

Date of Sale: Monday, April 13, 2020 (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 Notes is excludable from gross income for federal income tax purposes.



\$5,000,000\*
INDIAN HILLS COMMUNITY COLLEGE, IOWA
(Merged Area XV)
General Obligation Plant Fund Capital Loan Notes, Series 2020

Dated Date of Delivery Book-Entry Bank Qualified Due Serially June 1, 2021 - 2029

The \$5,000,000\* General Obligation Plant Fund Capital Loan Notes, Series 2020 (the "Notes") are being issued by the Indian Hills Community College, (Merged Area XV), Iowa (the "College"). Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2020.

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

Table with 10 columns: 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). Rows include principal amounts from \$500,000 to \$555,000 and maturities from 2021 to 2029.

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

Notes due June 1, 2021 - 2026, inclusive, are not subject to optional redemption. Notes due June 1, 2027 - 2029, inclusive, are callable in whole or in part on any date on or after June 1, 2026, at a price of par and accrued interest.

PURPOSE, LEGALITY AND SECURITY

The proceeds of the Notes are expected to be used to: (i) pay the costs of improving, remodeling, furnishing and equipping the Food Service area and other existing facilities and (ii) pay the costs of issuing the Notes. See "THE PROJECT" herein.

In the opinion of Bond Counsel, Ahlers & Cooney, P.C., Des Moines, Iowa, the Notes 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 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 Notes 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 March \_\_, 2020, and has been prepared under the authority of the College. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Official Statement Sales Calendar".



\*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 Notes 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 Notes 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 Notes, 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 Notes, 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 Notes 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 Notes 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.

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.

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## NOTE ISSUE SUMMARY

This Note 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>	\$5,000,000* General Obligation Plant Fund Capital Loan Notes, Series 2020.
<b>Dated Date:</b>	Date of delivery (expected to be on or about May 11, 2020).
<b>Interest Due:</b>	Each June 1 and December 1, commencing December 1, 2020.
<b>Principal Due:</b>	Serially each June 1, commencing June 1, 2021 through 2029, as detailed on the cover page of this Official Statement.
<b>Optional Redemption:</b>	Notes maturing on or after June 1, 2027, are callable at the option of the College on any date on or after June 1, 2026, at a price of par plus accrued interest. See <b>“OPTIONAL REDEMPTION”</b> herein.
<b>Authorization:</b>	The Notes are being issued pursuant to authority established in Code of Iowa, 2019 as amended, Chapter 260C (the “Act”), and all laws amendatory thereof and supplementary thereto, and in conformity with a resolution (the “Resolution” or the “Note Resolution”) of the College duly passed and approved.
<b>Security:</b>	The Notes are valid and legally binding obligations of the College payable both as to principal and interest from ad valorem taxes levied against all taxable property therein 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 Notes has been requested from Moody’s Investors Service, New York, New York. See <b>“INVESTMENT RATING”</b> herein.
<b>Purpose:</b>	The proceeds of the Notes will be used: (i) to pay the costs of improving, remodeling, furnishing and equipping the Food Service area and other existing facilities and (ii) to pay the costs of issuing the Notes. See <b>“THE PROJECT”</b> herein.
<b>Tax Matters:</b>	Ahlers & Cooney, P.C., Des Moines, Iowa, will provide an opinion as to the tax exemption of the Notes as discussed under <b>“TAX EXEMPTION AND RELATED CONSIDERATIONS”</b> in this Official Statement. Interest on the Notes is not exempt from present State of Iowa income taxes. See <b>APPENDIX C</b> for a draft form of legal opinion for the Notes.
<b>Bank Qualified:</b>	The College intends to designate the Notes as “qualified tax-exempt obligations”.
<b>Note Registrar/Paying Agent:</b>	UMB Bank, n.a., West Des Moines, Iowa.
<b>Delivery:</b>	The Notes are expected to be delivered on or about May 11, 2020.
<b>Book-Entry Form:</b>	The Notes 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 Notes. 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 Trustees**

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Nellie Coltrain

Beth Danowsky

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**SECURITY AND SOURCE OF PAYMENT**

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

Section 76.2 of the Act 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 this resolution shall be filed with the County Auditor in which the College is located, giving rise to a duty of the County Auditor to annually enter this levy for collection from the taxable property within the boundaries of the College, 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 Notes as the same become due, the Resolution provides for the levy of a tax sufficient for that purpose on all the taxable property in the College in each of the years while the Notes are outstanding. The College shall file a certified copy of the Resolution with the 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 purposes of the College and when collected, the proceeds of the taxes shall be transferred into the Debt Service Fund of the College 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 Notes and for no other purpose whatsoever.

Nothing in the Resolution authorizing the Notes 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 Notes. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Notes, 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 Notes.

## **NOTEHOLDERS' RISKS**

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Notes or, if a secondary market exists, that such Notes 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 Notes.

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

### **Ratings Loss**

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "\_\_\_" to the Notes. 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 Notes.

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 Notes.

## **Forward-Looking Statements**

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

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

As discussed under the heading “**TAX EXEMPTION AND RELATED CONSIDERATIONS**” herein, the interest on the Notes could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Notes, 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 Notes would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Notes, and there is no provision for an adjustment of the interest rate on the Notes.

The College intends to designate the Notes 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 Notes.

It is possible that legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding any pending or proposed federal income tax legislation. The likelihood of any pending or future legislation being enacted or whether the currently proposed terms of any pending legislation will be altered or removed during the legislative process cannot be reliably predicted.

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

## **DTC-Beneficial Owners**

Beneficial Owners of the Notes may experience some delay in the receipt of distributions of principal of and interest on the Notes 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 Notes can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Notes to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Notes, 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.**

### **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 Notes. 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 Notes and their market price.

### **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 has a \$1,000,000 Cyber-Liability Policy. The College cannot predict whether this policy will be sufficient in the event of a cyberattack. However, the Notes are secured by an unlimited ad valorem property tax as described herein.

### **Suitability of Investment**

The interest rate borne by the Notes is intended to compensate the investor for assuming the risk of investing in the Notes. 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 Notes 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 creditor’s 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 of Iowa. The various opinions of counsel to be delivered with respect to the Notes 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 Notes 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 Notes, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Notes.

Under sections 76.16 and 76.16A of the Act, 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 Code of Iowa, or other political subdivision.

## **Legislation**

From time to time, there are proposals pending in Congress and in the Iowa Legislature 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 Notes, or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. Further such proposals may impact the marketability or market value of the Notes 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 Notes. 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 Notes. 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 Notes would be impacted thereby.

## **Tax Levy Procedures**

The Notes are general obligations of the College, payable from and secured by a continuing ad valorem tax levied against all of the taxable property valuation within 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 property within 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 Notes for a particular fiscal year may cause Noteholders to experience delay in the receipt of distributions of principal of and/or interest on the Notes. In the event of a default in the payment of principal of or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (consisting primarily of an action in the nature of mandamus requiring the College and certain other public officials to perform the terms of the Resolution for the Notes) may have to be enforced from year to year.

## **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 Notes 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, 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.

## **Redemption Prior to Maturity**

In considering whether the Notes might be redeemed prior to maturity, Noteholders should consider the information included in this Final Official Statement under the heading "**OPTIONAL REDEMPTION**" herein.

## **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.

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

There is no bond trustee or similar person to monitor or enforce the provisions of the resolution for the Notes. The owners of the Notes 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 or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (consisting primarily of an action in the nature of mandamus requiring the College and certain other public officials to perform the terms of the resolutions for the Notes) may have to be enforced from year to year.

Holders of the Notes 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 Notes, 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 Notes 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 Notes 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 Notes.

### **Lack of Market for the Notes**

The Notes will not be listed on a securities exchange or inter-dealer quotation system. Although the Underwriter presently intends to make a market for the Notes, the Underwriter is not obligated to purchase any of the Notes 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 Notes, and the absence of such a market for the Notes could result in investors not being able to resell their Notes at an acceptable price should they need or wish to do so.

### **Cleanup 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 site of Project. However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a 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 site of Project. In addition, under applicable environmental statutes, in the event an enforcement action were initiated, a lien superior to the Noteholders' lien could attach to the Project, which may adversely affect the Noteholders' rights.

### **Risks as Employer**

The College is a major employer, combining a complex mix of tenured and untenured full-time faculty, part-time faculty, technical and clerical support staff and other types of workers in a single operation. As with all large employers, the 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.

### **Limitation or Delay of Remedies**

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

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

## **Financial Aid/Funding**

Approximately 86% of the College's full time beginning undergraduate students currently receive some Federal, State or institutional financial aid covering tuition and fees or living expenses. No assurance can be given that Federal and State financial aid and on-campus employment will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the College's financial position and may affect its rating. See "**THE COLLEGE – Enrollment History**" in the 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 Notes are secured by an unlimited ad valorem property tax as described more fully in the "**THE NOTES – Source of Security for the Notes**" herein.

## **Factors Beyond Issuer'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.

## **Other Factors**

An investment in the Notes involves an element of risk. The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Notes. 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 (IHCC) is a dynamic two-year educational institution with campuses in Ottumwa, Centerville and at the North Workforce Campus (northwest of Ottumwa). The College has four 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 IHCC 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. The Health Sciences: Practical Nursing program is also available.

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 trustees 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 from the nine districts in the ten county service area. The College is regulated by the Iowa State Department of Education.

The College employs approximately 850 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>
2010.....	135,617	6,113
2011.....	139,839	6,225
2012.....	126,174	5,660
2013.....	121,030	5,438
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(2)

Notes: (1) Source: the College and the Iowa Department of Education.  
 (2) Preliminary.

## Educational Facilities

Located within the College service area are 19 public school districts. The public school districts and their total student enrollments and population are listed below.

<u>School District</u>	<u>Certified Enrollment October 2019(1)</u>	<u>2010 Census District Population(2)</u>
Albia.....	1,151	7,304
Cardinal.....	589	3,896
Centerville.....	1,359	9,212
Chariton.....	1,256	7,354
Davis County.....	1,167	8,512
Eddyville-Blakesburg-Fremont.....	870	4,245
Fairfield.....	1,608	15,529
Keota.....	357	2,040
Moravia.....	341	2,089
Moulton-Udell.....	209	1,466
North Mahaska.....	489	2,945
Oskaloosa.....	2,273	16,046
Ottumwa.....	4,763	29,183
Pekin.....	611	3,728
Seymour.....	267	2,273
Sigourney.....	552	3,596
Tri-County.....	281	1,183
Van Buren.....	950	7,950
Wayne.....	<u>589</u>	<u>3,522</u>
Total.....	19,682	132,073

Notes: (1) Source: Iowa Department of Education.  
 (2) Source: National Center for Education Statistics as of the 2010 Census.

## SOCIOECONOMIC INFORMATION

### Population Trends

The Counties in the Merged Area XV are listed below and the Merged Area XV has an estimated 2010 population of 132,073. 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 XV.

### Population(1)

	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
Appanoose.....	12,887	13,721	13,743	15,511
Davis.....	8,753	8,541	8,312	9,104
Jefferson.....	16,843	16,181	16,310	16,316
Keokuk.....	10,511	11,400	11,624	12,921
Lucas.....	8,898	9,422	9,070	10,313
Mahaska.....	22,381	22,335	21,532	22,867
Monroe.....	7,970	8,016	8,114	9,209
Van Buren.....	7,570	7,809	7,676	8,626
Wapello.....	35,625	36,051	35,696	40,241
Wayne.....	6,403	6,730	7,067	8,199

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

## Employment

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

### Major Area Employers(1)

<u>Location</u>	<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Wapello	JB USA Pork	Pork Processing	2,400
Wapello	John Deere, Ottumwa Works	Farm Equipment	950
Varies	Indian Hills Community College	Higher Education	850
Wapello	Ottumwa Regional Health Center	Healthcare	825
Wapello	Ottumwa Community School District	Education	700
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
Wapello	Great Prairie AEA Number 15	Education Administration	285
Wayne	East Penn Manufacturing Co.	Batteries Storage	275
Appanoose	Bemis Co., Inc.	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: Area Chamber of Commerce, selected telephone surveys and the 2019 Iowa Manufacturers database.

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 XV.

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

County:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019(3)</u>
Appanoose	6.4%	5.7%	4.9%	4.7%	3.8%	3.3%	3.5%
Davis	5.5%	5.1%	4.5%	4.2%	3.3%	2.7%	2.7%
Jefferson	5.0%	4.4%	3.9%	3.7%	3.1%	2.4%	2.6%
Keokuk	5.1%	4.4%	4.3%	4.3%	3.6%	2.9%	3.4%
Lucas	4.7%	3.9%	3.6%	3.2%	2.8%	2.0%	2.1%
Mahaska	4.8%	4.4%	4.0%	3.7%	3.3%	2.5%	2.5%
Monroe	5.7%	5.0%	4.5%	4.6%	3.8%	2.9%	2.9%
Van Buren	5.5%	4.5%	4.1%	3.6%	3.1%	2.7%	2.6%
Wapello	6.3%	5.5%	5.2%	5.8%	4.6%	3.4%	3.4%
Wayne	5.2%	5.0%	4.0%	3.8%	3.1%	2.7%	2.6%
State of Iowa	4.7%	4.2%	3.8%	3.6%	3.1%	2.5%	2.9%

Notes: (1) Source: Iowa Workforce Development and U.S. Bureau of Labor Statistics.

(2) Not seasonally adjusted.

(3) Preliminary rates for the month of December 2019.

## Income Statistics

There are 20 school districts within the boundaries of the Merged Area XV. The following is the average adjusted gross income (AGI) per state income tax returns filed by residents of each of the school districts for the year ending December 31, 2017.

### Adjusted Gross Income (AGI) By School District in 2017(1)

School District	Adjusted Gross Income	Number of Returns	Average AGI Per Return
Albia .....	\$137,627,148	3,951	\$34,833
Cardinal .....	64,449,379	1,946	33,119
Centerville.....	143,965,441	4,743	30,353
Chariton.....	155,185,109	4,658	33,316
Davis County.....	152,141,839	4,352	34,959
Eddyville-Blakesburg-Fremont.....	89,740,677	2,561	35,041
Fairfield.....	326,943,627	8,020	40,766
Harmony.....	34,972,790	1,102	31,736
Keota.....	45,845,996	1,161	39,488
Moravia.....	37,196,554	1,090	34,125
Moulton-Udell.....	18,517,359	696	26,605
North Mahaska .....	66,992,713	1,633	41,024
Oskaloosa.....	354,065,605	8,877	39,886
Ottumwa.....	546,210,712	15,392	35,487
Pekin.....	71,954,383	1,962	36,674
Seymour.....	28,595,062	970	29,479
Sigourney.....	64,762,011	1,943	33,331
Tri-County.....	30,711,480	1,033	29,730
Van Buren.....	94,582,353	2,790	33,900
Wayne.....	78,602,472	2,215	35,486

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

### Agriculture

Shown below are agricultural statistics of the Merged Area XV Counties and certain data comparing the Counties with statewide averages:

#### Average Value Per Acre(1)

County	2015	2016	2017	2018	2019
Appanoose .....	\$3,682	\$3,609	\$3,647	\$3,656	\$3,758
Davis .....	4,858	4,693	4,752	4,723	4,897
Jefferson.....	5,611	5,367	5,442	5,378	5,608
Keokuk .....	6,682	6,335	6,431	6,320	6,628
Lucas.....	3,837	3,761	3,801	3,810	3,916
Mahaska.....	6,912	6,610	6,703	6,622	6,907
Monroe.....	4,980	4,807	4,868	4,836	5,017
Van Buren.....	5,170	4,999	5,061	5,033	5,215
Wapello.....	5,633	5,384	5,459	5,391	5,626
Wayne.....	3,738	3,664	3,702	3,711	3,815
State of Iowa .....	7,633	7,183	7,326	7,264	7,432

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 Counties.

