

New Issue

Date of Sale: Monday, October 23, 2023 (Alternate Bid Methods)  
Between 10:00 and 10:30 A.M., C.D.T. (Closed Speer Auction)  
Before 10:30 A.M., C.D.T. (Sealed Bids)

Investment Rating:  
Moody's Investors Service ...  
(Rating Requested)

### Official Statement

Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Interest on the Bonds is not exempt from present Iowa income taxes. The Bonds will be designated as "qualified tax-exempt" obligations. See "TAX MATTERS" herein for a more detailed discussion.

**\$8,000,000\***



### INDIAN HILLS COMMUNITY COLLEGE, IOWA (Merged Area XV) General Obligation School Bonds, Series 2023

**Dated Date of Delivery                      Book-Entry                      Bank Qualified                      Due Serially June 1, 2028 - 2040**

The \$8,000,000\* General Obligation School Bonds, Series 2023 (the "Bonds") are being issued by Indian Hills Community College (Merged Area XV) Iowa, (the "College" or the "Issuer"). Interest is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2024. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on June 1 in the following years and amounts.

#### AMOUNTS\*, MATURITIES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS

Principal Amount*	Due June 1	Interest Rate	Price or Yield	CUSIP Number(1)	Principal Amount*	Due June 1	Interest Rate	Price or Yield	CUSIP Number(1)
\$100,000	2028	%	%		\$ 725,000	2035	%	%	
100,000	2029	%	%		850,000	2036	%	%	
200,000	2030	%	%		975,000	2037	%	%	
300,000	2031	%	%		1,050,000	2038	%	%	
400,000	2032	%	%		1,100,000	2039	%	%	
500,000	2033	%	%		1,100,000	2040	%	%	
600,000	2034	%	%						

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

#### OPTIONAL REDEMPTION

Bonds due June 1, 2028 - 2030, inclusive, are not subject to optional redemption. Bonds due June 1, 2031 - 2040, inclusive, are callable in whole or in part on any date on or after June 1, 2030, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the College and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

#### PURPOSE, LEGALITY AND SECURITY

The proceeds of the Bonds are expected to be used to: (i) pay the costs to remodel, improve, repair, construct, erect, furnish, and equip buildings and additions to buildings on its campuses and improve those sites, and (ii) pay the costs of issuing the Bonds.

In the opinion of Bond Counsel, Ahlers & Cooney, P.C., Des Moines, Iowa, the Bonds will constitute valid and legally binding obligations of the College payable both as to principal and interest from ad valorem taxes levied against all taxable, real property within the corporate limits of the College without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.

The College intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986.

This Official Statement is dated October 11, 2023, and has been prepared under the authority of the College. An electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) web site under "Official Statement Sales Calendar". Additional copies may be obtained from Taren Ferguson, Chief Financial Officer, Indian Hills Community College, 525 Grandview Avenue, Ottumwa, Iowa, 52501, or from the Registered Municipal Advisors to the College.



\*Subject to principal adjustment in accordance with the Official Terms of Offering.

(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The College is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Official Statement.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the College from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the College.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the College, shall constitute a “Final Official Statement” of the College with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled “Final Official Statement” rather than through supplementing the Official Statement by an addendum or addenda.

No dealer, broker, salesman or other person has been authorized by the College to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the College. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the College and, while believed to be reliable, is not guaranteed as to completeness. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COLLEGE SINCE THE RESPECTIVE DATES THEREOF.

No representation is made regarding whether the Bonds constitute legal investments under the laws of any state for banks, savings banks, savings and loan associations, life insurance companies, and other institutions organized in such state, or fiduciaries subject to the laws of such state.

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

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

**TABLE OF CONTENTS**

	<u>Page</u>
BOND ISSUE SUMMARY.....	1
SECURITY AND SOURCE OF PAYMENT .....	2
CERTAIN BONDHOLDERS’ RISKS .....	3
Secondary Market .....	3
Ratings Loss.....	3
Forward-Looking Statements.....	4
Tax Matters, Bank Qualification and Loss of Tax Exemption .....	4
DTC-Beneficial Owners .....	4
Pension and OPEB Benefits.....	5
Continuing Disclosure .....	6
Cybersecurity .....	6
Suitability of Investment.....	6
Bankruptcy and Insolvency.....	6
Matters Relating to Enforceability of Agreements .....	7
Legislation.....	7
Changes in Property Taxation.....	8
Tax Levy Procedures .....	8
Public Health Pandemics or Outbreaks.....	8
Project Completion; Risks of Construction .....	8
Debt Payment History.....	8
Damage or Destruction to College’s Facilities .....	9
General Liability Claims.....	9
Lack of Market for the Bonds .....	9
Risks as Employer.....	9
Financial Aid/Funding .....	9
Government Funding .....	9
Financial Condition of the College from Time to Time .....	10
Factors Beyond College’s Control.....	10
Environmental and Climate-Related.....	10
Clean up Costs and Liens under Environmental Statutes .....	10
Risk of Audit.....	10
Other Factors.....	10
THE COLLEGE .....	11
College Organization and Services .....	11
Enrollment History.....	12
SOCIOECONOMIC INFORMATION .....	12
Population Trends .....	12
Employment.....	13
Agriculture .....	14
Retail Sales.....	14
THE PROJECT .....	14
DEBT INFORMATION .....	15
Debt Limitation.....	15
PROPERTY ASSESSMENT AND TAX INFORMATION.....	17
Property Tax Assessment.....	17
Property Tax Collection.....	18
Levy Limits.....	20
Utility Property Tax Replacement .....	21
Property Tax Legislation.....	21
FINANCIAL INFORMATION .....	22
Financial Reports .....	22
No Consent or Updated Information Requested of the Auditor.....	22
Summary Financial Information .....	22

REGISTRATION, TRANSFER AND EXCHANGE..... 26

TAX MATTERS..... 27

    Tax Exemption..... 27

    Qualified Tax Exemption Obligations ..... 28

    Discount and Premium Bonds..... 28

    Other Tax Advice..... 28

    Audits ..... 28

    Reporting and Withholding..... 29

    Tax Legislation ..... 29

    Enforcement..... 29

    The Opinion ..... 29

    Bond Counsel Review..... 30

CONTINUING DISCLOSURE ..... 30

OPTIONAL REDEMPTION ..... 31

LITIGATION..... 31

LEGAL MATTERS..... 31

OFFICIAL STATEMENT AUTHORIZATION ..... 32

INVESTMENT RATING ..... 32

UNDERWRITING ..... 32

MUNICIPAL ADVISOR..... 33

MISCELLANEOUS ..... 33

- APPENDIX A -FISCAL YEAR 2022 AUDITED FINANCIAL STATEMENTS
- APPENDIX B -DESCRIBING BOOK-ENTRY-ONLY ISSUANCE
- APPENDIX C -DRAFT FORM OF BOND COUNSEL OPINION
- APPENDIX D -DRAFT FORM OF CONTINUING DISCLOSURE CERTIFICATE
- APPENDIX E - IOWA COMMUNITY COLLEGE MAP

- OFFICIAL BID FORM
- OFFICIAL TERMS OF OFFERING
  - Exhibit A – Example Issue Price Certificate

## BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Terms of Offering and the Official Bid Form, which are provided for the convenience of potential investors and should be reviewed in their entirety by potential investors.

<b>Issuer:</b>	Indian Hills Community College (Merged Area XV), Iowa.
<b>Issue:</b>	\$8,000,000* General Obligation School Bonds, Series 2023.
<b>Dated Date:</b>	Date of delivery (expected to be on or about December 5, 2023).
<b>Interest Due:</b>	Each June 1 and December 1, commencing June 1, 2024.
<b>Principal Due:</b>	Serially each June 1, commencing June 1, 2028 through 2040, as detailed on the cover page of this Official Statement.
<b>Optional Redemption:</b>	Bonds maturing on or after June 1, 2031, are callable at the option of the College on any date on or after June 1, 2030, at a price of par plus accrued interest. See <b>“OPTIONAL REDEMPTION”</b> herein.
<b>Authorization:</b>	The Bonds are being issued pursuant to authority established in Code of Iowa, 2023 as amended, Chapter 260C (the “Act”), and all laws amendatory thereof and supplementary thereto, and in conformity with a resolution (the “Resolution” or the “Bond Resolution” expected to be adopted on November 13, 2023) of the College pursuant to an approving referendum held in the Merged Area XV on November 2, 2021.
<b>Security:</b>	The Bonds are valid and legally binding obligations of the College payable both as to principal and interest from ad valorem taxes levied against all taxable real property within the corporate limits of the College without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors’ rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.
<b>Investment Rating:</b>	An investment rating for the Bonds has been requested from Moody’s Investors Service, Inc., New York, New York. See <b>“INVESTMENT RATING”</b> herein.
<b>Purpose:</b>	The proceeds of the Bonds will be used to: (i) pay the costs to remodel, improve, repair, construct, erect, furnish, and equip buildings and additions to buildings on its campuses and improve those sites, and (ii) to pay the costs of issuing the Bonds.
<b>Tax Matters:</b>	Ahlers & Cooney, P.C., Des Moines, Iowa, will provide an opinion as to the tax exemption of the Bonds as discussed under <b>“TAX MATTERS”</b> in this Official Statement. Interest on the Bonds is not exempt from present State of Iowa income taxes. See <b>APPENDIX C</b> for a draft form of legal opinion for the Bonds.
<b>Bank Qualified:</b>	The College intends to designate the Bonds as “qualified tax-exempt obligations”.
<b>Bond Registrar/Paying Agent:</b>	UMB Bank, n.a., West Des Moines, Iowa (the “Registrar”).
<b>Delivery:</b>	The Bonds are expected to be delivered on or about December 5, 2023.
<b>Book-Entry Form:</b>	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. See <b>APPENDIX B</b> herein.
<b>Denomination:</b>	\$5,000 or integral multiples thereof.
<b>Municipal Advisor:</b>	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

\*Subject to change.

**INDIAN HILLS COMMUNITY COLLEGE  
(Merged Area XV)**

**Board of Directors**

Richard Gaumer, President ..... District V  
Katie Nichols, Vice President ..... District IX  
Nellie Coltrain ..... District VI  
Beth Danowsky ..... District I  
Jerry Kirkpatrick ..... District VIII  
Riley Sheetz ..... District II  
Lori Yates ..... District IV  
Amy Webber ..... District III  
Alan Wilson ..... District VII

---

**Officials**

Dr. Matt Thompson ..... President  
Dr. Jill Budde ..... Vice President, Learning and Engagement  
Dr. Brett Monaghan ..... Vice President  
Student Development and Operations  
Dr. Jennifer Wilson ..... Vice President, Business Solutions

**Executive Council:**

Taren Ferguson ..... Chief Financial Officer  
Zeke Flick ..... Director, Human Resources  
Noel Gorden ..... Executive Dean, Centerville Campus  
& Academic Services  
Shelle Harvey ..... Executive Assistant & Board Secretary  
Joni Kelley ..... Executive Dean, Enrollment Services and Registrar  
Cory Lamb ..... Chief Technology Officer  
Craig Leager ..... Executive Dean, Instruction  
Dr. Bianca Myers ..... Executive Dean, Advancement

---

**SECURITY AND SOURCE OF PAYMENT**

Pursuant to the Resolution and the Act, the Bonds and the interest thereon are general obligations of the College, and all taxable real property within the corporate boundaries of the Merged Area is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.

Section 76.2 of the Code of Iowa, 2023, as amended (the "Iowa Code"), provides that when an Iowa political subdivision issues general obligation bonds, the governing authority of such political subdivision shall, by resolution adopted before issuing the bonds, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds. A certified copy of such resolution shall be filed with the County Auditor in which the Issuer is located, giving rise to a duty of the County Auditor to annually enter this levy for collection from the taxable, real property within the boundaries of the Merged Area, until funds are realized to pay the Bonds in full.

For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Bonds as the same become due, the Resolution provides for the levy of a tax sufficient for that purpose on all the taxable, real property in the Merged Area in each of the years while the Bonds are outstanding. The Issuer shall file a certified copy of the Resolution with each County Auditor, pursuant to which the County Auditor is instructed to enter for collection and assess the tax authorized. When annually entering such taxes for collection, the County Auditor shall include the same as a part of the tax levy for Debt Service Fund purposes of the Issuer and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the Issuer and set aside therein as a special account to be used solely and only for the payment of the principal of and interest on the Bonds and for no other purpose whatsoever.

Nothing in the Resolution prohibits or limits the ability of the College to use legally available moneys other than the proceeds of the general ad valorem property taxes levied as described in the preceding paragraph to pay all or any portion of the principal of or interest on the Bonds. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Bonds, the College may, but shall not be required to, (a) reduce the amount of taxes levied for such purpose, as described in the preceding paragraph; or (b) use proceeds of taxes levied, as described in the preceding paragraph, to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Bonds.

### **CERTAIN BONDHOLDERS' RISKS**

An investment in the Bonds is subject to certain risks. No person should purchase the Bonds unless such person understands the risks described below and is willing to bear those risks. There may be other risks not listed below which may adversely affect the value of the Bonds. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgement as to whether the Bonds are an appropriate investment.

#### **Secondary Market**

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

**EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.**

#### **Ratings Loss**

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

Various factors, including additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

## **Forward-Looking Statements**

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

## **Tax Matters, Bank Qualification and Loss of Tax Exemption**

As discussed under the heading “**TAX MATTERS**” herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the College in violation of its covenants in the Resolution. Should such an event of taxability occur, the Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

The College intends to designate the Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The College has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. Actions, or inactions, by the College in violation of its covenants could affect the designation, which could also affect the pricing and marketability of the Bonds.

It is possible that actions of the College after the closing of the Bonds will alter the tax exempt status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

## **DTC-Beneficial Owners**

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

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

**Pension and OPEB Benefits**

The College participates in two public pension systems, Iowa Public Employee’s Retirement System (IPERS) and Iowa Association of Community College Trustees 403(a) plan administered by the Teachers Insurance and Annuity Association (“TIAA”). Summary descriptions of each Plan follows, for more detail information including amongst other things pension benefits, Issuer’s deferred outflows and inflows on resources related to pensions, actuarial assumptions, discount rate sensitivity, and expenses, as to each available plans, see **APPENDIX A – FISCAL YEAR 2022 AUDIT Notes 7 and 8.**

In fiscal year 2022, pursuant to the IPERS’ required rate, the College’s Regular employees (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, 2022 were \$1,336,673. The College’s share of the contributions, payable from the applicable funds of the College, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The College has always made its full required contributions to IPERS.

At June 30, 2022, the College reported a liability of \$234,552 for its proportionate share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. The College’s proportion of the net pension liability was based on the College’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. While the College’s contributions to IPERS are controlled by state law, there can be no assurance the College will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the College. See **APPENDIX A – FISCAL YEAR 2022 AUDIT** for additional information on pension and liabilities of the College.

In fiscal year 2022, pursuant to the TIAA’s requirements, the College was required to contribute 9.44% of annual salary, including overtime pay, to an individual employee account. Each employee is required to contribute 6.29%. For the year ending June 30, 2022, employee contributions totaled \$512,168 and the College recognized pension expense of \$768,658.

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

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.

The following table shows the College’s changes to the total OPEB liability:

Total OPEB Liability Beginning of Year .....	<u>\$105,270</u>
Changes for the year:	
Service Cost.....	12,167
Interest.....	2,459
Benefit Payments .....	<u>(2,907)</u>
Net Changes .....	<u>11,719</u>
Total OPEB Liability End of Year.....	<u>\$116,989</u>

See **APPENDIX A – Notes (7) (8) and (9)** herein for further discussion of the College’s employee retirement benefit obligations.

## Continuing Disclosure

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

The College will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the College (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the College no later than April 15 of each fiscal year, commencing with the fiscal year ending June 30, 2022, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. See “**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**” The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**” These covenants have been made in order to assist the Underwriter in complying with the Rule)

## Cybersecurity

The College, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the College will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the College’s information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the College’s operations and financial condition. The College cannot predict whether its cyber liability policy will be sufficient in the event of a cyberattack. However, the Bonds are secured by an unlimited ad valorem property tax as described herein. See “**SECURITY AND SOURCE OF PAYMENT**” herein.

## Suitability of Investment

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

## Bankruptcy and Insolvency

The rights and remedies provided in the Resolution may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State. The various opinions of counsel to be delivered with respect to the Bonds and the Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the College were to file a petition under Chapter Nine of the Federal Bankruptcy Code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the College fails to comply with its covenants under the Resolution or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

Under sections 76.16 and 76.16A of the Iowa Code, as amended, a city, county, or other political subdivision may become a debtor under Chapter Nine of the Federal Bankruptcy Code, if it is rendered insolvent, as defined in 11 U.S.C. §101(32)(c), as a result of a debt involuntarily incurred. As used therein, “debt” means an obligation to pay money, other than pursuant to a valid and binding collective bargaining agreement or previously authorized bond issue, as to which the governing body of the city, county, or other political subdivision has made a specific finding set forth in a duly adopted resolution of each of the following: (1) that all or a portion of such obligation will not be paid from available insurance proceeds and must be paid from an increase in general tax levy; (2) that such increase in the general tax levy will result in a severe, adverse impact on the ability of the city, county, or political subdivision to exercise the powers granted to it under applicable law, including without limitation providing necessary services and promoting economic development; (3) that as a result of such obligation, the city, county, or other political subdivision is unable to pay its debts as they become due; and (4) that the debt is not an obligation to pay money to a city, county, entity organized pursuant to Chapter 28E of the Iowa Code, or other political subdivision.

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

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

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

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

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

### **Legislation**

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

## **Changes in Property Taxation**

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Such alterations could adversely affect the College's financial condition. Historically, changes to property tax calculations and impositions are imposed on a prospective basis. However, there is no assurance future changes to property taxation by the Iowa General Assembly will not be applied retroactively. See "Property Tax Legislation" herein for a discussion on recent changes to the property tax process. It is impossible to predict the outcome of future property taxation changes by the Iowa General Assembly or resulting impacts on the College's financial condition. However, the Bonds are secured by an unlimited ad valorem property tax as described more fully in the "**SECURITY AND SOURCE OF PAYMENT**" herein.

## **Tax Levy Procedures**

The Bonds are general obligations of the College, payable from and secured by a continuing ad valorem tax levied against all of the taxable real property within the corporate limits of the College. See "**PROPERTY ASSESSMENT AND TAX INFORMATION**" herein for more details. As part of the budgetary process each fiscal year, the College will have an obligation to request a debt service levy to be applied against all of the taxable real property within the corporate limits of the College. A failure on the part of the College to make a timely levy request or a levy request by the College that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the College and certain other public officials to perform the terms of the Resolution) may have to be enforced from year to year.

## **Public Health Pandemics or Outbreaks.**

Pandemics and health emergencies may adversely impact the Issuer and its revenues, expenses and financial condition. The Issuer was not materially adversely impacted from COVID-19, but the Issuer cannot predict the duration and extent of any future public health emergency, or its effect on the Issuer's revenues and expenses, with may be impacted by uncertainties such as the severity of future disease, governmental actions taken to mitigate the disease and its spread, travel restrictions and business activity.

## **Project Completion; Risks of Construction**

A delay in completion of the Project may arise from any number of other causes, including but not limited to, adverse weather conditions, unavailability of subcontractors, and negligence on the part of subcontractors, labor disputes, or unanticipated costs of construction, equipping or renovation. Any of these events or occurrences, separately or in combination, could have a material adverse effect on the College's ability to complete the Project, or to complete it as planned and on schedule. The College believes that the proceeds of the Bonds plus the previously issued \$20,000,000 General Obligation School Bonds, Series 2022 authorized by the voters on November 2, 2021, will be sufficient to complete the Project; however, the cost of construction of the Project may be affected by factors beyond the control of the College, including strikes, material shortages, supply chain issues, adverse weather conditions, subcontractor defaults, delays, and unknown contingencies.

## **Debt Payment History**

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

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

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

## **General Liability Claims**

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

## **Lack of Market for the Bonds**

The Bonds will not be listed on a securities exchange or inter-dealer quotation system. Although the Underwriter presently intends to make a market for the Bonds, the Underwriter is not obligated to purchase any of the Bonds in the future, and such market making may be discontinued at any time. There can be no assurance that there will be a secondary market for the Bonds, and the absence of such a market for the Bonds could result in investors not being able to resell their Bonds at an acceptable price should they need or wish to do so.

## **Risks as Employer**

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

## **Financial Aid/Funding**

Approximately 95.62% of the College's full time beginning undergraduate students currently receive some Federal, State or institutional aid covering tuition and fees or living expenses. No assurance can be given that Federal and State financial aid and on-campus employment will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the College's financial position and may affect its rating. See "**THE COLLEGE – Enrollment History**" in the Final Final Official Statement. Additionally, decreases in general funding at either the state or federal level for education at the community college level may have an adverse effect on the College's financial position and may affect its rating.

## **Government Funding**

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

## **Financial Condition of the College from Time to Time**

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

## **Factors Beyond College’s Control**

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

## **Environmental and Climate-Related**

Due to recent increases in the frequency and intensity of extreme weather events and natural disasters, the College and its residents and businesses may experience operational disruptions and increased costs for mitigation and recovery. The increased costs of risk-mitigation and recovery efforts cannot be determined with certainty due to the multiple factors associated with these costs, including but not limited to, the future frequency and intensity of these events, future legal and regulatory requirements, the costs of labor and materials used in mitigation and recovery, insurance rates and available coverages, and the level of state and federal assistance available.

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

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

## **Risk of Audit**

The Internal Revenue Service has an ongoing program to audit tax-exempt obligations to determine the legitimacy of the tax status of such obligations. No assurance can be given as to whether the Internal Revenue Service will commence an audit of the Bonds. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

## **Other Factors**

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

## THE COLLEGE

Indian Hills Community College is a dynamic two-year educational institution with campuses in Ottumwa, Centerville and at the North Workforce Campus located northwest of the City of Ottumwa. The College has three county service centers and offers career academy programs at area high schools within the ten county area. The College offers over 70 certificate, diploma, and degree programs in arts and sciences and career and technical education programs. The Continuing Education and Workforce Solutions department at the College offers extensive continuing education course offerings along with business and industry training programs.

The origins of the College date back to January 3, 1966, when the State Board of Public Instruction officially approved the formation of the Iowa Merged Area XV School Corporation. The College district includes the school districts in Appanoose, Davis, Jefferson, Keokuk, Lucas, Mahaska, Monroe, Van Buren, Wapello, and Wayne counties. See **APPENDIX E** for a map of the Iowa Community Colleges. Merged Area XV began operation as a vocational district on July 1, 1966, and was called the Iowa Technical Institute. The State Board of Public Instruction authorized a change in classification for the institution from a vocational district to a community college on November 16, 1966.

In 1968, the College's Board of Trustees assumed responsibility for the management and operation of Centerville Junior College, which was founded in 1930 to provide liberal arts and pre-professional training for students in the Centerville area. Indian Hills Community College was adopted as the official name of Merged Area XV in 1970. The boards of Indian Hills and Ottumwa Heights College, a private college operated by the Sisters of Humility of Mary, merged operations on July 1, 1979. The merger resulted in the purchase of the Ottumwa Heights facility by the IHCC Board of Trustees in July of 1981.

