777,841)
Net non-operating revenues (expenses)	<u>24,935</u>	<u>1,532,683</u>	<u>1,557,618</u>
Change in net assets	30,724	1,146,141	1,176,865
Net assets beginning of year, as restated	<u>275,309</u>	<u>39,294,133</u>	<u>39,569,442</u>
Net assets end of year	<u>\$ 306,033</u>	<u>40,440,274</u>	<u>40,746,307</u>

See notes to financial statements.

Indian Hills Community College

Notes to Financial Statements

June 30, 2024

(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 covers. 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 nonprofit 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 which is 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, 2024 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets are tangible and intangible assets, which include property, furniture and equipment and infrastructure assets are reported in the governmental activities column in the government-wide Statement of Net Position. 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:

<u>Asset Class</u>	<u>Amount</u>
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, the right-to-use leased assets and the right-to-use IT subscription assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
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 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, 2024.

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 represent 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, 2024 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of 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, 2024, the College had investments of \$24,306,311 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, 2024:

<u>Investments</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$ 4,340,685	4,340,685	-
Corporate and government bonds	11,742,931	-	11,742,931
Corporate stocks	20,980,190	20,980,190	-
Total	<u>\$ 37,063,806</u>	<u>25,320,875</u>	<u>11,742,931</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, 2024, 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, 2024 are as follows:

Type	Amount
Textbooks and supplies	\$ 494,607
Work in process	330,093
Merchandise held for resale	191,873
Total	<u>\$1,016,573</u>

(4) Capital Assets

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated/amortized:				
Land	\$ 443,437	-	-	443,437
Construction in progress	16,216,828	18,680,085	1,949,516	32,947,397
Total capital assets not being depreciated/amortized	16,660,265	18,680,085	1,949,516	33,390,834
Capital assets being depreciated/amortized:				
Buildings	84,565,369	1,614,313	437,267	85,742,415
Right-to-use leased asset	1,056,092	482,923	86,837	1,452,178
Right-to-use IT subscription asset	1,126,259	-	141,367	984,892
Improvements other than buildings	6,829,473	562,879	446,223	6,946,129
Intangibles	426,567	-	-	426,567
Equipment and vehicles	13,343,295	2,570,966	459,680	15,454,581
Total capital assets being depreciated/amortized	107,347,055	5,231,081	1,571,374	111,006,762
Less accumulated depreciation/amortization for:				
Buildings	41,794,619	2,272,801	341,872	43,725,548
Improvements other than buildings	3,817,161	254,509	446,223	3,625,447
Right-to-use leased asset	292,683	285,198	86,837	491,044
Right-to-use IT subscription asset	267,662	267,662	141,367	393,957
Intangibles	426,567	-	-	426,567
Equipment and vehicles	10,001,900	1,039,044	304,874	10,736,070
Total accumulated depreciation/amortization	56,600,592	4,119,214	1,321,173	59,398,633
Total capital assets being depreciated/amortized, net	50,746,463	1,111,867	250,201	51,608,129
Capital assets, net	<u>\$ 67,406,728</u>	<u>19,791,952</u>	<u>2,199,717</u>	<u>84,998,963</u>

(5) Lease Receivable

The College owns property it leases to other State of Iowa agencies. On March 1, 2022, the College entered into a five-year agreement to rent office space to the Iowa Department of Administrative Services. The College is to receive \$9,727 monthly with an estimated implicit rate of 2.0% with final receipt due February 28, 2027. During the year ended June 30, 2024, the College received \$109,482 in principal and \$7,247 in interest.

On October 1, 2022, the College entered into a five-year agreement to rent office space to the Iowa Department of Administrative Services. The College is to receive \$2,507 monthly with an estimated implicit rate of 4.25% with final receipt due September 30, 2027. During the year ended June 30, 2024, the College received \$27,885 in principal and \$2,194 in interest.

Year Ending June 30,	Principal	Interest	Total
2025	\$ 140,139	6,669	146,808
2026	142,968	3,840	146,808
2027	106,847	1,052	107,899
2028	7,495	25	7,520
	<u>\$ 397,449</u>	<u>11,586</u>	<u>409,035</u>

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2024 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	\$ 6,501,531	22,487,659	760,390	911,899	6,642,315	454,503	911,081	38,669,378
Additions	1,810,000	7,936,000	482,923	-	1,118,802	28,187	344,036	11,719,948
Reductions	1,911,402	1,422,421	294,216	204,123	-	105,093	531,402	4,468,657
Balance end of year	<u>\$ 6,400,129</u>	<u>29,001,238</u>	<u>949,097</u>	<u>707,776</u>	<u>7,761,117</u>	<u>377,597</u>	<u>723,715</u>	<u>45,920,669</u>
Due within one year	<u>\$ 980,000</u>	<u>1,478,431</u>	<u>287,655</u>	<u>155,515</u>	<u>-</u>	<u>105,093</u>	<u>212,427</u>	<u>3,219,121</u>

(1) The unamortized discount on the certificates was \$24,871 at June 30, 2024.

(2) The unamortized premium on the notes was \$34,424 and unamortized discount was \$188,186 at June 30, 2024.

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, 2024, the College paid principal of \$134,265 and interest of \$25,079.

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 three payments of \$8,219 paid July 15, 2022, \$66,781 paid March 21, 2023 and \$75,000 due July 15, 2024 with an estimated implicit interest rate of 3.0%. During the year ended June 30, 2024, the College paid the payment due July 15, 2025 in January 2024 making total principal of \$69,858 and interest of \$4,457.

Future principal and interest payments as of June 30, 2024 are as follows:

Year Ending June 30,	Educational Software			Educational Software		
	Principal	Interest	Total	Principal	Interest	Total
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>\$ 701,708</u>	<u>55,295</u>	<u>757,003</u>	<u>\$ 6,068</u>	<u>182</u>	<u>6,250</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
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>\$ 707,776</u>	<u>55,477</u>	<u>763,253</u>

Certificates Payable

In accordance with agreements dated between June 7, 2017 and November 20, 2023, the College issued certificates totaling \$12,120,000 with interest rates ranging from 1.66% to 5.62% 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
	2025	\$ 980,000	225,736
2026	965,000	194,757	1,159,757
2027	960,000	163,381	1,123,381
2028	960,000	131,719	1,091,719
2029	790,000	99,321	889,321
2030-2033	<u>1,770,000</u>	<u>162,897</u>	<u>1,932,897</u>
Total	\$ 6,425,000	<u>977,811</u>	<u>7,402,811</u>
Unamortized discount	<u>(24,871)</u>		
Certificates payable	<u>\$ 6,400,129</u>		

During the year ended June 30, 2024, the 2017-1 and 2018-1 certificates were redeemed and the College paid principal of \$1,915,000, interest of \$241,880 and amortized discount of \$3,598 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 funds to help defray the costs associated with the College's ongoing renovation projects.

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.