#### Retail Taxable Sales(1)

County	Year Ended June 30				
	2015	2016	2017	2018	2019
Appanoose .....	\$ 107,751,779	\$ 109,839,124	\$ 111,934,039	\$ 125,195,101	\$ 138,920,429
Davis .....	62,615,475	67,520,823	72,938,168	78,055,992	76,491,643
Jefferson.....	158,367,917	155,056,546	159,348,477	155,536,593	154,704,807
Keokuk .....	42,343,666	43,541,108	44,272,925	43,075,496	44,898,116
Lucas.....	50,555,008	52,503,169	52,745,515	54,112,177	52,874,311
Mahaska.....	186,231,197	191,183,835	193,133,870	188,526,571	192,577,793
Monroe.....	48,893,671	42,777,315	44,343,031	40,751,447	40,875,503
Van Buren.....	34,421,023	36,528,205	37,151,135	38,613,233	36,451,146
Wapello.....	407,783,363	400,524,079	386,571,950	361,857,969	349,175,336
Wayne.....	28,033,696	29,268,254	31,008,409	32,204,264	32,240,456
Total .....	\$1,126,996,795	\$1,128,742,458	\$1,133,447,519	\$1,117,928,843	\$1,119,209,540

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

### THE PROJECT

Bond proceeds will be used to: (i) pay the costs of improving, remodeling, furnishing and equipping the Food Service area and other existing facilities (the “Project”) and (ii) pay the costs of issuing the Notes. The Project will include the renovation of the existing 11,000 square foot main campus dining hall, kitchen and servery with all new modern equipment. The renovations include updated layout and finishes throughout as well as mechanical, electrical and plumbing updates. In addition, there will be improvements to other facilities and roadways throughout the campus.

### DEFAULT RECORD

The College has no record of default and has met its debt repayment obligations promptly.

### SHORT-TERM BORROWING

The College has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

### DEBT INFORMATION

After issuance of the Notes, the College will have outstanding \$12,175,000\* principal amount of general obligation debt of which \$7,175,000 principal amount is for Industrial New Jobs Training Certificates 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.

#### Debt Limitation

The constitutional general obligation debt limit of a political subdivision of the state of Iowa is equal to five percent (5%) of the value of taxable property within its borders. According to and based upon the January 1, 2018 property valuations, for taxes payable in September 2019 and March 2020 the general obligation debt limit of the College for the period which began July 1, 2019 and ends June 30, 2020 is:

2018 100% Actual Valuation of Property .....	\$10,735,313,496
Constitutional Debt Limit .....	\$ 536,765,675
Outstanding Bonds/Notes Applicable to Debt Limit:	
Total G.O. Debt Subject to Debt Limit.....	\$ 12,175,000
Total Applicable Debt .....	<u>\$ 12,175,000</u>
Remaining Debt Capacity.....	\$ 424,590,675

The College does not expect to issue any additional general obligation debt in fiscal year 2020.

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

Industrial New Jobs Training Certificates:	
Taxable Series 2014-1 .....	\$ 665,000
Taxable Series 2016-1 .....	615,000
Taxable Series 2017-1 .....	895,000
Taxable Series 2018-1 .....	1,205,000
Taxable Series 2018-2 .....	1,620,000
Taxable Series 2019-1 .....	2,175,000
General Obligation Debt:	
The Notes(2) .....	<u>5,000,000</u>
Total(2) .....	<u>\$12,175,000</u>

- Notes: (1) Source: the College.  
 (2) Subject to change.

\*Subject to change.

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

Fiscal Year Ending June 30	Series	Series	Series	Series	Series	Series	Total	The	Total General	Cumulative Retirement(2)	
	2014-1	2016-1	2017-1	2018-1	2018-2	2019-1	Outstanding GO Debt	Notes(2)	Obligation Debt	Amount	Percent
2020 .....	\$135,000	\$ 90,000	\$120,000	\$ 155,000	\$ 190,000	\$ 145,000	\$ 835,000	\$ 0	\$ 835,000	\$ 835,000	6.86%
2021 .....	135,000	90,000	120,000	150,000	190,000	235,000	920,000	500,000	1,420,000	2,255,000	18.52%
2022 .....	135,000	90,000	115,000	150,000	195,000	225,000	910,000	525,000	1,435,000	3,690,000	30.31%
2023 .....	130,000	90,000	115,000	150,000	185,000	225,000	895,000	535,000	1,430,000	5,120,000	42.05%
2024 .....	130,000	90,000	115,000	150,000	185,000	225,000	895,000	545,000	1,440,000	6,560,000	53.88%
2025 .....	0	90,000	110,000	150,000	175,000	225,000	750,000	555,000	1,305,000	7,865,000	64.60%
2026 .....	0	75,000	100,000	150,000	170,000	225,000	720,000	565,000	1,285,000	9,150,000	75.15%
2027 .....	0	0	100,000	150,000	165,000	225,000	640,000	580,000	1,220,000	10,370,000	85.17%
2028 .....	0	0	0	0	165,000	225,000	390,000	590,000	980,000	11,350,000	93.22%
2029 .....	0	0	0	0	0	220,000	220,000	605,000	825,000	12,175,000	100.00%
Total .....	\$665,000	\$615,000	\$895,000	\$1,205,000	\$1,620,000	\$2,175,000	\$7,175,000	\$5,000,000	\$12,175,000		

Notes: (1) Source: the College. For term Certificates, mandatory redemption amounts are shown.  
 (2) Subject to change.

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

College Actual Value, January 1, 2018 .....\$10,735,313,496  
 College Taxable Value, January 1, 2018 .....\$ 6,295,601,012

	Total Applicable G.O. Debt	Ratio to College Actual Valuation	Ratio to College Taxable Valuation	Per Capita (2010 Pop. Est. 132,073)
Direct General Obligation Bonded Debt(3)(4).....	\$ 12,175,000	0.11%	0.19%	\$ 92.18
Less: Direct Debt Paid From Non Property Tax Sources (3)(4).....	<u>(7,175,000)</u>	<u>(0.07%)</u>	<u>(0.11%)</u>	<u>(54.33)</u>
Net Direct GO Bonded Debt(4).....	\$ 5,000,000	0.04%	0.08%	\$ 37.86
<b>Overlapping Debt:</b>				
Schools .....	\$ 28,395,226	0.26%	0.45%	\$215.00
Cities .....	56,065,557	0.52%	0.89%	424.50
Counties .....	<u>27,734,132</u>	<u>0.26%</u>	<u>0.44%</u>	<u>209.99</u>
Total Overlapping Debt.....	<u>\$11,2194,915</u>	<u>1.05%</u>	<u>1.78%</u>	<u>\$849.49</u>
 Total Net Direct General Obligation and Overlapping Bonded Debt.....	 \$11,7194,915	 1.09%	 1.86%	 \$887.35

College Actual Value, January 1, 2018 Per Capita .....\$81,283.18  
 College Taxable Value, January 1, 2018 Per Capita.....\$47,667.59

- Notes: (1) Source: the College, Audited Financial Statements and the June 30, 2019 Outstanding Debt Obligation Report State of Iowa Treasurer for the Cities, School Districts and Counties.  
 (2) As of the date of issuance for net direct debt and June 30, 2019 for overlapping debt.  
 (3) Includes all Industrial New Jobs Training Certificates of the College which are expected to be paid by proceeds from anticipated job credits from withholding taxes, budgeted reserves, and in the case of an insufficiency of such sources, from standby property taxes.  
 (4) Subject to change.

### PROPERTY ASSESSMENT AND TAX INFORMATION

#### Property Tax Assessment

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

<u>Fiscal Year</u>	<u>Residential</u>	<u>Multi- Residential(2)</u>	<u>Ag Land &amp; Buildings</u>	<u>Commercial</u>
2011/12.....	48.5299%	N/A	69.0152%	100.0000%
2012/13.....	50.7518%	N/A	57.5411%	100.0000%
2013/14.....	52.8166%	N/A	59.9334%	100.0000%
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%

- Notes: (1) Source: the Iowa Department of Revenue.  
 (2) New category beginning with fiscal year 2017.

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following tax year. For example, the assessments finalized on January 1, 2018, are used to calculate tax liability for the tax year starting July 1, 2019 through June 30, 2020.

### 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: Levy Year January 1:	2016/17 2015	2017/18 2016	2018/19 2017	2019/20 2018	Preliminary 2020/21 2019
Residential .....		\$4,343,543,521	\$ 4,442,215,858	\$ 4,641,359,076	\$ 4,691,715,679	\$ 4,945,481,536
Agricultural Land .....		3,153,231,205	3,154,161,204	3,115,754,736	3,113,622,949	2,290,689,048
Agricultural Buildings .....		184,836,491	194,219,098	154,500,362	167,289,252	126,612,007
Commercial .....		733,774,606	747,569,668	707,316,669	721,793,163	757,282,410
Industrial .....		298,982,172	309,361,749	318,849,692	330,759,863	353,396,584
Multi-Residential .....		135,129,406	145,811,281	140,069,369	151,501,724	152,698,472
Railroad .....		156,025,564	180,337,419	174,381,781	195,699,054	219,906,304
Utilities without Gas and Electric .....		147,750,205	148,924,523	169,457,297	342,298,727	400,382,050
Gas and Electric Utilities .....		672,914,561	745,603,890	842,068,582	1,032,045,511	1,160,301,806
Other .....		180,183	180,553	495,181	112,376	197,507
Less: Military Exemption .....		(13,285,308)	(12,683,593)	(12,091,079)	(11,524,802)	(10,993,281)
Total .....		\$9,813,082,606	\$10,055,701,650	\$10,252,161,666	\$10,735,313,496	\$10,395,954,443
Percent Change +/- .....		2.47%(4)	2.47%	1.95%	4.71%	(3.16%)

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

January 1:	2015	2016	2017	2018	2019
TIF Valuation .....	\$73,390,565	\$60,582,863	\$58,020,216	\$64,827,524	\$96,268,280

- (3) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.  
 (4) Based on 2014 Actual Valuation of \$9,576,537,254.

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For the January 1, 2019 levy year, the College's Taxable Valuation was comprised of approximately 41% residential, 30% agriculture, 10% commercial, 9% utilities, 5% industrial, 3% railroad, 2% multi-residential, and less than 1% military exemption.

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

Fiscal Year:	2016/17	2017/18	2018/19	2019/20	Preliminary
Property Class	2015	2016	2017	2018	2020/21
Levy Year January 1:	2015	2016	2017	2018	2019
Residential .....	\$2,416,134,931	\$2,529,357,917	\$2,581,565,336	\$2,671,344,574	\$2,723,689,808
Agricultural Land .....	1,453,853,803	1,498,211,837	1,696,466,115	1,747,751,329	1,866,526,805
Agricultural Buildings .....	85,222,109	92,251,910	84,122,320	93,903,456	103,167,409
Commercial .....	660,396,628	672,813,016	636,585,073	649,613,916	681,554,265
Industrial .....	269,083,967	278,425,585	286,964,730	297,683,882	318,056,917
Multi-residential .....	116,549,211	120,294,462	110,304,709	112,423,352	108,797,789
Railroad .....	140,423,014	162,303,683	156,943,615	176,129,150	197,915,679
Utilities without Gas and Electric .....	147,751,015	148,924,523	169,457,297	342,298,727	400,382,050
Gas and Electric Utilities .....	223,039,714	216,533,461	218,120,383	215,865,052	258,482,908
Other .....	180,183	180,553	495,181	112,376	197,507
Less: Military Exemption .....	(13,285,308)	(12,683,593)	(12,091,079)	(11,524,802)	(10,993,281)
Total .....	\$5,499,349,267	\$5,706,613,354	\$5,928,933,680	\$6,295,601,012	\$6,647,777,856
Percent Change +/- .....	3.14%(3)	3.77%	3.90%	6.18%	5.59%

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

January 1:	2015	2016	2017	2018	2019
TIF Valuation .....	\$57,805,541	\$60,204,976	\$57,698,932	\$64,515,501	\$77,009,755

- (3) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.  
 (4) Based on 2014 Taxable Valuation of \$5,331,731,729.

**Levy Year January 1, 2019 College Valuation By County(1)**

	100% Actual Value	Percent of Total	Taxable Value	Percent of Total
Appanoose .....	\$ 888,869,383	8.55%	\$ 515,235,373	7.75%
Davis .....	661,900,425	6.37%	433,000,364	6.51%
Decatur .....	12,211,896	0.12%	8,516,442	0.13%
Henry .....	16,217,187	0.16%	11,011,919	0.17%
Iowa .....	6,673,581	0.06%	4,778,850	0.07%
Jefferson .....	1,437,069,252	13.82%	930,301,961	13.99%
Keokuk .....	924,252,835	8.89%	622,595,797	9.37%
Lee .....	45,103,911	0.43%	33,293,145	0.50%
Lucas .....	600,761,069	5.78%	362,241,333	5.45%
Mahaska .....	1,629,809,290	15.68%	1,081,517,849	16.27%
Marion .....	253,975	0.00%	107,515	0.00%
Monroe .....	738,249,457	7.10%	518,983,658	7.81%
Poweshiek .....	31,903,550	0.31%	23,978,979	0.36%
Van Buren .....	636,322,064	6.12%	433,799,361	6.53%
Wapello .....	2,155,497,787	20.73%	1,247,941,446	18.77%
Washington .....	102,749,715	0.99%	73,374,083	1.10%
Wayne .....	508,109,066	4.89%	347,099,781	5.22%
Total .....	\$10,395,954,443	100.00%	\$6,647,777,856	100.00%

Note: (1) Source: the Iowa Department of Management.

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>
2009.....	2010-11.....	\$4,310,331	\$4,292,781	99.59%
2010.....	2011-12.....	4,311,879	4,307,405	99.90%
2011.....	2012-13.....	3,963,194	3,981,490	100.46%
2012.....	2013-14.....	4,138,822	4,143,844	100.12%
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	-In Collection - -	

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

**Principal Taxpayers(1)**

<u>Taxpayer Name</u>	<u>Business/Service</u>	<u>Levy Year 2018 Taxable Valuation(2)</u>
Dakota Access LLC.....	Pipeline.....	\$152,125,873
Mid-American Energy.....	Utility.....	131,880,546
Interstate Power & Light Company.....	Utility.....	127,354,863
Cargill Incorporate.....	Industrial.....	79,986,095
Burlington Northern Railroad.....	Railroad.....	67,124,960
ANR Pipeline.....	Pipeline.....	55,577,739
Ajinomoto Heartland Inc.....	Industrial.....	54,543,885
RCHP-Ottumwa Inc.....	Healthcare.....	31,217,724
Walmart.....	Retail Business.....	28,478,712
Union Pacific Railroad Company.....	Railroad.....	26,873,295
Total.....		\$755,163,692
Ten Largest Taxpayers as Percent of College's 2018 Taxable Valuation (\$6,295,601,012).....		12.00%

- 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.