The Ottumwa Campus serves as the College's main campus and houses the majority of college enrollment in a wide variety of transfer and degree programs. This location also houses the primary administrative offices of the college, provides housing capacity in excess of 500 students, and includes athletic programs for basketball, cross country, golf, soccer, softball, and volleyball. The campus is located in the northeast portion of the City of Ottumwa, and visitors often comment on the beauty of the campus with its distinct architecture and natural surroundings.

The IHCC Centerville Campus is located on the northwest part of the City of Centerville, Iowa. Students at this campus may take Arts & Sciences courses, as well as enroll in several Advanced Technology programs, including Business Specialist programs, Construction Technology, Agricultural programs offered in Animal Science, Precision Farming Systems, and Landscape and Turfgrass Technology. This campus also offers Health Sciences courses including Practical Nursing program. This campus houses over 150 students and includes athletic programs for baseball, sports shooting and wrestling.

The IHCC North Workforce Campus is located just northwest of the City of Ottumwa, near the Ottumwa Regional Airport off of Highway 63. The North Campus hosts a number of programs, including: Aviation Pilot Training, Aviation Maintenance Technology, Avionics certification, Diesel Technology, Welding Technology and Commercial Driver Training.

The College has grown to meet the changing needs of the residents in the ten county area the College serves. The College staff members, administration, and board of directors are committed to providing high quality educational opportunities through quality programs and facilities.

### College Organization and Services

The College is governed by a nine member Board of Directors. The board members are elected by residents of the College's ten county service region. The College is regulated by the Iowa State Department of Education.

The College employs approximately 710 full and part-time employees including adjunct instructors and student workers.

**Enrollment History**

**College Enrollment(1)**

<u>Fiscal Year</u>	<u>Total Credit Hours</u>	<u>FTEE Enrollment</u>
2014.....	94,010	4,287
2015.....	107,842	4,881
2016.....	122,846	5,447
2017.....	98,673	4,409
2018.....	89,550	3,932
2019.....	85,813	3,929
2020.....	79,321	3,572
2021.....	74,072	3,300
2022.....	74,373	3,298
2023.....	70,575	2,941

Note: (1) Source: the College and the Iowa Department of Education.

**SOCIOECONOMIC INFORMATION**

The following statistical and demographic information has been compiled to provide potential investors an opportunity to better understand the economic condition of the underlying credit. The tables and data summarize the information from a representative sample of cities and counties within the Merged Area. The information is not intended to provide a complete analysis of the area economy. The information was obtained from sources believed to be reliable and the College has no reason to doubt the validity of the information supplied.

**Population Trends**

The Counties in the Merged Area are listed below. These figures are for the entire respective counties, even though only a portion of each county may be within the boundaries of the Merged Area.

**Population(1)**

	<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>
Appanoose.....	12,317	12,887	13,721	13,743
Davis.....	9,110	8,753	8,541	8,312
Jefferson.....	15,663	16,843	16,181	16,310
Keokuk.....	10,033	10,511	11,400	11,624
Lucas.....	8,634	8,898	9,422	9,070
Mahaska.....	22,190	22,381	22,335	21,532
Monroe.....	7,577	7,970	8,016	8,114
Van Buren.....	7,203	7,570	7,809	7,676
Wapello.....	35,437	35,625	36,051	35,696
Wayne.....	6,497	6,403	6,730	7,067

Note (1) Source: U.S. Bureau of the Census.

*The remainder of this page was left blank intentionally.*

## Employment

The table below is a list of certain major employers located in the Merged Area Counties.

### Major Area Employers(1)

<u>Location</u>	<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Wapello	JBS Live Pork	Pork Processing	2,400
Wapello	John Deere, Ottumwa Works	Farm Equipment Manufacturing	950
Wapello	Ottumwa Regional Health Center	Healthcare	825
Varies	Indian Hills Community College	Higher Education	825
Wapello	Ottumwa Community School District	Education	700
Mahaska	Musco Sports Lighting, LLC	Lighting Equipment Manufacturing	515
Wapello	Cargill, Inc.	Wet Corn Milling	500
Van Buren	Hill Phoenix	Refrigeration and Heating Equipment	420
Mahaska	Clow Valve Co.	Industrial Valves	350
Wapello	Winger Mechanical Company	Sheet Metal Fabrication	325
Wayne	East Penn Manufacturing Co.	Battery Manufacturing	275
Wayne	Shivvers Manufacturing, Inc.	Farm Machinery and Equipment	250
Appanoose	Amcort Flexibles, LLC.	Plastic Bags	250
Jefferson	TrafFix Devices, Inc.	Traffic Control Equipment	250
Wapello	Winbco Tank Co.	Metal Field Tanks	250
Wapello	City of Ottumwa	Municipal Government	250

Note: (1) Source: the 2023 Iowa Manufacturers database. The list does not purport to be a comprehensive list.

The following table shows the annual average unemployment rates for certain Counties, the State and the United States. These figures are for the entire respective counties, even though only a portion of each county may be within the boundaries of the Merged Area.

### Annual Average Unemployment Rates(1)(2)

County:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023(3)</u>
Appanoose	3.5%	5.2%	3.9%	2.9%	3.2%
Davis	2.8%	3.9%	3.0%	2.4%	2.5%
Jefferson	2.4%	5.4%	3.7%	2.5%	2.8%
Keokuk	3.2%	4.8%	4.0%	3.0%	3.3%
Lucas	2.0%	3.6%	2.8%	2.1%	2.6%
Mahaska	2.5%	4.7%	3.3%	2.4%	2.8%
Monroe	3.0%	5.1%	3.7%	2.8%	3.1%
Van Buren	2.6%	4.5%	3.4%	2.8%	2.8%
Wapello	3.6%	5.9%	4.5%	3.2%	3.9%
Wayne	2.5%	4.4%	3.3%	2.5%	3.1%
State of Iowa	2.7%	5.2%	3.8%	2.7%	3.0%

Notes: (1) Source: Iowa Workforce Development and U.S. Bureau of Labor Statistics.  
 (2) Not seasonally adjusted.  
 (3) Through July 2023.

*The remainder of this page was left blank intentionally.*

## Agriculture

Shown below are the average value per acre for select Counties in the Merged Area and statewide average.

### Average Value Per Acre(1)

County	2018	2019	2020	2021	2022
Appanoose .....	\$3,656	\$3,758	\$3,891	\$5,116	\$5,626
Davis .....	4,723	4,897	4,921	6,302	6,967
Jefferson.....	5,378	5,608	5,611	7,045	7,821
Keokuk .....	6,320	6,628	6,653	8,197	9,135
Lucas.....	3,810	3,916	4,061	5,340	5,872
Mahaska.....	6,622	6,907	6,790	8,522	9,461
Monroe.....	4,836	5,017	5,069	6,484	7,170
Van Buren .....	5,033	5,215	5,260	6,745	7,455
Wapello .....	5,391	5,626	5,522	6,923	7,687
Wayne .....	3,711	3,815	4,110	5,405	5,943
State of Iowa .....	7,264	7,432	7,559	9,751	11,411

Note: (1) Source: Cooperative Extension Service - Iowa State University.

## Retail Sales

The Department of Revenue of the State of Iowa provides retail sales figures based on sales tax reports for years ending June 30. The Department of Revenue figures provide recent data to confirm trends in retail sales activity in the following Counties in the Merged Area.

### Retail Taxable Sales(1)

County	Year Ended June 30				
	2018	2019	2020	2021	2022
Appanoose .....	\$ 125,195,101	\$ 138,920,429	\$ 122,423,990	\$ 133,922,777	\$ 152,357,000
Davis .....	78,055,992	76,491,643	81,209,079	100,051,968	110,341,941
Jefferson.....	155,536,593	154,704,807	157,239,963	166,867,550	160,812,793
Keokuk .....	43,075,496	44,898,116	49,731,565	54,733,136	52,417,309
Lucas.....	54,112,177	52,874,311	54,473,638	60,750,707	66,393,632
Mahaska.....	188,526,571	192,577,793	208,872,620	219,438,530	229,143,319
Monroe.....	40,751,447	40,875,503	44,499,416	49,639,328	56,627,771
Van Buren .....	38,613,233	36,451,146	42,101,054	46,298,475	49,378,018
Wapello .....	361,857,969	349,175,336	388,040,978	423,474,074	439,442,607
Wayne .....	32,204,264	32,240,456	35,316,560	38,709,887	49,803,983
Total .....	\$1,117,928,843	\$1,119,209,540	\$1,183,908,863	\$1,293,886,432	\$1,366,718,373

Note: (1) Source: Iowa Department of Revenue.

## THE PROJECT

The proceeds of the Bonds are expected to be used to: (i) pay the costs to remodel, improve, repair, construct, erect, furnish, and equip buildings and additions to buildings on its campuses and improve those sites, and (ii) pay the costs of issuing the Bonds.

## DEBT INFORMATION

After issuance of the Bonds, the College will have outstanding \$38,920,000\* principal amount of general obligation debt, of which, \$8,340,000 is Taxable Industrial New Jobs Training Certificates which are expected to be paid from proceeds from anticipated job credits from withholding taxes, budgeted reserves and in the case of an insufficiency of such sources, from standby property taxes. Concurrently with the issuance of the Bonds, the College will be issuing \$1,810,000\* in Taxable Industrial New Jobs Training Certificates (the “Certificates”).

### Debt Limitation

The amount of general obligation debt a political subdivision of the State can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of taxable property within the corporate limits, taken from the last County Tax list. According to and based upon the January 1, 2021 property valuations, for taxes payable in September 2022 and March 2023, the College’s debt limit, based upon said valuation, amounts to the following:

2022 100% Actual Valuation of Property .....	\$11,539,755,457
Constitutional Debt Limit .....	\$ 576,987,773
Outstanding Bonds/Notes Applicable to Debt Limit:	
General Obligation Debt.....	\$ 30,580,000*
Industrial New Jobs Training Certificates.....	<u>8,340,000*</u>
Total Applicable Debt.....	<u>\$ 38,920,000*</u>
Remaining Debt Capacity.....	\$ 538,067,773*

Besides the Bonds, the College does not expect to issue any additional general obligation debt in calendar year 2023, except the \$1,810,000 Taxable Industrial New Jobs Training Certificates being issued concurrently with the Bonds.

### Summary of Outstanding General Obligation Bonded Debt(1) (Principal Only)

General Obligation Debt:	
Plant Fund Capital Loan Notes, Series 2020(2).....	\$ 3,435,000
School Bonds, Series 2022 .....	19,145,000
The Bonds(3) .....	8,000,000
Industrial New Jobs Training Certificates:	
Taxable Series 2017-1 .....	425,000
Taxable Series 2018-1 .....	600,000
Taxable Series 2018-2 .....	860,000
Taxable Series 2019-1 .....	1,345,000
Taxable Series 2021-1 .....	635,000
Taxable Series 2022-1 .....	2,665,000
The Certificates(3).....	<u>1,810,000</u>
Total.....	<u>\$38,920,000</u>

- Notes: (1) Source: the College.  
 (2) Plant Fund Capital Loan Notes will be paid by proceeds from plant fund levy. See “Levy Limits” herein for more details.  
 (3) Subject to change.

\*Subject to change.

**General Obligation Debt(1)**  
 (Principal Only)

Fiscal Year Ending June 30	Series	Industrial New Jobs Training Certificates(2)						Total Outstanding INJT Debt
		Series 2017-1	Series 2018-1	Series 2018-2	Series 2019-1	Series 2021-1	Series 2022-1	
2024		\$115,000	\$150,000	\$185,000	\$ 225,000	\$ 80,000	\$ 305,000	\$1,060,000
2025		110,000	150,000	175,000	225,000	80,000	300,000	1,040,000
2026		100,000	150,000	170,000	225,000	80,000	295,000	1,020,000
2027		100,000	150,000	165,000	225,000	80,000	295,000	1,015,000
2028		0	0	165,000	225,000	80,000	295,000	765,000
2029		0	0	0	220,000	80,000	295,000	595,000
2030		0	0	0	0	80,000	295,000	375,000
2031		0	0	0	0	75,000	295,000	370,000
2032		0	0	0	0	0	290,000	290,000
Total		\$425,000	\$600,000	\$860,000	\$1,345,000	\$635,000	\$2,665,000	\$6,530,000

Fiscal Year Ending June 30	Total Outstanding INJT Debt	Plant Fund CLN Series 2020(3)	GO School Bonds Series 2022	Total Outstanding GO Debt	The Bonds(4)	The Certificates(2)(4)	Total General Obligation Debt(4)	Cumulative Principal Retired(4)	
								Amount	Percent
2024	\$1,060,000	\$ 545,000	\$ 880,000	\$ 2,485,000	\$ 0	\$ 95,000	\$ 2,580,000	\$ 2,580,000	6.63%
2025	1,040,000	550,000	930,000	2,520,000	0	200,000	2,720,000	5,300,000	13.62%
2026	1,020,000	565,000	945,000	2,530,000	0	195,000	2,725,000	8,025,000	20.62%
2027	1,015,000	580,000	965,000	2,560,000	0	195,000	2,755,000	10,780,000	27.70%
2028	765,000	590,000	980,000	2,335,000	100,000	195,000	2,630,000	13,410,000	34.46%
2029	595,000	605,000	985,000	2,185,000	100,000	195,000	2,480,000	15,890,000	40.83%
2030	375,000	0	915,000	1,290,000	200,000	190,000	1,680,000	17,570,000	45.14%
2031	370,000	0	935,000	1,305,000	300,000	185,000	1,790,000	19,360,000	49.74%
2032	290,000	0	955,000	1,245,000	400,000	180,000	1,825,000	21,185,000	54.43%
2033	0	0	975,000	975,000	500,000	180,000	1,655,000	22,840,000	58.68%
2034	0	0	990,000	990,000	600,000	0	1,590,000	24,430,000	62.77%
2035	0	0	1,010,000	1,010,000	725,000	0	1,735,000	26,165,000	67.23%
2036	0	0	1,030,000	1,030,000	850,000	0	1,880,000	28,045,000	72.06%
2037	0	0	1,055,000	1,055,000	975,000	0	2,030,000	30,075,000	77.27%
2038	0	0	1,075,000	1,075,000	1,050,000	0	2,125,000	32,200,000	82.73%
2039	0	0	1,095,000	1,095,000	1,100,000	0	2,195,000	34,395,000	88.37%
2040	0	0	1,120,000	1,120,000	1,100,000	0	2,220,000	36,615,000	94.08%
2041	0	0	1,140,000	1,140,000	0	0	1,140,000	37,755,000	97.01%
2042	0	0	1,165,000	1,165,000	0	0	1,165,000	38,920,000	100.00%
Total	\$6,530,000	\$3,435,000	\$19,145,000	\$29,110,000	\$8,000,000	\$1,810,000	\$38,920,000		

- Notes: (1) Source: the College.  
 (2) Industrial New Jobs Training Certificates are expected to be paid by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves, and in the case of an insufficiency of such sources, from standby property taxes.  
 (3) Plant Fund Capital Loan Notes will paid by proceeds from plant fund levy. See "Levy Limits" herein for more details.  
 (3) Subject to change.

### Statement of Bonded Indebtedness(1)(2)

College Actual Value, January 1, 2022 .....	\$11,539,755,457
College Taxable Value, January 1, 2022 .....	\$ 7,291,126,830

	Total Applicable G.O. Debt	Ratio to College Actual Valuation	Ratio to College Taxable Valuation	Per Capita (2020 Pop. Est. 134,767)
Direct General Obligation Bonded Debt(3).....	\$ 31,890,000	0.34%	0.53%	\$ 288.79
Less: Direct Debt Paid From Non Property Tax Sources(3).....	(7,920,000)	(0.07%)	(0.11%)	(61.88)
Net Direct GO Bonded Debt(3) .....	\$ 23,970,000	0.27%	0.42%	\$ 226.91
Overlapping Debt:				
Schools .....	\$ 42,577,031	0.37%	0.58%	\$ 315.93
Cities .....	96,731,035	0.84%	1.33%	717.76
Counties .....	33,104,142	0.29%	0.45%	245.64
Total Overlapping Debt.....	\$172,412,208	1.50%	2.36%	\$1,279.34
Total Net Direct General Obligation and Overlapping Bonded Debt.....	\$202,992,208	1.77%	2.78%	\$1,506.25

College Actual Value, January 1, 2022 Per Capita .....	\$85,627.46
College Taxable Value, January 1, 2022 Per Capita.....	\$54,101.72

- Notes: (1) Source: the College, Audited Financial Statements and Treasurer of the State of Iowa, Outstanding Obligations Report, debt as of June 30, 2022 for the Cities, School Districts and Counties.  
 (2) As of the date of issuance for the Direct Bonded Debt and June 30, 2022 for Overlapping Debt.  
 (3) Subject to change.

### PROPERTY ASSESSMENT AND TAX INFORMATION

#### Property Tax Assessment

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

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

#### Percentages for Taxable Valuation After Rollbacks(1)

Fiscal Year	Residential	Multi- Residential(2)	Ag Land & Buildings	Commercial & Industrial
2014/15.....	54.4002%	N/A	43.3997%	95.0000%
2015/16.....	55.7335%	N/A	44.7021%	90.0000%
2016/17.....	55.6259%	86.2500%	46.1068%	90.0000%
2017/18.....	56.9391%	82.5000%	47.4996%	90.0000%
2018/19.....	55.6209%	78.7500%	54.4480%	90.0000%
2019/20.....	56.9180%	75.0000%	56.1324%	90.0000%
2020/21.....	55.0743%	71.2500%	81.4832%	90.0000%
2021/22.....	56.4094%	67.5000%	84.0305%	90.0000%
2022/23.....	54.1302%	63.7500%	89.0412%	90.0000%
2023/24.....	54.6501%	N/A	91.6430%	90.0000%

- Notes: (1) Source: the Iowa Department of Revenue.  
 (2) New category beginning with fiscal year 2017, to be phased into residential category with valuations beginning January 1, 2022.  
 (3) For assessment year 2022 (applicable to fiscal year 2023/24 valuations), the taxable value rollback rate is 54.6501% of actual value for residential property; 91.6430% of actual value for agricultural property and 100.0000% of the actual value of utility property. The residential taxable rollback rate of 54.6501% applies to the value of each property unit of commercial, industrial and railroad property that exceeds zero dollars (\$0), but does not exceed one hundred fifty thousand dollars (\$150,000), with a taxable value rollback rate of 90.0000% to the value that exceeds one hundred fifty thousand dollars (\$150,000).

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2022, are used to calculate tax liability for the tax year starting July 1, 2023 through June 30, 2024.

### Property Tax Collection

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

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

### Actual (100%) Valuations for the College(1)(2)

Property Class	Fiscal Year:	2019/20	2020/21	2021/22	2022/23	2023/24
	Levy Year January 1:	2018	2019	2020	2021	2022
Residential .....		\$ 4,691,715,679	\$ 4,945,481,536	\$ 4,998,139,627	\$ 5,577,435,832	\$ 5,977,503,945
Agricultural Land .....		3,113,622,949	2,290,689,048	2,291,525,331	2,124,671,507	2,123,666,222
Agricultural Buildings .....		167,289,252	126,612,007	130,113,164	124,857,954	140,634,420
Commercial .....		721,793,163	757,282,410	769,071,718	849,835,428	860,604,372
Industrial .....		330,759,863	353,396,584	381,325,656	405,799,408	424,702,296
Multi-Residential(3).....		151,501,724	152,698,472	158,069,014	175,693,975	0
Railroad.....		195,699,054	219,906,304	231,293,023	238,790,776	257,109,237
Utilities without Gas and Electric(4) .....		342,298,727	400,382,050	422,071,904	420,107,211	446,732,648
Gas and Electric Utilities(4) .....		1,032,045,511	1,160,301,806	1,179,134,683	1,197,688,382	1,317,773,174
Other .....		112,376	197,507	325,799	432,339	480,652
Less: Military Exemption.....		(11,524,802)	(10,993,281)	(10,477,389)	(9,961,226)	(9,961,226)
Total .....		\$10,735,313,496	\$10,395,954,443	\$10,550,592,530	\$11,105,351,586	\$11,539,844,360
Percent Change +(-).....		4.71%(5)	(3.16%)	1.49%	5.26%	3.91%

- Notes: (1) Source: the Iowa Department of Management.  
 (2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1:	2018	2019	2020	2021	2022
TIF Valuation .....	\$ 64,827,524	\$ 96,268,280	\$ 87,559,536	\$150,790,768	\$160,899,124

- (3) Included in Residential Property Class starting with January 1, 2022 valuations.  
 (4) See "PROPERTY ASSESSMENT AND TAX INFORMATION - Utility Property Tax Replacement" herein.  
 (5) Based on 2017 Actual Valuation of \$10,252,161,666.

*The remainder of this page was left blank intentionally.*

For the January 1, 2022 levy year, the College's Taxable Valuation was comprised of approximately 45% residential, 28% agriculture, 10% utilities, 9% commercial, 5% industrial, 3% railroad, and less than 1% military exemption.

**Taxable ("Rollback") Valuations for the College(1)(2)**

Property Class	Fiscal Year: Levy Year January 1:	2019/20 2018	2020/21 2019	2021/22 2020	2022/23 2021	2023/24 2022
Residential .....		\$2,671,344,574	\$2,723,689,808	\$2,819,420,049	\$3,019,077,307	\$3,376,805,319
Agricultural Land .....		1,747,751,329	1,866,526,805	1,925,580,089	1,891,832,988	1,946,191,510
Agricultural Buildings .....		93,903,456	103,167,409	109,334,623	111,174,902	128,881,633
Commercial .....		649,613,916	681,554,265	692,164,719	764,851,979	653,869,805
Industrial .....		297,683,882	318,056,917	343,193,106	365,219,483	369,865,565
Multi-residential(3) .....		112,423,352	108,797,789	106,696,778	112,005,038	0
Railroad .....		176,129,150	197,915,679	208,163,725	214,911,703	230,586,960
Utilities without Gas and Electric(4) .....		342,298,727	400,382,050	415,947,180	420,107,211	446,732,648
Gas and Electric Utilities(4) .....		215,865,052	258,482,908	255,466,726	267,104,517	264,285,051
Other .....		112,376	197,507	325,799	432,339	480,652
Less: Military Exemption .....		(11,524,802)	(10,993,281)	(10,477,389)	(9,961,226)	(9,961,226)
Total .....		\$6,295,601,012	\$6,647,777,856	\$6,865,815,405	\$7,156,756,241	\$7,408,336,537
Percent Change +/- .....		6.18%(5)	5.59%	3.28%	4.24%	3.52%

- Notes: (1) Source: the Iowa Department of Management.  
 (2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1: TIF Valuation .....	2018	2019	2020	2021	2022
	\$ 64,515,501	\$ 77,009,755	\$ 82,091,149	\$147,222,356	\$153,951,795

- (3) Included in Residential Property Class starting with January 1, 2022 valuations.  
 (4) See "PROPERTY ASSESSMENT AND TAX INFORMATION - Utility Property Tax Replacement" herein.  
 (5) Based on 2017 Taxable Valuation of \$5,928,933,680.