On October 23, 2023, the College issued \$8,000,000 of general obligation plant fund capital loan notes, Series 2023, with interest rates between 4.25% per annum and 4.5% 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, 2024 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Series 2020		Interest Rates	Series 2022				
		Principal	Interest		Principal	Interest			
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	2.00	605,000	12,100	3.000-3.125	985,000	475,387			
2030-2034		-	-	3.125-3.500	4,770,000	1,947,468			
2035-2039		-	-	3.50	5,265,000	1,151,931			
2040-2043		-	-	3.50	3,425,000	241,324			
Total		\$ 2,890,000	176,100		\$ 18,265,000	6,006,712			
		Unamortized premium	34,424		Unamortized discount	(126,708)			
		Notes payable	\$ 2,924,424		Notes payable	\$ 18,138,292			

Year Ending June 30,	Interest Rates	Series 2023		Total		
		Principal	Interest	Principal	Interest	Total
2025	4.25%	\$ -	356,000	\$ 1,480,000	1,003,788	2,483,788
2026	4.25	-	356,000	1,510,000	964,888	2,474,888
2027	4.25	-	356,000	1,545,000	925,238	2,470,238
2028	4.25	100,000	356,000	1,670,000	884,688	2,554,688
2029	4.25	100,000	351,750	1,690,000	839,237	2,529,237
2030-2034	4.25-4.50	2,000,000	1,610,000	6,770,000	3,557,468	10,327,468
2035-2039	4.50	4,700,000	924,750	9,965,000	2,076,681	12,041,681
2040-2043	4.50	1,100,000	49,500	4,525,000	290,824	4,815,824
Total		\$ 8,000,000	4,360,000	\$ 29,155,000	10,542,812	39,697,812
		Unamortized discount	(61,478)	Unamortized premium/discount	(153,762)	
		Notes payable	\$ 7,938,522	Notes payable	\$ 29,001,238	

During the year ended June 30, 2024, the College paid principal of \$1,422,421 and interest of \$856,670 on the notes.

Lease Agreements

Between November 20, 2019 and October 26, 2022, the College entered in various noncancelable lease agreements for multi-functional printers. The agreements require monthly payments with estimated implicit rates from 2.00% and 3.00%. Monthly payments range from \$100 to \$7,150 over five years. During the year ended June 30, 2024, the College paid principal of \$98,620 and interest of \$9,793 on these arrangements.

Between September 5, 2022 and April 1, 2024, the College entered into various noncancelable lease agreements for passenger buses. The agreement requires monthly payments with estimated implicit rates from 2.00% to 6.90%. Monthly payments range from \$1,931 to \$9,306 and lease length range from one year to five years. During the year ended June 30, 2024, the College paid principal of \$152,760 and interest of \$13,106 on these arrangements.

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 on July 1, 2026. During the year ended June 30, 2024, the College paid principal of \$12,362 and interest of \$730 on the agreement.

On July 15, 2021, the College entered into a noncancelable lease agreement for a compact excavator. The agreement required 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, 2024, the College paid principal of \$7,563 and interest of \$237 on the agreement.

During the year ended June 30, 2024, the College paid a total principal of \$294,216 and interest of \$24,114 on these lease agreements and other lease agreements that ended during the year.

Future principal and interest lease payment as of June 30, 2024 are as follows:

Year Ending June 30,	Printers			Passenger Buses		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 90,889	7,067	97,956	\$ 176,439	29,565	206,004
2026	82,447	4,549	86,996	133,354	22,011	155,365
2027	84,955	2,042	86,997	134,607	15,170	149,777
2028	21,838	111	21,949	106,447	8,400	114,847
2029	-	-	-	81,673	2,081	83,754
Total	\$ 280,129	13,769	293,898	\$ 632,520	77,227	709,747

Year Ending June 30,	Compact Excavator			Postage Machine		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 7,716	84	7,800	\$ 12,611	481	13,092
2026	-	-	-	12,865	227	13,092
2027	-	-	-	3,256	17	3,273
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
	<u>\$ 7,716</u>	<u>84</u>	<u>7,800</u>	<u>\$ 28,732</u>	<u>725</u>	<u>29,457</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2025	\$ 287,655	37,197	324,852
2026	228,666	26,787	255,453
2027	222,818	17,229	240,047
2028	128,285	8,511	136,796
2029	81,673	2,081	83,754
Total	<u>\$ 949,097</u>	<u>91,805</u>	<u>1,040,902</u>

(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 2024, 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, 2024 totaled \$1,452,464.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the College reported a liability of \$7,761,117 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the College's proportion was 0.171947%, which was a decrease of 0.003862% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the College recognized pension expense of \$362,222. At June 30, 2024, 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	\$ 656,601	31,901
Changes of assumptions	-	123
Net difference between projected and actual earnings on IPERS' investments	718,774	-
Changes in proportion and differences between College contributions and College's proportionate share of contributions	32,073	425,214
College's contributions subsequent to the measurement date	1,452,464	-
Total	<u>\$ 2,859,912</u>	<u>457,238</u>

\$1,452,464 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Total
2025	\$ (413,993)
2026	(713,974)
2027	1,721,035
2028	314,477
2029	42,665
Total	<u>\$ 950,210</u>

There are no non-employer contributing entities to IPERS.

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

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

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
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	\$ 16,501,864	7,761,117	436,227

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, 2024.

(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, 2024, employee contributions totaled \$437,674 and the College recognized pension expense of \$656,859.

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, 2024.

(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, 2024, 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><u>390</u></u>

Total OPEB Liability – The College’s total OPEB liability of \$377,597 was measured as of June 30, 2024 and was determined by an actuarial valuation as of January 1, 2023. The total OPEB liability was rolled forward from the January 1, 2023 valuation to the June 30, 2024 measurement date.

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	3.00% per annum, including
(effective January 1, 2023)	inflation.
Discount Rate	3.72% compounded annually,
(effective January 1, 2023)	including inflation.
Healthcare cost trend rates	5.0% per annum.
(effective January 1, 2023)	

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>\$ 454,503</u>
Changes for the year:	
Service cost	12,760
Interest	15,427
Benefit payments	<u>(105,093)</u>
Net changes	<u>(76,906)</u>
Total OPEB liability end of year	<u><u>\$ 377,597</u></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	\$ 389,247	377,597	366,716

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	\$ 364,576	377,597	391,926

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the College recognized OPEB expense of \$68,227. At June 30, 2024, 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	\$ 340,311	41,995
Changes of assumptions	9,474	11,634
Total	<u>\$ 349,785</u>	<u>53,629</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
2025	\$ 40,040
2026	39,992
2027	39,526
2028	46,715
2029	46,715
Thereafter	83,168
Total	<u>\$ 296,156</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.

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, 2024 were \$2,832,461.

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 \$1,050,000 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, 2024, no liability has been recorded in the College's financial statements. As of June 30, 2024, 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, 2024 was \$4,152,412.