**Property Tax Rates**

All taxable property within the Merged Area XV is taxed by each county at a rate not to exceed \$0.2025 per \$1,000 of assessed value on such property for the operation of the area vocational school or the area community college such as the College. In addition to the tax authorized for the operation of a merged area community college, the voters in any merged area may vote a tax not to exceed \$0.2025 per \$1,000 of assessed value for a period not to exceed ten years for capital improvements to the merged area. Under certain conditions, the Board may by Resolution extend said tax for additional ten year periods. The board of directors of a merged area may also certify a levy not to exceed \$0.03 per \$1,000 of assessed value for equipment replacement and they are authorized to levy to pay certain insurance expenses of the merged area. In addition, upon voter approval, the College can institute a property tax that generates \$0.06 per \$1,000 of assessed valuation. The voters of the College 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 will end with the 2023 fiscal year. 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 property tax rates for the College from levy year 2014 through levy year 2018 are shown below:

**Property Tax Rates: Levy Years 2014 - 2018(1)(2)**  
 (Per \$1,000 Actual Valuation)

	Fiscal Year: Levy Year:	2015/16 <u>2014</u>	2016/17 <u>2015</u>	2017/18 <u>2016</u>	2018/19 <u>2017</u>	2019/20 <u>2018</u>
College:						
Unrestricted General Fund .....		\$0.20250	\$0.20250	\$0.20250	\$0.20250	\$0.20250
Unemployment Compensation.....		0.04218	0.00474	0.00606	0.00987	0.01396
Tort Liability .....		0.06231	0.08077	0.08270	0.08256	0.08181
Insurance .....		0.18998	0.26828	0.27988	0.29451	0.32483
Early Retirement.....		0.14723	0.09461	0.07994	0.07746	0.07780
Equipment Replacement .....		0.09000	0.09000	0.09000	0.09000	0.09000
Standby .....		0.01179	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>0.00000</u>	<u>0.00000</u>
Total College .....		\$0.94849	\$0.94340	\$0.94358	\$0.95940	\$0.99340

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

**Tax Levy Procedures**

The Notes are general obligations of the College, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the boundaries of the Merged Area. 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 property within 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 Notes for a particular fiscal year may cause Note holders to experience delay in the receipt of distributions of principal of and/or interest on the Notes. In the event of a default in the payment of principal of or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (consisting primarily of an action in the nature of mandamus requiring the College and certain other public officials to perform the terms of the resolution for the Notes) may have to be enforced from year to year.

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

**Utility Property Tax Replacement**

Property owned by entities involved primarily in the production, delivery, service and sale of electricity and natural gas (“Utilities”) pay a replacement tax based upon the delivery of energy by Utilities in lieu of property taxes. All replacement taxes are allocated among local taxing bodies by the State Department of Revenue and 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 Notes. Approximately 9% of the College’s levy year 2019 taxable valuation currently is utility property.

## **Tax Increment Financing**

The Code of Iowa currently authorizes the use of two types of tax increment financing by local taxing districts in the State of Iowa. The first type allows local governments to establish TIF districts to be established for the purposes of financing designated urban renewal projects which contribute to the urban redevelopment and economic development of the immediate area. The taxable valuation for this type of TIF district in the College for levy year 2019 was \$77,009,755.

The second type of tax increment financing was authorized by state legislative action in the mid-1980’s. The area community colleges can establish TIF districts by contract with specific local businesses and industries to provide jobs training programming for new employees of existing expanding businesses or employees of new businesses. The revenues from these job training TIF districts then retires the debt incurred from the issuance of jobs training certificates which finance the cost of jobs training programming over a maximum of ten years. Upon payment of all jobs training certificates, the district dissolves and the incremental value from the new or expanded business reverts to the general tax base. There is no current valuation for this second type of TIF district.

## **Legislation**

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 Notes 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 Notes and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the “2013 Act”). Among other things, the Act (i) reduced the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property to 3%, (ii) assigned a “rollback” (the percentage of a property’s value that is subject to tax) to commercial, industrial and railroad property of 90%, (iii) created a new property tax classification for multi-residential properties (apartments, nursing homes, assisted living facilities and certain other rental property) and assigned a declining rollback percentage to such properties for each year until the residential rollback percentage is reached in the 2022 assessment year, after which the rollback percentage for such properties will be equal to the residential rollback percentage each assessment year, and (iv) exempted a specified portion of the assessed value of telecommunication properties.

The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Beginning in fiscal year 2018 the standing appropriation cannot exceed the actual 2017 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act’s provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3%, the gradual transition for multi-residential properties from the residential rollback percentage (currently 53% of market value), or the reduction in the percentage of telecommunications property that is subject to taxation.

Given the wide scope of the statutory changes, and the State's discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal 2018, the impact of the 2013 Act on the College's future property tax collections is uncertain and the College has not attempted to quantify the financial impact of the 2013 Act's provisions on the College's future operations.

Notwithstanding any decrease in property tax revenues that may result from the 2013 Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues bonds, "[t]he governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the College.

## **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, 2019 (the "2019 Audit"). The 2019 Audit has been prepared by the Office of Auditor State of Iowa, Des Moines, Iowa, (the "Auditor"), and received by the Board of Trustees. The College has not requested the Auditor to update information contained in the Excerpted Financial Information and the 2019 Audit; nor has the College requested that the Auditor consent to the use of the Excerpted Financial Information and the 2019 Audit in this Official Statement. The inclusion of the Excerpted Financial Information and the 2019 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 2019 Audit. Questions or inquiries relating to financial information of the College since the date of the 2019 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 2019 Audit. The College's Current Funds – Unrestricted balance for the fiscal year ending June 30, 2019 to increase by approximately \$107,000. The College has approved a balance budget for fiscal year 2020, to date, revenues and expenditures are generally within budgeted amounts.

Statement of Net Position(1)(2)

	Audited as of June 30				
	2015	2016	2017	2018	2019
<b>ASSETS:</b>					
Current Assets:					
Cash, Cash Equivalents and Pooled Investments:					
Cash, Cash Equivalents and Pooled Investments.....	\$ 37,592,867	\$ 37,819,349	\$ 41,444,784	\$ 45,572,197	\$ 44,862,507
Restricted Cash, Cash Equivalents, and Pooled Investments .....	3,936,374	4,103,382	4,130,198	4,634,896	4,745,228
Receivables:					
Accounts (Net).....	2,596,867	2,563,039	2,551,943	2,089,001	1,315,469
Succeeding Year Property Tax .....	4,478,233	4,621,080	4,875,805	5,069,577	5,570,966
Due From Other Governments .....	1,703,035	1,165,349	1,180,116	1,346,316	914,260
Prepaid Expenses .....	94,134	204,240	184,039	422,116	515,384
Inventories.....	989,537	1,035,713	908,921	826,550	848,230
Total Current Assets .....	<u>\$ 51,391,047</u>	<u>\$ 51,512,152</u>	<u>\$ 55,275,806</u>	<u>\$ 59,960,653</u>	<u>\$ 58,775,294</u>
Noncurrent Assets:					
Cash and Cash Equivalents.....	\$ 4,930,207	\$ 5,421,953	\$ 6,386,173	\$ 6,275,580	\$ 7,514,842
Receivable for Iowa Industrial New Jobs Training Program .....	1,561,882	783,722	958,647	1,032,109	1,922,991
Capital Assets (Net).....	45,915,969	45,300,880	45,946,615	44,926,361	48,332,716
Total Noncurrent Assets .....	<u>\$ 52,408,058</u>	<u>\$ 51,506,555</u>	<u>\$ 53,291,435</u>	<u>\$ 52,234,050</u>	<u>\$ 57,770,549</u>
Total Assets.....	<u>\$103,799,105</u>	<u>\$103,018,707</u>	<u>\$108,567,241</u>	<u>\$112,194,703</u>	<u>\$116,545,843</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Pension Related Deferred Outflows .....	\$ 1,672,129	\$ 1,711,817	\$ 3,641,834	\$ 3,874,251	\$ 3,231,531
OPEB Related Deferred Outflows.....	0	0	0	4,064	3,550
Total Deferred Outflows of Resources .....	<u>\$ 1,672,129</u>	<u>\$ 1,711,817</u>	<u>\$ 3,641,834</u>	<u>\$ 3,878,315</u>	<u>\$ 3,235,081</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable.....	\$ 1,000,328	\$ 916,210	\$ 1,368,244	\$ 1,557,642	\$ 2,306,749
Salaries and Benefits Payable .....	1,310,059	1,265,378	1,277,704	1,198,814	1,148,690
Advances From Others.....	2,385,536	2,359,797	1,704,192	1,659,377	1,336,648
Early Retirement Payable.....	247,990	243,690	270,935	288,465	497,938
Compensated Absences Payable .....	862,722	967,858	988,387	972,540	960,546
Deposits Held in Custody For Others.....	361,071	339,906	407,084	418,924	395,500
Certificates Payable.....	985,000	345,000	580,000	680,000	690,000
Total Current Liabilities .....	<u>\$ 7,152,706</u>	<u>\$ 6,437,839</u>	<u>\$ 6,596,546</u>	<u>\$ 6,775,762</u>	<u>\$ 7,336,071</u>
Noncurrent Liabilities:					
Early Retirement Payable .....	\$ 706,630	\$ 559,361	\$ 722,007	\$ 694,501	\$ 855,626
Certificates Payable.....	1,823,883	1,465,424	2,820,639	3,365,055	4,291,093
Net Pension Liability.....	8,107,120	9,876,501	12,691,748	13,316,885	12,153,321
Total OPEB Liability.....	135,012	152,182	166,919	162,738	109,069
Total Noncurrent Liabilities .....	<u>\$ 10,772,645</u>	<u>\$ 12,053,468</u>	<u>\$ 16,401,313</u>	<u>\$ 17,539,179</u>	<u>\$ 17,409,109</u>
Total Liabilities.....	<u>\$ 17,925,351</u>	<u>\$ 18,491,307</u>	<u>\$ 22,997,859</u>	<u>\$ 24,314,941</u>	<u>\$ 24,745,180</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable Property Tax Revenue .....	\$ 4,478,233	\$ 4,621,080	\$ 4,875,805	\$ 5,069,577	\$ 5,570,966
Pension Related Deferred Inflows.....	3,549,163	1,241,779	448,142	503,633	1,148,078
OPEB Related Deferred Inflows.....	0	0	0	0	57,511
Total Deferred Inflows of Resources .....	<u>\$ 8,027,396</u>	<u>\$ 5,862,859</u>	<u>\$ 5,323,947</u>	<u>\$ 5,573,210</u>	<u>\$ 6,776,555</u>
<b>NET POSITION:</b>					
Net Investment in Capital Assets .....	\$ 45,915,969	\$ 45,300,880	\$ 45,946,615	\$ 44,926,361	\$ 48,332,716
Restricted					
Nonexpendable .....	3,936,374	4,103,382	4,310,198	4,634,896	11,292,014
Expendable .....	8,074,994	7,834,060	8,614,085	9,809,071	4,159,165
Unrestricted.....	21,591,150	23,138,036	25,016,371	26,814,539	24,475,294
Total Net Position .....	<u>\$ 79,518,487</u>	<u>\$ 80,376,358</u>	<u>\$ 83,887,269</u>	<u>\$ 86,184,867</u>	<u>\$ 88,259,189</u>

Notes: (1) Source: Audited financial statements of the College for the fiscal years ended June 30, 2015 through 2019.  
 (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				
	2015	2016	2017	2018	2019
<b>OPERATING REVENUES:</b>					
Tuition and Fees (Net).....	\$ 14,847,834	\$ 16,466,845	\$ 15,072,941	\$ 13,448,932	\$ 12,951,988
Federal Appropriations .....	4,583,388	5,519,829	5,391,530	4,667,218	3,508,012
Sales and Services .....	751,363	827,162	1,017,135	982,805	1,047,479
Iowa Industrial New Jobs Training Program.....	596,542	157,690	1,206,763	822,127	2,032,582
Auxiliary Enterprises (Net).....	5,442,480	5,694,885	5,481,688	5,014,102	4,804,366
Contributions .....	1,060,474	923,099	1,951,187	1,166,892	758,462
Rental Income and Facility Management .....	549,351	652,836	648,206	582,681	566,589
Miscellaneous.....	1,045,770	1,554,693	3,204,917	3,246,977	3,306,547
Total Operating Revenues .....	<u>\$ 28,877,202</u>	<u>\$ 31,797,039</u>	<u>\$ 33,974,367</u>	<u>\$ 29,931,734</u>	<u>\$ 28,976,025</u>
<b>OPERATING EXPENSES:</b>					
Education and Support:					
Liberal Arts and Sciences .....	\$ 5,445,744	\$ 5,619,428	\$ 5,493,256	\$ 5,826,072	\$ 5,384,692
Vocational Technical.....	14,207,774	15,902,472	12,747,292	12,228,387	12,084,613
Adult Education .....	3,162,574	3,596,015	3,826,755	3,486,569	3,369,077
Cooperative Services.....	791,043	398,691	1,243,927	1,051,955	2,305,922
Administration.....	1,907,672	1,722,882	2,021,557	1,834,131	1,847,878
Student Services .....	4,638,718	4,502,396	4,597,995	4,245,721	4,189,498
Learning Resources.....	626,728	656,316	624,829	494,844	430,528
Physical Plant.....	5,619,488	5,420,651	4,962,267	5,620,913	5,586,001
General Institution .....	5,615,577	5,892,520	9,139,072	8,914,120	9,356,657
Auxiliary Enterprises .....	6,885,696	7,026,214	6,671,164	6,336,064	5,859,913
Scholarships and Grants .....	3,692,484	3,196,266	2,594,808	2,272,627	2,018,091
Workforce Investment Act.....	2,260,702	2,493,210	2,571,972	1,671,877	689,675
Plant Operations.....	961,589	1,680,941	1,250,891	1,429,191	1,573,280
General and Administrative.....	156,689	345,273	413,049	413,685	486,771
Programs.....	431,002	474,010	459,344	435,404	444,210
Depreciation/Amortization.....	2,947,923	2,485,524	2,755,682	2,795,949	2,889,847
Total Operating Expenses .....	<u>\$ 59,351,403</u>	<u>\$ 61,412,809</u>	<u>\$ 61,373,860</u>	<u>\$ 59,057,509</u>	<u>\$ 58,516,653</u>
Operating Income (Loss) .....	<u>\$(30,474,201)</u>	<u>\$(29,615,770)</u>	<u>\$(27,399,493)</u>	<u>\$(29,125,775)</u>	<u>\$(29,540,628)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
State Appropriations .....	\$ 18,600,408	\$ 18,971,694	\$ 18,195,085	\$ 18,264,076	\$ 18,030,432
Pell Grants.....	7,682,493	6,716,993	5,559,330	5,498,491	5,242,195
Property Tax .....	4,944,550	4,979,238	5,137,967	5,423,508	5,646,929
Investment Income .....	1,081,239	(117,676)	2,041,231	2,094,482	2,789,468
Donated Capital Assets .....	73,768	12,000	30,000	41,500	60,000
Gain on Disposal of Capital Assets.....	(577)	(30,181)	3,476	174,045	(10,184)
Interest on Indebtedness .....	(72,413)	(58,427)	(56,685)	(93,801)	(143,890)
Net Non-Operating Revenues (Expenses).....	<u>\$ 32,309,468</u>	<u>\$ 30,473,641</u>	<u>\$ 30,910,404</u>	<u>\$ 31,402,301</u>	<u>\$ 31,614,950</u>
Change in Net Position.....	\$ 1,835,267	\$ 857,871	\$ 3,510,911	\$ 2,276,526	\$ 2,074,322
Net Position Beginning of Year .....	77,683,220	79,518,487	80,376,358	83,908,341(3)	86,184,867
Net Position End of Year .....	<u>\$ 79,518,487</u>	<u>\$ 80,376,358</u>	<u>\$ 83,887,269</u>	<u>\$ 86,184,867</u>	<u>\$ 88,259,189</u>

Notes: (1) Source: Audited financial statements for the College for the fiscal years ended June 30, 2015 through 2019.  
 (2) Includes the Indian Hills Community College Foundation and the Indian Hills Community College Development Corporation.  
 (3) Restated.