**Levy Year January 1, 2022 College Valuation By County(1)(2)**

	100% Actual Value	Percent of Total	Taxable Value	Percent of Total
Appanoose .....	\$ 1,026,778,543	8.90%	\$ 595,606,448	8.04%
Davis .....	788,163,346	6.83%	510,724,192	6.89%
Decatur .....	12,620,055	0.11%	9,438,058	0.13%
Henry .....	16,320,030	0.14%	11,612,093	0.16%
Iowa .....	6,667,015	0.06%	5,139,524	0.07%
Jefferson .....	1,515,599,211	13.13%	1,007,909,512	13.61%
Keokuk .....	944,263,543	8.18%	661,277,055	8.93%
Lee .....	48,592,851	0.42%	38,635,195	0.52%
Lucas .....	649,113,444	5.62%	393,759,420	5.32%
Mahaska .....	1,853,288,841	16.06%	1,212,435,365	16.37%
Marion .....	254,080	0.00%	111,929	0.00%
Monroe .....	821,889,956	7.12%	575,451,335	7.77%
Poweshiek .....	43,098,039	0.37%	34,832,525	0.47%
Van Buren .....	667,131,431	5.78%	465,859,553	6.29%
Wapello .....	2,462,237,463	21.34%	1,403,125,032	18.94%
Washington .....	104,467,210	0.91%	79,620,469	1.07%
Wayne .....	579,359,302	5.02%	402,798,832	5.44%
Total .....	\$11,539,844,360	100.00%	\$7,408,336,537	100.00%

- Notes: (1) Source: the Iowa Department of Management.  
 (2) Preliminary subject to change.

*The remainder of this page was left blank intentionally.*

The following shows the trend in the College's tax extensions and collections.

**Tax Extensions and Collections(1)**

<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Amount Levied</u>	<u>Amount Collected(2)</u>	<u>Percent Collected</u>
2013.....	2014-15.....	\$4,947,528	\$4,944,550	99.94%
2014.....	2015-16.....	4,975,813	4,979,238	100.07%
2015.....	2016-17.....	5,134,533	5,137,967	100.07%
2016.....	2017-18.....	5,417,561	5,423,508	100.11%
2017.....	2018-19.....	5,632,862	5,646,929	100.25%
2018.....	2019-20.....	6,189,961	6,097,705	98.51%
2019.....	2020-21.....	6,569,531	6,666,848	101.48%
2020.....	2021-22.....	6,948,943	6,974,888	100.37%
2021.....	2022-23.....	8,829,720	8,800,859(3)	99.67%
2022.....	2023-24.....	9,297,555	- In Collection - -	

- Notes: (1) Source: the State of Iowa Department of Management and the College.  
 Includes amounts for Utility Replacement.  
 (2) Includes delinquent taxes.  
 (3) Preliminary unaudited.

**Principal Taxpayers(1)**

<u>Taxpayer Name</u>	<u>Business/Service</u>	<u>Levy Year 2022 Taxable Valuation(2)</u>
Dakota Access LLC.....	Pipeline.....	\$ 229,423,498
Mid-American Energy.....	Utility.....	183,715,344
ANR Pipeline.....	Natural Gas Pipeline.....	160,226,610
Interstate Power & Light Company.....	Utility.....	118,857,848
Burlington Northern Railroad.....	Railroad.....	113,075,031
Union Pacific Railroad Company.....	Railroad.....	92,911,828
Cargill Incorporated.....	Industrial.....	79,959,856
Ajinomoto Heartland Inc.....	Industrial.....	60,885,589
MPT of Ottumwa – Lima LLC.....	Healthcare.....	33,139,707
Walmart.....	Retail Business.....	28,162,902
Total.....		\$1,100,358,213
Ten Largest Taxpayers as Percent of College's 2022 Taxable Valuation (\$7,408,336,537).....		14.85%

- Notes: (1) Source: the Counties.  
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked.

**Levy Limits**

All taxable property within the Merged Area is taxed by each county at a rate not to exceed \$0.2025 per \$1,000 of assessed value on such property for the operation of the merged area community college such as the College. In addition to the tax authorized for the operation of a merged area community college, the voters in any merged area may vote a tax not to exceed \$0.2025 per \$1,000 of assessed value for a period not to exceed ten years for capital improvements to the merged area. Under certain conditions, the Board may, by Resolution, extend said tax for additional ten year periods. The Bonds are NOT payable from this levy. The board of directors of a merged area may also certify a levy not to exceed \$0.03 per \$1,000 of assessed value for equipment replacement. In addition, upon voter approval, the College can institute a property tax that generates \$0.06 per \$1,000 of assessed valuation for the Equipment Levy. The voters of the Merged Area approved, at a special election held in December 2012, the Equipment Levy for a \$0.06 per \$1,000 of assessed valuation for ten years which would expire on June 30, 2024. Under certain conditions, the Board may by Resolution extend said tax for additional ten year periods. The College adopted a resolution on August 12, 2019 extending the Equipment Levy for an additional ten years beginning July 1, 2024 through June 30, 2034. The additional \$0.06 per \$1,000 levy can only be used for Instructional Equipment. The Bonds are NOT payable from this levy.

**Property Tax Rates(1)(2)**  
 (Per \$1,000 Actual Valuation)

	Fiscal Year: 2019/20	2020/21	2021/22	2022/23	2023/24
	Levy Year: 2018	2019	2020	2021	2022
College:					
Unrestricted General Fund .....	\$0.20250	\$0.20250	\$0.20250	\$0.20250	\$0.20250
Unemployment Compensation.....	0.01396	0.01324	0.00074	0.00000	0.00000
Tort Liability .....	0.08181	0.09207	0.10702	0.08132	0.08354
Insurance .....	0.32483	0.30818	0.34789	0.40802	0.42965
Early Retirement.....	0.07780	0.09131	0.07371	0.06135	0.04212
Equipment Replacement .....	0.09000	0.09000	0.09000	0.09000	0.09000
Standby .....	0.00000	0.00000	0.00000	0.00000	0.00000
Plant Fund.....	0.20250	0.20250	0.20250	0.20250	0.20250
Bond & Interest Fund.....	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.20959</u>	<u>0.24922</u>
Total College .....	\$0.99340	\$0.99980	\$1.02436	\$1.25528	\$1.29953

Notes: (1) Source: Iowa Department of Management.  
 (2) Does not include tax rate for agriculture.

**Utility Property Tax Replacement**

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

By statute, the replacement tax collected by the State and allocated among local taxing bodies (including the College) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. It is possible that the general obligation debt capacity of the College could be adjudicated to be proportionately reduced in future years if Utility property were determined to be other than “taxable property” for purposes of computing the College’s debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the College can issue or (ii) adversely affect the College’s ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds. Approximately 10% of the College’s levy year 2022 taxable valuation currently is utility property.

**Property Tax Legislation**

Over time, the Iowa Legislature has modified the process and calculation of taxable valuations for various classifications of property. For example, in 2013 maximum annual taxable value growth due to revaluation of residential and agricultural property was reduced from 4% to 3%, rollback calculations were modified, a new multi-residential classification was created, and an appropriation made to replace some lost tax revenue due to rollbacks. In 2019, the process for hearings on total maximum property tax dollars under certain levies in the College’s budget was modified and a super-majority vote required to raise taxes above a prescribed formula. In 2021, the multi-residential classification was removed, and a phase out of the appropriation for rollback initiated. In 2023, SF 181 was signed into law by the Governor on February 20, 2023, effective upon enactment. SF 181 reduces the residential rollback for the 2022 assessment year (affecting Fiscal Year 2023/24) from 56.4919% to 54.6501%. This will result in a reduction in taxable valuation in the residential, commercial, industrial and railroad property classes upon which the College levies property taxes. Due to the impact on the College’s budgetary process, the SF181 extended the budget certification deadline for the College from March 31 to April 30, 2023 (for Fiscal Year 2023/24 only).

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

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

## **FINANCIAL INFORMATION**

### **Financial Reports**

The College’s financial statements are audited annually by certified public accountants. The College’s financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. See **APPENDIX A** for more detail.

### **No Consent or Updated Information Requested of the Auditor**

The tables and excerpts (collectively, the “Excerpted Financial Information”) contained in this “**FINANCIAL INFORMATION**” section are from the audited financial statements of the College, including the audited financial statements for the fiscal year ended June 30, 2022 (the “2022 Audit”). The 2022 Audit has been prepared by the Office of Auditor of State of Iowa, Des Moines, Iowa, (the “Auditor”), and received by the College. The College has not requested the Auditor to update information contained in the Excerpted Financial Information and the 2022 Audit; nor has the College requested that the Auditor consent to the use of the Excerpted Financial Information and the 2022 Audit in this Official Statement. The inclusion of the Excerpted Financial Information and the 2022 Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the College since the date of the 2022 Audit. Questions or inquiries relating to financial information of the College since the date of the 2022 Audit should be directed to the College.

### **Summary Financial Information**

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for the College’s 2022 Audit. The College’s expects its General Fund balance for the fiscal year ending June 30, 2023 to increase by approximately \$15,000. The College has approved a budget for fiscal year 2024 with an anticipated increase to the General Fund balance of approximately \$20,000.

Statement of Net Position(1)(2)

	Audited as of June 30				
	2018	2019	2020	2021	2022
<b>Assets:</b>					
Current Assets:					
Cash, Cash Equivalents and Pooled Investments:					
Cash, Cash Equivalents and Pooled Investments.....	\$ 45,572,197	\$ 44,862,507	\$ 49,692,976	\$ 58,252,299	\$ 76,684,517
Restricted Cash, Cash Equivalents, and Pooled Investments.....	4,634,896	4,745,228	4,801,217	4,963,644	5,142,724
Receivables:					
Accounts (Net).....	2,089,001	1,315,469	2,066,761	1,226,333	2,070,980
Succeeding Year Property Tax.....	5,069,577	5,570,966	5,912,578	6,254,050	7,946,748
Due from Other Governments.....	1,346,316	914,260	1,957,861	2,306,932	1,987,660
Lease Receivable.....	0	0	0	0	526,190
Prepaid Expenses.....	422,116	515,384	312,997	967,152	1,248,096
Inventories.....	826,550	848,230	800,208	767,035	716,772
Total Current Assets.....	<u>\$ 59,960,653</u>	<u>\$ 58,775,294</u>	<u>\$ 65,544,598</u>	<u>\$ 74,737,445</u>	<u>\$ 96,323,687</u>
Noncurrent Assets:					
Cash and Cash Equivalents.....	\$ 6,275,580	\$ 7,514,842	\$ 7,340,277	\$ 5,341,510	\$ 6,169,788
Receivable for Iowa Industrial New Jobs Training Program.....	1,032,109	1,922,991	2,630,294	2,886,314	3,316,135
Capital Assets (Net).....	44,926,361	48,332,716	50,694,311	52,820,676	52,647,836
Total Noncurrent Assets.....	<u>\$ 52,234,050</u>	<u>\$ 57,770,549</u>	<u>\$ 60,664,882</u>	<u>\$ 61,048,500</u>	<u>\$ 62,133,759</u>
Total Assets.....	<u>\$112,194,703</u>	<u>\$116,545,843</u>	<u>\$126,209,480</u>	<u>\$135,785,945</u>	<u>\$158,457,446</u>
<b>Deferred Outflows of Resources:</b>					
Pension Related Deferred Outflows.....	\$ 3,874,251	\$ 3,231,531	\$ 2,550,002	\$ 2,639,807	\$ 1,668,551
OPEB Related Deferred Outflows.....	4,064	3,550	3,036	15,822	13,706
Total Deferred Outflows of Resources.....	<u>\$ 3,878,315</u>	<u>\$ 3,235,081</u>	<u>\$ 2,553,038</u>	<u>\$ 2,655,629</u>	<u>\$ 1,682,257</u>
<b>Liabilities:</b>					
Current Liabilities:					
Accounts Payable.....	\$ 1,557,642	\$ 2,306,749	\$ 3,008,425	\$ 1,756,193	\$ 2,022,473
Salaries and Benefits Payable.....	1,198,814	1,148,690	1,183,457	1,254,023	1,300,465
Advances from Others.....	1,659,377	1,336,648	1,044,710	1,576,352	1,938,740
Early Retirement Payable.....	288,465	497,938	401,820	346,152	364,370
Compensated Absences Payable.....	972,540	960,546	905,117	953,739	965,315
Lease Agreement Payable.....	0	0	0	0	204,994
Deposits Held in Custody for Others.....	418,924	395,500	459,711	0	0
Certificates Payable.....	680,000	690,000	785,000	855,000	1,135,000
Notes Payable.....	0	0	500,000	525,000	1,390,000
Interest Payable.....	0	0	0	0	53,503
Total OPEB Liability.....	0	0	0	0	2,907
Total Current Liabilities.....	<u>\$ 6,775,762</u>	<u>\$ 7,336,071</u>	<u>\$ 8,288,240</u>	<u>\$ 7,266,459</u>	<u>\$ 9,377,767</u>
Noncurrent Liabilities:					
Early Retirement Payable.....	\$ 694,501	\$ 855,626	\$ 746,078	\$ 589,680	\$ 566,911
Lease Agreement Payable.....	0	0	0	0	172,009
Certificates Payable.....	3,365,055	4,291,093	5,004,156	4,944,990	6,747,890
Notes Payable.....	0	0	4,595,479	4,050,950	22,489,089
Net Pension Liability.....	13,316,885	12,153,321	10,695,385	12,334,769	234,552
Total OPEB Liability.....	162,738	109,069	117,229	105,270	114,082
Total Noncurrent Liabilities.....	<u>\$ 17,539,179</u>	<u>\$ 17,409,109</u>	<u>\$ 21,158,327</u>	<u>\$ 22,025,659</u>	<u>\$ 30,324,533</u>
Total Liabilities.....	<u>\$ 24,314,941</u>	<u>\$ 24,745,180</u>	<u>\$ 29,446,567</u>	<u>\$ 29,292,118</u>	<u>\$ 39,702,300</u>
<b>Deferred Inflows of Resources:</b>					
Lease Receivable.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 526,190
Unavailable Property Tax Revenue.....	5,069,577	5,570,966	5,912,578	6,254,050	7,946,748
Pension Related Deferred Inflows.....	503,633	1,148,078	2,367,453	1,185,235	9,785,884
OPEB Related Deferred Inflows.....	0	57,511	50,322	78,660	67,191
Total Deferred Inflows of Resources.....	<u>\$ 5,573,210</u>	<u>\$ 6,776,555</u>	<u>\$ 8,330,353</u>	<u>\$ 7,517,945</u>	<u>\$ 18,326,013</u>
<b>Net Position:</b>					
Net Investment in Capital Assets.....	\$ 44,926,361	\$ 48,332,716	\$ 48,213,622	\$ 48,648,568	\$ 46,719,331
Restricted:					
With Donor Restrictions.....	4,634,896	11,292,014	11,348,003	11,510,430	11,689,510
Expendable.....	9,809,071	4,159,165	5,227,324	5,566,051	6,661,202
Unrestricted/Without Donor Restrictions.....	26,814,539	24,475,294	26,196,649	35,906,462	37,041,347
Total Net Position.....	<u>\$ 86,184,867</u>	<u>\$ 88,259,189</u>	<u>\$ 90,985,598</u>	<u>\$101,631,511</u>	<u>\$102,111,390</u>

Notes: (1) Source: Audited financial statements of the College for the fiscal years ended June 30, 2018 through 2022.  
 (2) Includes the Indian Hills Community College Foundation and the Indian Hills Community College Development Corporation.

**Statement of Revenues, Expenses and Changes in Net Position(1)(2)**

	Audited Fiscal Year Ended June 30				
	2018	2019	2020	2021	2022
<b>Operating Revenues:</b>					
Tuition and Fees (Net).....	\$ 13,448,932	\$ 12,951,988	\$ 11,246,393	\$ 9,758,972	\$ 10,034,609
Federal Appropriations .....	4,667,218	3,508,012	4,713,357	9,323,181	10,294,859
Sales and Services.....	982,805	1,047,479	1,010,231	905,851	1,013,412
Iowa Industrial New Jobs Training Program.....	822,127	2,032,582	1,850,540	1,073,992	1,952,365
Auxiliary Enterprises (Net).....	5,014,102	4,804,366	4,374,152	4,502,462	5,258,676
Contributions .....	1,166,892	758,462	838,369	942,301	2,079,933
Rental Income and Facility Management.....	582,681	566,589	551,480	394,295	616,970
Miscellaneous.....	3,246,977	3,306,547	2,825,068	2,994,426	2,869,391
Total Operating Revenues.....	<u>\$ 29,931,734</u>	<u>\$ 28,976,025</u>	<u>\$ 27,409,590</u>	<u>\$ 29,895,480</u>	<u>\$ 34,120,215</u>
<b>Operating Expenses:</b>					
Education and Support:					
Liberal Arts and Sciences.....	\$ 5,826,072	\$ 5,384,692	\$ 5,473,097	\$ 4,878,153	\$ 4,452,234
Vocational Technical .....	12,228,387	12,084,613	10,848,402	9,839,163	8,624,206
Adult Education .....	3,486,569	3,369,077	3,236,518	3,207,158	3,265,969
Cooperative Services .....	1,051,955	2,305,922	2,134,790	1,827,646	2,054,780
Administration.....	1,834,131	1,847,878	1,849,660	1,923,398	2,056,927
Student Services .....	4,245,721	4,189,498	5,101,006	6,227,242	8,818,651
Learning Resources .....	494,844	430,528	429,167	416,588	379,708
Physical Plant.....	5,620,913	5,586,001	5,518,104	6,113,302	6,760,535
General Institution .....	8,914,120	9,356,657	8,834,294	9,171,620	9,368,135
Auxiliary Enterprises .....	6,336,064	5,859,913	5,235,707	5,685,585	6,415,843
Scholarships and Grants .....	2,272,627	2,018,091	2,203,566	2,005,529	1,811,294
Workforce Investment Act.....	1,671,877	689,675	640,248	510,571	831,517
Plant Operations.....	1,429,191	1,573,280	1,368,228	1,517,105	1,644,638
General and Administrative .....	413,685	486,771	360,271	555,360	601,240
Programs.....	435,404	444,210	447,646	502,360	636,549
Depreciation/Amortization.....	2,795,949	2,889,847	2,931,747	3,131,814	3,573,455
Total Operating Expenses .....	<u>\$ 59,057,509</u>	<u>\$ 58,516,653</u>	<u>\$ 56,612,451</u>	<u>\$ 57,513,212</u>	<u>\$ 61,295,681</u>
Operating Income (Loss) .....	<u>\$(29,125,775)</u>	<u>\$(29,540,628)</u>	<u>\$(29,202,861)</u>	<u>\$(27,617,732)</u>	<u>\$(27,175,466)</u>
<b>Non-Operating Revenues (Expenses):</b>					
State Appropriations .....	\$ 18,264,076	\$ 18,030,432	\$ 19,233,294	\$ 19,648,311	\$ 20,006,898
Pell Grants .....	5,498,491	5,242,195	4,824,903	4,453,812	4,506,596
Property Tax.....	5,423,508	5,646,929	6,097,705	6,666,848	6,974,888
Investment Income .....	2,094,482	2,789,468	1,918,151	7,403,527	(3,951,459)
Donated Capital Assets .....	41,500	60,000	48,500	122,375	343,446
Gain on Disposal of Capital Assets.....	174,045	(10,184)	(30,455)	30,563	47,263
Interest on Indebtedness .....	(93,801)	(143,890)	(162,828)	(239,602)	(272,287)
Net Non-Operating Revenues (Expenses).....	<u>\$ 31,402,301</u>	<u>\$ 31,614,950</u>	<u>\$ 31,929,270</u>	<u>\$ 38,085,834</u>	<u>\$ 27,655,345</u>
Change in Net Position.....	\$ 2,276,526	\$ 2,074,322	\$ 2,726,409	\$ 10,468,102	\$ 479,879
Net Position Beginning of Year.....	83,908,341	86,184,867	88,259,189	91,163,409(3)	101,631,511
Net Position End of Year .....	<u>\$ 86,184,867</u>	<u>\$ 88,259,189</u>	<u>\$ 90,985,598</u>	<u>\$ 101,631,511</u>	<u>\$ 102,111,390</u>

Notes: (1) Source: Audited financial statements for the College for the fiscal years ended June 30, 2018 through 2022.  
 (2) Includes the Indian Hills Community College Foundation and the Indian Hills Community College Development Corporation.  
 (3) Restated.

*The remainder of this page was left blank intentionally.*

**Balance Sheet**  
**Current Funds - Unrestricted(1)**

	Audited as of June 30				
	2018	2019	2020	2021	2022
<b>Assets and Deferred Outflows of Resources:</b>					
Cash, Cash Equivalents and Pooled Investments.....	\$11,474,484	\$13,027,133	\$14,081,725	\$18,015,611	\$20,969,179
Receivables:					
Accounts (Net).....	1,899,163	1,269,404	1,803,108	1,173,637	1,709,449
Succeeding Year Property Tax.....	1,070,033	1,135,616	1,197,523	1,236,334	1,277,488
Due from Other Funds.....	304,553	260,013	421,667	416,609	613,031
Due from Other Governments.....	8,721	55,789	7,239	209,271	431,795
Prepaid Expenses.....	259,754	314,520	284,454	559,193	276,889
Inventories.....	826,550	848,230	800,208	767,035	716,772
Total Assets and Deferred Outflows of Resources.....	<u>\$15,843,258</u>	<u>\$16,910,705</u>	<u>\$18,595,924</u>	<u>\$22,377,690</u>	<u>\$25,994,603</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>					
Liabilities:					
Accounts Payable.....	\$ 992,903	\$ 1,488,464	\$ 2,155,193	\$ 894,678	\$ 1,033,065
Salaries and Benefits Payable.....	1,195,767	1,145,961	1,139,225	1,180,408	1,210,820
Due to Other Funds.....	2,424,383	3,213,312	4,437,023	8,424,061	11,850,763
Advances from Others.....	1,588,773	1,259,527	1,033,851	1,189,932	1,140,494
Compensated Absences.....	969,593	958,474	901,077	949,993	958,926
Total Liabilities.....	<u>\$ 7,171,419</u>	<u>\$ 8,065,738</u>	<u>\$ 9,666,369</u>	<u>\$12,639,072</u>	<u>\$16,194,068</u>
Deferred Inflows of Resources:					
Succeeding Year Property Tax.....	\$ 1,070,033	\$ 1,135,616	\$ 1,197,523	\$ 1,236,334	\$ 1,277,488
Total Deferred Inflows of Resources.....	<u>\$ 1,070,033</u>	<u>\$ 1,135,616</u>	<u>\$ 1,197,523</u>	<u>\$ 1,236,334</u>	<u>\$ 1,277,488</u>
Fund Balances:					
Unrestricted.....	\$ 5,078,830	\$ 5,082,473	\$ 5,141,004	\$ 5,163,060	\$ 5,176,832
Auxiliary Enterprises.....	2,522,976	2,626,878	2,591,028	3,339,224	3,346,215
Total Fund Balance.....	<u>\$ 7,601,806</u>	<u>\$ 7,709,351</u>	<u>\$ 7,732,032</u>	<u>\$ 8,502,284</u>	<u>\$ 8,523,047</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	<u>\$15,843,258</u>	<u>\$16,910,705</u>	<u>\$18,595,924</u>	<u>\$22,377,690</u>	<u>\$25,994,603</u>

Note: (1) Source: Audited financial statements of the College for the fiscal years ended June 30, 2018 through 2022.