Amounts payable at June 30, 2024 total \$301,925, 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 \$4,717,187 at June 30, 2024. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in 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	\$ 774,312
Incurred claims (including claims incurred but not reported at June 30, 2024)	3,233,903
Payments on claims during the fiscal year	<u>(3,706,290)</u>
Unpaid claims end of year	<u>\$ 301,925</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 for 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 113 projects with seven currently receiving project funding. Of the remaining 106 projects, eighty-four projects are complete and fully repaid with seven in the repayment process. Fifteen projects have defaulted, one of which was repaid by the guarantor bank, six were repaid by standby property tax and eight 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 516 projects. Of these 516 projects, ten defaulted, twelve withdrew and twenty-nine are active projects.

(14) Termination Benefits

On 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. 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." There are annual enrollment periods from December 1 to the last Thursday in January. Full-time staff who had reached the age of 55 and had been employed by the College continually for the previous 10 years were eligible.

For the December 12, 2016, through December 1, 2023, 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, 2018, through December 1, 2023, 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, 2018, and October 14, 2019, plans was based on the availability of funds allocated for the plan by the Board of Trustees. Retirees under the December 10, 2018, October 14, 2019, December 1, 2020, December 1, 2021, December 1, 2022, and December 1, 2023, plan received 90% of the calculated cash payment on the next regular pay date following retirement.

Retirees under the December 12, 2016, through December 1, 2023, 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 \$578 until the retiree accepts other employment that offers paid health benefits, the retiree becomes eligible for Medicare or upon the death of the retiree, whichever comes first, under the October 14, 2019, December 1, 2020, December 1, 2021, December 1, 2022, and December 1, 2023 plans, respectively.

Early retirement is funded on a pay-as-you-go basis through property tax levies. The activity for the early retirement liability for June 30, 2024, is as follows:

Enrollment Date	Liability at June 30, 2023		Liability at June 30, 2024		Monthly College Contribution
	Additions	Reductions	Additions	Reductions	
December 12, 2016	\$ 35,686	-	9,097	26,589	\$ 721
December 11, 2017	73,602	-	16,990	56,612	716
	109,288	-	26,087	83,201	
December 10, 2018	162,777	-	42,645	120,132	660
October 14, 2019	65,920	-	17,920	48,000	640
December 1, 2020	50,729	-	25,801	24,928	608
December 1, 2021	174,548	-	46,260	128,288	608
December 1, 2022	347,819	-	217,810	130,009	624
December 1, 2023	-	234,593	45,436	189,157	675
	801,793	234,593	395,872	640,514	
	\$ 911,081	234,593	421,959	723,715	

(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, 2024, the College had no abatements of property tax and \$1,127,670 of state income tax withholding under the projects.

Tax Abatements of Other Entities

Other entities within the Community College also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, other the City of Birmingham, the City of Milton, the City of Ottumwa, the City of Sigourney, Monroe County and Lee 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, 2024 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Birmingham	Other tax rebate program	\$ 191
City of Bloomfield	Urban renewal and economic development projects	245
City of Centerville	Urban renewal and economic development projects	636
City of Fairfield	Urban renewal and economic development projects	5,814
City of Milton	Other tax rebate program	188
City of Oskaloosa	Urban renewal and economic development projects	6,176
City of Ottumwa	Urban renewal and economic development projects	12,039
	Other tax rebate program	4,944
City of Sigourney	Other tax rebate program	4,362
Monroe County	Other tax rebate program	2,461
Lee County	Other tax rebate program	213

(16) Construction Commitments

The College has entered into multiple contracts totaling \$39,209,673 for projects at the Ottumwa campus and the construction project at the Centerville campus. As of June 30, 2024, costs of \$34,263,767 on the projects have been incurred. The balance of \$4,945,906 remaining on the contracts at June 30, 2024 will be paid as work on the projects progresses.

(17) Prior Period Adjustments

During the year ended June 30, 2024, it was determined that contributions that were received by the Indian Hills Community College Foundation during the year and prior years were adjustments relating to unconditional pledge agreements relating to prior years, therefore, should have been recorded in prior years. This affected beginning net assets as of June 30, 2023.

	<u>Component Unit</u> <u>Net Assets</u>
Net assets June 30, 2023 as previously reported	\$ 36,447,118
Revenue adjustments	<u>2,847,015</u>
Net assets, June 30, 2023, as restated	<u>\$ 39,294,133</u>

In addition, \$189,700 of the beginning fund balance of the Unrestricted Fund Miscellaneous Auxiliary Enterprise was reallocated to the Education Program Auxiliary Enterprise, \$6,991, and the Student Organizations Auxiliary Enterprise, \$182,709 on Schedule 5.

Indian Hills Community College

Required Supplementary Information

Indian Hills Community College

Schedule of the College's Proportionate Share of the Net Pension Liability

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

Required Supplementary Information

	2024	2023	2022	2021
College's proportion of the net pension plan liability (asset)	0.171947%	0.175809%	(0.067941)% **	0.175591%
College's proportionate share of the net pension liability	\$ 7,761	6,642	235	12,335
College's covered payroll	\$ 15,119	14,169	13,615	13,935
College's proportionate share of the net pension liability as a percentage of its covered payroll	51.33%	46.88%	1.73%	88.52%
IPERS' net position as a percentage of the total pension plan liability (asset)	90.13%	91.40%	100.81%	82.90%

* 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.

2020	2019	2018	2017	2016	2015
0.184701%	0.192049%	0.199915%	0.201670%	0.199910%	0.204420%
10,695	12,153	13,317	12,692	9,877	8,107
14,056	14,447	14,936	14,453	13,731	13,405
76.09%	84.12%	89.16%	87.82%	71.93%	60.48%
84.45%	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

	2024	2023	2022	2021
Statutorily required contribution	\$ 1,452	1,425	1,337	1,285
Contributions in relation to the statutorily required contribution	<u>(1,452)</u>	<u>(1,425)</u>	<u>(1,337)</u>	<u>(1,285)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
College's covered payroll	\$ 15,393	15,119	14,169	13,615
Contributions as a percentage of covered payroll *	9.43%	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.

2020	2019	2018	2017	2016	2015
1,315	1,327	1,289	1,334	1,291	1,226
(1,315)	(1,327)	(1,289)	(1,334)	(1,291)	(1,226)
-	-	-	-	-	-
13,935	14,056	14,447	14,936	14,453	13,731
9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

Indian Hills Community College

Indian Hills Community College

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

- Changed 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%.