**Balance Sheet(1)**

**Current Funds - Unrestricted**

	Audited as of June 30				
	2015	2016	2017	2018	2019
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>					
Cash, Cash Equivalents and Pooled Investments.....	\$ 8,736,281	\$ 9,647,117	\$10,191,391	\$11,474,484	\$13,027,133
Receivables					
Accounts (Net).....	2,570,481	2,524,206	2,380,872	1,899,163	1,269,404
Succeeding Year Property Tax.....	961,249	991,722	1,029,058	1,070,033	1,135,616
Due from Other Funds.....	2,627,002	4,979,528	560,468	304,553	260,013
Due from Other Governments.....	70,443	10,712	31,255	8,721	55,789
Prepaid Expenses.....	91,599	202,191	140,557	259,754	314,520
Inventories.....	989,537	1,035,713	908,921	826,550	848,230
Total Assets.....	<u>\$16,046,592</u>	<u>\$19,391,189</u>	<u>\$15,242,522</u>	<u>\$15,843,258</u>	<u>\$16,910,705</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable.....	\$ 911,902	\$ 839,931	\$ 880,704	\$ 992,903	\$ 1,488,464
Salaries and Benefits Payable.....	1,233,003	1,259,123	1,273,642	1,195,767	1,145,961
Due to Other Funds.....	2,710,935	5,743,158	2,017,642	2,424,383	3,213,312
Advances from Others.....	2,159,123	2,134,898	1,581,958	1,588,773	1,259,527
Compensated Absences.....	827,657	920,955	943,032	969,593	958,474
Total Liabilities.....	<u>\$ 7,842,620</u>	<u>\$10,898,065</u>	<u>\$ 6,696,978</u>	<u>\$ 7,171,419</u>	<u>\$ 8,065,738</u>
Deferred Inflows of Resources:					
Succeeding Year Property Tax.....	<u>\$ 961,249</u>	<u>\$ 991,722</u>	<u>\$ 1,029,058</u>	<u>\$ 1,070,033</u>	<u>\$ 1,135,616</u>
Fund Balances:					
Unrestricted.....	\$ 5,041,781	\$ 5,058,274	\$ 5,069,535	\$ 5,078,830	\$ 5,082,473
Auxiliary Enterprises.....	<u>2,200,942</u>	<u>2,443,128</u>	<u>2,446,951</u>	<u>2,522,976</u>	<u>2,626,878</u>
Total Fund Balance.....	<u>\$ 7,242,723</u>	<u>\$ 7,501,402</u>	<u>\$ 7,516,486</u>	<u>\$ 7,601,806</u>	<u>\$ 7,709,351</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	<u>\$16,046,592</u>	<u>\$19,391,189</u>	<u>\$15,242,522</u>	<u>\$15,843,258</u>	<u>\$16,910,705</u>

Note: (1) Source: Audited financial statements of the College for the fiscal years ended June 30, 2015 through 2019.

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**Schedule of Revenues, Expenditures and Changes in Fund Balances (1)**

**Current Funds - Unrestricted**

	Audited Fiscal Year Ended June 30				
	2015	2016	2017	2018	2019
<b>REVENUES:</b>					
General:					
State Appropriations .....	\$14,805,630	\$14,798,127	\$14,639,966	\$14,689,941	\$14,883,698
Tuition and Fees .....	19,395,523	20,784,275	18,728,253	17,194,736	16,766,157
Property Tax .....	1,057,623	1,068,911	1,101,822	1,143,814	1,191,060
Federal Appropriations .....	0	0	0	253	0
Sales and Services .....	296,860	381,850	491,767	485,872	593,485
Interest on Investments .....	51,790	61,359	91,783	184,268	336,625
Miscellaneous .....	1,633,098	1,939,440	1,954,521	2,268,969	2,456,504
Total General Revenues .....	<u>\$37,240,524</u>	<u>\$39,033,962</u>	<u>\$37,008,112</u>	<u>\$35,967,853</u>	<u>\$36,227,529</u>
Auxiliary Enterprises:					
Tuition and Fees .....	\$ 367,900	\$ 459,555	\$ 531,500	\$ 551,500	\$ 522,500
Federal Appropriations .....	16,000	15,201	14,070	10,047	8,517
Sales and Services .....	6,870,890	6,935,818	6,594,242	5,899,947	5,496,428
Interest on Investments .....	17	1,908	5,404	24,355	17,994
Miscellaneous .....	376,855	422,846	374,915	411,167	483,819
Total Auxiliary Enterprises .....	<u>\$ 7,631,662</u>	<u>\$ 7,835,328</u>	<u>\$ 7,520,131</u>	<u>\$ 6,897,016</u>	<u>\$ 6,529,258</u>
Total Revenues .....	<u>\$44,872,186</u>	<u>\$46,869,290</u>	<u>\$44,528,243</u>	<u>\$42,864,869</u>	<u>\$42,756,787</u>
<b>EXPENDITURES:</b>					
Education and Support:					
Liberal Arts and Sciences .....	\$ 5,287,016	\$ 5,467,793	\$ 5,590,120	\$ 5,521,665	\$ 5,440,896
Vocational Technical .....	13,254,667	14,402,000	12,920,350	12,330,859	12,517,840
Adult Education .....	1,450,288	1,260,103	1,216,856	1,151,102	1,235,031
Cooperative Services .....	104,776	158,520	52,259	8,035	13,511
Administration .....	1,617,352	1,616,019	1,629,458	1,537,905	1,581,153
Student Services .....	4,325,586	4,455,047	4,865,540	4,499,414	4,437,806
Learning Resources .....	639,303	666,013	607,288	530,364	467,795
Physical Plant .....	4,492,612	4,001,951	3,876,302	3,968,667	3,960,408
General Institution .....	5,163,218	5,732,323	5,131,089	5,456,701	5,238,092
Total Education and Support .....	<u>\$36,334,818</u>	<u>\$37,759,769</u>	<u>\$35,889,262</u>	<u>\$35,004,712</u>	<u>\$34,892,532</u>
Auxiliary Enterprises .....	7,201,078	7,509,776	7,211,589	6,731,330	6,324,058
Total Expenditures .....	<u>\$43,535,896</u>	<u>\$45,269,545</u>	<u>\$43,100,851</u>	<u>\$41,736,042</u>	<u>\$41,216,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures .....	\$ 1,336,290	\$ 1,599,745	\$ 1,427,392	\$ 1,128,827	\$ 1,540,197
Mandatory Transfers .....	0	0	0	(20,000)	0
Non-Mandatory Transfers .....	(956,108)	(1,341,066)	(1,412,308)	(1,023,507)	(1,432,652)
Total Transfers .....	<u>\$ (956,108)</u>	<u>\$ (1,341,066)</u>	<u>\$ (1,412,308)</u>	<u>\$ (1,043,507)</u>	<u>\$ (1,432,652)</u>
Net .....	\$ 380,182	\$ 258,679	\$ 15,084	\$ 85,320	\$ 107,545
Fund Balance Beginning of Year .....	6,862,541	7,242,723	7,501,402	7,516,486	7,601,806
Fund Balance End of Year .....	<u>\$ 7,242,723</u>	<u>\$ 7,501,402</u>	<u>\$ 7,516,486</u>	<u>\$ 7,601,806</u>	<u>\$ 7,709,351</u>

Note: (1)Source: Audited financial statements for the College for the fiscal years ended June 30, 2015 through 2019.

**EMPLOYEE RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS**

**Pensions**

The College participates in two public pension systems, Iowa Public Employee’s Retirement System (IPERS) and Teachers Insurance and Annuity Association – College Retirement Equities Fund (“TIAA”). Summary descriptions of each Plan follows, for more detail as to each available plans see **APPENDIX A – Notes 7 and 8**.

In fiscal year 2019, 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, 2019 were \$1,326,926. 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, 2019, the College reported a liability of \$12,153,321 for its proportionate share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2018 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.

In fiscal year 2019, pursuant to the TIAA required rate, 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, 2019, employee contribution totaled \$479,789 and the College recognized pension expense of \$751,105.

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

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>\$162,738</u>
Changes for the year:	
Service Cost.....	7,454
Interest.....	4,310
Differences Between Expected and Actual Experiences.....	(57,924)
Changes in Assumptions.....	(6,776)
Benefit Payments.....	(733)
Net Changes.....	<u>(53,669)</u>
Total OPEB Liability End of Year.....	\$109,069

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

**Defined Contribution Pension Plan – Teachers Insurance and Annuity Association – (TIAA)**

The College contributes to the TIAA retirement program, which is a defined contribution pension plan. TIAA administers the retirement plan for the District. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees much participate in a retirement plan form the date they are employed.

**Defined Benefit Pension Plan – Iowa Public Employee’s Retirement System**

The College also contributes to the Iowa Public Employees’ Retirement System (“IPERS”). The College’s employees are provided with pensions through a cost-sharing multiple employer defined pension plan administered by IPERS. IPERS benefits are established under Iowa Code, Chapter 97B and the administrative rules thereunder. The College’s employee who completed seven years of covered service or has reached the age of 65 while in IPERS covered employment becomes vested. If the College’s employee retires before normal retirement age, the employee’s monthly retirement benefit will be permanently reduced by an early retirement reduction. IPERS provides pension benefits as well as disability benefits to College employees and benefits to the employees’ beneficiaries upon the death of the eligible employee. Additionally, copies of IPERS annual financial report may be obtained from [www.ipers.org](http://www.ipers.org). However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Although the actuarial contribution rates are calculated each year, the contribution rates were set by state law through June 30, 2012 and did not necessarily coincide with the actuarially calculated contribution rate. As a result, from June 30, 2002 through June 30, 2013, the rate allowed by statute was less than the actuarially required rate. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the College and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, while the contribution rate in the fiscal year ended June 30, 2017 equaled the actuarially required rate, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the futures.

The following table sets forth the contributions made by the College and employees to IPERS for the period indicated.

<u>Fiscal Year</u>	<u>% of Payroll Paid by the College</u>	<u>% of Payroll Paid by Employee</u>
2016.....	8.93%	5.95%
2017.....	8.93%	5.95%
2018.....	8.93%	5.95%
2019.....	9.44%	6.29%
2020.....	9.44%	6.29%

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

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for fiscal years ended June 30, 2015 through, and including, 2019 (collectively, the "IPERS CAFRs (2015-2019)"), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the "IPERS Actuarial Reports (2015-2019)"). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

<u>Valuation Date</u>	<u>Actuarial Value of Assets [a]</u>	<u>Market Value of Assets [b]</u>	<u>Actuarial Accrued Liability [c]</u>	<u>Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]</u>	<u>Funded Ratio (Actuarial Value) [a]/[c]</u>	<u>Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]</u>	<u>Funded Ratio (Market Value) [b]/[c]</u>	<u>UAAAL as a Percentage of Covered (Actuarial Value) Covered Payroll [d] {[b-a]/[c]}</u>
2015.....	\$27,915,379,103	\$28,429,834,829	\$33,370,318,731	\$5,454,939,628	83.65%	\$4,940,483,902	85.19%	\$7,326,348,141 74.46%
2016.....	29,033,696,587	28,326,433,656	34,619,749,147	5,586,052,560	83.86%	6,293,315,491	81.82%	7,556,515,720 73.92%
2017.....	30,472,423,914	30,779,116,326	37,440,382,029	6,967,958,115	81.39%	6,661,265,703	82.21%	7,863,160,443 88.62%
2018.....	31,827,755,864	32,314,588,595	38,642,833,653	6,815,077,789	82.36%	6,328,245,058	83.62%	7,983,219,527 85.37%
2019.....	33,324,327,606	34,010,680,731	39,801,338,797	6,477,011,191	83.73%	5,790,658,066	85.45%	8,151,043,468 79.46%

Source: IPERS Reports.

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

<u>Fiscal Year Ended June 30</u>	<u>Investment Return %</u>
2015.....	3.96%
2016.....	2.15%
2017.....	11.70%
2018.....	7.97%
2019.....	8.35%

Source: IPERS Reports

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

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

## REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B - BOOK-ENTRY SYSTEM** for information on registration, transfer and exchange of book-entry bonds. The Notes will be initially issued as book-entry bonds.

The College shall cause books (the "Note Register") for the registration and for the transfer of the Notes to be kept at the principal office maintained for the purpose by the Note Registrar in West Des Moines, Iowa. The College will authorize to be prepared, and the Note Registrar shall keep custody of, multiple note blanks executed by the College for use in the transfer and exchange of Notes.

Any Note 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 Note Resolution. Upon surrender for transfer or exchange of any Note at the principal office maintained for the purpose by the Note Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Note Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the College shall execute and the Note 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 Note or Notes 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 Note shall constitute full and due authorization of such Note, and the Note Registrar shall thereby be authorized to authenticate, date and deliver such Note, provided, however, the principal amount of outstanding Notes of each maturity authenticated by the Note Registrar shall not exceed the authorized principal amount of Notes for such maturity less Notes previously paid.

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

The person in whose name any Note 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 Notes 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 Note to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Notes, but the College or the Note 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 Notes except in the case of the issuance of a Note or Notes for the unredeemed portion of a bond surrendered for redemption.

## TAX EXEMPTION AND RELATED CONSIDERATIONS

### Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Note proceeds and facilities financed with Note 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 Notes to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Notes to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Subject to the College's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the interest on the Notes is excludable from gross income for federal income tax purposes and interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax.

Prospective purchasers of the Notes should be aware that ownership of the Notes 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 Notes should consult their tax advisors as to collateral federal income tax consequences.

The interest on the Notes is not exempt from present Iowa income taxes. Ownership of the Notes 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 Notes. Prospective purchasers of the Notes should consult their tax advisors regarding the applicability of any such state and local taxes.

### Qualified Tax Exemption Obligations

The Notes will be designated 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").

### Discount and Premium Notes

The initial public offering price of certain Notes may be less than the amount payable on such Notes at maturity ("Discount Notes"). Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Notes 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 Notes may be greater than the amount of such Notes at maturity ("Premium Notes"). Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable premium on Premium Notes for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

## **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 Notes. 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 Notes.

## **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 Notes. If an audit is commenced, under current procedures the Service may treat the College as a taxpayer and the Noteholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes 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 Notes, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Note 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 Note 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 legislature. 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 Notes will not have an adverse effect on the tax status of interest or other income on the Notes or the market value or marketability of the Notes. 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 Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law, court decisions, or clarification of the Code may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Notes from realizing the full current benefit of the tax status of such interest. For example, on December 22, 2017, the Tax Cuts and Jobs Act (“TCJA”) was signed into law. For tax years beginning after December 31, 2017, the TCJA, among other things, significantly changes the income tax rates on individuals and corporations, modifies the current provisions relative to the federal alternative minimum tax on individuals, and eliminates the federal alternative minimum tax for corporations. The TCJA, or the introduction or enactment of any other legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the TCJA, as well as any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion other than as set forth in its legal opinion.

## The Opinion

The **FORM OF LEGAL OPINION**, in substantially the form set out in **APPENDIX B** 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.