*The remainder of this page was left blank intentionally.*

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Current Funds - Unrestricted(1)**

	Audited Fiscal Year Ended June 30				
	2018	2019	2020	2021	2022
<b>Revenues:</b>					
General:					
State Appropriations .....	\$14,689,941	\$14,883,698	\$15,223,892	\$15,269,832	\$15,661,492
Tuition and Fees .....	17,194,736	16,766,157	15,177,974	13,926,553	14,311,571
Property Tax .....	1,143,814	1,191,060	1,242,689	1,349,759	1,379,338
Federal Appropriations .....	253	0	0	0	0
Sales and Services .....	485,872	593,485	486,814	406,430	488,807
Interest on Investments .....	184,268	336,625	246,405	96,311	61,367
Miscellaneous .....	<u>2,268,969</u>	<u>2,456,504</u>	<u>2,247,208</u>	<u>2,207,677</u>	<u>2,413,733</u>
Total General Revenues .....	<u>\$35,967,853</u>	<u>\$36,227,529</u>	<u>\$34,624,982</u>	<u>\$33,256,562</u>	<u>\$34,316,308</u>
Auxiliary Enterprises:					
Tuition and Fees .....	\$ 551,500	\$ 522,500	\$ 545,500	\$ 672,600	\$ 672,600
Federal Appropriations .....	10,047	8,517	7,482	11,025	11,815
Sales and Services .....	5,899,947	5,496,428	4,906,868	4,902,746	5,850,711
Interest on Investments .....	24,355	17,994	35,966	16,054	16,795
Miscellaneous .....	<u>411,167</u>	<u>483,819</u>	<u>439,811</u>	<u>453,049</u>	<u>682,510</u>
Total Auxiliary Enterprises .....	<u>\$ 6,897,016</u>	<u>\$ 6,529,258</u>	<u>\$ 5,935,627</u>	<u>\$ 6,055,474</u>	<u>\$ 7,234,431</u>
Total Revenues .....	<u>\$42,864,869</u>	<u>\$42,756,787</u>	<u>\$40,560,609</u>	<u>\$39,312,036</u>	<u>\$41,550,739</u>
<b>Expenditures:</b>					
Education and Support:					
Liberal Arts and Sciences .....	\$ 5,521,665	\$ 5,440,896	\$ 5,477,777	\$ 4,833,496	\$ 4,739,447
Vocational Technical .....	12,330,859	12,517,840	11,284,004	10,208,123	9,922,148
Adult Education .....	1,151,102	1,235,031	1,019,011	888,014	871,010
Cooperative Services .....	8,035	13,511	9,712	5,034	10,851
Administration .....	1,537,905	1,581,153	1,613,094	1,593,530	1,686,823
Student Services .....	4,499,414	4,437,806	4,285,784	4,049,404	4,292,900
Learning Resources .....	530,364	467,795	471,100	456,315	441,489
Physical Plant .....	3,968,667	3,960,408	4,123,514	4,410,318	4,767,216
General Institution .....	<u>5,456,701</u>	<u>5,238,092</u>	<u>4,998,293</u>	<u>5,032,220</u>	<u>5,172,415</u>
Total Education and Support .....	<u>\$35,004,712</u>	<u>\$34,892,532</u>	<u>\$33,282,289</u>	<u>\$31,476,454</u>	<u>\$31,904,299</u>
Auxiliary Enterprises .....	<u>6,731,330</u>	<u>6,324,058</u>	<u>6,101,026</u>	<u>8,077,454</u>	<u>7,175,102</u>
Total Expenditures .....	<u>\$41,736,042</u>	<u>\$41,216,590</u>	<u>\$39,383,315</u>	<u>\$39,553,908</u>	<u>\$39,079,401</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures .....	\$ 1,128,827	\$ 1,540,197	\$ 1,177,294	\$ (241,872)	\$ 2,471,338
<b>TRANSFERS:</b>					
Mandatory Transfers .....	\$ (20,000)	\$ 0	\$ 0	\$ 0	\$ 0
Non-Mandatory Transfers .....	<u>(1,023,507)</u>	<u>(1,432,652)</u>	<u>(1,154,613)</u>	<u>834,313</u>	<u>(2,450,575)</u>
Total Transfers .....	<u>\$ (1,043,507)</u>	<u>\$ (1,432,652)</u>	<u>\$ (1,154,613)</u>	<u>\$ 834,313</u>	<u>\$ (2,450,575)</u>
Net .....	\$ 85,320	\$ 107,545	\$ 22,681	\$ 592,441	\$ 20,763
Fund Balances Beginning of Year .....	<u>7,516,486</u>	<u>7,601,806</u>	<u>7,709,351</u>	<u>7,909,843(2)</u>	<u>8,502,284</u>
Fund Balances End of Year .....	<u>\$ 7,601,806</u>	<u>\$ 7,709,351</u>	<u>\$ 7,732,032</u>	<u>\$ 8,502,284</u>	<u>\$ 8,523,047</u>

Notes: (1) Source: Audited financial statements for the College for the fiscal years ended June 30, 2018 through 2022.  
 (2) Restated.

**REGISTRATION, TRANSFER AND EXCHANGE**

See also **APPENDIX B – DESCRIBING BOOK-ENTRY-ONLY ISSUANCE** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The College shall cause books for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by UMB Bank, n.a., West Des Moines, Iowa (the “Bond Registrar”). The College will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the College for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Resolution. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the College shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the College of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the fifteenth day of the month next preceding an interest payment date on such bond (known as the record date), nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the College or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a bond surrendered for redemption.

## **TAX MATTERS**

### **Tax Exemption**

Federal tax law contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and facilities financed with Bond proceeds, and certain other matters. The College has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the College's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The interest on the Bonds is not exempt from present Iowa income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

### **Qualified Tax Exemption Obligations**

The Issuer intends to designate the Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”). Actions, or inactions, by the Issuer in the future could affect the designation, which could also affect the pricing and marketability of the Bonds. Purchasers should consult with their own tax advisors with respect to the implications of this designation.

### **Discount and Premium Bonds**

The initial public offering price of certain Bonds may be less than the amount payable on such Bonds at maturity (“Discount Bonds”). Purchasers of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds may be greater than the amount of such Bonds at maturity (“Premium Bonds”). Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

### **Other Tax Advice**

In addition to the income tax consequences described above, potential investors should consider the additional tax consequences of the acquisition, ownership, and disposition of the Bonds. For instance, state income tax law may differ substantially from state to state, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to federal tax issues and with respect to the various state tax consequences of an investment in Bonds.

### **Audits**

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. To the best of the College’s knowledge, no obligations of the College are currently under examination by the Service. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the College as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

## Reporting and Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

## Tax Legislation

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may be considered by the Iowa General Assembly. Court proceedings may also be filed, the outcome of which could modify the tax treatment. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

## Enforcement

There is no trustee or similar person to monitor or enforce the terms of the Resolution. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the College and certain other public officials to perform the terms of the Resolution) may have to be enforced from year to year.

The owners of the Bonds cannot foreclose on property within the boundaries of the College or sell such property in order to pay the debt service on the Bonds. In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel's opinion. The opinion will state, in part, that the obligations of the College with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases and to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

## The Opinion

The **FORM OF LEGAL OPINION**, in substantially the form set out in **APPENDIX C** to this Preliminary Official Statement, will be delivered at closing.

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the College described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service, nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

### **Bond Counsel Review**

Bond Counsel has approved the language describing the Iowa and Federal law pertinent to the validity of and the tax-exempt status of interest on the Bonds which can be found generally in this "TAX MATTERS" Section but has not otherwise participated in the preparation of this Preliminary Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine or verify, any of the financial or statistical statements or data contained in this Preliminary Official Statement, and will express no opinion with respect thereto.

**ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).**

### **CONTINUING DISCLOSURE**

For the purpose of complying with paragraph (b)(5) of the Rule, the College will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds to provide reports of specified information and notice of the occurrence of certain events, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, and the events as to which notice is to be given, is set forth in "APPENDIX E – Form of Continuing Disclosure Certificate". This covenant is being made by the College to assist the Underwriter(s) in complying with the Rule.

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

In the previous five (5) years, for fiscal years ending June 30, 2018 and 2019, inclusive, for the Industrial New Jobs Training Certificates, Series 2008-1 and Industrial New Jobs Training Certificates, Series 2010-1, the College failed to comply with previous Undertakings including: (a) failing to timely file certain annual financial information/operating data; (b) failing to provide certain required annual financial information/operating data in its annual filings; and (c) failing to file or timely file certain notices. The College has not filed the updated information or filed any notices since neither the Series 2008-1 or 2010-1 issues are outstanding.

Bond Counsel expresses no opinion as to whether the Disclosure Covenants comply with the requirements of Section (b)(5) of the Rule.

## OPTIONAL REDEMPTION

Bonds due June 1, 2028 - 2030 inclusive, are not subject to optional redemption. Bonds due June 1, 2031 - 2040, inclusive, are subject to optional redemption in whole or in part on any date on or after June 1, 2030, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Bonds to be called has been reached. If less than all of the Bonds of any like maturity are to be redeemed, the particular part of those Bonds to be redeemed shall be selected by the Registrar by lot. The Bonds may be called in part in one or more units of \$5,000.

If less than the entire principal amount of any Bond in a denomination of more than \$5,000 is to be redeemed, the Bond Registrar will issue and deliver to the registered owner thereof, upon surrender of such original Bond, a new Bond or Bonds, in any authorized denomination, in a total aggregate principal amount equal to the unredeemed balance of the original Bond. Notice of such redemption as aforesaid identifying the Bond or Bonds (or portion thereof) to be redeemed shall be sent by electronic means or mailed by certified mail to the registered owners thereof at the addresses shown on the College's registration books not less than 30 days prior to such redemption date. Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Bond Registrar of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was sent.

If less than all of the maturity is called for redemption, the College will notify DTC of the particular amount of such maturity to be redeemed prior to maturity. DTC will determine by lot the amount of each Participant's interest in such maturity to be redeemed and each Participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

Thirty days' written notice of redemption shall be given to the registered owner of the Bond. Failure to give written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment. Written notice will be deemed completed upon transmission to the owner of record.

## LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the College taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the College, threatened against the College that is expected to materially impact the financial condition of the College.

## LEGAL MATTERS

The Bonds are subject to approval as to certain legal matters by Ahlers & Cooney, P.C., Des Moines, Iowa, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement except for guidance concerning the tax status of interest on the Bonds discussed in the "TAX MATTERS" section, and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements, or data contained in this Official Statement, and will express no opinion with respect thereto. A legal opinion in substantially the form set forth in **APPENDIX C** to this Official Statement will be delivered at closing. Ahlers & Cooney, P.C. is also serving as Disclosure Counsel for the College in connection with the issuance of the Bonds.

The legal opinion to be delivered concurrently with the delivery of the Bonds expresses the professional judgment of the attorneys rendering the opinion as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in the Bond Counsel's opinion. The opinion will state, in part, that the obligation of the College with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and to the exercise of judicial discretion in appropriate cases.

### **OFFICIAL STATEMENT AUTHORIZATION**

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the College, and all expressions of opinion, whether or not so stated, are intended only as such.

This Official Statement is not to be construed as a contract or agreement amongst the College, the Underwriter, or the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinions contained herein are subject to change without notice and neither the delivery of this Official Statement or the sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the College since the date hereof. The information contained in this Official Statement is not guaranteed.

### **INVESTMENT RATING**

The College has supplied certain information and material concerning the Bonds and the College to the rating service shown on the cover page, including certain information and materials which may not have been included in this Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658.

### **UNDERWRITING**

The Bonds were offered for sale by the College at a public, competitive sale on Monday, October 23, 2023. The best bid submitted at the sale was submitted by \_\_\_\_\_ (the "Underwriter"). The College awarded the contract for sale of the Bonds to the Underwriter at a price of \$ \_\_\_\_\_ (reflecting the par amount of \$ \_\_\_\_\_, plus a reoffering premium of \$ \_\_\_\_\_, and less an Underwriter's discount of \$ \_\_\_\_\_). The Underwriter has represented to the College that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

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

## MUNICIPAL ADVISOR

The College has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the College’s continuing disclosure undertaking.

## MISCELLANEOUS

Brief descriptions or summaries of the College, the Bonds, the Resolution and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Bonds, the Resolution and other documents, agreements and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained from the College.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the College and the purchasers or Owners of any of the Bonds.

The attached **APPENDICES A, B, C, and D** are integral parts of this Official Statement and must be read together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

The College has reviewed the information contained herein which relates to it and has approved all such information for use within this Official Statement. The execution and delivery of this Official Statement has been duly authorized by the College.

/s/ **TAREN FERGUSON**  
*Chief Financial Officer*  
INDIAN HILLS COMMUNITY COLLEGE  
(Merged Area XV)  
Ottumwa, Iowa

**APPENDIX A**

**INDIAN HILLS COMMUNITY COLLEGE, IOWA**

**FISCAL YEAR 2022 AUDITED FINANCIAL STATEMENTS**

**INDIAN HILLS COMMUNITY COLLEGE**

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

**JUNE 30, 2022**

**Indian Hills Community College**



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

Rob Sand  
Auditor of State

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

December 7, 2022

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, 2022. 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 that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-7
Management's Discussion and Analysis		8-13
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		26-50
Required Supplementary Information:		
Schedule of the College's Proportionate Share of the Net Pension Liability (Asset)		52-53
Schedule of College Contributions		54-55
Notes to Required Supplementary Information – Pension Liability		56
Schedule of Changes in the College's Total OPEB Liability, Related Ratios and Notes		57
Supplementary Information:	<u>Schedule</u>	
Budgetary Comparison Schedule of Expenditures – Budget to Actual	1	61
Balance Sheet – All Funds	2	62-65
Schedule of Revenues, Expenditures and Changes in Fund Balances – All Funds	3	66-69
Unrestricted Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Education and Support	4	70-71
Schedule of Revenues, Expenditures and Changes in Fund Balances – Auxiliary Enterprises	5	73
Schedule of Revenues, Expenditures and Changes in Fund Balances – Restricted Fund	6	74-75
Balance Sheet – Custodial Net Position	7	76
Schedule of Changes in Custodial Net Position	8	77
Schedule of Credit and Contact Hours	9	79
Schedule of Tax and Intergovernmental Revenues	10	80-81
Schedule of Current Fund Revenues by Source and Expenditures by Function	11	82-83
Schedule of Expenditures of Federal Awards	12	84-85
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>		86-87
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance		89-91
Schedule of Findings and Questioned Costs		92-95
Staff		96

## Indian Hills Community College

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Trustees</b>		
Richard Gaumer	President	2025
Katie Nichols	Vice President	2023
Nellie Coltrain	Member	2023
Amy Webber	Member	2023
Alan M. Wilson	Member	2023
John Potheven	Member	(Resigned Aug 2021)
Riley Sheetz (Appointed Oct 2021)	Member	2023
Lori Yates	Member	2025
Beth Danowsky	Member	2025
Jerry Kirkpatrick	Member	2025

### Community College

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

**Indian Hills Community College**



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

Rob Sand  
Auditor of State

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

Independent Auditor's Report

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, 2022, and the related Notes to Financial Statements, which collectively comprise the College's basic financial statements listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the fiduciary activities of Indian Hills Community College and its aggregate discretely presented component units as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

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, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, is based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Indian Hills Community College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 16 to the financial statements, Indian Hills Community College adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

## Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of College Contributions and the Schedule of Changes in the College's Total OPEB Liability, Related Ratios and Notes on pages 8 through 13 and 52 through 57 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

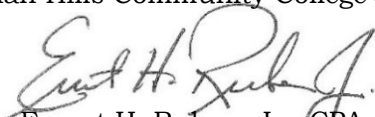
### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Indian Hills Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the fourth paragraph of this report, the financial statements for the nine years ended June 30, 2021 (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 auditing standards generally accepted in the United States of America. 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 December 7, 2022 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.

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

December 7, 2022

---

---

## **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, 2022. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

### **2022 FINANCIAL HIGHLIGHTS**

- The College implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however, had no effect on the beginning net position.
- The College issued \$20,000,000 of general obligation capital loan notes to assist with various infrastructure improvements on the College's campuses.
- As a result of fiscal year 2022 operations total net position of the College increased approximately \$5,238,000.
- The College issued \$2,955,000 of certificates during the year ended June 30, 2022 for Iowa Industrial New Jobs Training Program projects.

### **USING THIS ANNUAL REPORT**

The intent of this discussion and analysis is to serve as an introduction to Indian Hills Community College's basic financial statements and provide an analytical overview of the College's financial activities. The annual report consists of a series of financial statements, as follows: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements provide information about the activities of the College as a whole and present an overall view of the College's finances. The Notes to Financial Statements provide a narrative of accounting policies and further explanation essential to understanding the data provided in the financial statements. Required Supplementary Information presents the College's proportionate share of the net pension liability (asset) and related contributions, as well as presenting the Changes in the College's Total OPEB Liability, Related Ratios and Notes. Supplementary Information includes schedules which provide a comparison of the College's budget for the year, detailed information about the individual funds and the Schedule of Expenditures of Federal Awards, which 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,	
	2022	2021 (not restated)
Current and other assets	\$ 71,743,757	44,198,136
Capital assets, net of accumulated depreciation/amortization	52,647,836	52,820,676
Total assets	124,391,593	97,018,812
Deferred outflows of resources	1,682,257	2,655,629
Current liabilities	9,169,123	7,116,922
Noncurrent liabilities	30,324,533	22,025,659
Total liabilities	39,493,656	29,142,581
Deferred inflows of resources	18,328,176	7,517,945
Net position:		
Net investment in capital assets	46,719,331	48,648,568
Restricted	6,661,202	5,566,051
Unrestricted	14,871,485	8,799,296
Total net position	\$ 68,252,018	63,013,915

Net position increased 8.3% or \$5,238,000 over the prior year.

The largest portion of the College's net position (68.5%) is in the category 'Net investment in capital assets' (land, buildings and equipment). The restricted portion of the net position represents resources subject to external restrictions. The restricted net position increased approximately \$1,095,000 over the prior year, primarily due to receiving a new Ottumwa Regional Legacy Foundation grant and Industrial New Jobs Training Certificate proceeds. The remaining net position is unrestricted and may be used to meet the College's operating obligations as they become due. The increase in the unrestricted net position is due, in part, to increased utilization of federal appropriations.

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

Total net position presented in the Statement of Net Position is 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 College's revenues earned and expenses incurred, classified by operating and non-operating, and any other revenues, expenses, gains and losses incurred during the fiscal year just ended.

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

	Year ended June 30,	
	2022	2021 (not restated)
Operating revenues:		
Tuition and fees	\$ 10,034,609	9,758,972
Federal appropriations	10,294,859	9,323,181
Sales and services	1,013,412	905,851
Iowa Industrial New Jobs Training Program	1,952,365	1,073,992
Auxiliary	5,258,676	4,502,462
Miscellaneous	2,772,227	2,575,607
Total operating revenues	31,326,148	28,140,065
Total operating expenses	60,057,892	56,454,874
Operating loss	(28,731,744)	(28,314,809)
Non-operating revenues (expenses):		
State appropriations	20,006,898	19,648,311
Pell grants	4,506,596	4,453,812
Property tax	6,974,888	6,666,848
Gifts from IHCC Foundation	2,257,426	1,694,133
Interest income on investments	105,617	133,184
Donated capital assets	343,446	122,375
Gain (loss) on disposal of capital assets	47,263	30,563
Interest expense	(272,287)	(239,602)
Net non-operating revenues (expenses)	33,969,847	32,509,624
Change in net position	5,238,103	4,194,815
Net position beginning of year	63,013,915	58,819,100
Net position end of year	\$ 68,252,018	63,013,915

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase of 8.3%, or approximately \$5,238,000 as a result of operations during fiscal year 2022.

In fiscal year 2022, operating revenues totaled approximately \$31.3 million and net non-operating revenues totaled approximately \$34 million. Observations regarding the changes in operating and non-operating revenues follow:

- Auxiliary revenue increased due to the declining effects of COVID resulting in more college services being open and the reclassification of club funds from the Custodial Fund.
- Federal appropriation revenue increased as a result of funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA).
- Iowa Industrial New Jobs Training Program revenue increased due to more companies requesting the College issue training certificates during the fiscal year.

## Operating Expenses

	Year ended June 30,	
	2022	2021
Education and support:		
Liberal arts and sciences	\$ 4,452,234	4,878,153
Vocational technical	8,624,206	9,839,163
Adult education	3,265,969	3,207,158
Cooperative services	2,054,780	1,827,646
Administration	2,056,927	1,923,398
Student services	8,818,651	6,227,242
Learning resources	379,708	416,588
Physical plant	6,760,535	6,113,302
General institution	9,368,135	9,171,620
Auxiliary enterprises	6,415,843	5,685,585
Scholarships and grants	1,811,294	2,005,529
Workforce Investment Act	831,517	510,571
Plant operations	1,644,638	1,517,105
Depreciation/amortization	3,573,455	3,131,814
Total	<u>\$ 60,057,892</u>	<u>56,454,874</u>

The following factors address changes in fiscal year 2022 operating expenses:

- Auxiliary enterprises increased as a result of asset acquisitions by our printing department and an increased cost of materials, services and travel.
- Liberal arts and vocational technical services decreased as a result of a decline in salaries and benefits related to management of staff attrition.
- Student services expenses increased as a result of funding from the Coronavirus Aid, Relief, and Economic Security Act and American Rescue Plan Act.

## 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,	
	2022	2021
Cash provided (used) by:		
Operating activities	\$ (28,152,934)	(26,306,377)
Non-capital financing activities	35,668,035	32,251,642
Capital and related financing activities	16,615,484	(5,710,691)
Investing activities	100,129	156,491
Net change in cash and cash equivalents	24,230,714	391,065
Cash and cash equivalents beginning of year, as restated	29,791,745	29,400,680
Cash and cash equivalents end of year	<u>\$ 54,022,459</u>	<u>29,791,745</u>

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

## CAPITAL ASSETS

At June 30, 2022, the College had approximately \$52.6 million invested in capital assets, net of accumulated depreciation/amortization of approximately \$53.7 million. Fiscal year 2022 depreciation/amortization charges totaled \$3,573,455. Construction in progress totaling \$1,651,743 for fiscal year 2022 includes \$1,509,877 for the Centerville Academic building and \$98,642 for North Campus roof project. A summary of capital assets, net of accumulated depreciation/amortization, is shown below.