Indian Hills Community College
Schedule of Changes in College's
Total OPEB Liability and Related Ratios
For the Last Seven Years
Required Supplementary Information

	2024	2023	2022	2021
Service cost	\$ 12,760	12,388	12,167	11,813
Interest cost	15,427	18,509	2,459	2,196
Difference between expected and actual experiences	-	441,897	-	(39,807)
Changes in assumptions	-	(12,176)	-	14,902
Benefit payments	(105,093)	(123,104)	(2,907)	(1,063)
Net change in total OPEB liability	(76,906)	337,514	11,719	(11,959)
Total OPEB liability beginning of year	454,503	116,989	105,270	117,229
Total OPEB liability end of year	<u>\$ 377,597</u>	<u>454,503</u>	<u>116,989</u>	<u>105,270</u>
Covered-employee payroll	\$ 21,415,215	20,791,471	20,592,718	19,992,930
Total OPEB liability as a percentage of covered-employee payroll	1.76%	2.19%	0.57%	0.53%

See accompanying independent auditor's report.

2020	2019	2018
7,678	7,454	12,492
4,700	4,310	5,507
-	(57,924)	-
-	(6,776)	4,578
(4,218)	(733)	(5,686)
8,160	(53,669)	16,891
109,069	162,738	145,847
117,229	109,069	162,738
20,675,934	20,073,722	21,926,534
0.57%	0.54%	0.74%

Indian Hills Community College

Notes to Required Supplementary Information – OPEB Liability

Year Ended June 30, 2024

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, 2024	3.72%
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%

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, 2024

Funds/Levy	Original/ Final Budget	Actual	Variance between Budget and Actual
Unrestricted	\$ 37,570,000	32,195,723	5,374,277
Restricted	17,225,000	12,351,130	4,873,870
Unemployment Compensation	30,000	29,380	620
Insurance	2,875,000	2,710,446	164,554
Tort Liability	615,000	573,459	41,541
Early Retirement	300,000	174,962	125,038
Equipment Replacement	645,991	690,612	(44,621)
Total Restricted	21,690,991	16,529,989	5,161,002
Plant	38,800,000	28,549,489	10,250,511
Bonds and Interest	1,701,720	2,379,673	(677,953)
Total	\$ 99,762,711	79,654,874	20,107,837

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 Investment Act, Scholarships and Grants Accounts, Loan Funds, Endowment Funds and Custodial Funds.

For the year ended June 30, 2024, the College's expenditures did not exceed the total amount budgeted.

See accompanying independent auditor's report.

Indian Hills Community College

Combining Balance Sheet
All Funds

June 30, 2024

	Current Funds		Quasi-
	Unrestricted	Restricted	Endowment Funds
Assets and Deferred Outflows of Resources			
Cash, cash equivalents and pooled investments	\$ 23,232,637	6,196,269	3,210,322
Receivables:			
Accounts, net of allowance of \$106,516	1,615,098	34,768	-
Succeeding year property tax	1,364,992	4,049,163	-
Iowa Industrial New Jobs Training Program	-	1,877,456	-
Due from other funds	279,694	4,568,417	-
Due from other governments	218,196	2,476,497	-
Lease receivables	-	-	-
Prepaid expenses	500,793	374,917	-
Inventories	1,016,573	-	-
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	28,227,983	19,577,487	3,210,322
Deferred Outflows of Resources:			
Pension related deferred outflows	-	-	-
OPEB related deferred outflows	-	-	-
Total deferred outflows	-	-	-
Total assets and deferred outflows of resources	\$ 28,227,983	19,577,487	3,210,322

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
9,022,449	189,270	-	-	41,850,947
3,090,249	-	-	-	4,740,115
1,364,992	1,763,137	-	-	8,542,284
-	-	-	-	1,877,456
7,422,140	-	-	(12,270,251)	-
-	-	-	-	2,694,693
397,449	-	-	-	397,449
70,893	-	-	-	946,603
-	-	-	-	1,016,573
-	-	443,437	-	443,437
-	-	85,742,415	-	85,742,415
-	-	32,947,397	-	32,947,397
-	-	6,946,129	-	6,946,129
-	-	1,452,178	-	1,452,178
-	-	984,892	-	984,892
-	-	426,567	-	426,567
-	-	15,454,581	-	15,454,581
-	-	-	(59,398,633)	(59,398,633)
21,368,172	1,952,407	144,397,596	(71,668,884)	147,065,083
-	-	-	2,859,912	2,859,912
-	-	-	349,785	349,785
-	-	-	3,209,697	3,209,697
21,368,172	1,952,407	144,397,596	(68,459,187)	150,274,780

(continued on next page)

Indian Hills Community College

Combining Balance Sheet
All Funds
(continued)

June 30, 2024

	Current Funds		Quasi-
	Unrestricted	Restricted	Endowment Funds
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 3,255,264	353,445	-
Salaries and benefits payable	1,087,585	90,385	-
Due to other funds	11,990,557	279,694	-
Advances from others	1,002,286	356,483	-
Early retirement payable	-	723,715	-
Compensated absences	925,894	9,283	-
Lease agreement payable	-	-	-
IT subscription agreement payable	-	-	-
Certificates payable	-	6,425,000	-
Discount on certificates payable	-	(24,871)	-
Notes payable	-	-	-
Premium on note payable	-	-	-
Discount on note payable	-	-	-
Interest payable	-	-	-
Net pension liability	-	-	-
Total OPEB liability	-	-	-
Total liabilities	18,261,586	8,213,134	-
Deferred inflows of resources:			
Lease related	-	-	-
Succeeding year property tax	1,364,992	4,049,163	-
Pension related deferred inflows	-	-	-
OPEB related deferred inflows	-	-	-
Total deferred inflows of resources	1,364,992	4,049,163	-
Fund balances:			
Net investment in capital assets	-	-	-
Restricted:			
Expendable:			
Scholarships and fellowships	-	76,806	-
Cash reserve	-	288,745	-
Other	-	6,949,639	-
Unrestricted	5,239,293	-	3,210,322
Auxiliary enterprises	3,362,112	-	-
Total fund balances	8,601,405	7,315,190	3,210,322
Total liabilities, deferred inflows of resources and fund balances	\$ 28,227,983	19,577,487	3,210,322

See accompanying independent auditor's report.