## Enforcement

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

The owners of the Notes cannot foreclose on property within the boundaries of the College or sell such property in order to pay the debt service on the Notes. In addition, the enforceability of the rights and remedies of owners of the Notes 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 Notes 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.

## Bond Counsel Review

Bond Counsel has approved the language included in this "Tax Exemption and Related Considerations" 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 NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).**

## CONTINUING DISCLOSURE

For the purpose of complying with Rule 15c2-12 of the Securities Exchange Commission, as amended and interpreted from time to time (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 Notes to provide reports of specified information and notice of the occurrence of certain events, as hereinafter described (the "Undertaking"). 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 D – Form of Continuing Disclosure Certificate**". This Undertaking is being made by the College to assist the Underwriter(s) in complying with the Rule.

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

Pursuant to the Rule, in the last five years, the College believes it has complied in all material respects with regard to its prior Disclosure Covenants.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

## OPTIONAL REDEMPTION

Notes due June 1, 2021 - 2026 inclusive, are not subject to optional redemption. Notes due June 1, 2027 - 2029, inclusive, are callable in whole or in part on any date on or after June 1, 2026, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Notes to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Notes to be called has been reached.

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 Note. Failure to give written notice to any registered owner of the Notes or any defect therein shall not affect the validity of any proceedings for the redemption of the Notes. All Notes 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 Notes, or in any way contesting or affecting the validity of the Notes 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 Notes 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 sections regarding “**TAX EXEMPTION AND RELATED CONSIDERATIONS**”, 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.

The legal opinion to be delivered concurrently with the delivery of the Notes 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 Notes 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 Notes 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 Notes. 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 Notes. 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 Notes 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 Notes 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 Notes. 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 Notes. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658.

### **UNDERWRITING**

The Notes were offered for sale by the College at a public, competitive sale on April 13, 2020. The best bid submitted at the sale was submitted by \_\_\_\_\_ (the "Underwriter"). The College awarded the contract for sale of the Notes 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 Notes have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

## MUNICIPAL ADVISOR

The College has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Notes. 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 Notes. 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 Notes. 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.

## CERTIFICATION

I have examined this Official Statement dated March \_\_, 2020, for the \$5,000,000\* General Obligation Plant Fund Capital Loan Notes, Series 2020, believe it to be true and correct and will provide to the purchaser of the Notes at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge, information and belief, information in the Official Statement was at the time of acceptance of the bid for the Notes and, including any addenda thereto, was at the time of delivery of the Notes true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

*\*Subject to change.*

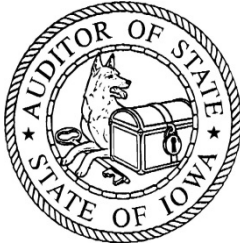
**APPENDIX A**

**INDIAN HILLS COMMUNITY COLLEGE, IOWA  
(MERGED AREA XV)**

**FISCAL YEAR 2019 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, 2019**

**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

November 27, 2019

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, 2019. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

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## Indian Hills Community College

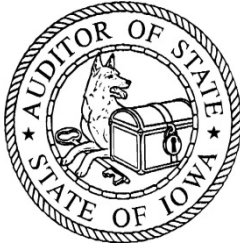
### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Trustees</b>		
John Pothoven	President	2019
Tom Keck	Vice President	2021
Nellie Coltrain	Member	2019
George Manning	Member	(Resigned Aug 2018)
Lee Schaefer – Weaton	Member	(Resigned Aug 2018)
Katie Nichols (Appointed Sep 2018)	Member	2019
Amy Webber (Appointed Sep 2018)	Member	2019
Alan M. Wilson	Member	2019
Beth Danowsky	Member	2021
Richard Gaumer	Member	2021
Jerry Kirkpatrick	Member	2021

### Community College

Dr. Marlene Sprouse	President
Bill Meck	Chief Financial Officer and Board Treasurer
Anne Leathers	College Accountant
Kala Mulder	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 Financial Statements

We have audited the accompanying financial statements of Indian Hills Community College, Ottumwa, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the College's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component units of the Community College discussed in note 1, which represent 100% of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to those units, is based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the component units were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Indian Hills Community College and its aggregate discretely presented component units as of June 30, 2019, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of College Contributions and the Schedule of Changes in the College's Total OPEB Liability, Related Ratios and Notes on pages 8 through 13 and 47 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 U.S. generally accepted auditing standards, 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.

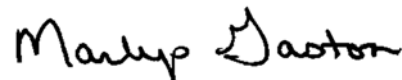
### *Supplementary Information*

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 third paragraph of this report, the financial statements for the nine years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of Indian Hills Community College's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2019 on our consideration of Indian Hills Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Indian Hills Community College's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA  
Deputy Auditor of State

November 27, 2019

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2019. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

### **2019 FINANCIAL HIGHLIGHTS**

- As a result of fiscal year 2019 operations, total net position of the College increased approximately \$866,000, or 1.6%, over the June 30, 2018 balance, primarily due to growth in funds held for the self-funded health insurance program.
- The College issued \$1,835,000 of certificates during the year ended June 30, 2019 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 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,	
	2019	2018
Current and other assets	\$ 36,474,105	36,738,563
Capital assets, net of accumulated depreciation/amortization	48,332,716	44,926,361
Total assets	84,806,821	81,664,924
Deferred outflows of resources	3,235,081	3,878,315
Current liabilities	7,320,993	6,761,909
Noncurrent liabilities	17,409,109	17,539,179
Total liabilities	24,730,102	24,301,088
Deferred inflows of resources	6,776,595	5,573,210
Net position:		
Net investment in capital assets	48,332,716	44,926,361
Restricted	4,159,165	3,262,285
Unrestricted	4,043,364	7,480,295
Total net position	\$ 56,535,245	55,668,941

The largest portion of the College's net position (85%) 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 \$897,000 over the prior year, primarily due to funds held for the self-funded health insurance program. The remaining net position is unrestricted and may be used to meet the College's operating obligations as they become due. The decrease in the unrestricted net position is due, in part, to the cost of construction projects during the year.

### 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,	
	2019	2018
Operating revenues:		
Tuition and fees	\$ 12,951,988	13,448,932
Federal appropriations	3,508,012	4,667,218
Sales and services	1,047,479	982,805
Iowa Industrial New Jobs Training Program	2,032,582	822,127
Auxiliary	4,804,366	5,014,102
Miscellaneous	3,162,459	3,172,487
Total operating revenues	27,506,886	28,107,671
Total operating expenses	57,585,672	58,208,420
Operating loss	(30,078,786)	(30,100,749)
Non-operating revenues (expenses):		
State appropriations	18,030,432	18,264,076
Pell grants	5,242,195	5,498,491
Property tax	5,646,929	5,423,508
Gifts from IHCC Foundation	1,559,624	1,198,926
Interest income on investments	559,984	300,507
Donated capital assets	60,000	41,500
Gain (loss) on disposal of capital assets	(10,184)	174,045
Interest expense	(143,890)	(93,801)
Net non-operating revenues	30,945,090	30,807,252
Change in net position	866,304	706,503
Net position beginning of year	55,668,941	54,962,438
Net position end of year	\$ 56,535,245	55,668,941

Net position of the College increased \$866,304 as a result of operations during fiscal year 2019.

In fiscal year 2019, operating revenues totaled approximately \$27.5 million and net non-operating revenues totaled approximately \$30.9 million. Observations regarding the changes in operating and non-operating revenues follow:

- Tuition and fees revenue, as reported herein net of scholarship allowances, decreased due to a decline in enrollment.
- Federal appropriation revenue decreased due to reductions in funding for the various Workforce Investment Act programs.
- Iowa Industrial New Jobs Training Program revenue increased due to additional participating company withholding receipts.
- Auxiliary revenue decreased due to a decline in enrollment, impacting bookstore, food service, and housing operations.

## Operating Expenses

	Year ended June 30,	
	2019	2018
Education and support:		
Liberal arts and sciences	\$ 5,384,692	5,826,072
Vocational technical	12,084,613	12,228,387
Adult education	3,369,077	3,486,569
Cooperative services	2,305,922	1,051,955
Administration	1,847,878	1,834,131
Student services	4,189,498	4,245,721
Learning resources	430,528	494,844
Physical plant	5,586,001	5,620,913
General institution	9,356,657	8,914,120
Auxiliary enterprises	5,859,913	6,336,064
Scholarships and grants	2,018,091	2,272,627
Workforce Investment Act	689,675	1,671,877
Plant operations	1,573,280	1,429,191
Depreciation/amortization	2,889,847	2,795,949
Total	<u>\$ 57,585,672</u>	<u>58,208,420</u>

The following factors address changes in fiscal year 2019 operating expenses:

- Cooperative services increased as a result of additional company training reimbursement as a component of the Iowa industrial New Jobs Training Program.
- Workforce Investment Act expenses decreased as a result of reduced funding for the programs.
- In general, total operating expenses also decreased in response to a decline in enrollment.

### 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,	
	2019	2018
Cash provided (used) by:		
Operating activities	\$ (26,609,375)	(26,425,355)
Non-capital financing activities	31,658,011	30,718,896
Capital and related financing activities	(6,246,386)	(1,560,150)
Investing activities	628,775	227,477
Net change in cash and cash equivalents	(568,975)	2,960,868
Cash and cash equivalents beginning of year	25,956,644	22,995,776
Cash and cash equivalents end of year	<u>\$ 25,387,669</u>	<u>25,956,644</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 used by capital and related financing activities represents 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, 2019, the College had approximately \$48.3 million invested in capital assets, net of accumulated depreciation/amortization of approximately \$45.6 million. Fiscal year 2019 depreciation/amortization charges totaled \$2,889,847. Construction in progress for fiscal year 2019 consisted of \$5,369,569 for the North Campus Diesel and Welding Lab building addition project and \$780,041 for the Trustee Residence Hall restroom renovation project. A summary of capital assets, net of accumulated depreciation/amortization, is shown below.

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

	June 30,	
	2019	2018
Land	\$ 458,397	458,397
Construction in progress	6,149,610	703,912
Capital assets not being depreciated/amortized	6,608,007	1,162,309
Buildings	36,224,201	38,183,593
Improvements other than buildings	3,373,108	3,516,797
Intangibles	-	5,013
Equipment and vehicles	2,127,400	2,058,649
Total	<u>\$ 48,332,716</u>	<u>44,926,361</u>

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

## **DEBT**

Outstanding debt at June 30, 2019 was \$4,981,093, which consists of certificates issued for Iowa Industrial New Jobs Training Program projects. During the year ended June 30, 2019, the College issued \$1,835,000 of certificates payable.

Detailed information is presented in Note 5 to the financial statements.

### **Outstanding Debt**

	June 30,	
	2019	2018
Certificates payable	<u>\$ 4,981,093</u>	<u>4,045,055</u>

## **ECONOMIC FACTORS**

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

- To identify, secure, and allocate the financial resources necessary to best support College, student and regional needs.
- To maintain current levels of services and operations, tuition revenue from rate increases must continue to help offset any shortfall in state funding and enrollment levels.
- Higher tuition is followed by an increased need for student financial aid, scholarship support and student loans.
- To continue to offer current, relevant educational programs and student services to attract and retain the diverse population the College serves.
- To provide a quality learning environment focused on student success.
- Aging College facilities and infrastructure require continual maintenance and renovation to meet the current and future needs.
- To implement technology 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, 2019

	Primary Government	Component Units
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and pooled investments:		
Cash, cash equivalents and pooled investments	\$ 17,872,827	26,989,680
Restricted cash, cash equivalents and pooled investments	-	4,745,228
Receivables:		
Accounts, net of allowance for doubtful accounts of \$124,520	1,314,605	864
Succeeding year property tax	5,570,966	-
Due from other governments	914,260	-
Prepaid expenses	515,384	3,250
Inventories	848,230	-
Total current assets	<u>27,036,272</u>	<u>31,739,022</u>
Noncurrent assets:		
Cash and cash equivalents	7,514,842	-
Receivable for Iowa Industrial New Jobs Training Program	1,922,991	-
Capital assets, net of accumulated depreciation/amortization	48,332,716	-
Total noncurrent assets	<u>57,770,549</u>	<u>-</u>
<b>Total assets</b>	<u>84,806,821</u>	<u>31,739,022</u>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	3,231,531	-
OPEB related deferred outflows	3,550	-
<b>Total deferred outflows of resources</b>	<u>3,235,081</u>	<u>-</u>

Indian Hills Community College

Statement of Net Position

June 30, 2019

	Primary Government	Component Units
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	2,292,421	14,328
Salaries and benefits payable	1,148,690	-
Advances from others	1,335,898	750
Early retirement payable	497,938	-
Compensated absences payable	960,546	-
Deposits held in custody for others	395,500	-
Certificates payable	690,000	-
Total current liabilities	<u>7,320,993</u>	<u>15,078</u>
Noncurrent liabilities:		
Early retirement payable	855,626	-
Certificates payable	4,291,093	-
Net pension liability	12,153,321	-
Total OPEB liability	<u>109,069</u>	<u>-</u>
Total noncurrent liabilities	<u>17,409,109</u>	<u>-</u>
<b>Total liabilities</b>	<u>24,730,102</u>	<u>15,078</u>
<b>Deferred Inflows of Resources</b>		
Unavailable property tax revenue	5,570,966	-
Pension related deferred inflows	1,148,078	-
OPEB related deferred inflows	<u>57,511</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>6,776,555</u>	<u>-</u>
<b>Net position</b>		
Net investment in capital assets	48,332,716	
Restricted:		
With donor restrictions	-	11,292,014
Expendable:		
Scholarships and fellowships	40,402	-
Cash reserve	288,745	-
Other	3,830,018	-
Unrestricted/Without donor restrictions	<u>4,043,364</u>	<u>20,431,930</u>
<b>Total net position</b>	<u>\$ 56,535,245</u>	<u>31,723,944</u>

See notes to financial statements.

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

Year ended June 30, 2019

	Primary Government	Component Units
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$3,814,169	\$ 12,951,988	-
Federal appropriations	3,508,012	-
Sales and services	1,047,479	-
Iowa Industrial New Jobs Training Program	2,032,582	-
Auxiliary enterprises, net of scholarship allowances of \$910,019	4,804,366	-
Contributions	-	758,462
Rental income and facility management	-	566,589
Miscellaneous	3,162,459	144,088
Total operating revenues	<u>27,506,886</u>	<u>1,469,139</u>
Operating expenses:		
Education and support:		
Liberal arts and sciences	5,384,692	-
Vocational technical	12,084,613	-
Adult education	3,369,077	-
Cooperative services	2,305,922	-
Administration	1,847,878	-
Student services	4,189,498	-
Learning resources	430,528	-
Physical plant	5,586,001	-
General institution	9,356,657	-
Auxiliary enterprises	5,859,913	-
Scholarships and grants	2,018,091	-
Workforce Investment Act	689,675	-
Plant operations	1,573,280	-
General and administrative Programs	-	486,771
	-	444,210
Depreciation/amortization	2,889,847	-
Total operating expenses	<u>57,585,672</u>	<u>930,981</u>
Operating income (loss)	<u>(30,078,786)</u>	<u>538,158</u>

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

Year ended June 30, 2019

	Primary Government	Component Units
Non-operating revenues (expenses):		
State appropriations	18,030,432	-
Pell grants	5,242,195	-
Property tax	5,646,929	-
Gifts from Indian Hills Community College Foundation for student scholarships	1,559,624	-
Investment income	559,984	2,229,484
Gifts to Indian Hills Community College for student scholarships	-	(1,559,624)
Donated capital assets	60,000	-
Loss on disposal of capital assets	(10,184)	-
Interest on indebtedness	(143,890)	-
Net non-operating revenues (expenses)	<u>30,945,090</u>	<u>669,860</u>
Change in net position	866,304	1,208,018
Net position beginning of year	<u>55,668,941</u>	<u>30,515,926</u>
Net position end of year	<u>\$ 56,535,245</u>	<u>31,723,944</u>

See notes to financial statements.