### Capital Assets, Net at Year-End

	June 30,	
	2022	2021 Restated
Land	\$ 446,597	458,397
Construction in progress	1,651,743	351,346
Capital assets not being depreciated/amortized	2,098,340	809,743
Buildings	43,217,634	45,189,101
Improvements other than buildings	3,272,611	3,532,910
Right-to-use leased assets	374,685	322,498
Equipment and vehicles	3,684,566	3,288,922
Total	\$ 52,647,836	53,143,174

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

## DEBT

Outstanding debt at June 30, 2022 was \$32,138,982, which consists of certificates issued for Iowa Industrial New Jobs Training Program projects and general obligation notes payable. During the year ended June 30, 2022, the College issued \$2,955,000 of certificates payable for NJTP and \$20,000,000 in voter-approved General Obligation debt for various infrastructure projects across campuses.

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

### Outstanding Debt

	June 30,	
	2022	2021 Restated
Certificates payable	\$ 7,882,890	5,799,990
General obligation note	23,879,089	4,575,950
Right-to-use lease agreements	377,003	322,498
Total	\$ 32,138,982	10,698,438

## **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.

## **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.

**Indian Hills Community College**

## **Basic Financial Statements**

**Exhibit A**

## Indian Hills Community College

## Statement of Net Position

June 30, 2022

	Primary Government	Component Units
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and pooled investments:		
Cash, cash equivalents and pooled investments	\$ 47,852,671	28,831,846
Restricted cash, cash equivalents and pooled investments	-	5,142,724
Receivables:		
Accounts, net of allowance for doubtful accounts of \$124,790	1,999,427	71,553
Succeeding year property tax	7,946,748	-
Due from other governments	1,987,660	-
Lease receivable	526,190	-
Prepaid expenses	1,226,203	21,893
Inventories	716,772	-
Total current assets	<u>62,255,671</u>	<u>34,068,016</u>
Noncurrent assets:		
Cash and cash equivalents	6,169,788	-
Receivable for Iowa Industrial New Jobs Training Program	3,316,135	-
Capital assets, net of accumulated depreciation/amortization	<u>52,647,836</u>	<u>-</u>
Total noncurrent assets	<u>62,133,759</u>	<u>-</u>
<b>Total assets</b>	<u>124,389,430</u>	<u>34,068,016</u>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	1,668,551	-
OPEB related deferred outflows	<u>13,706</u>	<u>-</u>
<b>Total deferred outflows of resources</b>	<u>1,682,257</u>	<u>-</u>

## Indian Hills Community College

## Statement of Net Position

June 30, 2022

	Primary Government	Component Units
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	1,813,829	208,644
Salaries and benefits payable	1,300,465	-
Advances from others	1,938,740	-
Early retirement payable	364,370	-
Compensated absences payable	965,315	-
Lease agreement payable	204,994	-
Certificates payable	1,135,000	-
Notes payable	1,390,000	-
Interest payable	53,503	-
Total OPEB liability	<u>2,907</u>	<u>-</u>
Total current liabilities	<u>9,169,123</u>	<u>208,644</u>
Noncurrent liabilities:		
Early retirement payable	566,911	-
Lease agreement payable	172,009	-
Certificates payable	6,747,890	-
Notes payable	22,489,089	-
Net pension liability	234,552	-
Total OPEB liability	<u>114,082</u>	<u>-</u>
Total noncurrent liabilities	<u>30,324,533</u>	<u>-</u>
<b>Total liabilities</b>	<u>39,493,656</u>	<u>208,644</u>
<b>Deferred Inflows of Resources</b>		
Lease receivable	526,190	-
Unavailable property tax revenue	7,946,748	-
Pension related deferred inflows	9,785,884	-
OPEB related deferred inflows	<u>67,191</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>18,326,013</u>	<u>-</u>
<b>Net position</b>		
Net investment in capital assets	46,719,331	-
Restricted:		
With donor restrictions	-	11,689,510
Expendable:		
Scholarships and fellowships	70,245	-
Cash reserve	288,745	-
Other	6,302,212	-
Unrestricted/Without donor restrictions	<u>14,871,485</u>	<u>22,169,862</u>
<b>Total net position</b>	<u>\$ 68,252,018</u>	<u>33,859,372</u>

See notes to financial statements.

**Exhibit B**

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

Year ended June 30, 2022

	Primary Government	Component Units
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$4,276,962	\$ 10,034,609	-
Federal appropriations	10,294,859	-
Sales and services	1,013,412	-
Iowa Industrial New Jobs Training Program	1,952,365	-
Auxiliary enterprises, net of scholarship allowances of \$1,975,755	5,258,676	-
Contributions	-	2,079,933
Rental income and facility management	-	616,970
Miscellaneous	2,772,227	97,164
Total operating revenues	31,326,148	2,794,067
Operating expenses:		
Education and support:		
Liberal arts and sciences	4,452,234	-
Vocational technical	8,624,206	-
Adult education	3,265,969	-
Cooperative services	2,054,780	-
Administration	2,056,927	-
Student services	8,818,651	-
Learning resources	379,708	-
Physical plant	6,760,535	-
General institution	9,368,135	-
Auxiliary enterprises	6,415,843	-
Scholarships and grants	1,811,294	-
Workforce Investment Act	831,517	-
Plant operations	1,644,638	-
General and administrative	-	601,240
Programs	-	636,549
Depreciation/amortization	3,573,455	-
Total operating expenses	60,057,892	1,237,789
Operating income (loss)	(28,731,744)	1,556,278

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

Year ended June 30, 2022

	Primary Government	Component Units
Non-operating revenues (expenses):		
State appropriations	20,006,898	-
Pell grants	4,506,596	-
Property tax	6,974,888	-
Gifts from Indian Hills Community College Foundation for student scholarships	2,257,426	-
Investment income	105,617	(4,057,076)
Gifts to Indian Hills Community College for student scholarships	-	(2,257,426)
Donated capital assets	343,446	-
Gain on disposal of capital assets	47,263	-
Interest on indebtedness	(272,287)	-
Net non-operating revenues (expenses)	<u>33,969,847</u>	<u>(6,314,502)</u>
Change in net position	5,238,103	(4,758,224)
Net position beginning of year, as restated	<u>63,013,915</u>	<u>38,617,596</u>
Net position end of year	<u>\$ 68,252,018</u>	<u>33,859,372</u>

See notes to financial statements.

**Exhibit C**

## Indian Hills Community College

## Statement of Cash Flows

Year ended June 30, 2022

	<u>Primary Government</u>
Cash flows from operating activities:	
Tuition and fees	\$ 9,772,003
Federal appropriations	10,812,945
Iowa Industrial New Jobs Training Program	1,522,544
Payments to employees for salaries and benefits	(33,757,661)
Payments to suppliers for goods and services	(22,186,509)
Payments to New Jobs Training Program recipients	(1,203,068)
Scholarships	(1,811,294)
Auxiliary enterprise receipts	5,183,254
Other receipts	<u>3,514,852</u>
Net cash used by operating activities	<u>(28,152,934)</u>
Cash flows from non-capital financing activities:	
State appropriations	19,992,684
Pell grants	6,974,888
Property tax	4,506,596
Gifts	2,257,426
Proceeds from issuance of debt	2,955,000
Principal paid on debt	(872,100)
Interest paid on debt	<u>(146,459)</u>
Net cash provided by non-capital financing activities	<u>35,668,035</u>
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	68,165
Principal paid on debt	(525,000)
Proceeds from issuance of debt	19,845,713
Lease principal paid on right-to-use assets	(181,790)
Interest paid on debt	(72,325)
Acquisition of capital assets	<u>(2,519,279)</u>
Net cash provided by capital and related financing activities	<u>16,615,484</u>
Cash flows from investing activities:	
Interest on investments	<u>100,129</u>
Net increase in cash and cash equivalents	24,230,714
Cash and cash equivalents beginning of year, as restated	<u>29,791,745</u>
Cash and cash equivalents end of year	<u>\$ 54,022,459</u>

Indian Hills Community College

Statement of Cash Flows

Year ended June 30, 2022

	Primary Government
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (28,731,744)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation/amortization	3,573,455
Provision for doubtful accounts	10,777
Change in assets and liabilities:	
Accounts receivable	(797,380)
NJTP receivable	(429,821)
Due from other governments	333,486
Prepaid expenses	(259,051)
Inventories	50,263
Accounts payable	207,172
Salaries and benefits payable	46,442
Advances from others	362,388
Compensated absences payable	11,576
Net pension liability	(12,100,217)
Deferred inflows of resources	8,589,180
Deferred outflows of resources	973,372
Total OPEB liability	11,719
Early retirement payable	(4,551)
Total adjustments	578,810
Net cash used by operating activities	\$ (28,152,934)

**Noncash capital and related financing activities:**

The College received donated capital assets with an acquisition value of \$343,446. The trade-in value of equipment deleted was \$144,043.

Assets acquired under right-to-use leases total \$236,295.

See notes to financial statements.

**Exhibit D**

---

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

June 30, 2022

<b>Assets</b>	
Cash and cash equivalents	\$ 265,447
Accounts receivable	3,822
Due from other governments	<u>329,807</u>
<b>Total assets</b>	<u>599,076</u>
<b>Liabilities</b>	
Accounts payable	3,498
Salaries and benefits payable	239
Due to other governments	329,807
Advances from others	<u>551</u>
<b>Total liabilities</b>	<u>334,095</u>
<b>Net assets</b>	
Restricted:	
Other	<u>\$ 264,981</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, 2022

Additions:	
State appropriations	\$ 31,657
Federal appropriations	4,340,142
Interest on investments	430
Miscellaneous	<u>412,257</u>
Total additions	<u>4,784,486</u>
Deductions:	
Salaries and benefits	14,979
Services	436,533
Direct student loans	<u>4,340,142</u>
Total deductions	<u>4,791,654</u>
Changes in net position	(7,168)
Net position beginning of year	<u>272,149</u>
Net position end of year	<u><u>\$ 264,981</u></u>

See notes to financial statements.

## Indian Hills Community College

Statement of Net Assets  
Component Units

June 30, 2022

	Indian Hills Community College Development Corp., Inc.	Indian Hills Communitiy College Foundation, Inc.	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 521,073	308,091	829,164
Investments	-	28,002,682	28,002,682
Restricted cash and investments	-	5,142,724	5,142,724
Accounts receivable	70,953	600	71,553
Prepaid expense	16,363	5,530	21,893
Total current assets	608,389	33,459,627	34,068,016
Noncurrent assets:			
Capital assets, net of accumulated depreciation of \$15,434	-	-	-
<b>Total assets</b>	608,389	33,459,627	34,068,016
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	206,601	2,043	208,644
<b>Net assets</b>			
With donor restrictions	-	11,689,510	11,689,510
Without donor restrictions	401,788	21,768,074	22,169,862
<b>Total net assets</b>	\$ 401,788	33,457,584	33,859,372

See notes to financial statements.

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

Year ended June 30, 2022

	Indian Hills Community College Development Corp., Inc.	Indian Hills Community College Foundation, Inc.	Total
Operating revenues:			
Contributions	\$ -	2,079,933	2,079,933
Rental income and facility management	616,970	-	616,970
Miscellaneous	66,936	30,228	97,164
Total operating revenues	<u>683,906</u>	<u>2,110,161</u>	<u>2,794,067</u>
Operating expenses:			
General and administrative	193,279	407,961	601,240
Programs	636,549	-	636,549
Total operating expenses	<u>829,828</u>	<u>407,961</u>	<u>1,237,789</u>
Operating income	<u>(145,922)</u>	<u>1,702,200</u>	<u>1,556,278</u>
Non-operating revenues (expenses):			
Investment income (loss), net of investment expenses	190	(4,057,266)	(4,057,076)
Gifts to Indian Hills Community College	-	(2,257,426)	(2,257,426)
Net non-operating revenues (expenses)	<u>190</u>	<u>(6,314,692)</u>	<u>(6,314,502)</u>
Change in net assets	<u>(145,732)</u>	<u>(4,612,492)</u>	<u>(4,758,224)</u>
Net assets beginning of year	<u>547,520</u>	<u>38,070,076</u>	<u>38,617,596</u>
Net assets end of year	<u>\$ 401,788</u>	<u>33,457,584</u>	<u>33,859,372</u>

See notes to financial statements.

Indian Hills Community College

Notes to Financial Statements

June 30, 2022

**(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 U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

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

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

Discrete Component Units

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

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

The Development Corporation and Foundation are non-profit organizations which report under accounting standards established by the Financial Accounting Standards Board (FASB). The Development Corporation's and the Foundation's financial statements were prepared in accordance with the provisions of FASB No. 117, Financial Statements of Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Development Corporation's and the Foundation's financial information in the College's financial reporting for these differences. The Development Corporation and the Foundation report net assets, which is equivalent to net position reported by the College. Copies of the Development Corporation's and the Foundation's financial statements may be obtained by contacting the Development Corporation or the Foundation.

B. Basis of Presentation

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

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

Restricted Net Position:

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

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

Unrestricted Net Position – Net position not subject to externally imposed stipulations. Resources may be designated for specific purposes by action of management or by the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and general programs of the College.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Trustees to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Trustees to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify its budget to the County Auditor prior to June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2022 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets include property, equipment and vehicles and intangibles acquired after July 1, 1980. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

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

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

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

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

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

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

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

Indian Hills Community College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate.

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

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

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

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

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

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

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

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

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

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, 2022.

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

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

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

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

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

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

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

## E. Scholarship Allowances and Student Aid

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

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

The College's deposits in banks at June 30, 2022 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, 2022, the College had investments of \$3,474,506 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 generally accepted accounting principles. The Foundation has the following recurring fair value measurement as of June 30, 2022:

<u>Investments</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$ 2,513,882	2,513,882	-
Corporate and government bonds	13,027,228	-	13,027,228
Corporate stocks	17,604,296	17,604,296	-
Total	<u>\$ 33,145,406</u>	<u>20,118,178</u>	<u>13,027,228</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, 2022, the Indian Hills Community College Development Corporation (Development Corporation) had investments of \$173,673 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, 2022 are as follows:

Type	Amount
Textbooks and supplies	\$ 570,336
Merchandise held for resale	146,436
Total	<u>\$ 716,772</u>

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2022 is as follows:

	Restated Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated/amortized:				
Land	\$ 458,397	-	11,800	446,597
Construction in progress	351,346	1,503,617	203,220	1,651,743
Total capital assets not being depreciated/amortized	809,743	1,503,617	215,020	2,098,340
Capital assets being depreciated/amortized:				
Buildings	83,120,809	270,072	-	83,390,881
Right-to-use leased asset	322,498	236,295	-	558,793
Improvements other than buildings	6,829,473	-	-	6,829,473
Intangibles	426,567	-	-	426,567
Equipment and vehicles	12,211,294	1,402,215	583,093	13,030,416
Total capital assets being depreciated/amortized	102,910,641	1,908,582	583,093	104,236,130
Less accumulated depreciation/amortization for:				
Buildings	37,931,708	2,241,539	-	40,173,247
Improvements other than buildings	3,296,563	260,299	-	3,556,862
Right-to-use Leased Asset	-	184,108	-	184,108
Intangibles	426,567	-	-	426,567
Equipment and vehicles	8,922,372	887,509	464,031	9,345,850
Total accumulated depreciation/amortization	50,577,210	3,573,455	464,031	53,686,634
Total capital assets being depreciated/amortized, net	52,333,431	(1,664,873)	119,062	50,549,496
Capital assets, net	<u>\$ 53,143,174</u>	<u>(161,256)</u>	<u>334,082</u>	<u>52,647,836</u>

## (5) Lease Receivable

The College owns property it leases to other State of Iowa agencies. On February 16, 2012, the College entered into a ten-year lease agreement for rental of office space with Iowa Department of Administrative Services. The College is to receive \$1,861 monthly for the first year and \$2,179 monthly over the last nine years with an estimated implicit interest rate of 2.0% with final receipt due September 30, 2022. During the year ended June 30, 2022, the College received \$25,735 in principal and of \$410 in interest.

On March 1, 2022, the College entered into a five-year agreement to rent office space to Iowa Department of Administrative Services. The College is to receive \$9,727 monthly with an estimated implicit interest rate of 2.0% with final receipt due February 28, 2027. During the year ended June 30, 2022, the College received \$35,298 in principal and \$3,612 in interest.

Year Ending June 30,	Principal	Interest	Total
2023	\$ 113,831	9,435	123,266
2024	109,482	7,247	116,729
2025	111,692	5,037	116,729
2026	113,946	2,783	116,729
2027	77,239	580	77,819
	<u>\$ 526,190</u>	<u>25,082</u>	<u>551,272</u>

## (6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	Certificates Payable (1)	General Obligation Notes (2)	Lease Agreements	Net Pension Liability	Total OPEB Liability	Early Retirement	Total
Balance beginning of year, as restated	\$ 5,799,990	4,575,950	322,498	12,334,769	105,270	935,832	24,074,309
Additions	2,955,000	19,845,713	236,295	-	14,626	459,254	23,510,888
Reductions	872,100	542,574	181,790	12,100,217	2,907	463,805	14,163,393
Balance end of year	<u>\$ 7,882,890</u>	<u>23,879,089</u>	<u>377,003</u>	<u>234,552</u>	<u>116,989</u>	<u>931,281</u>	<u>33,421,804</u>
Due within one year	<u>\$ 1,135,000</u>	<u>1,390,000</u>	<u>204,994</u>	<u>-</u>	<u>2,907</u>	<u>364,370</u>	<u>3,097,271</u>

(1) The unamortized discount on the certificates was \$37,110 at June 30, 2022.

(2) The unamortized premium on the notes was \$63,376 and unamortized discount was \$154,287 at June 30, 2022.

### Certificates Payable

In accordance with agreements dated between July 12, 2010 and June 1, 2022, the College issued certificates totaling \$16,245,000 with interest rates ranging from 1.25% to 4.78% 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
2023	\$ 1,135,000	211,238	1,346,238
2024	1,150,000	185,814	1,335,814
2025	1,130,000	157,180	1,287,180
2026	1,095,000	131,576	1,226,576
2027	1,015,000	97,700	1,112,700
2028-2032	2,395,000	177,413	2,572,413
Total	7,920,000	960,921	8,880,921
Unamortized discount	(37,110)		
Certificates payable	<u>\$ 7,882,890</u>		

During the year ended June 30, 2022, the College paid principal of \$872,100, interest of \$141,088 and amortized discount of \$4,887 on the certificates.

#### General Obligation Notes Payable

On May 11, 2020, the College issued \$4,995,000 of general obligation plant fund capital loan notes, Series 2020, with interest rates at 2.00% per annum. The bonds were issued to provide funding for the Main Campus Food Service renovation project.

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

A summary of the College's June 30, 2022 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rate	Series 2020	
		Principal	Interest
2023	2.00%	\$ 535,000	79,400
2024	2.00	545,000	68,700
2025	2.00	550,000	57,800
2026	2.00	565,000	46,800
2027	2.00	580,000	35,500
2028-2029	2.00	1,195,000	94,900
Total		\$ 3,970,000	383,100
Unamortized premium/discount		63,376	
Notes payable		<u>\$ 4,033,376</u>	

Year Ending June 30,	Interest Rate	Series 2022	
		Principal	Interest
2023	3.00%	\$ 855,000	642,038
2024	3.00	880,000	616,388
2025	3.00	930,000	589,988
2026	3.00	945,000	562,088
2027	3.00	965,000	533,738
2028-2029	3.00-3.50	15,425,000	4,320,900
Total		\$ 20,000,000	7,265,140
Unamortized discount		(154,287)	
Certificates payable		<u>\$ 19,845,713</u>	

Year Ending June 30,	Total		
	Principal	Interest	
2023	\$ 1,390,000	721,438	2,111,438
2024	1,425,000	685,088	2,110,088
2025	1,480,000	647,788	2,127,788
2026	1,510,000	608,888	2,118,888
2027	1,545,000	569,238	2,114,238
2028-2029	16,620,000	4,415,800	21,035,800
Total	\$ 23,970,000	7,648,240	31,618,240
Unamortized premium/discount	(90,911)		
Notes payable	<u>\$ 23,879,089</u>		

During the year ended June 30, 2022, the College paid principal of \$533,787 and interest of \$72,325 on the notes.

#### Lease Agreements

On December 3, 2018, the College entered into a noncancelable lease agreement for two production printers. The agreement requires monthly payments of \$1,453 over four years with an estimated implicit interest rate of 2.0% and final payment due June 1, 2023. During the year ended June 30, 2022, the College paid principal of \$16,959 and interest of \$472 on the agreement.

On March 1, 2019, the College entered into a noncancelable lease agreement for one 2019 passenger bus. The agreement required monthly payments of \$826 over three years and \$899 over the fourth year with an estimated implicit interest rate of 2.0% and final payment due February 1, 2023. During the year ended June 30, 2022, the College paid principal of \$9,980 and interest of \$224 on the agreement.

On March 14, 2019, the College entered into a noncancelable lease agreement for various multi-function printers. The agreement required monthly payments of \$5,424 for five years with an estimated implicit interest rate of 2.0% and final payment due April 1, 2024. During the year ended June 30, 2022, the College paid principal of \$62,072 and interest of \$3,016 on the agreement.

On November 20, 2019, the College entered into a noncancelable lease agreement for one multi-functional printer. The agreement requires monthly payments ranging from \$1,554 to \$1,823 with an estimated implicit interest rate of 2.0% and final payment due December 1, 2024. During the year ended June 30, 2022, the College paid principal of \$18,495 and interest of \$1,233 on the agreement.

On November 18, 2020, the College entered into a noncancelable lease agreement for one passenger bus. The agreement required monthly payments of \$810 for three years with an estimated implicit interest rate of 2.0% and final payment due on October 18, 2023. During the year ended June 30, 2022, the College paid principal of \$9,240 and interest of \$320 on the agreement.

On July 7, 2021, the College entered into a noncancelable lease agreement for four 15 passenger buses. The agreement required monthly payments ranging from \$1,798 to \$1,957 over two years with an estimated implicit interest rate of 2.0% and final payment due on July 28, 2023. During the year ended June 30, 2022, the College paid principal of \$38,256 and interest of \$1,300 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 estimated implicit interest rate of 2.0% and final payment due on June 15, 2025. During the year ended June 30, 2022, the College paid principal of \$7,317 and interest of \$483 on the agreement.

On August 11, 2021, the College entered into a noncancelable lease agreement for postage mailing equipment. The agreement required quarterly payments of \$3,273 over five years with an estimated implicit interest rate of 2.0% and final payment due on July 1, 2026. During the year ended June 30, 2022, the College paid principal of \$12,204 and interest of \$888 on the agreement.

On August 17, 2021, the College entered into a noncancelable lease agreement for the rental of hanger space at the Ottumwa Regional Airport. The agreement required monthly payments of \$510 for three years with an implicit interest rate of 2.0% and final payment of June 1, 2024. During the year ended June 30, 2022, the College paid principal of \$5,847 and interest of \$273 on the agreement.

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

During the year ended June 30, 2022, the College paid a total principal of \$181,790 and interest of \$8,209 on these lease agreements.