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
1,314,322	-	-	-	4,923,031
-	-	-	-	1,177,970
-	-	-	(12,270,251)	-
-	-	-	-	1,358,769
-	-	-	-	723,715
-	-	-	-	935,177
-	-	949,097	-	949,097
-	-	707,776	-	707,776
-	-	-	-	6,425,000
-	-	-	-	(24,871)
8,000,000	-	21,155,000	-	29,155,000
-	-	34,425	-	34,425
(61,479)	-	(126,708)	-	(188,187)
-	78,832	-	-	78,832
-	-	-	7,761,117	7,761,117
-	-	-	377,597	377,597
9,252,843	78,832	22,719,590	(4,131,537)	54,394,448
397,449	-	-	-	397,449
1,364,992	1,763,137	-	-	8,542,284
-	-	-	457,238	457,238
-	-	-	53,629	53,629
1,762,441	1,763,137	-	510,867	9,450,600
-	-	121,678,006	(59,398,633)	62,279,373
-	-	-	-	76,806
-	-	-	-	288,745
-	-	-	-	6,949,639
10,352,888	110,438	-	(2,077,772)	16,835,169
-	-	-	(3,362,112)	-
10,352,888	110,438	121,678,006	(64,838,517)	86,429,732
21,368,172	1,952,407	144,397,596	(68,459,187)	150,274,780

Indian Hills Community College

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

Year ended June 30, 2024

	Current Funds		Quasi- Endowment
	Unrestricted	Restricted	Funds
Revenues:			
General:			
State appropriations	\$ 16,516,216	4,277,773	-
Tuition and fees	15,125,215	-	-
Property tax	1,471,132	4,687,656	-
Federal appropriations	-	10,737,775	-
Sales and services	525,573	44,478	-
Interest on investments	729,969	343,265	14,448
Iowa Industrial New Jobs Training Program	-	1,285,480	-
Increase in plant investment due to donated plant assets	-	-	-
Increase in plant investment due to plant expenditures (including \$2,031,218 of current fund expenditures)	-	-	-
Increase in plant investments due to payment of right-to-use leased/subscription assets	-	-	-
Increase in plant investment due to retirement of debt	-	-	-
Proceed from sale of capital assets	-	-	-
Proceeds from sale of notes	-	-	-
Miscellaneous	2,181,463	5,101,560	-
	<u>36,549,568</u>	<u>26,477,987</u>	<u>14,448</u>
Auxiliary enterprises:			
Tuition and fees	806,625	-	-
Federal appropriations	514	-	-
Sales and services	5,795,473	-	-
Interest on investments	159,229	-	-
Miscellaneous	750,211	-	-
	<u>7,512,052</u>	<u>-</u>	<u>-</u>
Total revenues	<u>44,061,620</u>	<u>26,477,987</u>	<u>14,448</u>
Expenditures:			
Education and support:			
Liberal arts and sciences	4,569,229	296,371	-
Vocational technical	9,010,856	2,649,834	-
Adult education	1,463,566	2,711,346	-
Cooperative services	22,260	1,811,300	-
Administration	1,735,784	690,612	-
Student services	4,633,121	1,406,497	-
Learning resources	308,883	-	-
Physical plant	5,027,761	2,710,446	-
General institution	5,424,263	4,011,703	-
Total education and support	<u>32,195,723</u>	<u>16,288,109</u>	<u>-</u>

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
473,933	13,538	-	-	21,281,460
-	-	-	(4,225,290)	10,899,925
1,471,131	1,848,732	-	-	9,478,651
-	-	-	-	10,737,775
438,357	-	-	-	1,008,408
632,575	-	-	-	1,720,257
-	-	-	-	1,285,480
-	-	16,640	-	16,640
-	-	21,462,087	(21,462,087)	-
-	-	498,339	(498,339)	-
(2,520)	-	1,424,940	(1,422,420)	-
63,550	-	-	(63,550)	-
7,936,000	-	-	(7,936,000)	-
4,047,015	-	-	(3,024,354)	8,305,684
15,060,041	1,862,270	23,402,006	(38,632,040)	64,734,280
-	-	-	-	806,625
-	-	-	-	514
-	-	-	(1,895,244)	3,900,229
-	-	-	-	159,229
-	-	-	-	750,211
-	-	-	(1,895,244)	5,616,808
15,060,041	1,862,270	23,402,006	(40,527,284)	70,351,088
-	-	-	(497,066)	4,368,534
-	-	-	(3,019,420)	8,641,270
-	-	-	(453,481)	3,721,431
-	-	-	(152,000)	1,681,560
-	-	-	(407,768)	2,018,628
-	-	-	(674,348)	5,365,270
-	-	-	(30,913)	277,970
-	-	-	(468,967)	7,269,240
-	-	-	(1,142,245)	8,293,721
-	-	-	(6,846,208)	41,637,624

(continued on next page)

Indian Hills Community College

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

Year ended June 30, 2024

	Current Funds		Quasi- Endowment
	Unrestricted	Restricted	Funds
Expenditures (continued):			
Auxiliary enterprises	7,431,720	-	-
Scholarships and grants	-	7,225,585	-
Workforce Investment Act	-	933,841	-
Plant operations	-	-	-
Plant asset acquisitions	-	-	-
Disposal of plant assets	-	-	-
Retirement on indebtedness	-	-	-
Interest on indebtedness	-	241,880	-
Depreciation/amortization	-	-	-
Loss (gain) on disposal of capital assets	-	-	-
Acquisition of notes payable	-	-	-
Discount on note payable	-	-	-
Total expenditures	<u>39,627,443</u>	<u>24,689,415</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	4,434,177	1,788,572	14,448
Transfers:			
Non-mandatory transfers	<u>(4,322,491)</u>	<u>(223,344)</u>	<u>-</u>
Net	111,686	1,565,228	14,448
Fund balances beginning of year	<u>8,489,719</u>	<u>5,749,962</u>	<u>3,195,874</u>
Fund balances end of year	<u>\$ 8,601,405</u>	<u>7,315,190</u>	<u>3,210,322</u>

See accompanying independent auditor's report.

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
-	-	-	(543,947)	6,887,773
-	-	-	(5,411,400)	1,814,185
-	-	-	-	933,841
1,259,661	70,654	-	-	1,330,315
19,328,989	-	-	(19,328,989)	-
-	-	1,571,374	(1,571,374)	-
24,420	1,425,000	-	(1,449,420)	-
419	884,019	-	27,000	1,153,318
-	-	-	4,119,214	4,119,214
-	-	-	84,773	84,773
8,000,000	-	-	(8,000,000)	-
(64,000)	-	-	64,000	-
<u>28,549,489</u>	<u>2,379,673</u>	<u>1,571,374</u>	<u>(38,856,351)</u>	<u>57,961,043</u>
(13,489,448)	(517,403)	21,830,632	(1,670,933)	12,390,045
<u>9,175,540</u>	<u>811,253</u>	<u>(5,440,958)</u>	-	-
(4,313,908)	293,850	16,389,674	(1,670,933)	12,390,045
<u>14,666,796</u>	<u>(183,412)</u>	<u>105,288,332</u>	<u>(63,167,584)</u>	<u>74,039,687</u>
<u>10,352,888</u>	<u>110,438</u>	<u>121,678,006</u>	<u>(64,838,517)</u>	<u>86,429,732</u>