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Indian Hills Community College

Statement of Cash Flows

Year ended June 30, 2019

	<u>Primary Government</u>
Cash flows from operating activities:	
Tuition and fees	\$ 13,184,648
Federal appropriations	3,574,407
Iowa Industrial New Jobs Training Program	1,141,700
Payments to employees for salaries and benefits	(31,539,278)
Payments to suppliers for goods and services	(18,272,231)
Payments to New Jobs Training Program recipients	(1,589,549)
Scholarships	(2,018,091)
Payments to subrecipients	(213,713)
Auxiliary enterprise receipts	4,741,581
Other receipts	4,381,151
Net cash used by operating activities	<u>(26,609,375)</u>
Cash flows from non-capital financing activities:	
State appropriations	18,404,647
Pell grants	5,242,195
Property tax	5,646,929
Gifts	1,559,624
Federal direct lending receipts	6,768,845
Federal direct lending disbursements	(6,768,845)
Proceeds from issuance of debt	1,835,000
Principal paid on debt	(898,962)
Interest paid on debt	(143,890)
Agency receipts	1,216,671
Agency disbursements	(1,204,203)
Net cash provided by non-capital financing activities	<u>31,658,011</u>
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	20,751
Acquisition of capital assets	(6,267,137)
Net cash used by capital and related financing activities	<u>(6,246,386)</u>
Cash flows from investing activities:	
Interest on investments	<u>628,775</u>
Net increase in cash and cash equivalents	(568,975)
Cash and cash equivalents beginning of year	<u>25,956,644</u>
Cash and cash equivalents end of year	<u>\$ 25,387,669</u>

Indian Hills Community College

Statement of Cash Flows

Year ended June 30, 2019

	Primary Government
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (30,078,786)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation/amortization	2,889,847
Provision for doubtful accounts	(57,046)
Decrease in accounts receivable	760,271
Increase in NJTP receivable	(890,882)
Decrease in due from other governments	66,395
Increase in prepaid expenses	(97,018)
Increase in inventories	(21,680)
Increase in accounts payable	745,703
Decrease in salaries and benefits payable	(50,603)
Decrease in advances from others	(362,137)
Decrease in compensated absences payable	(11,994)
Decrease in net pension liability	(1,163,564)
Increase in deferred inflows of resources	701,956
Decrease in deferred outflows of resources	643,234
Decrease in total OPEB liability	(53,669)
Increase in early retirement payable	370,598
Total adjustments	3,469,411
Net cash used by operating activities	\$ (26,609,375)

**Noncash capital and related financing activities:**

The College received donated capital assets with an acquisition value of \$60,000. The trade-in value of equipment deleted was \$40,436.

See notes to financial statements.

## Indian Hills Community College

Statement of Net Assets  
Component Units

June 30, 2019

	Indian Hills Community College Development Corp., Inc.	Indian Hills Communitiy College Foundation, Inc.	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 517,988	220,240	738,228
Investments	-	26,251,452	26,251,452
Restricted cash and investments	-	4,745,228	4,745,228
Accounts receivable	864	-	864
Prepaid expenses	-	3,250	3,250
Total current assets	518,852	31,220,170	31,739,022
Noncurrent assets:			
Capital assets, net of accumulated depreciation of \$15,434	-	-	-
<b>Total assets</b>	<b>518,852</b>	<b>31,220,170</b>	<b>31,739,022</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	14,328	-	14,328
Deferred revenue	-	750	750
<b>Total liabilities</b>	<b>14,328</b>	<b>750</b>	<b>15,078</b>
<b>Net assets</b>			
With donor restrictions	-	11,292,014	11,292,014
Without donor restrictions	504,524	19,927,406	20,431,930
<b>Total net assets</b>	<b>\$ 504,524</b>	<b>31,219,420</b>	<b>31,723,944</b>

See notes to financial statements.

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

Year ended June 30, 2019

	Indian Hills Community College Development Corp., Inc.	Indian Hills Community College Foundation, Inc.	Total
Operating revenues:			
Contributions	\$ -	758,462	758,462
Rental income and facility management	566,589	-	566,589
Miscellaneous	89,000	55,088	144,088
Total operating revenues	<u>655,589</u>	<u>813,550</u>	<u>1,469,139</u>
Operating expenses:			
General and administrative	222,461	264,310	486,771
Programs	444,210	-	444,210
Total operating expenses	<u>666,671</u>	<u>264,310</u>	<u>930,981</u>
Operating income	<u>(11,082)</u>	<u>549,240</u>	<u>538,158</u>
Non-operating revenues (expenses):			
Investment income, net of investment expenses	10,984	2,218,500	2,229,484
Gifts to Indian Hills Community College	-	(1,559,624)	(1,559,624)
Net non-operating revenues (expenses)	<u>10,984</u>	<u>658,876</u>	<u>669,860</u>
Change in net assets	(98)	1,208,116	1,208,018
Net assets beginning of year	<u>504,622</u>	<u>30,011,304</u>	<u>30,515,926</u>
Net assets end of year	<u>\$ 504,524</u>	<u>31,219,420</u>	<u>31,723,944</u>

See notes to financial statements.

Indian Hills Community College

Notes to Financial Statements

June 30, 2019

**(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 the 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 College. 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 College. 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 GASB 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. During fiscal year 2019 the Foundation implemented FASB Accounting Standard Update (ASU) 2016-14. This standard requires net assets be presented in two classes of net assets instead of the previous three classes of net assets. Net assets are presented as without donor restrictions or with donor restrictions. The implementation of ASU 2016-14 did not affect the Foundations net assets beginning of year, as presented on Exhibit E. 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/components:

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 by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although

the succeeding year property tax receivable has been recorded, the related revenue is 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, 2019 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 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.

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

<u>Asset Class</u>	<u>Amount</u>
Land, buildings, and improvements	\$ 25,000
Intangible assets	10,000
Equipment and vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings and improvements	15 - 50
Intangible assets	5
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.

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, 2019.

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

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

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

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, housing, printing, central stores 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, 2019 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, 2019, the College had investments of \$362,497 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 AAAM by Standard & Poor's Financial Services.

At June 30, 2019, the College had investments of \$7,769,653 in a diversified portfolio in The Education Liquidity Fund (TELF). 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 TELF investments.

### 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, 2019:

<u>Investments</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$ 1,088,647	1,088,647	-
Mutual funds	606,887	606,887	-
Corporate and government bonds	11,908,642	-	11,908,642
Corporate stocks	17,392,504	17,392,504	-
Total	<u>\$ 30,996,680</u>	<u>19,088,038</u>	<u>11,908,642</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, 2019, the Indian Hills Community College Development Corporation (Development Corporation) had investments of \$507,169 in a diversified portfolio in TELF. 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 TELF 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, 2019 are as follows:

<u>Type</u>	<u>Amount</u>
Textbooks and supplies	\$ 552,700
Merchandise held for resale	295,540
Total	<u>\$ 848,240</u>

#### (4) Capital Assets

Capital assets activity for the year ended June 30, 2019 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated/amortized:				
Land	\$ 458,397	-	-	458,397
Construction in progress	703,912	5,445,698	-	6,149,610
Total capital assets not being depreciated/amortized	1,162,309	5,445,698	-	6,608,007
Capital assets being depreciated/amortized:				
Buildings	70,610,293	-	88,945	70,521,348
Improvements other than buildings	6,127,353	94,500	-	6,221,853
Intangibles	453,939	-	27,372	426,567
Equipment and vehicles	9,890,643	827,375	513,538	10,204,480
Total capital assets being depreciated/amortized	87,082,228	921,875	629,855	87,374,248
Less accumulated depreciation/amortization for:				
Buildings	32,426,700	1,945,161	74,714	34,297,147
Improvements other than buildings	2,610,556	238,189	-	2,848,745
Intangibles	448,926	5,013	27,372	426,567
Equipment and vehicles	7,831,994	701,484	456,398	8,077,080
Total accumulated depreciation/amortization	43,318,176	2,889,847	558,484	45,649,539
Total capital assets being depreciated/amortized, net	43,764,052	(1,967,972)	71,371	41,724,709
Capital assets, net	\$ 44,926,361	3,477,726	71,371	48,332,716

#### (5) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	Certificates Payable (1)	Net Pension Liability	Total OPEB Liability	Early Retirement	Total
Balance beginning of year	\$ 4,045,055	13,316,885	162,738	982,966	18,507,644
Additions	1,835,000	-	-	785,777	2,620,777
Reductions	898,962	1,163,564	53,669	415,179	2,531,374
Balance end of year	\$ 4,981,093	12,153,321	109,069	1,353,564	18,597,047
Due within one year	\$ 690,000	-	-	497,938	1,187,938

(1) The unamortized discount on the certificates was \$18,907 at June 30, 2019.

#### Certificates Payable

In accordance with agreements dated between March 12, 2007 and September 12, 2018, the College issued certificates totaling \$11,690,000 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
2020	\$ 690,000	136,772	826,772
2021	685,000	121,163	806,163
2022	685,000	104,361	789,361
2023	670,000	86,673	756,673
2024	670,000	68,339	738,339
2025-2028	1,600,000	107,553	1,707,553
Total	5,000,000	624,861	5,624,861
Unamortized discount	(18,907)		
Certificates payable	\$ 4,981,093		

**(6) Operating Leases**

The College has leased 145 printers and 3 copiers. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2020 and 2023 and require various minimum monthly payments.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2019:

Year ending June 30,	Printers	Copiers	Total
2020	\$ 65,088	32,376	97,464
2021	65,088	17,431	82,519
2022	65,088	17,431	82,519
2023	65,088	10,168	75,256
2024	48,816	-	48,816
Total	\$ 309,168	77,406	386,574

Rents for the operating leases for the year ended June 30, 2019 totaled \$117,693.

**(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 2019, 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, 2019 totaled \$1,326,926.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the College reported a liability of \$12,153,321 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College’s proportion of the net pension liability was based on the College’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the College’s proportion was 0.192049%, which was a decrease of 0.007866% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the College recognized pension expense of \$1,450,527. At June 30, 2019, 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	\$ 66,635	274,685
Changes of assumptions	1,733,746	-
Net difference between projected and actual earnings on IPERS' investments	-	333,934
Changes in proportion and differences between College contributions and College's proportionate share of contributions	104,224	539,459
College's contributions subsequent to the measurement date	1,326,926	-
Total	<u>\$ 3,231,531</u>	<u>1,148,078</u>

\$1,326,926 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, 2020. 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
2020	\$ 714,142
2021	357,069
2022	(181,009)
2023	(99,001)
2024	(34,674)
Total	<u>\$ 756,527</u>

There are no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 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, 2018 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 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100.0%</u>	

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

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	\$ 20,626,628	12,153,321	5,045,476

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 – At June 30, 2019, the College reported payables to IPERS of \$55,707 for legally required employer contributions and \$37,118 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

**(8) Teachers Insurance and Annuity Association (TIAA)**

The College contributes to the TIAA retirement program, which is a defined contribution pension plan. TIAA administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed.

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, 2019, employee contributions totaled \$479,789 and the College recognized pension expense of \$751,105.

At June 30, 2019, the College reported payables to the TIAA of \$26,944 for legally required College contributions and \$17,953 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA.

**(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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	<u>355</u>
Total	<u><u>355</u></u>

Total OPEB Liability – The College’s total OPEB liability of \$109,069 was measured as of June 30, 2019 and was determined by an actuarial valuation as of January 1, 2019. The total OPEB liability was rolled forward from the January 1, 2019 valuation to the June 30, 2019 measurement date.

Actuarial Assumptions – The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2019)	3.00% per annum.
Rates of salary increase (effective June 30, 2019)	3.00% per annum
Discount rate (effective June 30, 2019)	4.10% per annum,
Healthcare cost trend rate (effective June 30, 2019)	5.00% for fiscal year 2019

Discount Rate – The discount rate used to measure the total OPEB liability was 4.10% 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 2018 generational projection of future mortality improvement.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 162,738</u>
Changes for the year:	
Service cost	7,454
Interest	4,310
Differences between expected and actual experiences	(57,924)
Changes in assumptions	(6,776)
Benefit payments	<u>(733)</u>
Net changes	<u>(53,669)</u>
Total OPEB liability end of year	<u>\$ 109,069</u>

Changes of assumptions reflect a change in the discount rate from 3.44% in fiscal year 2018 to 4.10% in fiscal year 2019.

Sensitivity of the College's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.10%) or 1% higher (5.10%) than the current discount rate.

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 117,596	109,069	101,308

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	\$ 98,778	109,069	120,925

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2019, the College recognized OPEB expense of \$5,089. At June 30, 2019, the College reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	51,488
Changes of assumptions	3,550	6,023
Total	<u>\$ 3,550</u>	<u>57,511</u>

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

Year ending June 30,	Amount
2020	\$ (6,675)
2021	(6,675)
2022	(6,675)
2023	(6,675)
2024	(6,675)
Thereafter	<u>(20,586)</u>
	<u>\$ (53,961)</u>

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

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

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

The College's contributions to the Program are recorded as prepaid expense from its operating funds at the time of payment. The College amortizes the expense over the periods for which the Program is expected to provide coverage.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$100,000 per occurrence for wrongful acts, employee benefits liability and educators' legal liability, \$250,000 per occurrence for workers compensation and employer's liability and \$200,000 per occurrence for most other claims. First layer excess insurance is \$800,000 per occurrence for property, general and automobile liability, \$900,000 per occurrence for wrongful acts, employee benefits liability and educators' legal liability and \$250,000 per occurrence for workers compensation. The Program's annual aggregate retention (loss fund) is \$1,100,000 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 \$10,000,000 per occurrence. Property is insured with excess coverage over the self-insured retention and underlying layer up to \$250,000,000 per occurrence. Flood and earthquake exposures are covered in the property program each having \$16,000,000 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 \$100,000,000 with a deductible of \$10,000 per member loss, foreign travel coverage with limits of \$1,000,000, as well as cyber liability including identify theft protection up to \$1,000,000 annual aggregate per member with a deductible of \$50,000 per member loss.

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, 2019, no liability has been recorded in the College's financial statements. As of June 30, 2019, 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, and aviation. 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, 2019 was \$4,152,245.

Amounts payable at June 30, 2019 total \$426,540, 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 \$2,643,475 at June 30, 2019. 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	\$ 415,613
Incurred claims (including claims incurred but not reported at June 30, 2019)	3,345,718
Payments on claims during the fiscal year	<u>(3,334,791)</u>
Unpaid claims end of year	<u>\$ 426,540</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 99 projects with 15 currently receiving project funding. Of the remaining 84 projects, 76 projects have been completed, of which 75 have been fully repaid and 1 is in the repayment process. Eight projects have defaulted, one of which was repaid by the guarantor bank, six were repaid by standby property tax and one 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 461 projects. Of these 461 projects, 7 defaulted, 10 withdrew and 26 are active projects.