Future principal and interest lease payment as of June 30, 2022 are as follows:

Year Ending June 30,	Printers			Passenger Buses		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 100,247	2,803	103,050	\$ 62,758	804	63,562
2024	74,714	942	75,656	7,135	19	7,154
2025	10,876	64	10,940	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Total	<u>\$ 185,837</u>	<u>3,809</u>	<u>189,646</u>	<u>\$ 69,893</u>	<u>823</u>	<u>70,716</u>

Year Ending June 30,	Compact Excavator			Postage Mailing Equipment		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 7,414	386	7,800	12,118	974	13,092
2024	7,563	237	7,800	12,362	730	13,092
2025	7,716	84	7,800	12,611	481	13,092
2026	-	-	-	12,865	227	13,092
2027	-	-	-	3,256	16	3,272
Total	<u>\$ 22,693</u>	<u>707</u>	<u>23,400</u>	<u>53,212</u>	<u>2,428</u>	<u>55,640</u>

Year Ending June 30,	Airport Hangers			Building Space		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 5,934	186	6,120	16,523	517	17,040
2024	6,054	66	6,120	16,857	183	17,040
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Total	<u>\$ 11,988</u>	<u>252</u>	<u>12,240</u>	<u>33,380</u>	<u>700</u>	<u>34,080</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2023	\$ 204,994	5,670	210,664
2024	124,685	2,177	126,862
2025	31,203	629	31,832
2026	12,865	227	13,092
2027	3,256	16	3,272
Total	<u>\$ 377,003</u>	<u>8,719</u>	<u>385,722</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](http://www.ipers.org).

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

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

- A multiplier based on years of service.
- The member's highest five-year average salary, 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 2022, 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, 2022 totaled \$1,336,673.

Net Pension Liability (Asset), Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the College reported a liability of \$234,552 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021 and the total pension liability used to calculate the overall plan net pension asset was determined by an actuarial valuation as of that date. The College's proportion of the overall plan net pension asset was based on the College's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the College's proportion was (0.067941%), which was a decrease of 0.243532% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the College recognized pension expense (reduction) of \$(1,191,639). At June 30, 2022, 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	\$ 178,461	179,185
Changes of assumptions	153,417	-
Net difference between projected and actual earnings on IPERS' investments	-	8,498,191
Changes in proportion and differences between College contributions and College's proportionate share of contributions	-	1,108,508
College's contributions subsequent to the measurement date	1,336,673	-
Total	<u>\$ 1,668,551</u>	<u>9,785,884</u>

\$1,336,673 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, 2023. 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
2023	(\$2,444,593)
2024	(2,378,530)
2025	(2,152,535)
2026	(2,450,491)
2027	(27,857)
Total	<u>\$ (9,454,006)</u>

There are no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability (asset) in the June 30, 2021 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, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability (asset) 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 (asset).

Sensitivity of the College’s Proportionate Share of the Net Pension liability (Asset) to Changes in the Discount Rate – The following presents the College’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the College’s proportionate share of the net pension liability (asset) 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	\$ 8,301,554	234,552	(6,526,109)

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

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, 2022.

**(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, 2022, employee contributions totaled \$512,168 and the College recognized pension expense of \$768,658.

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, 2022.

**(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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	<u>356</u>
Total	<u>356</u>

Total OPEB Liability – The College’s total OPEB liability of \$116,989 was measured as of June 30, 2022 and was determined by an actuarial valuation as of January 1, 2021. The total OPEB liability was rolled forward from the January 1, 2021 valuation to the June 30, 2022 measurement date.

Actuarial Assumptions – The total OPEB liability in the January 1, 2021 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, 2021)	3.00% per annum.
Rates of salary increase	3.00% per annum, including
(effective January 1, 2021)	inflation.
Discount rate	2.12% compounded annually,
(effective January 1, 2021)	including inflation.
Healthcare cost trend rate	
(effective January 1, 2021)	5.00% per annum

Discount Rate – The discount rate used to measure the total OPEB liability was 2.12% 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 2020 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>\$ 105,270</u>
Changes for the year:	
Service cost	12,167
Interest	2,459
Benefit payments	<u>(2,907)</u>
Net changes	<u>11,719</u>
Total OPEB liability end of year	<u>\$ 116,989</u>

There were no changes of assumptions from fiscal year 2021 to fiscal year 2022.

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 (1.12%) or 1% higher (3.12%) than the current discount rate.

	1% Decrease (1.12% )	Discount Rate (2.12% )	1% Increase (3.12% )
Total OPEB liability	\$ 126,843	116,989	107,954

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	\$ 103,967	116,989	132,178

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the College recognized OPEB expense of \$4,656. At June 30, 2022, 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	\$ -	63,427
Changes of assumptions	13,706	3,764
Total	\$ 13,706	67,191

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
2023	\$ (9,353)
2024	(9,353)
2025	(9,353)
2026	(9,401)
2027	(9,867)
Thereafter	(6,158)
	\$ (53,485)

**(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, property and inland marine, wrongful acts and educators' legal liability, workers compensation and employer's liability, crime and employee fidelity, equipment breakdown (boiler and machinery), foreign liability and cyber liability. There have been no reductions in insurance coverage from prior years except for the cyber liability which was reduced from \$5,000,000 in the prior year to \$1,000,000.

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

The College's contributions to the Program are recorded as prepaid expense from its operating funds at the time of payment. The College amortizes the expense over the periods for which the Program is expected to provide coverage. The College's contributions to the Program for the year ended June 30, 2022 were \$3,274,088.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$250,000 per occurrence for automobile liability, general liability, wrongful acts, employee benefits liability and educators' legal liability, workers' compensation and employer's liability. First layer of excess insurance is \$1,750,000 per occurrence for automobile, general and for wrongful acts, employee benefits liability and educators' legal liability and \$1,000,000 per occurrence for workers compensation. The Program's annual aggregate retention (loss fund) is \$1,000,000 with stop-gap loss protection provided above the loss fund. There is additional excess insurance for workers' compensation to statutory limits and for liability claims to \$9,750,000. Property is insured with excess coverage over the self-insured retention and underlying layer of up to \$100,000,000 per occurrence. Flood and earthquake exposures are covered in the property program each having \$5,000,000 limits. Also covered is employee fidelity up to \$2,000,000 having a deductible of \$10,000 per member, boiler and machinery coverage up to \$250,000,000 with a deductible of \$25,000 per member, foreign travel coverage with limits of \$1,000,000, as well as cyber liability including identity theft protection up to \$1,000,000 annual aggregate per member with a deductible of \$50,000 per member.

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, 2022, no liability has been recorded in the College's financial statements. As of June 30, 2022, 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, 2022 was \$3,998,913.

Amounts payable at June 30, 2022 total \$605,353, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$3,869,899 at June 30, 2022. 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	\$ 500,100
Incurred claims (including claims incurred but not reported at June 30, 2022)	3,854,312
Payments on claims during the fiscal year	<u>(3,749,059)</u>
Unpaid claims end of year	<u>\$ 605,353</u>

**(12) New Jobs Training Programs**

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area XV in accordance with Chapter 260E of the Code of Iowa. NJTP’s purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property tax, budgeted reserves and in the case of default, from standby property tax. Since inception, the College has administered 109 projects with 8 currently receiving project funding. Of the remaining 101 projects, 80 projects are complete and fully repaid with 8 in the repayment process. Thirteen projects have defaulted, one of which was repaid by the guarantor bank, six were repaid by standby property tax and six by the other companies as part of a multiple issuance.

The College also administers the Iowa Jobs Training Program in Area XV in accordance with Chapter 260F of the Code of Iowa. The current program's purpose is to provide tax-aided training or retraining for employers of businesses whose training costs cannot be economically funded under Chapter 260F. Approved businesses received forgivable loans from the Workforce Development Fund, a State administered fund. Since inception of this program, the College administered 492 projects. Of these 492 projects, eight defaulted, 11 withdrew and 23 are active projects.

### **(13) Termination Benefits**

On December 10, 2012, January 12, 2015, December 12, 2016, December 11, 2017, December 10, 2018 and October 14, 2019 the Board of Trustees adopted voluntary early retirement programs. The program enrollment periods ran from December 11, 2012 until February 4, 2013, January 14, 2015 until March 12, 2015, December 12, 2016 until February 1, 2017, December 11, 2017 until February 1, 2018, December 10, 2018 until January 31, 2019, respectively. The October 14, 2019 program was approved and is intended to run continuously until further Board action alters or discontinues the plan. The annual enrollment period is from December 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 10, 2012, January 12, 2015, December 12, 2016 December 11, 2017, December 10, 2018, October 14, 2019, December 1, 2020 and December 1, 2021 plans, retirement began at the end of the retiree's employment year or another date agreed upon by the College President and approved by the Board of Trustees. Employees who accepted early retirement under the December 10, 2012 plans received a cash payment equal to 5% of the employee's annualized salary for each full year of employment, up to 100%. Employees who accepted early retirement under the December 10, 2018, October 14, 2019 and December 1, 2020 plans received a cash payment equal to 1% of the employee's annualized salary for each full year of employment, up to \$20,000.

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

Retirees under the January 12, 2015 through December 1, 2020 plans received the option to continue with the College's health insurance plan or waive their right to the College's health insurance plan. For retirees who continue with the College's health insurance plan, the College will pay a certain amount per month in insurance premiums until the retiree is eligible for Medicare. Retirees who waived the College's health insurance will receive monthly cash payments of \$500 for a maximum of 36 months following the retirement date under the January 12, 2015 plan. Retirees who waived the College's health insurance will receive monthly cash payments of \$650 until the retiree is eligible for Medicare under the December 12, 2016 and December 11, 2017 plans. Retirees who waived the College's health insurance will receive monthly cash payments of \$600 until the retiree is eligible for Medicare under the December 10, 2018 plan.

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

Early Retirement is funded on a pay-as-you-go basis through property tax levies. The activity for the early retirement liability for the June 30, 2022 is as follows:

Enrollment Date	Liability at June 30, 2021		Additions		Reductions		Liability at June 30, 2022		Monthly College Contribution
December 10, 2012	\$	20,598	-	-	17,756	-	2,842	\$	-
January 12, 2015		7,132	-	-	7,132	-	-		713
December 12, 2016		121,345	-	-	50,966	-	70,379		721
December 11, 2017		134,160	-	-	37,126	-	97,034		716
		283,235	-	-	112,980	-	170,255		
December 10, 2018		328,421	-	-	93,382	-	235,039		660
October 14, 2019		134,483	-	-	38,471	-	96,012		640
December 1, 2020		189,693	-	-	102,029	-	87,664		608
December 1, 2021		-	459,254	-	116,943	-	342,311		608
		652,597	459,254	-	350,825	-	761,026		
	\$	935,832	459,254	-	463,805	-	931,281		

#### (14) 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, 2022, the College had no abatements of property tax and \$941,852 of state income tax withholding under the projects.

##### Tax Abatements of Other Entities

Other entities within the College also provided tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Milton, City of Sigourney, Lee County and Monroe County offered urban revitalization tax abatement programs pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, these programs provide for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the College were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Chariton	Urban renewal and economic development projects	\$ 520
City of Fairfield	Urban renewal and economic development projects	5,095
City of Milton	Chapter 404 tax abatement program	41
City of Oskaloosa	Urban renewal and economic development projects	3,300
City of Ottumwa	Urban renewal and economic development projects	2,060
City of Sigourney	Urban renewal and economic development projects	3,374
	Chapter 404 tax abatement program	747
Lee County	Chapter 404 tax abatement program	13
Lucas County	Urban renewal and economic development projects	6,745
Monroe County	Chapter 404 tax abatement program	9,683

**(15) Construction Commitments**

The College has three construction commitments as of June 30, 2022 totaling \$2,536,000. The commitments include \$856,000 to Black Hawk Roofing for North Campus roof replacement, \$1,286,000 to MPC Enterprises for precast walls and \$394,000 to Yates & Yates for Keokuk/Mahaska window replacement project

**(16) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 87, Leases was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported.

The restatements to retroactively report the change in net position are as follows:

	Capital Assets	Long-term Liabilities Lease Agreements
Balances June 30, 2021		
as previously reported	\$ 52,820,676	-
Change to implement GASBS No. 87	322,498	322,498
Balances July 1, 2021, as restated	\$ 53,143,174	322,498

**(17) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statement will require reporting certain assets and liabilities for the right-to-use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

**Required Supplementary Information**

Indian Hills Community College

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

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

Required Supplementary Information

	2022	2021	2020	2019
College's proportion of the net pension plan asset	(0.067941)% **	0.175591%	0.184701%	0.192049%
College's proportionate share of the net pension asset/liability	\$ 235	12,335	10,695	12,153
College's covered payroll	\$ 13,615	13,935	14,056	14,447
College's proportionate share of the net pension liability/plan asset as a percentage of its covered payroll	1.73%	88.52%	76.09%	84.12%
IPERS' net position as a percentage of the total pension plan asset	100.81%	82.90%	84.45%	83.62%

\* 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.

---

2018	2017	2016	2015
0.199915%	0.201670%	0.199910%	0.204420%
13,317	12,692	9,877	8,107
14,936	14,453	13,731	13,405
89.16%	87.82%	71.93%	60.48%
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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 1,337	1,285	1,315	1,327
Contributions in relation to the statutorily required contribution	<u>(1,337)</u>	<u>(1,285)</u>	<u>(1,315)</u>	<u>(1,327)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
College's covered payroll	\$ 14,169	13,615	13,935	14,056
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

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

See accompanying independent auditor's report.

---

2018	2017	2016	2015	2014	2013
1,289	1,334	1,291	1,226	1,195	1,178
(1,289)	(1,334)	(1,291)	(1,226)	(1,195)	(1,178)
-	-	-	-	-	-
14,447	14,936	14,453	13,731	13,405	13,590
8.93%	8.93%	8.93%	8.93%	8.91%	8.67%

Indian Hills Community College

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

For the Last Five Years  
 Required Supplementary Information

	2022	2021	2020	2019	2018
Service cost	\$ 12,167	11,813	7,678	7,454	12,492
Interest cost	2,459	2,196	4,700	4,310	5,507
Difference between expected and actual experiences	-	(39,807)	-	(57,924)	-
Changes in assumptions	-	14,902	-	(6,776)	4,578
Benefit payments	(2,907)	(1,063)	(4,218)	(733)	(5,686)
Net change in total OPEB liability	11,719	(11,959)	8,160	(53,669)	16,891
Total OPEB liability beginning of year	105,270	117,229	109,069	162,738	145,847
Total OPEB liability end of year	<u>\$ 116,989</u>	<u>105,270</u>	<u>117,229</u>	<u>109,069</u>	<u>162,738</u>
Covered-employee payroll	\$ 20,592,718	19,992,930	20,675,934	20,073,722	21,926,534
Total OPEB liability as a percentage of covered-employee payroll	0.57%	0.53%	0.57%	0.54%	0.74%

See accompanying Independent Auditor's Report.

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

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

*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, 2022	2.12%
Year ended June 30, 2021	2.12%
Year ended June 30, 2020	4.10%
Year ended June 30, 2019	4.10%
Year ended June 30, 2018	3.44%
Year ended June 30, 2017	4.00%

January 1, 2019 Valuation:

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

**Indian Hills Community College**

## **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.

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.

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, 2022

Funds/Levy	Original Budget	Final Budget	Actual	Variance between Budget and Actual
Unrestricted	\$ 36,977,000	36,977,000	31,904,299	5,072,701
Restricted	10,133,000	16,133,000	15,415,506	717,494
Unemployment Compensation	10,000	10,000	25,768	(15,768)
Insurance	2,360,000	2,360,000	2,860,801	(500,801)
Tort Liability	726,000	726,000	643,525	82,475
Early Retirement	490,000	490,000	459,163	30,837
Equipment Replacement	611,000	611,000	633,660	(22,660)
Total Restricted	14,330,000	20,330,000	20,038,423	291,577
Plant	9,000,000	9,000,000	4,263,381	4,736,619
Total	\$ 60,307,000	66,307,000	56,206,103	10,100,897

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

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

For the year ended June 30, 2022, the College's expenditures did not exceed the total amount budgeted.

See accompanying independent auditor's report.

Indian Hills Community College

Balance Sheet  
All Funds

June 30, 2022

	Current Funds		Quasi- Endowment Funds
	Unrestricted	Restricted	
<b>Assets and Deferred Outflows of Resources</b>			
Cash, cash equivalents and pooled investments	\$ 20,969,179	6,365,704	3,185,761
Receivables:			
Accounts, net of allowance of \$124,790	1,709,449	50,026	-
Succeeding year property tax	1,277,488	4,041,772	-
Iowa Industrial New Jobs Training Program	-	3,316,135	-
Due from other funds	613,031	4,693,585	-
Due from other governments	431,795	1,555,865	-
Lease receivables	-	-	-
Prepaid expenses	276,889	663,309	-
Inventories	716,772	-	-
Capital assets:			
Land	-	-	-
Buildings	-	-	-
Construction in progress	-	-	-
Improvements other than buildings	-	-	-
Right to use leased asset	-	-	-
Intangibles	-	-	-
Equipment and vehicles	-	-	-
Accumulated depreciation/amortization	-	-	-
<b>Total assets</b>	<b>25,994,603</b>	<b>20,686,396</b>	<b>3,185,761</b>
Deferred Outflows of Resources:			
Pension related deferred outflows	-	-	-
OPEB related deferred outflows	-	-	-
<b>Total deferred outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 25,994,603</b>	<b>20,686,396</b>	<b>3,185,761</b>

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
23,501,815	-	-	-	54,022,459
239,952	-	-	-	1,999,427
2,627,488	-	-	-	7,946,748
-	-	-	-	3,316,135
7,272,564	-	-	(12,579,180)	-
-	-	-	-	1,987,660
526,190	-	-	-	526,190
286,005	-	-	-	1,226,203
-	-	-	-	716,772
-	-	446,597	-	446,597
-	-	83,390,881	-	83,390,881
-	-	1,651,743	-	1,651,743
-	-	6,829,473	-	6,829,473
-	-	558,793	-	558,793
-	-	426,567	-	426,567
-	-	13,030,416	-	13,030,416
-	-	-	(53,686,634)	(53,686,634)
34,454,014	-	106,334,470	(66,265,814)	124,389,430
-	-	-	1,668,551	1,668,551
-	-	-	13,706	13,706
-	-	-	1,682,257	1,682,257
34,454,014	-	106,334,470	(64,583,557)	126,071,687

(continued on next page)

Indian Hills Community College

Balance Sheet  
All Funds  
(continued)

June 30, 2022

	Current Funds		Quasi- Endowment
	Unrestricted	Restricted	Funds
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 1,033,065	778,464	-
Salaries and benefits payable	1,210,820	89,645	-
Due to other funds	11,850,763	607,616	-
Advances from others	1,140,494	569,520	-
Early retirement payable	-	931,281	-
Compensated absences	958,926	6,389	-
Lease agreement payable	-	-	-
Certificates payable	-	7,882,890	-
Notes payable	-	-	-
Premium on bonds payable	-	-	-
Discount on note payable	-	-	-
Interest payable	-	-	-
Net pension liability	-	-	-
Total OPEB liability	-	-	-
Total liabilities	16,194,068	10,865,805	-
Deferred inflows of resources:			
Lease related	-	-	-
Succeeding year property tax	1,277,488	4,041,772	-
Pension related deferred inflows	-	-	-
OPEB related deferred inflows	-	-	-
Total deferred inflows of resources	1,277,488	4,041,772	-
Fund balances:			
Net investment in capital assets	-	-	-
Restricted:			
Expendable:			
Scholarships and fellowships	-	70,245	-
Cash reserve	-	288,745	-
Other	-	6,302,212	-
Unrestricted	5,176,832	(882,383)	3,185,761
Auxiliary enterprises	3,346,215	-	-
Total fund balances	8,523,047	5,778,819	3,185,761
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 25,994,603</b>	<b>20,686,396</b>	<b>3,185,761</b>

See accompanying independent auditor's report.

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
2,300	-	-	-	1,813,829
-	-	-	-	1,300,465
5,415	115,386	-	(12,579,180)	-
228,726	-	-	-	1,938,740
-	-	-	-	931,281
-	-	-	-	965,315
-	-	377,003	-	377,003
-	-	-	-	7,882,890
18,481,874	-	5,488,126	-	23,970,000
-	-	63,376	-	63,376
(154,287)	-	-	-	(154,287)
-	53,503	-	-	53,503
-	-	-	234,552	234,552
-	-	-	116,989	116,989
18,564,028	168,889	5,928,505	(12,227,639)	39,493,656
526,190	-	-	-	526,190
2,627,488	-	-	-	7,946,748
-	-	-	9,785,884	9,785,884
-	-	-	67,191	67,191
3,153,678	-	-	9,853,075	18,326,013
-	-	100,405,965	(53,686,634)	46,719,331
-	-	-	-	70,245
-	-	-	-	288,745
-	-	-	-	6,302,212
12,736,308	(168,889)	-	(5,176,144)	14,871,485
-	-	-	(3,346,215)	-
12,736,308	(168,889)	100,405,965	(62,208,993)	68,252,018
34,454,014	-	106,334,470	(64,583,557)	126,071,687

Indian Hills Community College

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

Year ended June 30, 2022

	Current Funds		Quasi- Endowment
	Unrestricted	Restricted	Funds
Revenues:			
General:			
State appropriations	\$ 15,661,492	3,927,410	-
Tuition and fees	14,311,571	-	-
Property tax	1,379,338	4,216,203	-
Federal appropriations	-	14,801,455	-
Sales and services	488,807	43,640	-
Interest on investments	61,367	6,402	4,625
Iowa Industrial New Jobs Training Program	-	1,952,365	-
Increase in plant investment due to donated plant assets	-	-	-
Increase in plant investment due to plant expenditures (including \$544,074 of current fund expenditures)	-	-	-
Increase in plant investments due to payment of right-to-use leased assets	-	-	-
Increase in plant investment due to retirement of debt	-	-	-
Proceed from sale of capital assets	-	-	-
Proceeds from sale of notes	-	-	-
Miscellaneous	2,413,733	4,889,579	-
	<u>34,316,308</u>	<u>29,837,054</u>	<u>4,625</u>
Auxiliary enterprises:			
Tuition and fees	672,600	-	-
Federal appropriations	11,815	-	-
Sales and services	5,850,711	-	-
Interest on investments	16,795	-	-
Miscellaneous	682,510	-	-
	<u>7,234,431</u>	<u>-</u>	<u>-</u>
Total revenues	<u>41,550,739</u>	<u>29,837,054</u>	<u>4,625</u>
Expenditures:			
Education and support:			
Liberal arts and sciences	4,739,447	318,886	-
Vocational technical	9,922,148	635,320	-
Adult education	871,010	2,867,188	-
Cooperative services	10,851	2,245,870	-
Administration	1,686,823	633,660	-
Student services	4,292,900	5,347,954	-
Learning resources	441,489	-	-
Physical plant	4,767,216	2,860,800	-
General institution	5,172,415	4,982,769	-
Total education and support	<u>31,904,299</u>	<u>19,892,447</u>	<u>-</u>

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
417,996	-	-	-	20,006,898
-	-	-	(4,276,962)	10,034,609
1,379,347	-	-	-	6,974,888
-	-	-	-	14,801,455
480,965	-	-	-	1,013,412
33,223	-	-	-	105,617
-	-	-	-	1,952,365
-	-	343,446	-	343,446
-	-	2,629,237	(2,629,237)	-
-	-	181,790	(181,790)	-
-	-	542,574	(542,574)	-
34,082	-	-	(34,082)	-
19,845,713	-	-	(19,845,713)	-
479,725	-	-	(2,753,384)	5,029,653
<u>22,671,051</u>	-	<u>3,697,047</u>	<u>(30,263,742)</u>	<u>60,262,343</u>
-	-	-	-	672,600
-	-	-	-	11,815
-	-	-	(1,975,755)	3,874,956
-	-	-	-	16,795
-	-	-	-	682,510
-	-	-	(1,975,755)	5,258,676
<u>22,671,051</u>	-	<u>3,697,047</u>	<u>(32,239,497)</u>	<u>65,521,019</u>
-	-	-	(606,099)	4,452,234
-	-	-	(1,933,262)	8,624,206
-	-	-	(472,229)	3,265,969
-	-	-	(201,941)	2,054,780
-	-	-	(263,556)	2,056,927
-	-	-	(822,203)	8,818,651
-	-	-	(61,781)	379,708
-	-	-	(867,481)	6,760,535
-	-	-	(787,049)	9,368,135
-	-	-	(6,015,601)	45,781,145

(continued on next page)

Indian Hills Community College

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

Year ended June 30, 2022

	Current Funds		Quasi- Endowment
	Unrestricted	Restricted	Funds
Expenditures (continued):			
Auxiliary enterprises	7,175,102	-	-
Scholarships and grants	-	7,285,608	-
Workforce Investment Act	-	831,517	-
Plant operations	-	-	-
Plant asset acquisitions	-	-	-
Disposal of plant assets	-	-	-
Retirement on indebtedness	-	-	-
Interest on indebtedness	-	145,975	-
Depreciation/amortization	-	-	-
Gain on disposal of capital assets	-	-	-
Acquisition of notes payable	-	-	-
Discount on note payable	-	-	-
Total expenditures	39,079,401	28,155,547	-
Excess (deficiency) of revenues over (under) expenditures	2,471,338	1,681,507	4,625
Transfers:			
Non-mandatory transfers	(2,450,575)	(985,540)	-
Net	20,763	695,967	4,625
Fund balances beginning of year	8,502,284	5,082,852	3,181,136
Fund balances end of year	\$ 8,523,047	5,778,819	3,185,761

See accompanying independent auditor's report.