Indian Hills Community College

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

Year ended June 30, 2024

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Revenues:				
State appropriations	\$ 8,040,923	7,075,561	1,356,618	-
Tuition and fees	6,901,040	7,057,105	1,104,679	-
Property tax	-	-	-	-
Sales and services	1,500	165,277	114,090	-
Interest on investments	-	-	-	-
Miscellaneous	-	472,813	16,414	-
Total revenues	14,943,463	14,770,756	2,591,801	-
Expenditures:				
Salaries and benefits	4,332,529	7,881,815	1,104,111	-
Services	28,498	376,439	164,150	12,551
Materials and supplies	28,916	574,636	156,362	-
Travel	49,093	55,819	28,468	9,709
Loan cancellations and bad debts	130,193	114,438	-	-
Administrative and collections	-	-	-	-
Miscellaneous	-	1,589	10,475	-
Retirement of indebtedness, leases	-	6,054	-	-
Interest on indebtedness, leases	-	66	-	-
Total expenditures	4,569,229	9,010,856	1,463,566	22,260
Excess (deficiency) of revenues over (under) expenditures	10,374,234	5,759,900	1,128,235	(22,260)
Transfers:				
Non-mandatory transfers	-	-	-	-
Net	\$ 10,374,234	5,759,900	1,128,235	(22,260)
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	
10,745	-	-	32,369	-	16,516,216
-	62,306	-	-	85	15,125,215
1,471,132	-	-	-	-	1,471,132
-	229,488	23	-	15,195	525,573
729,969	-	-	-	-	729,969
399,518	3,661	210	1,285,584	3,263	2,181,463
2,611,364	295,455	233	1,317,953	18,543	36,549,568
1,245,448	4,264,581	187,351	2,607,665	3,194,312	24,817,812
324,306	297,174	14,344	1,824,676	1,626,625	4,668,763
32,624	48,878	107,188	560,421	372,070	1,881,095
31,621	21,173	-	1,757	83,263	280,903
-	1,012	-	-	-	245,643
11,274	-	-	-	-	11,274
3,515	303	-	20,150	147,993	184,025
77,651	-	-	12,362	-	96,067
9,345	-	-	730	-	10,141
1,735,784	4,633,121	308,883	5,027,761	5,424,263	32,195,723
875,580	(4,337,666)	(308,650)	(3,709,808)	(5,405,720)	4,353,845
-	(4,299,518)	(29,086)	-	-	(4,328,604)
875,580	(8,637,184)	(337,736)	(3,709,808)	(5,405,720)	25,241
					5,214,052
					<u>\$ 5,239,293</u>

Indian Hills Community College

Indian Hills Community College

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

Year ended June 30, 2024

	Institutional Services	Education Program	Miscellaneous	Student Organizations	Total
Revenues:					
Tuition and fees	\$ -	716,000	31,250	59,375	806,625
Federal appropriations	-	514	-	-	514
Sales and services	2,233,793	2,423,184	1,074,201	64,295	5,795,473
Interest on investments	-	-	159,229	-	159,229
Miscellaneous	146,324	193,748	377,352	32,787	750,211
Total revenues	2,380,117	3,333,446	1,642,032	156,457	7,512,052
Expenditures:					
Salaries and benefits	523,408	893,005	442,748	-	1,859,161
Services	279,189	686,776	629,853	44,740	1,640,558
Materials and supplies	113,096	245,969	155,281	35,215	549,561
Travel	327	597,549	9,784	48,851	656,511
Loan cancellations and bad debts	92,375	36,745	20,281	-	149,401
Plant asset acquisitions	-	14,161	24,375	-	38,536
Miscellaneous	1,316	66,340	229,235	19,718	316,609
Cost of goods sold	1,339,744	805,222	27,082	-	2,172,048
Retirement of indebtedness, leases	42,777	-	-	-	42,777
Interest on indebtedness, leases	6,558	-	-	-	6,558
Total expenditures	2,398,790	3,345,767	1,538,639	148,524	7,431,720
Excess (deficiency) of revenues over (under) expenditures	(18,673)	(12,321)	103,393	7,933	80,332
Transfers:					
Non-mandatory transfers	(88,556)	42,842	55,161	(3,334)	6,113
Net	(107,229)	30,521	158,554	4,599	86,445
Fund balances beginning of year, as restated	1,590,724	956,275	532,889	195,779	3,275,667
Fund balances end of year	\$ 1,483,495	986,796	691,443	200,378	3,362,112

See accompanying independent auditor's report.

Indian Hills Community College

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

Year ended June 30, 2024

	Scholarships and Grants	Equipment Replacement	Tort Liability	Insurance	Early Retirement
Revenues:					
State appropriations	\$ 1,811,934	4,775	4,433	22,797	2,235
Property tax	-	653,839	606,704	3,119,390	307,723
Federal appropriations	4,596,608	-	-	-	-
Sales and services	-	-	-	-	-
Interest on investments	-	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-	-
Miscellaneous	415,016	-	-	-	-
Total revenues	<u>6,823,558</u>	<u>658,614</u>	<u>611,137</u>	<u>3,142,187</u>	<u>309,958</u>
Expenditures:					
Salaries and benefits	-	-	86,443	-	174,962
Services	-	-	487,016	2,710,321	-
Materials and supplies	-	461,694	-	125	-
Travel	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-
Plant asset acquisitions	-	228,918	-	-	-
Miscellaneous	-	-	-	-	-
Federal Pell grant program	4,499,847	-	-	-	-
Federal Supplemental Educational Opportunity grant	117,245	-	-	-	-
Iowa College Student Aid Commission	1,811,934	-	-	-	-
Private scholarships	796,559	-	-	-	-
Total expenditures	<u>7,225,585</u>	<u>690,612</u>	<u>573,459</u>	<u>2,710,446</u>	<u>174,962</u>
Excess (deficiency) of revenues over (under) expenditures	(402,027)	(31,998)	37,678	431,741	134,996
Transfers:					
Non-mandatory transfers	386,892	-	-	-	-
Net	(15,135)	(31,998)	37,678	431,741	134,996
Fund balances (deficits) beginning of year	91,941	43,940	118,855	(120,559)	(220,620)
Fund balances (deficits) end of year	<u>\$ 76,806</u>	<u>11,942</u>	<u>156,533</u>	<u>311,182</u>	<u>(85,624)</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
-	2,215,004	-	-	-	216,595	-	-	4,277,773
-	-	-	-	-	-	-	-	4,687,656
-	-	5,208,130	933,037	-	-	-	-	10,737,775
-	-	44,478	-	-	-	-	-	44,478
-	-	-	-	343,265	-	-	-	343,265
-	-	-	-	1,285,480	-	-	-	1,285,480
-	-	259,113	-	-	-	4,152,412	275,019	5,101,560
-	2,215,004	5,511,721	933,037	1,628,745	216,595	4,152,412	275,019	26,477,987
29,380	934,163	2,126,627	416,200	130,160	-	67,086	108,808	4,073,829
-	183,469	586,604	138,199	914,922	201,911	3,166,816	118,105	8,507,363
-	109,052	428,411	1,365	-	-	-	19,680	1,020,327
-	4,844	100,394	6,127	483	-	-	5,380	117,228
-	-	-	-	241,880	-	-	-	241,880
-	-	1,739,319	-	-	-	-	5,715	1,973,952
-	235,766	912,617	371,950	-	-	-	8,918	1,529,251
-	-	-	-	-	-	-	-	4,499,847
-	-	-	-	-	-	-	-	117,245
-	-	-	-	-	-	-	-	1,811,934
-	-	-	-	-	-	-	-	796,559
29,380	1,467,294	5,893,972	933,841	1,287,445	201,911	3,233,902	266,606	24,689,415
(29,380)	747,710	(382,251)	(804)	341,300	14,684	918,510	8,413	1,788,572
-	(690,513)	362,672	-	(282,395)	-	-	-	(223,344)
(29,380)	57,197	(19,579)	(804)	58,905	14,684	918,510	8,413	1,565,228
169,109	80,693	19,579	23,651	985,408	325,853	3,798,677	433,435	5,749,962
139,729	137,890	-	22,847	1,044,313	340,537	4,717,187	441,848	7,315,190