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

On December 10, 2012, January 12, 2015, December 14, 2015, December 12, 2016, December 11, 2017 and December 10, 2018 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 14, 2015 until February 1, 2016, December 12, 2016 until February 1, 2017, December 22, 2017 until February 1, 2018 and December 10, 2018 until January 31, 2019 respectively. 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 14, 2015 December 12, 2016 December 11, 2017 and December 10, 2018 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 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 and December 10, 2018 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 plan received 100% of the calculated cash payment on the next regular pay date following retirement. For each plan, current health coverage determined employee eligibility to receive single coverage health insurance paid by the College until the age of Medicare eligibility or 12 monthly cash payments of a specified amount.

Retirees under the January 12, 2015, December 14, 2015, December 12, 2016, December 11, 2017 and December 10, 2018 plan 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 \$713, \$721, \$721, \$716 and \$660 per month in insurance premiums until the retiree is eligible for Medicare for the January 12, 2015, December 14, 2015, December 12, 2016, December 11, 2017 and December 10, 2018 plans, respectively. 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 and December 14, 2015 plans. 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.

The liability at June 30, 2019 for those employees who elected early retirement under the December 10, 2012, January 12, 2015, December 14, 2015, December 12, 2016, December 11, 2017 and December 10, 2018 plans was \$82,391, \$47,070, \$2,640, \$290,744, \$218,909 and 711,810 respectively. Early retirement is funded on a pay-as-you-go basis through property tax levies. During the year ended June 30, 2019, early retirement benefits were reduced by \$415,179.

**(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, 2019, the College had no abatements of property tax and \$811,879 of state income tax withholding under the projects.

**Tax Abatements of Other Entities**

Property tax revenues of the College were reduced by the following amounts for the year ended June 30, 2019 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Bloomfield	Urban renewal and economic development projects	\$ 672
City of Chariton	Urban renewal and economic development projects	3,715
City of Fairfield	Urban renewal and economic development projects	2,862
City of Oskaloosa	Urban renewal and economic development projects	897
City of Ottumwa	Urban renewal and economic development projects	2,230
City of Sigourney	Urban renewal and economic development projects	2,506
Lee County	Urban renewal and economic development projects	171
Lucas County	Urban renewal and economic development projects	5,225
Monroe County	Urban renewal and economic development projects	18,420

**(15) Construction Commitment**

The College has entered into a contract totaling \$5,047,565 for a building project. As of June 30, 2019, costs of \$4,639,101 on the project have been incurred. The balance of \$408,464 remaining on the contract at June 30, 2019 will be paid as work on the project progresses.

The College has entered into a contract totaling \$1,207,772 for a building renovation project. As of June 30, 2019, costs of \$502,711 on the project have been incurred. The balance of \$705,061 remaining on the contract at June 30, 2019 will be paid as work on the project progresses.

**(16) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business- type activities should report their fiduciary activities.

**Indian Hills Community College**

**Required Supplementary Information**

**Indian Hills Community College**

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Indian Hills Community College

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

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

Required Supplementary Information

	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.192049%	0.199915%	0.201670%	0.199910%	0.204420%
College's proportionate share of the net pension liability	\$ 12,153	13,317	12,692	9,877	8,107
College's covered payroll	\$ 14,447	14,936	14,453	13,731	13,405
College's proportionate share of the net pension liability as a percentage of its covered payroll	84.12%	89.16%	87.82%	71.93%	60.48%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Indian Hills Community College  
 Schedule of College Contributions  
 Iowa Public Employees' Retirement System  
 For the Last Ten Years  
 (In Thousands)

Required Supplementary Information

	2019	2018	2017	2016
Statutorily required contribution	\$ 1,327	1,289	1,334	1,291
Contributions in relation to the statutorily required contribution	<u>(1,327)</u>	<u>(1,289)</u>	<u>(1,334)</u>	<u>(1,291)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
College's covered payroll	\$ 14,056	14,447	14,936	14,453
Contributions as a percentage of covered payroll	9.44%	8.93%	8.93%	8.93%

\* 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.

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2015	2014	2013	2012	2011	2010
1,226	1,195	1,178	1,058	877	857
(1,226)	(1,195)	(1,178)	(1,058)	(877)	(857)
-	-	-	-	-	-
13,731	13,405	13,590	13,105	12,618	12,893
8.93%	8.91%	8.67%	8.07%	6.95%	6.65%

Indian Hills Community College

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2019

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

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.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

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

For the Last Two Years  
 Required Supplementary Information

	2019	2018
Service cost	\$ 7,454	12,492
Interest cost	4,310	5,507
Difference between expected and actual experiences	(57,924)	
Changes in assumptions	(6,776)	4,578
Benefit payments	(733)	(5,686)
Net change in total OPEB liability	(53,669)	16,891
Total OPEB liability beginning of year	162,738	145,847
Total OPEB liability end of year	<u>\$ 109,069</u>	<u>162,738</u>
Covered-employee payroll	\$ 20,073,722	21,926,534
Total OPEB liability as a percentage of covered-employee payroll	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**

*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, 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-2018 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.

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

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, 2019

Funds/Levy	Original/ Final Budget	Actual	Variance between Budget and Actual
Unrestricted	\$ 37,280,000	34,892,532	2,387,468
Restricted	10,950,000	9,513,630	1,436,370
Unemployment Compensation	55,000	73,491	(18,491)
Insurance	1,660,000	1,908,912	(248,912)
Tort Liability	495,000	503,710	(8,710)
Early Retirement	460,000	731,174	(271,174)
Equipment Replacement	537,916	537,669	247
Total Restricted	14,157,916	13,268,586	889,330
Plant	9,260,000	7,407,992	1,852,008
Total	\$ 60,697,916	55,569,110	5,128,806

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 Agency Funds.

For the year ended June 30, 2019, 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, 2019

	Current Funds		Quasi- Endowment
	Unrestricted	Restricted	Funds
<b>Assets and Deferred Outflows of Resources</b>			
Cash, cash equivalents and pooled investments	\$ 13,027,133	4,367,462	4,666,141
Receivables:			
Accounts, net of allowance of \$124,520	1,269,404	10,045	2,752
Succeeding year property tax	1,135,616	3,299,734	-
Iowa Industrial New Jobs Training Program	-	1,922,991	-
Due from other funds	260,013	2,850,536	-
Due from other governments	55,789	739,876	-
Prepaid expenses	314,520	425	-
Inventories	848,230	-	-
Capital assets:			
Land	-	-	-
Buildings	-	-	-
Construction in progress	-	-	-
Improvements other than buildings	-	-	-
Intangibles	-	-	-
Equipment and vehicles	-	-	-
Accumulated depreciation/amortization	-	-	-
<b>Total assets</b>	<b>16,910,705</b>	<b>13,191,069</b>	<b>4,668,893</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>\$ 16,910,705</b>	<b>13,191,069</b>	<b>4,668,893</b>

Plant Funds		Agency Funds	Adjustments	Total
Unexpended	Investment in Plant			
3,108,107	-	218,826	-	25,387,669
20,122	-	12,282	-	1,314,605
1,135,616	-	-	-	5,570,966
-	-	-	-	1,922,991
271,119	-	91,657	(3,473,325)	-
-	-	118,595	-	914,260
200,439	-	-	-	515,384
-	-	-	-	848,230
-	458,397	-	-	458,397
-	70,521,348	-	-	70,521,348
-	6,149,610	-	-	6,149,610
-	6,221,853	-	-	6,221,853
-	426,567	-	-	426,567
-	10,204,480	-	-	10,204,480
-	-	-	(45,649,539)	(45,649,539)
4,735,403	93,982,255	441,360	(49,122,864)	84,806,821
-	-	-	3,231,531	3,231,531
-	-	-	3,550	3,550
-	-	-	3,235,081	3,235,081
4,735,403	93,982,255	441,360	(45,887,783)	88,041,902

(continued on next page)

Indian Hills Community College

Balance Sheet  
All Funds  
(continued)

June 30, 2019

	Current Funds		Quasi- Endowment Funds
	Unrestricted	Restricted	
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 1,488,464	534,538	-
Salaries and benefits payable	1,145,961	1,595	-
Due to other funds	3,213,312	260,013	-
Advances from others	1,259,527	109	-
Early retirement payable	-	1,353,564	-
Compensated absences	958,474	2,072	-
Deposits held in custody for others	-	-	-
Certificates payable	-	4,981,093	-
Net pension liability	-	-	-
Total OPEB liability	-	-	-
Total liabilities	8,065,738	7,132,984	-
Deferred inflows of resources:			
Succeeding year property tax	1,135,616	3,299,734	-
Pension related deferred inflows	-	-	-
OPEB related deferred inflows	-	-	-
Total deferred inflows of resources	1,135,616	3,299,734	-
Fund balances:			
Net investment in capital assets	-	-	-
Restricted:			
Expendable:			
Scholarships and fellowships	-	40,402	-
Cash reserve	-	288,745	-
Other	-	3,830,018	-
Unrestricted	5,082,473	(1,400,814)	4,668,893
Auxiliary enterprises	2,626,878	-	-
Total fund balances	7,709,351	2,758,351	4,668,893
<b>Total liabilities, deferred inflows of resources and fund balances</b>	\$ 16,910,705	13,191,069	4,668,893

See accompanying independent auditor's report.

Plant Funds				
Unexpended	Investment in Plant	Agency Funds	Adjustments	Total
266,155	-	3,264	-	2,292,421
-	-	1,134	-	1,148,690
-	-	-	(3,473,325)	-
34,800	-	41,462	-	1,335,898
-	-	-	-	1,353,564
-	-	-	-	960,546
-	-	395,500	-	395,500
-	-	-	-	4,981,093
-	-	-	12,153,321	12,153,321
-	-	-	109,069	109,069
300,955	-	441,360	8,789,065	24,730,102
1,135,616	-	-	-	5,570,966
-	-	-	1,148,078	1,148,078
-	-	-	57,511	57,511
1,135,616	-	-	1,205,589	6,776,555
-	93,982,255	-	(45,649,539)	48,332,716
-	-	-	-	40,402
-	-	-	-	288,745
-	-	-	-	3,830,018
3,298,832	-	-	(10,232,898)	1,416,486
-	-	-	-	2,626,878
3,298,832	93,982,255	-	(55,882,437)	56,535,245
4,735,403	93,982,255	441,360	(45,887,783)	88,041,902

Indian Hills Community College

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

Year ended June 30, 2019

	Current Funds		Quasi- Endowment
	Unrestricted	Restricted	Funds
<b>Revenues:</b>			
<b>General:</b>			
State appropriations	\$ 14,883,698	2,728,042	-
Tuition and fees	16,766,157	-	-
Property tax	1,191,060	3,260,846	-
Federal appropriations	-	8,750,207	-
Sales and services	593,485	9,858	-
Interest on investments	336,625	109,601	11,647
Iowa Industrial New Jobs Training Program	-	2,032,582	-
Increase in plant investment due to donated plant assets	-	-	-
Increase in plant investment due to plant expenditures (including \$432,425 of current fund expenditures)	-	-	-
Gifts from the Indian Hills Community College Foundation	-	-	-
Proceeds from sale of capital assets	-	-	-
Miscellaneous	2,456,504	4,739,815	-
	<u>36,227,529</u>	<u>21,630,951</u>	<u>11,647</u>
<b>Auxiliary enterprises:</b>			
Tuition and fees	522,500	-	-
Federal appropriations	8,517	-	-
Sales and services	5,496,428	-	-
Interest on investments	17,994	-	-
Miscellaneous	483,819	-	-
	<u>6,529,258</u>	<u>-</u>	<u>-</u>
Total revenues	<u>42,756,787</u>	<u>21,630,951</u>	<u>11,647</u>
<b>Expenditures:</b>			
<b>Education and support:</b>			
Liberal arts and sciences	5,440,896	297,596	-
Vocational technical	12,517,840	763,162	-
Adult education	1,235,031	2,356,718	-
Cooperative services	13,511	2,380,994	-
Administration	1,581,153	537,669	-
Student services	4,437,806	225,554	-
Learning resources	467,795	-	-
Physical plant	3,960,408	1,908,911	-
General institution	5,238,092	4,654,092	-
Total education and support	<u>34,892,532</u>	<u>13,124,696</u>	<u>-</u>

Plant Funds			
Unexpended	Investment in Plant	Adjustments	Total
418,692	-	-	18,030,432
-	-	(3,814,169)	12,951,988
1,195,023	-	-	5,646,929
-	-	-	8,750,207
444,136	-	-	1,047,479
102,111	-	-	559,984
-	-	-	2,032,582
-	60,000	-	60,000
-	6,307,573	(6,307,573)	-
-	-	1,559,624	1,559,624
20,751	-	(20,751)	-
332,930	-	(4,366,790)	3,162,459
2,513,643	6,367,573	(12,949,659)	53,801,684
-	-	-	522,500
-	-	-	8,517
-	-	(1,724,892)	3,771,536
-	-	-	17,994
-	-	-	483,819
-	-	(1,724,892)	4,804,366
2,513,643	6,367,573	(14,674,551)	58,606,050
-	-	(353,800)	5,384,692
-	-	(1,196,389)	12,084,613
-	-	(222,672)	3,369,077
-	-	(88,583)	2,305,922
-	-	(270,944)	1,847,878
-	-	(473,862)	4,189,498
-	-	(37,267)	430,528
-	-	(283,318)	5,586,001
-	-	(535,527)	9,356,657
-	-	(3,462,362)	44,554,866

(continued on next page)

Indian Hills Community College

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

Year ended June 30, 2019

	Current Funds		Quasi- Endowment
	Unrestricted	Restricted	Funds
Expenditures (continued):			
Auxiliary enterprises	6,324,058	-	-
Scholarships and grants	-	6,742,279	-
Workforce Investment Act	-	689,675	-
Plant operations	-	-	-
Plant asset acquisitions	-	-	-
Disposal of plant assets	-	-	-
Interest on indebtedness	-	143,890	-
Depreciation/amortization	-	-	-
Loss on disposal of capital assets	-	-	-
Total expenditures	<u>41,216,590</u>	<u>20,700,540</u>	-
Excess (deficiency) of revenues over (under) expenditures	1,540,197	930,411	11,647
Transfers:			
Non-mandatory transfers	<u>(1,432,652)</u>	<u>(450,900)</u>	-
Net	107,545	479,511	11,647
Fund balances beginning of year	<u>7,601,806</u>	<u>2,278,840</u>	<u>4,657,246</u>
Fund balances end of year	<u>\$ 7,709,351</u>	<u>2,758,351</u>	<u>4,668,893</u>

See accompanying independent auditor's report.