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
-	-	-	(759,259)	6,415,843
-	-	-	(5,474,314)	1,811,294
-	-	-	-	831,517
1,521,646	115,386	-	7,606	1,644,638
1,948,726	-	-	(1,948,726)	-
-	-	594,893	(594,893)	-
8,737	525,000	-	(533,737)	-
483	143,403	-	(17,574)	272,287
-	-	-	3,573,455	3,573,455
-	-	-	(47,263)	(47,263)
20,000,000	-	-	(20,000,000)	-
(154,287)	-	-	154,287	-
<u>23,325,305</u>	<u>783,789</u>	<u>594,893</u>	<u>(31,656,019)</u>	<u>60,282,916</u>
(654,254)	(783,789)	3,102,154	(583,478)	5,238,103
<u>4,743,182</u>	<u>614,900</u>	<u>(1,921,967)</u>	-	-
4,088,928	(168,889)	1,180,187	(583,478)	5,238,103
8,647,380	-	99,225,778	(61,625,515)	63,013,915
<u>12,736,308</u>	<u>(168,889)</u>	<u>100,405,965</u>	<u>(62,208,993)</u>	<u>68,252,018</u>

Indian Hills Community College

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

Year ended June 30, 2022

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Revenues:				
State appropriations	\$ 7,322,831	7,057,121	1,232,679	
Tuition and fees	6,484,496	7,089,860	683,060	
Property tax	-	-	-	
Sales and services	70	205,841	115,678	
Interest on investments	-	-	-	
Miscellaneous	6,907	522,396	3,215	
Total revenues	<u>13,814,304</u>	<u>14,875,218</u>	<u>2,034,632</u>	<u>-</u>
Expenditures:				
Salaries and benefits	4,543,870	8,764,350	634,116	-
Services	23,044	405,151	121,982	8,709
Materials and supplies	42,007	580,485	86,427	-
Travel	35,769	51,575	13,012	1,492
Loan cancellations and bad debts	94,757	90,932	599	-
Plant access acquisitions	-	5,658	-	-
Administrative and collections	-	-	-	-
Miscellaneous	-	17,877	14,874	650
Retirement of indebtedness, leases	-	5,847	-	-
Interest on indebtedness, leases	-	273	-	-
Total expenditures	<u>4,739,447</u>	<u>9,922,148</u>	<u>871,010</u>	<u>10,851</u>
Excess (deficiency) of revenues over (under) expenditures	9,074,857	4,953,070	1,163,622	(10,851)
Transfers:				
Non-mandatory transfers	-	-	75,393	-
Net	<u>\$ 9,074,857</u>	<u>4,953,070</u>	<u>1,239,015</u>	<u>(10,851)</u>
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	
17,996	-	-	30,865	-	15,661,492
-	53,475	-	-	680	14,311,571
1,379,338	-	-	-	-	1,379,338
61,367	155,367	14	66	11,771	488,807
540,211	1,552	42	1,330,376	9,034	2,413,733
1,998,912	210,394	56	1,361,307	21,485	34,316,308
1,203,396	3,953,515	306,208	2,476,649	3,191,785	25,073,889
380,974	253,007	19,688	1,723,305	1,310,687	4,246,547
20,482	65,707	115,502	544,302	461,270	1,916,182
32,895	14,693	-	654	51,611	201,701
-	5,128	91	-	-	191,507
-	-	-	8,644	-	14,302
33,976	-	-	-	-	33,976
15,100	850	-	570	91,974	141,895
-	-	-	12,204	62,072	80,123
-	-	-	888	3,016	4,177
1,686,823	4,292,900	441,489	4,767,216	5,172,415	31,904,299
312,089	(4,082,506)	(441,433)	(3,405,909)	(5,150,930)	2,412,009
(2,474,821)	2,026	-	-	(835)	(2,398,237)
(2,162,732)	(4,080,480)	(441,433)	(3,405,909)	(5,151,765)	13,772
					5,163,060
					\$ 5,176,832

**Indian Hills Community College**

## Indian Hills Community College

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

Year ended June 30, 2022

	Institutional Services	Education Program	Miscellaneous	Student Organizations	Total
<b>Revenues:</b>					
Tuition and fees	\$ -	589,475	23,750	59,375	672,600
Federal appropriations	-	11,815	-	-	11,815
Sales and services	2,456,615	2,510,686	827,380	56,030	5,850,711
Interest on investments	-	-	16,795	-	16,795
Miscellaneous	204,065	180,078	296,309	2,058	682,510
Total revenues	<u>2,660,680</u>	<u>3,292,054</u>	<u>1,164,234</u>	<u>117,463</u>	<u>7,234,431</u>
<b>Expenditures:</b>					
Salaries and benefits	471,726	1,058,838	343,900	38,978	1,913,442
Services	128,931	618,058	477,302	32,026	1,256,317
Materials and supplies	110,557	279,391	275,537	17,984	683,469
Travel	366	626,867	905	-	628,138
Loan cancellations and bad debts	30,968	11,801	6,811	-	49,580
Plant asset acquisitions	75,372	-	26,645	-	102,017
Miscellaneous	3,556	99,888	144,256	9,814	257,514
Cost of goods sold	1,547,704	640,442	-	-	2,188,146
Retirement of indebtedness, leases	92,930	-	-	-	92,930
Interest on indebtedness, leases	3,549	-	-	-	3,549
Total expenditures	<u>2,465,659</u>	<u>3,335,285</u>	<u>1,275,356</u>	<u>98,802</u>	<u>7,175,102</u>
Excess (deficiency) of revenues over (under) expenditures	195,021	(43,231)	(111,122)	18,661	59,329
<b>Transfers:</b>					
Non-mandatory transfers	(262,388)	(60,333)	270,383	-	(52,338)
Net	(67,367)	(103,564)	159,261	18,661	6,991
Fund balances beginning of year, as restated	1,785,510	1,029,132	524,582	-	3,339,224
Fund balances end of year	<u>\$ 1,718,143</u>	<u>925,568</u>	<u>683,843</u>	<u>18,661</u>	<u>3,346,215</u>

See accompanying independent auditor's report.

Indian Hills Community College

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

Year ended June 30, 2022

	Scholarships and Grants	Equipment Replacement	Tort Liability	Insurance	Early Retirement
<b>Revenues:</b>					
State appropriations	\$ 2,021,717	7,995	9,511	30,916	6,551
Property tax	-	613,452	727,403	2,365,093	503,949
Federal appropriations	4,588,500	-	-	-	-
Sales and services	-	-	-	-	-
Interest on investments	-	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-	-
Miscellaneous	350,069	-	-	14,270	-
Total revenues	<u>6,960,286</u>	<u>621,447</u>	<u>736,914</u>	<u>2,410,279</u>	<u>510,500</u>
<b>Expenditures:</b>					
Salaries and benefits	-	-	87,033	-	459,163
Services	-	-	556,496	2,860,559	-
Materials and supplies	-	396,922	-	238	-
Travel	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-
Plant asset acquisitions	-	236,738	-	-	-
Miscellaneous	-	-	-	-	-
Federal Pell grant program	4,506,596	-	-	-	-
Federal Supplemental Educational Opportunity grant	117,772	-	-	-	-
Iowa College Student Aid Commission	2,021,717	-	-	-	-
Private scholarships	639,522	-	-	-	-
Total expenditures	<u>7,285,607</u>	<u>633,660</u>	<u>643,529</u>	<u>2,860,797</u>	<u>459,163</u>
Excess (deficiency) of revenues over (under) expenditures	(325,321)	(12,213)	93,385	(450,518)	51,337
<b>Transfers:</b>					
Non-mandatory transfers	357,987	-	-	-	-
Net	32,666	(12,213)	93,385	(450,518)	51,337
Fund balances (deficits) beginning of year	37,579	12,211	7,614	(207,847)	(275,352)
Fund balances (deficits) end of year	<u>\$ 70,245</u>	<u>(2)</u>	<u>100,999</u>	<u>(658,365)</u>	<u>(224,015)</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
66	1,558,613	144,299	-	-	147,742	-	-	3,927,410
6,306	-	-	-	-	-	-	-	4,216,203
-	-	9,376,170	826,076	-	-	-	-	14,790,746
-	-	-	-	-	-	-	43,640	43,640
-	-	-	-	6,402	-	-	-	6,402
-	-	-	-	1,952,365	-	-	-	1,952,365
-	948	-	-	-	-	3,998,913	536,088	4,900,288
6,372	1,559,561	9,520,469	826,076	1,958,767	147,742	3,998,913	579,728	29,837,054
25,768	1,097,615	2,038,891	382,524	122,444	-	67,730	16,683	4,297,851
-	270,262	826,533	119,264	1,203,068	120,311	3,786,582	74,586	9,817,661
-	72,204	940,181	3,984	-	-	-	22,992	1,436,521
-	8,639	69,101	5,114	373	-	-	52	83,279
-	-	-	-	145,975	-	-	-	145,975
-	59,731	117,295	-	-	-	-	7,000	420,764
-	15,573	4,327,088	320,631	-	-	-	4,597	4,667,889
-	-	-	-	-	-	-	-	4,506,596
-	-	-	-	-	-	-	-	117,772
-	-	-	-	-	-	-	-	2,021,717
-	-	-	-	-	-	-	-	639,522
25,768	1,524,024	8,319,089	831,517	1,471,860	120,311	3,854,312	125,910	28,155,547
(19,396)	35,537	1,201,380	(5,441)	486,907	27,431	144,601	453,818	1,681,507
-	(5,000)	(1,201,381)	-	(142,146)	-	-	5,000	(985,540)
(19,396)	30,537	(1)	(5,441)	344,761	27,431	144,601	458,818	695,967
190,174	95,319	1	28,384	908,938	229,076	3,725,297	331,458	5,082,852
170,778	125,856	-	22,943	1,253,699	256,507	3,869,898	790,276	5,778,819

**Schedule 7**

## Indian Hills Community College

Balance Sheet  
Custodial Funds

Year ended June 30, 2022

	Federal Direct Student Loan Program	Miscellaneous	Total
<b>Assets</b>			
Cash and cash equivalents	\$ -	265,447	265,447
Accounts receivable	-	3,822	3,822
Due from other governments	329,807	-	329,807
<b>Total assets</b>	<b>329,807</b>	<b>269,269</b>	<b>599,076</b>
<b>Liabilities</b>			
Accounts payable	-	3,498	3,498
Salaries and benefits payable	-	239	239
Due to other governments	329,807	-	329,807
Advances from others	-	551	551
<b>Total liabilities</b>	<b>329,807</b>	<b>4,288</b>	<b>334,095</b>
<b>Net assets</b>			
Restricted:			
Other	\$ -	264,981	264,981

See notes to financial statements.

## Indian Hills Community College

Combining Schedule of Changes in Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2022

	Federal Direct Student Loan Program	Miscellaneous	Total
<b>Additions:</b>			
State appropriations	\$ -	31,657	31,657
Federal appropriations	4,340,142	-	4,340,142
Interest on investments	-	430	430
Miscellaneous	-	412,257	412,257
Total additions	4,340,142	444,344	4,784,486
<b>Deductions:</b>			
Salaries and benefits	-	14,979	14,979
Services	-	436,533	436,533
Direct student loans	4,340,142	-	4,340,142
Total deductions	4,340,142	451,512	4,791,654
Changes in net position	-	(7,168)	(7,168)
Net position beginning of year	-	272,149	272,149
Net position end of year	\$ -	264,981	264,981

See accompanying independent auditor's report.

**Indian Hills Community College**

Indian Hills Community College  
 Schedule of Credit and Contact Hours  
 Year ended June 30, 2022

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	45,476	-	45,476	-	-	-
Vocational Education	28,897	-	28,897	-	-	-
Adult Education/ Continuing Education	-	-	-	119,521	21,084	140,605
Total	<u>74,373</u>	<u>-</u>	<u>74,373</u>			

See accompanying independent auditor's report.

---

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

	Years ended			
	2022	2021	2020	2019
Local (property tax)	\$ 6,974,888	6,666,848	6,097,705	5,646,929
State	20,006,898	19,648,311	19,233,294	18,030,432
Federal	14,801,455	13,788,018	9,545,742	8,758,724
Total	<u>\$ 41,783,241</u>	<u>40,103,177</u>	<u>34,876,741</u>	<u>32,436,085</u>

See accompanying independent auditor's report.

---

June 30,

2018	2017	2016	2015	2014	2013
5,423,508	5,137,967	4,979,238	4,944,550	4,143,844	3,981,490
18,264,076	18,195,085	18,971,694	18,600,408	18,099,666	15,521,696
10,175,756	10,964,930	12,252,023	12,281,881	12,526,693	13,784,293
33,863,340	34,297,982	36,202,955	35,826,839	34,770,203	33,287,479

---

Indian Hills Community College

Schedule of Current Fund Revenues by Source  
and Expenditures by Function

For the Last Ten Years

	2022	2021	2020	2019
<b>Revenues:</b>				
State appropriations	\$ 19,588,902	19,230,081	18,816,021	17,611,740
Tuition and fees	14,311,571	13,926,553	15,178,112	16,766,157
Property tax	5,595,541	5,313,849	4,851,061	4,451,906
Federal appropriations	14,801,455	13,776,993	9,538,260	8,750,207
Sales and services	532,447	421,549	530,691	603,343
Interest on investments	67,769	101,014	305,898	446,226
Iowa Industrial New Jobs Training Program	1,952,365	1,073,992	1,850,540	2,032,582
Auxiliary enterprises	7,234,431	6,055,474	5,935,627	6,529,258
Miscellaneous	7,303,312	6,483,040	6,843,095	7,196,319
<b>Total</b>	<b>\$ 71,387,793</b>	<b>66,382,545</b>	<b>63,849,305</b>	<b>64,387,738</b>
<b>Expenditures:</b>				
Liberal arts and sciences	\$ 5,058,333	5,147,841	5,773,021	5,738,492
Vocational technical	10,557,468	10,914,875	11,884,922	13,281,002
Adult education	3,738,198	3,382,406	3,398,608	3,591,749
Cooperative services	2,256,721	1,940,066	2,451,575	2,394,505
Administration	2,320,483	2,175,023	2,187,369	2,118,822
Student services	9,640,854	6,662,642	5,537,182	4,663,360
Learning resources	441,489	456,315	471,100	467,795
Physical plant	7,628,016	6,374,737	5,787,612	5,869,319
General institution	10,155,184	9,544,355	9,293,505	9,892,184
Auxiliary enterprises	7,175,102	8,077,454	6,101,026	6,324,058
Scholarships and grants	7,285,608	7,197,514	7,022,488	6,742,279
Workforce Investment Act	831,517	510,571	640,248	689,675
Interest on indebtedness	145,975	153,681	162,828	143,890
<b>Total</b>	<b>\$ 67,234,948</b>	<b>62,537,480</b>	<b>60,711,484</b>	<b>61,917,130</b>

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
17,843,715	17,774,403	18,030,920	17,979,069	17,363,247	15,111,760
17,194,736	18,728,253	20,784,275	19,395,523	17,579,936	18,196,872
4,274,419	4,032,218	3,910,307	3,883,262	3,085,749	2,957,789
10,165,709	10,950,860	12,236,822	12,181,578	12,031,460	13,751,605
529,891	556,838	383,741	297,256	300,735	238,768
225,483	100,374	63,334	51,920	37,972	59,773
822,127	1,206,763	157,690	596,542	1,916,716	1,342,184
6,897,016	7,520,131	7,835,328	7,631,662	7,569,391	8,422,448
7,152,428	7,214,997	2,771,633	2,192,017	1,842,141	1,448,965
65,105,524	68,084,837	66,174,050	64,208,829	61,727,347	61,530,164
6,223,235	5,864,965	5,744,156	5,600,909	5,850,290	6,201,782
13,275,581	13,852,317	16,443,417	14,905,151	13,786,667	13,532,045
3,715,933	4,387,844	3,838,136	3,262,739	2,123,833	2,165,784
1,333,594	1,566,597	457,993	832,692	1,222,017	675,129
2,055,306	2,128,346	2,100,764	2,092,312	2,240,614	2,144,312
4,690,315	5,080,346	4,605,789	4,745,026	4,984,211	5,069,400
530,364	671,888	666,013	639,303	609,387	613,975
5,873,068	5,231,076	5,504,060	5,705,919	5,067,087	4,691,539
9,473,296	9,805,014	6,310,500	6,007,787	5,260,498	6,974,687
6,731,330	7,211,589	7,509,776	7,201,078	7,634,273	9,280,259
6,970,049	7,309,917	8,646,281	9,507,591	9,215,765	11,089,617
1,671,877	2,571,972	2,493,210	2,260,702	2,130,210	1,899,227
93,801	56,685	58,427	72,413	228,566	315,247
62,637,749	65,738,556	64,378,522	62,833,622	60,353,418	64,653,003

Indian Hills Community College  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2022

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	\$ 11,815	-
Distance Learning and Telemedicine Loan and Grants	10.855	IA0710-B16	57,938	-
Total U.S. Department of Agriculture			<u>69,753</u>	<u>-</u>
U.S. Department of Justice:				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus				
	16.525	2015-WA-AX-0003	15,192	-
U.S. Department of Labor:				
Passed through Iowa Department of Economic Development:				
WIOA Cluster:				
WIOA Adult Program	17.258	20-N-SC-WI-OA-SP	309,345	-
WIOA Youth Activities	17.259	20-N-SC-WI-OA-SP	274,460	-
WIOA Dislocated Worker Formula Grants	17.278	20-N-SC-WI-OA-SP	237,921	-
WIOA Dislocated Worker Formula Grants	17.278	21-W-PF-ID-0-48	4,350	-
			<u>242,271</u>	<u>-</u>
Total WIOA Cluster			826,076	-
Job Corps Experimental Projects and Technical Assistance	17.287	JC-34684-20-60-O-19	527,884	-
Total U.S. Department of Labor			<u>1,353,960</u>	<u>-</u>
National Science Foundation:				
Education and Human Resources	47.076	Award No. 1800935	174,539	-
Education and Human Resources	47.076	Award No. 2130114	106,048	-
Total National Science Foundation			<u>280,587</u>	<u>-</u>
U.S. Small Business Administration:				
Pass through Iowa State University:				
Small Business Development Centers	59.037	Subcontract No. 023992B & 025754B	78,758	-
U.S. Department of Education:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	001437	81,904	-
Federal Work-Study Program	84.033	001437	77,760	-
Federal Pell Grant Program	84.063	008298	4,506,596	-
Federal Direct Student Loans	84.268	G08403	-	4,340,142
Total Student Financial Assistance Cluster			<u>4,666,260</u>	<u>4,340,142</u>
Higher Education Institutional Aid	84.031A	P031A200132-21	451,697	-
TRIO Cluster:				
TRIO Student Support Services	84.042	P042A201562-21	318,886	-
TRIO Talent Search	84.044	P044A210526	279,919	-
TRIO Upward Bound	84.047	P047A170580-21	262,711	-
TRIO Educational Opportunity Centers	84.066	P066A210055	275,576	-
Total TRIO Cluster			<u>1,137,092</u>	<u>-</u>
Pass through Iowa Department of Education:				
Adult Education - State Grant Program	84.002	V002A210015	174,682	-
Career and Technical Education - Basic Grants to States	84.048	G-PER 22-193	308,357	-
COVID-19, Governor's Emergency Education Relief (GEER)	84.425C ^		208,686	-
Pass through Iowa Department of Education - Vocational Rehabilitation Services:				
Rehabilitation Services Vocational Rehabilitation	84.126	17-VRIN-04	78,469	-
Pass through Iowa College Student Aid Commission:				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	21-GUI-CPG-IHCC	12,128	-
COVID-19, Higher Education Emergency Relief Fund (HEERF) - Student Aid Portion				
	84.425E ^		3,684,560	-
COVID-19, HEERF Institutional Aid Portion				
	84.425F ^		1,772,212	-
COVID-19, HEERF Strengthening Institutions Program (SIP)				
	84.425M ^		319,717	-
Total U.S. Department of Education			<u>12,813,860</u>	<u>4,340,142</u>

Indian Hills Community College  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2022

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures	New Loans and New Loan Guarantees
U.S. Department of Health and Human Services: Pass through Iowa Department of Public Health: Injury Prevention and Control Research and State and Community Based Programs	93.136	5882RP04	190,452	-
Total			<u>\$ 14,802,562</u>	<u>4,340,142</u>

^ Total Higher Education Emergency Relief Fund (HEERF) \$5,985,175

**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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Indian Hills Community College, it is not intended to and does not present the financial position, changes in financial position or cash flows of Indian Hills Community College.

**Summary of Significant Accounting Policies** – Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

See accompanying independent auditor's report.