Schedule 7

Indian Hills Community College

Combining Balance Sheet
Custodial Funds

Year ended June 30, 2024

	Federal Direct Student Loan Program	Miscellaneous	Total
Assets			
Cash and cash equivalents	\$ -	283,964	283,964
Accounts receivable	-	5,957	5,957
Due from other governments	79,326	-	79,326
Total assets	79,326	289,921	369,247
Liabilities			
Accounts payable	-	4,360	4,360
Salaries and benefits payable	-	127	127
Due to other governments	79,326	-	79,326
Advances from others	-	5,830	5,830
Total liabilities	79,326	10,317	89,643
Net assets			
Restricted:			
Other	\$ -	279,604	279,604

See notes to financial statements.

Indian Hills Community College

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2024

	Federal Direct Student Loan Program	Miscellaneous	Total
Additions:			
State appropriations	\$ -	42,911	42,911
Federal appropriations	3,600,438	-	3,600,438
Interest on investments	-	6,128	6,128
Miscellaneous	-	384,485	384,485
Total additions	3,600,438	433,524	4,033,962
Deductions:			
Salaries and benefits	-	9,141	9,141
Services	-	414,850	414,850
Direct student loans	3,600,438	-	3,600,438
Total deductions	3,600,438	423,991	4,024,429
Changes in net position	-	9,533	9,533
Net position beginning of year	-	270,071	270,071
Net position end of year	\$ -	279,604	279,604

See accompanying independent auditor's report.

Indian Hills Community College

Indian Hills Community College
 Schedule of Credit and Contact Hours
 Year ended June 30, 2024

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	45,183	-	45,183	-	-	-
Vocational Education	26,136	-	26,136	-	-	-
Adult Education/ Continuing Education	-	-	-	152,337	7,769	160,106
Total	<u>71,319</u>	<u>-</u>	<u>71,319</u>			

See accompanying independent auditor's report.

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

	<u>Years ended</u>			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Local (property tax)	\$ 9,478,651	8,800,861	6,974,888	6,666,848
State	21,281,460	22,758,123	20,006,898	19,648,311
Federal	10,737,775	9,299,534	14,801,455	13,788,018
Total	<u>\$ 41,497,886</u>	<u>40,858,518</u>	<u>41,783,241</u>	<u>40,103,177</u>

See accompanying independent auditor's report.

June 30,

2020	2019	2018	2017	2016	2015
6,097,705	5,646,929	5,423,508	5,137,967	4,979,238	4,944,550
19,233,294	18,030,432	18,264,076	18,195,085	18,971,694	18,600,408
9,545,742	8,758,724	10,175,756	10,964,930	12,252,023	12,281,881
34,876,741	32,436,085	33,863,340	34,297,982	36,202,955	35,826,839

Indian Hills Community College

Schedule of Current Fund Revenues by Source
and Expenditures by Function

For the Last Ten Years

	2024	2023	2022	2021
Revenues:				
State appropriations	\$ 20,793,989	21,966,542	19,588,902	19,230,081
Tuition and fees	15,125,215	14,406,497	14,311,571	13,926,553
Property tax	6,158,788	5,902,231	5,595,541	5,313,849
Federal appropriations	10,737,775	9,299,534	14,801,455	13,776,993
Sales and services	570,051	521,246	532,447	421,549
Interest on investments	1,073,234	590,038	67,769	101,014
Iowa Industrial New Jobs Training Program	1,285,480	184,355	1,952,365	1,073,992
Auxiliary enterprises	7,512,052	7,131,868	7,234,431	6,055,474
Miscellaneous	7,283,023	6,745,775	7,303,312	6,483,040
Total	\$ 70,539,607	66,748,086	71,387,793	66,382,545
Expenditures:				
Liberal arts and sciences	\$ 4,865,600	5,465,453	5,058,333	5,147,841
Vocational technical	11,660,690	10,415,299	10,557,468	10,914,875
Adult education	4,174,912	4,142,420	3,738,198	3,382,406
Cooperative services	1,833,560	1,051,679	2,256,721	1,940,066
Administration	2,426,396	2,218,286	2,320,483	2,175,023
Student services	6,039,618	5,964,433	9,640,854	6,662,642
Learning resources	308,883	386,759	441,489	456,315
Physical plant	7,738,207	7,321,250	7,628,016	6,374,737
General institution	9,435,966	10,661,003	10,155,184	9,544,355
Auxiliary enterprises	7,431,720	7,296,091	7,175,102	8,077,454
Scholarships and grants	7,225,585	7,299,838	7,285,608	7,197,514
Workforce Investment Act	933,841	831,517	831,517	510,571
Interest on indebtedness	241,880	219,879	145,975	153,681
Total	\$ 64,316,858	63,273,907	67,234,948	62,537,480

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
18,816,021	17,611,740	17,843,715	17,774,403	18,030,920	17,979,069
15,178,112	16,766,157	17,194,736	18,728,253	20,784,275	19,395,523
4,851,061	4,451,906	4,274,419	4,032,218	3,910,307	3,883,262
9,538,260	8,750,207	10,165,709	10,950,860	12,236,822	12,181,578
530,691	603,343	529,891	556,838	383,741	297,256
305,898	446,226	225,483	100,374	63,334	51,920
1,850,540	2,032,582	822,127	1,206,763	157,690	596,542
5,935,627	6,529,258	6,897,016	7,520,131	7,835,328	7,631,662
6,843,095	7,196,319	7,152,428	7,214,997	2,771,633	2,192,017
63,849,305	64,387,738	65,105,524	68,084,837	66,174,050	64,208,829
5,773,021	5,738,492	6,223,235	5,864,965	5,744,156	5,600,909
11,884,922	13,281,002	13,275,581	13,852,317	16,443,417	14,905,151
3,398,608	3,591,749	3,715,933	4,387,844	3,838,136	3,262,739
2,451,575	2,394,505	1,333,594	1,566,597	457,993	832,692
2,187,369	2,118,822	2,055,306	2,128,346	2,100,764	2,092,312
5,537,182	4,663,360	4,690,315	5,080,346	4,605,789	4,745,026
471,100	467,795	530,364	671,888	666,013	639,303
5,787,612	5,869,319	5,873,068	5,231,076	5,504,060	5,705,919
9,293,505	9,892,184	9,473,296	9,805,014	6,310,500	6,007,787
6,101,026	6,324,058	6,731,330	7,211,589	7,509,776	7,201,078
7,022,488	6,742,279	6,970,049	7,309,917	8,646,281	9,507,591
640,248	689,675	1,671,877	2,571,972	2,493,210	2,260,702
162,828	143,890	93,801	56,685	58,427	72,413
60,711,484	61,917,130	62,637,749	65,738,556	64,378,522	62,833,622