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

Rob Sand  
Auditor of State

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

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

To the Board of Trustees of Indian Hills Community College:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business type activities and the fiduciary activities of Indian Hills Community College, Ottumwa, Iowa, and its discretely presented component unit as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 7, 2022. Our report includes a reference to other auditors who audited the financial statements of Indian Hills Community College Development Corporation, Inc. and the Indian Hills Community College Foundation, Inc., as described in our report on Indian Hills Community College's financial statements. The financial statements of Indian Hills Community College Development Corporation, Inc. and the Indian Hills Community College Foundation, Inc. were not audited in accordance with Government Auditing Standards. This report on internal control over financial reporting and compliance and other matters does not include the results of the Indian Hills Community College Development Corporation, Inc.'s or the Indian Hills Community College Foundation, Inc.'s audit performed by another auditor.

Report on Internal Control Over Financial Reporting

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

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

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

## Report on Compliance and Other Matters

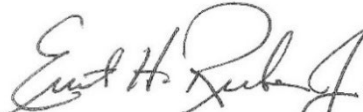
As part of obtaining reasonable assurance about whether Indian Hills Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

Comments involving statutory and other legal matters about the Indian Hills Community College's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Indian Hills Community College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Purpose of this Report

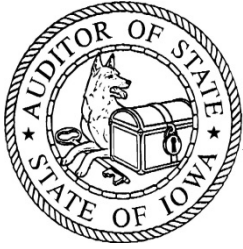
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Indian Hills Community College's internal control or on compliance. This report is an integral part of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

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

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

December 7, 2022

**Indian Hills Community College**



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

Rob Sand  
Auditor of State

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

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

To the Board of Trustees of Indian Hills Community College:

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited Indian Hills Community College's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Indian Hills Community College's major federal programs for the year ended June 30, 2022. Indian Hills Community College's major federal programs are identified in the summary of auditor's results section (Part I) of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Indian Hills Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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; 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 generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about Indian Hills Community College's compliance with the requirements of each major federal program as a whole.

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

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

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

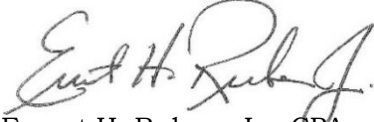
## Report on Internal Control Over Compliance

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

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

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

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



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

December 7, 2022

Indian Hills Community College  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2022

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

- (a) An unmodified opinion was issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) Major programs were as follows:
  - WIOA Cluster
  - Higher Education Emergency Relief Fund:
    - Assistance Listing Number 84.425C – COVID-19, Governor's Emergency Education Relief
    - Assistance Listing Number 84.425E – COVID-19, Student Aid Portion
    - Assistance Listing Number 84.425F – COVID-19, Institution Portion
    - Assistance Listing Number 84.425M – COVID-19, Strengthening Institutions Program
- (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, 2022

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

**INTERNAL CONTROL DEFICIENCIES:**

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over compliance were noted.

Indian Hills Community College

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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

- 2022-A Certified Budget – Expenses for the year ended June 30, 2022 did not exceed the amount budgeted.
- 2022-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.
- 2022-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.
- 2022-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
Tom Keck, Trustee, President of Winger Services	Maintenance and repair, per bid	\$ 29,819
Lori Yates, Trustee, Owner of Yates Glass	Library window replacement per bid	31,830
		<u>\$ 61,649</u>

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

- 2022-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.
- 2022-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.
- 2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2022-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.
- 2022-I Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the College’s investment policy were noted.

Indian Hills Community College

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-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, 2022 were supported by detailed records maintained by the College.

Indian Hills Community College

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy  
Katherine L. Rupp, CPA, Manager  
Ethan M. Snedigar, Senior Auditor  
Jared M. Ernst, CPA, Staff Auditor  
Brett A. Logsdon, Staff Auditor  
Zachary T. Shaw, Staff Auditor  
Roxanne R. Stotler, Staff Auditor  
Qinghe Xia, Auditor Intern

## APPENDIX B

### DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

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

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

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

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

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

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the College or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the College, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the College or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the College believes to be reliable, but the College takes no responsibility for the accuracy thereof.

**APPENDIX C**

**DRAFT FORM OF BOND COUNSEL OPINION**

DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of Indian Hills Community College in the Counties of Appanoose, Davis, Decatur, Henry, Iowa, Jefferson, Keokuk, Lee, Lucas, Mahaska, Marion, Monroe, Poweshiek, Van Buren, Wapello, Washington and Wayne, State of Iowa, and acts of administrative officers of the Community College (the "Issuer"), relating to the issuance of General Obligation School Bonds, Series 2023, by said Issuer, dated December 5, 2023, in the denominations of \$5,000 or multiples thereof, in the aggregate amount of \$ \_\_\_\_\_ (the "Bonds").

We have examined the law and certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

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

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

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Bonds are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply

with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

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

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

AHLERS & COONEY, P.C.

**APPENDIX D**

**DRAFT CONTINUING DISCLOSURE CERTIFICATE**

DRAFT

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Indian Hills Community College, State of Iowa (the "Issuer"), in connection with the issuance of \$ \_\_\_\_\_ General Obligation School Bonds, Series 2023 (the "Bonds") dated December 5, 2023. The Bonds are being issued pursuant to a Resolution of the Issuer approved on \_\_\_\_\_, 2023 (the "Resolution"). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated \_\_\_\_\_, 2023.

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

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

"State" shall mean the State of Iowa.

### Section 3. Provision of Annual Financial Information.

a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April of each year following the close of the Issuer's fiscal year (currently June 30), commencing with information for the 2023/2024 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

b) If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

c) The Dissemination Agent shall:

i. each year file Annual Financial Information with the National Repository;  
and

ii. (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

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

a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.

b) A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the caption "Debt Information", "Property Assessment and Tax Information – Actual (100%) Valuations for the College", "Property Assessment and Tax Information – Taxable (“Rollback”) Valuations for the College", "Property Assessment and Tax Information – College Valuation by County", "Property Assessment and Tax Information – Tax Extensions and Collections", "Property Assessment and Tax Information – Property Tax Rates", and "Financial Information".

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

Section 5. Reporting of Significant Events.

a) Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;

vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;

vii. Modifications to rights of Holders of the Bonds, if material;

viii. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;

ix. Defeasances of the Bonds;

x. Release, substitution, or sale of property securing repayment of the Bonds, if material;

xi. Rating changes on the Bonds;

xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;

xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

xv. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence

with the Municipal Securities Rulemaking Board through the filing with the National Repository.

Section 6. Additional Filing. The Issuer's audited financial statements for fiscal year ending June 30, 2023 were not available for inclusion in the Final Official Statement. The Issuer agrees to file these audited financial statements in the same manner as the Annual Financial Information when they become available.

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

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such

change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

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

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

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

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

Date: \_\_\_\_\_ day of \_\_\_\_\_, 2023.

INDIAN HILLS COMMUNITY COLLEGE,  
STATE OF IOWA

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

ATTEST:

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

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF  
FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: Indian Hills Community College, Iowa.

Name of Bond Issue: \$ \_\_\_\_\_ General Obligation School Bonds, Series 2023

Dated Date of Issue: December 5, 2023

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

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

INDIAN HILLS COMMUNITY COLLEGE,  
STATE OF IOWA

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

**OFFICIAL BID FORM**

Indian Hills Community College  
525 Grandview Avenue  
Ottumwa, IA 52501

October 23, 2023  
Speer Financial, Inc.  
Facsimile: (319) 291-8628

Members of the Board of Trustees:

For the \$8,000,000\* General Obligation School Bonds, Series 2023 (the "Bonds"), of the Indian Hills Community College (Merged Area XV), Iowa (the "College"), as described in the annexed Official Terms of Offering, which is expressly made a part of this bid, we will pay you \$ \_\_\_\_\_ (no less than \$7,936,000). The Bonds are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Bonds of each designated maturity.

**AMOUNTS\* AND MATURITIES – JUNE 1**

\$100,000 .....2028	_____ %	\$400,000 .....2032	_____ %	\$ 975,000 .....2037	_____ %
100,000 .....2029	_____ %	500,000 .....2033	_____ %	1,050,000 .....2038	_____ %
200,000 .....2030	_____ %	600,000 .....2034	_____ %	1,100,000 .....2039	_____ %
300,000 .....2031	_____ %	725,000 .....2035	_____ %	1,100,000 .....2040	_____ %
		850,000 .....2036	_____ %		

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_  
Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_ Maturities: \_\_\_\_\_ Term Maturity \_\_\_\_\_

\*Subject to principal adjustment in accordance with the Official Terms of Offering.

In submitting this bid, we represent that (i) this bid constitutes a firm offer to purchase the Bonds, and (ii) we have an established industry reputation for underwriting new issuances of municipal bonds and notes.

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa. The College will pay for the legal opinion. **The Purchaser agrees to** pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time to the College's good faith bank and under the terms provided in the Official Terms of Offering for the Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the College in the amount of the Deposit under the terms provided in the Official Terms of Offering for the Bonds.

Attached hereto is a list of members of our account on whose behalf this bid is made.

**Form of Deposit (Check One)**

Prior to Bid Opening:  
Certified/Cashier's Check   
Wire Transfer

Within TWO Hours of Bid Opening:  
Wire Transfer

Amount: \$160,000

**Account Manager Information**

Underwriter/Bank \_\_\_\_\_  
Address \_\_\_\_\_  
Authorized Rep \_\_\_\_\_  
City \_\_\_\_\_ State/Zip \_\_\_\_\_  
Direct Phone (\_\_\_\_\_) \_\_\_\_\_  
FAX Number (\_\_\_\_\_) \_\_\_\_\_  
E-Mail Address \_\_\_\_\_

**Bidders Option Insurance**

<p><b>We have purchased insurance from:</b>  <b><u>Name of Insurer</u></b> <i>(Please fill in)</i></p> <p>_____</p> <p><b>Premium:</b> _____</p> <p><b>Maturities: (Check One)</b> <input type="checkbox"/> _____ Years <input type="checkbox"/> All</p>
--

The foregoing bid was accepted and the Bonds sold by resolution of the College on October 23, 2023, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Terms of Offering.

ATTEST:

INDIAN HILLS COMMUNITY COLLEGE, IOWA

\_\_\_\_\_  
Board Secretary

\_\_\_\_\_  
President, Board of Directors

-----NOT PART OF THE BID-----  
(Calculation of true interest cost)

Gross Interest	\$
Less Premium/Plus Discount	\$
True Interest Cost	\$
True Interest Rate	%
TOTAL BOND YEARS	_____
AVERAGE LIFE	_____ Years

## OFFICIAL TERMS OF OFFERING

**\$8,000,000\***  
**INDIAN HILLS COMMUNITY COLLEGE, IOWA**  
**(MERGED AREA XV)**

### General Obligation School Bonds, Series 2023

The Indian Hills Community College (Merged Area XV), Iowa, (the “College”), will receive electronic bids on the SpeerAuction (“SpeerAuction”) website address “www.SpeerAuction.com” for its \$8,000,000\* General Obligation School Bonds, Series 2023 (the “Bonds”), on an all or none basis between 10:00 A.M. and 10:30 A.M., C.D.T., Monday, October 23, 2023. To bid electronically, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the College’s sale (as described below). The College will also receive sealed bids for the Bonds, on an all or none basis, at the Board Secretary’s office, 525 Grandview Avenue, Ottumwa Iowa, before 10:30 A.M., C.D.T., Monday, October 23, 2023. The College will also receive facsimile bids at (319) 291-8628 for the Bonds, on an all or none basis, before 10:30 A.M., C.D.T., Monday, October 23, 2023. Upon receipt, facsimile bids will be sealed and treated as sealed bids, and along with all other sealed bids will be publicly opened and, together with any electronic bids, read.

Award will be made or all bids rejected at a meeting of the College on that date. The College reserves the right to reject all bids, to reject any bid proposal not conforming to this Official Terms of Offering, and to waive any irregularity or informality with respect to any bid. Additionally, the College reserves the right to modify or amend this Official Terms of Offering; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds will constitute valid and legally binding obligations of the College payable both as to principal and interest from ad valorem taxes levied against all taxable, real property within the corporate limits of the College without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors’ rights generally and except that enforcement by equitable and similar remedies, such as mandamus, is subject to the exercise of judicial discretion.

*\*ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the College or its designee after the determination of the Winning Bidder. The College may increase or decrease each maturity in increments of \$5,000, but the total amount to be issued will not exceed \$8,000,000. Interest rates specified by the Winning Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the College.*

*The dollar amount of the purchase price proposed by the Winning Bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the Winning Bidder’s net compensation, calculated as a percentage of bond principal. The Winning Bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the Winning Bidder.*

### Establishment of Issue Price

- (a) The winning bidder shall assist the College in establishing the issue price of the Bonds and shall execute and deliver to the College at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Official Terms of Offering, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the College and Ahlers & Cooney, P.C. (“Bond Counsel”). All actions to be taken by the College under this Official Terms of Offering to establish the issue price of the Bonds may be taken on behalf of the College by the College’s municipal advisor and any notice or report to be provided to the College may be provided to Speer Financial, Inc., Chicago, Illinois (“Speer”).

- (b) The College intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:
- (i) the College shall disseminate this Official Terms of Offering to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
  - (ii) all bidders shall have an equal opportunity to bid;
  - (iii) the College may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
  - (iv) the College anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Official Terms of Offering.

Any bid submitted pursuant to this Official Terms of Offering shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

- (c) In the event that the competitive sale requirements are not satisfied, the College shall so advise the winning bidder. **The College will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, though the winning bidder may elect to apply the “hold the offering price rule” (as described below). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering-price rule” as described below, bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test (as described below) in order to establish the issue price of the Bonds.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Bonds unless the winning bidder shall request that the “hold-the-offering-price rule” (as described below) shall apply. The winning bidder must notify Speer of its intention to apply the “hold-the-offering-price rule” at or prior to the time the Bonds are awarded.

- (i) If the winning bidder does not request that the “hold-the-offering-price rule” apply to determine the issue price of the Bonds, the following two paragraphs shall apply:

The College shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the College if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds.

Until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the College the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the purchaser shall provide the College with a representation as to the price of prices, as of the date of closing, at which the purchaser reasonably expects to sell the remaining Bonds of such maturity.

- (ii) If the winning bidder does request that the “hold-the-offering-price rule” apply to determine the issue price of the Bonds, the following three paragraphs shall apply:

The College may determine to treat (i) pursuant to the 10% test, the first price at which 10% of a maturity of the Bonds is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the College if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The College shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule or both. Bids will *not* be subject to cancellation in the event that the College determines to apply the hold-the-offering-price rule to any maturity of the Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Bonds to the Public on or before the date of award at the offering price or prices (the “*initial offering price*”), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The College acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The College further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price applicable to the Bonds.

- (d) By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of the fifth business day following the date of the award.
- (e) Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Official Terms of Offering. Further, for purposes of this Official Terms of Offering:
- (i) “Public” means any person other than an Underwriter or a Related Party,
  - (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the College (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public including, specifically, the purchaser, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
  - (iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
  - (iv) “Sale Date” means the date that the Bonds are awarded by the College to the winning bidder.

## Bond Details

The Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry form only. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the month next preceding an interest payment date on such bond. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing June 1, 2024 and is payable by UMB Bank, n.a., West Des Moines, Iowa (the “Bond Registrar”). The Bonds are dated the date of delivery (expected to be on or about December 5, 2023).

### AMOUNTS\* AND MATURITIES – JUNE 1

\$100,000 .....	2028	\$400,000 .....	2032	\$ 975,000 .....	2037
100,000 .....	2029	500,000 .....	2033	1,050,000 .....	2038
200,000 .....	2030	600,000 .....	2034	1,100,000 .....	2039
300,000 .....	2031	725,000 .....	2035	1,100,000 .....	2040
		850,000 .....	2036		

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.*

The Bonds due June 1, 2028 - 2030, inclusive, are non-callable. The Bonds due June 1, 2031 - 2040, inclusive, are callable in whole or in part and on any date on or after June 1, 2030, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in any order of maturity as determined by the College and within any maturity by lot.

## Method of Bidding Electronically

Notwithstanding the fact that the College permits receiving bids electronically using SpeerAuction, all bidders must have a signed, but uncompleted, Official Bid Form delivered to Speer Financial, Inc., Suite 608, 531 Commercial Street, Waterloo, Iowa, (319) 291-8628 facsimile, prior to the close of bidding to which a printout of the electronic bid will be attached and delivered to the College.

If bidding electronically, all-or-none bids must be submitted via the internet address [www.SpeerAuction.com](http://www.SpeerAuction.com). The use of SpeerAuction shall be at the bidder’s risk and expense and the College shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bids.

To bid via the SpeerAuction webpage, bidders must first visit the SpeerAuction webpage where, if they have not previously registered with either SpeerAuction, Grant Street Group (the “Auction Administrator”) or any other website administered by the Auction Administrator, they may register and then request admission to bid on the Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid electronically.

The “Rules” of the SpeerAuction bidding process may be viewed on the SpeerAuction webpage and are incorporated herein by reference. Bidders must comply with the Rules of SpeerAuction in addition to the requirements of the College’s Official Terms of Offering. In the event the Rules of SpeerAuction and this Official Terms of Offering conflict, this Official Terms of Offering shall be controlling.

All electronic bids must be submitted on the SpeerAuction webpage. Electronic bidders may change and submit bids as many times as they choose during the sale period but may not delete a submitted bid. The last bid submitted by an electronic bidder before the deadline for receipt of bids will be compared to all other final bids to determine the winning bidder. During the bidding, no bidder will see any other bidder’s bid nor the status of their bid relative to other bids (e.g., whether their bid is a leading bid). The electronic bidder bears all risk of transmission failure. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.

Each bidder shall be solely responsible for making necessary arrangements to access SpeerAuction for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the Terms of Offering. The College is permitting bidders to use the services of the SpeerAuction solely as a communication mechanism to conduct the internet bidding and the SpeerAuction is not an agent of the College. Provisions of the Terms of Offering and Official Bid Form shall control in the event of conflict with information provided by the Internet Bid System.

**Electronic Facsimile Bidding:** Bids may be submitted via facsimile at (319) 291-8628. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the College nor its agents will assume liability for the inability of the bidder to reach the above named fax numbers prior to the time of sale specified above. Transmissions received after the deadline will be rejected. Bidders electing to submit bids via facsimile transmission bear full and complete responsibility for the transmission of such bid. Neither the College nor its agents will assume responsibility for the inability of the bidder to reach the above specified fax number prior to the time of sale. Time of receipt shall be the time recorded by the person receiving the facsimile and shall be conclusive.

### **Bidding Parameters and Award of the Bonds**

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed six percent (6%). All bids must be for all of the Bonds and must be for not less than \$7,936,000.

**Award of the Bonds:** The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage or if all such bids are not submitted electronically, the winning bid shall be determined by lot.

The Bonds will be awarded to the bidder complying with the terms of this Official Terms of Offering whose bid produces the lowest true interest cost rate to the College as determined by the College's Registered Municipal Advisor, which determination shall be conclusive and binding on all bidders; provided, that the College reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Electronic bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

**The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Bonds are changed, maintaining, as close as possible, the same dollar amount of profit per \$1,000 bond as bid.**

The true interest cost of each electronic bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the College's Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The College or its Municipal Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per Bond.

## Good Faith Deposit and Other Matters

The winning bidder is required to a wire transfer from a solvent bank or trust company to the College's good faith bank the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the College. The College reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the College may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago  
Corporate Trust  
30 North LaSalle Street  
38<sup>th</sup> Floor  
Chicago, IL 60602  
ABA # 071003405

Credit To: 3281 Speer Bidding Escrow  
RE: Indian Hills Community College (Merged Area XV), Iowa, bid for  
\$8,000,000\* General Obligation School Bonds, Series 2023

If the wire shall arrive in such account prior to the date and time of the sale of the Bonds. Contemporaneously with such wire transfer, the prospective purchaser shall send an email to [biddingscrow@aboc.com](mailto:biddingscrow@aboc.com) with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such prospective purchaser is not awarded the Bonds. The College and any prospective purchaser who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful prospective purchaser; (ii) if the bid is accepted, the Deposit shall be forwarded to the College, (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the prospective purchaser; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

The College covenants and agrees to enter into a written agreement, certificate or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the College for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter's obligation to purchase the Bonds shall be conditioned upon the College delivering the Undertaking on or before the date of delivery of the Bonds.

The Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about December 5, 2023. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the College except failure of performance by the purchaser, the College may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the College, shall constitute a “Final Official Statement” of the College with respect to the Bonds, as that term is defined in the Rule. By awarding the Bonds to any underwriter or underwriting syndicate, the College agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 50 copies of the Final Official Statement to permit each “Participating Underwriter” (as that term is defined in the Rule) to comply with the provisions of such Rule. The College shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the College it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful purchaser agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The College will, at its expense, deliver the Bonds to the purchaser in New York, New York (or arrange for “FAST” delivery) through the facilities of DTC and will pay for the bond attorney’s opinion. At the time of closing, the College will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa, that the Bonds are lawful and enforceable obligations of the College in accordance with their terms; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate by the College.

The College intends to designate the Bonds as “qualified tax-exempt obligations” pursuant to the small issuer exception provided by Section 265(b) (3) of the Internal Revenue Code of 1986, as amended.

Purchaser consents to the receipt of electronic transcripts and acknowledges the College’s intended use of electronically executed documents. Iowa Code Chapter 554D establishes electronic signatures have the full weight and legal authority as manual signatures.

The College has authorized the printing and distribution of an Official Statement containing pertinent information relative to the College and the Bonds. Copies of such Official Statement or additional information may be obtained from Taren Ferguson, Chief Financial Officer, Indian Hills Community College, 525 Grandview Avenue, Ottumwa, Iowa, 52501 or an electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) website under “Official Statement Sales/Competitive Calendar” or from the Registered Municipal Advisor to the College, Speer Financial, Inc., 531 Commercial Street, Suite 608, Waterloo, Iowa 50701 (telephone (319) 291-2077), and 230 West Monroe Street, Suite 2630, Chicago, Illinois 60606 (telephone (312) 346-3700).

/s/ **TAREN FERGUSON**  
*Chief Financial Officer*  
INDIAN HILLS COMMUNITY COLLEGE  
(Merged Area XV)  
Ottumwa, Iowa

**EXHIBIT A**  
**EXAMPLE ISSUE PRICE CERTIFICATE**

## EXHIBIT A

### INDIAN HILLS COMMUNITY COLLEGE, IOWA \$8,000,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2023

#### ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] ("Purchaser") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

b) As set forth in the Terms of Offering, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (October 30, 2023), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

d) *Issuer* means Indian Hills Community College.

e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 23, 2023.

h) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

i) The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

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

Name: \_\_\_\_\_

Dated: December 5, 2023

**SCHEDULE A**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND  
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

*(Attached)*

**SCHEDULE B**

**PRICING WIRE OR EQUIVALENT COMMUNICATION**

## EXHIBIT A

### INDIAN HILLS COMMUNITY COLLEGE, IOWA \$8,000,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2023

#### ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] ("Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price.***

a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.

b) Purchaser was not given the opportunity to review other bids prior to submitting its bid.

c) The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 23, 2023.

d) *Underwriter* means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury

Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

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

Name: \_\_\_\_\_

Dated: December 5, 2023

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**

*(Attached)*

**SCHEDULE B**

**COPY OF UNDERWRITER'S BID**

*(Attached)*

EXHIBIT E

# IOWA COMMUNITY COLLEGES