Schedule 12

Indian Hills Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2024

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	\$ 514	-
Distance Learning and Telemedicine Loans and Grants	10.855	IA0710-B16	7,651	-
Total U.S. Department of Agriculture			8,165	-
U.S. Department Commerce:				
Economic Development Cluster:				
Economic Development Administration				
Economic Adjustment Assistance	11.307	05-79-06267	709,301	-
Total U.S. Department of Commerce			709,301	-
U.S. Department of Labor:				
Passed through South Central Iowa Local Workforce Development Area:				
WIOA Cluster:				
WIOA Adult Program	17.258	20-N-SC-WI-OA-SP-ADULT-DW	341,922	-
WIOA Youth Activities	17.259	20-N-SC-WI-OA-SP-YOUTH	281,235	-
WIOA Dislocated Worker Formula Grants	17.278	20-N-SC-WI-OA-SP-ADULT-DW	309,880	-
Total WIOA Cluster			933,037	-
Passed through Des Moines Area Community College:				
Workforce Data Quality Initiative (WDQI)	17.261	23A60CC000001-01-00	494,239	-
Job Corps Experimental Projects and Technical Assistance	17.287	JC-34684-20-60-O-19	43,711	-
Total U.S. Department of Labor			1,470,987	-
U.S. Department of Transportation:				
Aviation Maintenance Technical Workforce Grant Program	20.112	69A3352450015	20,242	-
Total U. Department of Transportation			20,242	-
U.S. Department of Health and Human Services:				
Passed through National Science Foundation:				
STEM Education (formerly Education and Human Resources)	47.076	Award No. 2300884	73,821	-
STEM Education (formerly Education and Human Resources)	47.076	Award No. 2130114	166,234	-
Total U.S. Department of Health and Human Services			240,055	-
U.S. Small Business Administration:				
Passed through Iowa State University:				
Small Business Development Centers	59.037	Subcontract No. 026829B & 28375B	92,748	-
Total U.S. Small Business Administration			92,748	-
U.S. Department of Education:				
Passed through Iowa Workforce Development:				
Adult Education - Basic Grants to States	84.002	V002A210015	216,682	-
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		96,758	-
Federal Work-Study Program	84.033		83,926	-
Federal Pell Grant Program	84.063		4,499,847	-
Federal Direct Student Loans	84.268		-	3,600,438
Total Student Financial Assistance Cluster			4,680,531	3,600,438
Higher Education Institutional Aid	84.031A	P031A200132-22	493,433	-
TRIO Cluster:				
TRIO Student Support Services	84.042A	P042A201562-23	296,370	-
TRIO Talent Search	84.044A	P044A210526-23	296,690	-
TRIO Upward Bound	84.047A	P047A220125-23	337,870	-
TRIO Educational Opportunity Centers	84.066A	P066A210055-23	295,016	-
Total TRIO Cluster			1,225,946	-
Fund for the Improvement of Postsecondary Education	84.116Z	P116Z220126	678,969	-
Passed through Iowa Department of Education:				
Career and Technical Education - Basic Grants to States	84.048	G-PER 24-193	307,722	-
Career and Technical Education - Basic Grants to States	84.048A		7,500	-
Career and Technical Education - Basic Grants to States	84.048B		40,000	-
COVID-19, Educational Stabilization Fund	84.425C ^		6,713 ^	-
COVID-19, Educational Stabilization Fund	84.425F ^		361,158 ^	-
Passed through Iowa Department of Education:				
Vocational Rehabilitation Services:				
Rehabilitation Services Vocational Rehabilitation				
Grants to States	84.126	23-COORD-04	64,207	-
Total U.S. Department of Education			8,082,861	3,600,438

Indian Hills Community College
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2024

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: Passed through Iowa Department of Public Health: Injury Prevention and Control Research and State and Community Based Programs	93.136	588CY2RP04	113,930	-
Total U.S. Department of Health and Human Services			113,930	-
Total			\$ 10,738,289	3,600,438
^ Total Higher Education Emergency Relief Fund (HEERF) \$367,871				

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, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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

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, the fiduciary activities and the aggregate discretely presented component units of Indian Hills Community College, Ottumwa, Iowa, as of and for the year ended June 30, 2024, and the related Notes to Financial Statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 25, 2024. Our report includes a reference to other auditors who audited the financial statements of the 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 the Indian Hills Community College Development Corporation, Inc. and the Indian Hills Community College Foundation, Inc. were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Indian Hills Community College Development Corporation, Inc. and the Indian Hills Community College Foundation, Inc.

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, 2024 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

November 25, 2024

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

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, 2024. Indian Hills Community College's major federal programs are identified in 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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 judgment 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

November 25, 2024

Indian Hills Community College

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

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 noncompliance 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 Grants
 - Assistance Listing Number 84.033 – Federal Work-Study Program
 - Assistance Listing Number 84.063 – Federal Pell Grant Program
 - Assistance Listing Number 84.268 – Federal Direct Student Loans
 - TRIO Cluster:
 - Assistance Listing Number 84.042 – TRIO Student Support Services
 - Assistance Listing Number 84.044 – TRIO Talent Search
 - Assistance Listing Number 84.047 – TRIO Upward Bound
 - Assistance Listing Number 84.066 – TRIO Educational Opportunity Centers
- (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, 2024

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

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

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

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, 2024

Part IV: Other Findings Related to Required Statutory Reporting:

2024-A Certified Budget – Expenses for the year ended June 30, 2024 did not exceed the amount budgeted.

2024-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.

2024-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.

2024-D Business Transactions and Competitive Bidding Requirements – Business transactions between the College and College officials as detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Lori Yates, Trustee, Owner of Yates Glass	Maintenance and construction per bid	\$ 709,813

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.

2024-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.

2024-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.

2024-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

2024-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.

2024-I Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the College’s investment policy were noted.

2024-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, 2024 were supported by detailed records maintained by the College.

Indian Hills Community College

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy
Cole L. Hocker, CPA, Manager
Ethan M. Snedigar, Senior II Auditor
Zachary T. Shaw, Senior Auditor
Jared M. Ernst, CPA, Senior Auditor
Hunter W. Penton, Staff Auditor
Jon G. Hanson, Staff Auditor
Katherine A. Koele, Assistant Auditor