Plant Funds			
Unexpended	Investment in Plant	Adjustments	Total
-	-	(464,145)	5,859,913
-	-	(4,724,188)	2,018,091
-	-	-	689,675
1,573,280	-	-	1,573,280
5,834,712	-	(5,834,712)	-
-	629,855	(629,855)	-
-	-	-	143,890
-	-	2,889,847	2,889,847
-	-	10,184	10,184
<u>7,407,992</u>	<u>629,855</u>	<u>(12,215,231)</u>	<u>57,739,746</u>
(4,894,349)	5,737,718	(2,459,320)	866,304
<u>1,883,552</u>	-	-	-
(3,010,797)	5,737,718	(2,459,320)	866,304
<u>6,309,629</u>	<u>88,244,537</u>	<u>(53,423,117)</u>	<u>55,668,941</u>
<u>3,298,832</u>	<u>93,982,255</u>	<u>(55,882,437)</u>	<u>56,535,245</u>

Indian Hills Community College

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

Year ended June 30, 2019

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Revenues:				
State appropriations	\$ 7,139,922	6,578,537	1,131,867	-
Tuition and fees	7,103,638	8,649,770	920,804	-
Property tax	-	-	-	-
Federal appropriations	-	-	-	-
Sales and services	335	206,107	140,562	-
Interest on investments	-	-	-	-
Miscellaneous	14,296	308,080	11,460	-
Total revenues	<u>14,258,191</u>	<u>15,742,494</u>	<u>2,204,693</u>	<u>-</u>
Expenditures:				
Salaries and benefits	5,116,402	10,152,987	737,804	-
Services	38,427	1,460,386	331,964	7,710
Materials and supplies	55,751	601,733	136,518	4,134
Travel	114,536	105,848	15,973	1,167
Loan cancellations and bad debts	115,543	105,254	-	-
Plant asset acquisitions	-	7,358	-	-
Administrative and collections	-	-	-	-
Miscellaneous	237	84,274	12,772	500
Total expenditures	<u>5,440,896</u>	<u>12,517,840</u>	<u>1,235,031</u>	<u>13,511</u>
Excess (deficiency) of revenues over (under) expenditures	8,817,295	3,224,654	969,662	(13,511)
Transfers:				
Non-mandatory transfers	-	-	-	-
Net	<u>\$ 8,817,295</u>	<u>3,224,654</u>	<u>969,662</u>	<u>(13,511)</u>
Fund balances beginning of year				
Fund balances end of year				

See accompanying independent auditor's report.

General Administration	Support				General Institution	Education and Support Total
	Student Services	Learning Resources	Physical Plant			
18,692	-	-	14,680	-	-	14,883,698
-	91,045	-	-	900	-	16,766,157
1,191,060	-	-	-	-	-	1,191,060
-	-	-	-	-	-	-
-	191,500	-	137	54,844	-	593,485
336,625	-	-	-	-	-	336,625
594,546	2,695	380	1,511,745	13,302	-	2,456,504
2,140,923	285,240	380	1,526,562	69,046	-	36,227,529
1,140,450	3,754,904	308,377	2,123,461	3,017,603	-	26,351,988
339,763	524,663	19,790	1,521,749	1,391,878	-	5,636,330
30,402	71,597	139,423	314,553	565,842	-	1,919,953
38,436	80,972	205	615	95,292	-	453,044
-	5,670	-	-	-	-	226,467
-	-	-	-	-	-	7,358
29,214	-	-	-	-	-	29,214
2,888	-	-	30	167,477	-	268,178
1,581,153	4,437,806	467,795	3,960,408	5,238,092	-	34,892,532
559,770	(4,152,566)	(467,415)	(2,433,846)	(5,169,046)	-	1,334,997
(1,320,000)	(5,677)	-	-	(5,677)	-	(1,331,354)
(760,230)	(4,158,243)	(467,415)	(2,433,846)	(5,174,723)	-	3,643
						5,078,830
						\$ 5,082,473

**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, 2019

	Institutional Services	Education Program	Miscellaneous	Total
Revenues:				
Tuition and fees	\$ -	492,500	30,000	522,500
Federal appropriations	-	8,517	-	8,517
Sales and services	2,589,793	2,244,765	661,870	5,496,428
Interest on investments	-	-	17,994	17,994
Miscellaneous	245,502	93,726	144,591	483,819
Total revenues	2,835,295	2,839,508	854,455	6,529,258
Expenditures:				
Salaries and benefits	470,162	924,891	195,345	1,590,398
Services	278,751	263,039	632,841	1,174,631
Materials and supplies	137,036	315,907	119,349	572,292
Travel	691	249,462	1,183	251,336
Loan cancellations and bad debts	81,263	36,115	20,788	138,166
Plant asset acquisitions	29,275	-	94,500	123,775
Miscellaneous	4,820	70,000	6,430	81,250
Cost of goods sold	1,501,794	890,416	-	2,392,210
Total expenditures	2,503,792	2,749,830	1,070,436	6,324,058
Excess (deficiency) of revenues over (under) expenditures	331,503	89,678	(215,981)	205,200
Transfers:				
Non-mandatory transfers	(389,608)	7,363	280,947	(101,298)
Net	(58,105)	97,041	64,966	103,902
Fund balances beginning of year	1,748,441	273,892	500,643	2,522,976
Fund balances end of year	\$ 1,690,336	370,933	565,609	2,626,878

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, 2019

	Scholarships and Grants	Equipment Replacement	Tort Liability	Insurance	Early Retirement
<b>Revenues:</b>					
State appropriations	\$ 743,660	8,308	7,621	27,185	7,150
Property tax	-	529,361	485,510	1,732,538	455,844
Federal appropriations	5,365,623	-	-	-	-
Sales and services	-	-	-	-	-
Interest on investments	-	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-	-
Miscellaneous	512,803	-	-	-	-
Total revenues	<u>6,622,086</u>	<u>537,669</u>	<u>493,131</u>	<u>1,759,723</u>	<u>462,994</u>
<b>Expenditures:</b>					
Salaries and benefits	-	-	75,165	-	731,174
Services	-	-	428,545	1,908,912	-
Materials and supplies	-	359,571	-	-	-
Travel	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-
Awards to subrecipients	-	-	-	-	-
Plant asset acquisitions	-	178,098	-	-	-
Miscellaneous	-	-	-	-	-
Federal Pell grant program	5,242,195	-	-	-	-
Federal Supplemental Educational Opportunity grant	148,019	-	-	-	-
Iowa College Student Aid Commission	743,660	-	-	-	-
Private scholarships	608,405	-	-	-	-
Total expenditures	<u>6,742,279</u>	<u>537,669</u>	<u>503,710</u>	<u>1,908,912</u>	<u>731,174</u>
Excess (deficiency) of revenues over (under) expenditures	(120,193)	-	(10,579)	(149,189)	(268,180)
<b>Transfers:</b>					
Non-mandatory transfers	137,243	-	-	-	-
Net	17,050	-	(10,579)	(149,189)	(268,180)
Fund balances beginning of year	23,352	-	47,198	(532,334)	(451,111)
Fund balances end of year	<u>\$ 40,402</u>	<u>-</u>	<u>36,619</u>	<u>(681,523)</u>	<u>(719,291)</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
910	1,793,396	-	-	-	139,812	-	-	2,728,042
57,593	-	-	-	-	-	-	-	3,260,846
-	-	2,694,034	690,550	-	-	-	-	8,750,207
-	-	-	-	-	-	-	9,858	9,858
-	-	-	-	109,601	-	-	-	109,601
-	-	-	-	2,032,582	-	-	-	2,032,582
-	2,700	560	-	-	-	4,152,245	71,507	4,739,815
58,503	1,796,096	2,694,594	690,550	2,142,183	139,812	4,152,245	81,365	21,630,951
73,491	949,702	1,697,692	353,728	112,046	-	35,693	4,159	4,032,850
-	267,078	393,037	111,964	1,589,549	161,974	3,305,717	34,740	8,201,516
-	48,631	93,554	6,747	-	-	4,308	12,868	525,679
-	12,580	134,239	3,523	-	-	-	2,728	153,070
-	-	-	-	143,890	-	-	-	143,890
-	-	-	213,713	-	-	-	-	213,713
-	23,194	100,000	-	-	-	-	-	301,292
-	127,978	251,660	-	-	-	-	6,613	386,251
-	-	-	-	-	-	-	-	5,242,195
-	-	-	-	-	-	-	-	148,019
-	-	-	-	-	-	-	-	743,660
-	-	-	-	-	-	-	-	608,405
73,491	1,429,163	2,670,182	689,675	1,845,485	161,974	3,345,718	61,108	20,700,540
(14,988)	366,933	24,412	875	296,698	(22,162)	806,527	20,257	930,411
-	(425,000)	(24,591)	-	(138,552)	-	-	-	(450,900)
(14,988)	(58,067)	(179)	875	158,146	(22,162)	806,527	20,257	479,511
53,233	87,330	179	29,182	638,821	250,207	1,836,948	295,835	2,278,840
38,245	29,263	-	30,057	796,967	228,045	2,643,475	316,092	2,758,351

**Schedule 7**

## Indian Hills Community College

Schedule of Changes in Deposits Held in Custody for Others  
Agency Funds

Year ended June 30, 2019

	Student Organizations	Federal Direct Student Loan Program	Miscellaneous	Total
Balances beginning of year	\$ 136,124	-	282,800	418,924
Additions:				
State appropriations	-	-	18,706	18,706
Federal appropriations	-	6,768,845	-	6,768,845
Tuition and fees	67,500	-	3,015	70,515
Sales and services	72,540	-	176,002	248,542
Interest on investments	-	-	691	691
Miscellaneous	4,300	-	840,133	844,433
Total additions	144,340	6,768,845	1,038,547	7,951,732
Deductions:				
Salaries and benefits	489	-	175,260	175,749
Services	61,376	-	735,007	796,383
Materials and supplies	20,005	-	5,232	25,237
Travel	38,759	-	608	39,367
Miscellaneous	27,706	-	129,310	157,016
Direct student loans	-	6,768,845	-	6,768,845
Cost of goods sold	12,559	-	-	12,559
Total deductions	160,894	6,768,845	1,045,417	7,975,156
Balances end of year	\$ 119,570	-	275,930	395,500

See accompanying independent auditor's report.

Indian Hills Community College  
 Schedule of Credit and Contact Hours  
 Year ended June 30, 2019

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not		Eligible for Aid	Not	
		Eligible for Aid	Total		Eligible for Aid	Total
Arts and Sciences	48,240	-	48,240	-	-	-
Vocational Education	37,573	-	37,573	-	-	-
Adult Education/ Continuing Education	-	-	-	207,779	4,484	212,263 *
Total	85,813	-	85,813			

\* - During fiscal year 2019 the College increased the contact hours for certain adult literacy programs from 40 hours per program to 120 hours per program. This resulted in contact hours increasing approximately 63,500 for adult literacy.

See accompanying independent auditor's report.

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

	Years ended			
	2019	2018	2017	2016
Local (property tax)	\$ 5,646,929	5,423,508	5,137,967	4,979,238
State	18,030,432	18,264,076	18,195,085	18,971,694
Federal	8,758,724	10,175,756	10,964,930	12,252,023
Total	<u>\$ 32,436,085</u>	<u>33,863,340</u>	<u>34,297,982</u>	<u>36,202,955</u>

See accompanying independent auditor's report.

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June 30,					
2015	2014	2013	2012	2011	2010
4,944,550	4,143,844	3,981,490	4,307,405	4,292,781	4,033,815
18,600,408	18,099,666	15,521,696	16,156,190	13,491,892	12,267,335
12,281,881	12,526,693	13,784,293	15,944,207	18,106,236	19,768,049
35,826,839	34,770,203	33,287,479	36,407,802	35,890,909	36,069,199

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Indian Hills Community College

Schedule of Current Fund Revenues by Source  
and Expenditures by Function

For the Last Ten Years

	Years ended			
	2019	2018	2017	2016
<b>Revenues:</b>				
State appropriations	\$ 17,611,740	17,843,715	17,774,403	18,030,920
Tuition and fees	16,766,157	17,194,736	18,728,253	20,784,275
Property tax	4,451,906	4,274,419	4,032,218	3,910,307
Federal appropriations	8,750,207	10,165,709	10,950,860	12,236,822
Sales and services	603,343	529,891	556,838	383,741
Interest on investments	446,226	225,483	100,374	63,334
Iowa Industrial New Jobs Training Program	2,032,582	822,127	1,206,763	157,690
Auxiliary enterprises	6,529,258	6,897,016	7,520,131	7,835,328
Miscellaneous	7,196,319	7,152,428	7,214,997	2,771,633
<b>Total</b>	<b>\$ 64,387,738</b>	<b>65,105,524</b>	<b>68,084,837</b>	<b>66,174,050</b>
<b>Expenditures:</b>				
Liberal arts and sciences	\$ 5,738,492	6,223,235	5,864,965	5,744,156
Vocational technical	13,281,002	13,275,581	13,852,317	16,443,417
Adult education	3,591,749	3,715,933	4,387,844	3,838,136
Cooperative services	2,394,505	1,333,594	1,566,597	457,993
Administration	2,118,822	2,055,306	2,128,346	2,100,764
Student services	4,663,360	4,690,315	5,080,346	4,605,789
Learning resources	467,795	530,364	671,888	666,013
Physical plant	5,869,319	5,873,068	5,231,076	5,504,060
General institution	9,892,184	9,473,296	9,805,014	6,310,500
Auxiliary enterprises	6,324,058	6,731,330	7,211,589	7,509,776
Scholarships and grants	6,742,279	6,970,049	7,309,917	8,646,281
Workforce Investment Act	689,675	1,671,877	2,571,972	2,493,210
Interest on indebtedness	143,890	93,801	56,685	58,427
<b>Total</b>	<b>\$ 61,917,130</b>	<b>62,637,749</b>	<b>65,738,556</b>	<b>64,378,522</b>

See accompanying independent auditor's report.

June 30,					
2015	2014	2013	2012	2011	2010
17,979,069	17,363,247	15,111,760	14,551,548	12,633,837	12,228,203
19,395,523	17,579,936	18,196,872	17,868,770	18,767,263	17,044,910
3,883,262	3,085,749	2,957,789	3,330,915	3,352,711	3,131,607
12,181,578	12,031,460	13,751,605	15,711,640	18,044,436	19,742,867
297,256	300,735	238,768	171,215	305,266	250,654
51,920	37,972	59,773	80,746	97,588	107,931
596,542	1,916,716	1,342,184	1,451,917	1,606,070	1,835,403
7,631,662	7,569,391	8,422,448	8,141,095	8,840,122	8,343,338
2,192,017	1,842,141	1,448,965	1,238,987	1,602,279	1,475,699
<u>64,208,829</u>	<u>61,727,347</u>	<u>61,530,164</u>	<u>62,546,833</u>	<u>65,249,572</u>	<u>64,160,612</u>
5,600,909	5,850,290	6,201,782	6,128,369	5,776,120	5,254,600
14,905,151	13,786,667	13,532,045	13,450,906	12,662,111	11,967,322
3,262,739	2,123,833	2,165,784	2,527,489	2,411,689	2,314,128
832,692	1,222,017	675,129	1,063,639	1,054,744	1,281,494
2,092,312	2,240,614	2,144,312	2,275,963	2,022,809	2,125,380
4,745,026	4,984,211	5,069,400	4,185,342	3,962,638	3,844,065
639,303	609,387	613,975	602,093	611,580	717,093
5,705,919	5,067,087	4,691,539	4,793,837	4,758,517	4,054,447
6,007,787	5,260,498	6,974,687	4,616,827	4,555,092	7,023,970
7,201,078	7,634,273	9,280,259	7,745,980	7,673,920	7,152,283
9,507,591	9,215,765	11,089,617	11,621,322	13,871,194	12,701,869
2,260,702	2,130,210	1,899,227	1,671,189	1,455,604	2,339,810
72,413	228,566	315,247	394,435	499,401	551,318
<u>62,833,622</u>	<u>60,353,418</u>	<u>64,653,003</u>	<u>61,077,391</u>	<u>61,315,419</u>	<u>61,327,779</u>

Indian Hills Community College  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2019

Grantor/Program	CFDA Number	Pass-through Entity Identifying Number	Program Expenditures	New Loans and New Loan Guarantees
Direct:				
U.S. Department of Justice:				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525		101,523	-
National Science Foundation:				
Education and Human Resources (\$28,371 provided to subrecipients)	47.076		620,852	-
U.S. Department of Education:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		123,428	-
Federal Work-Study Program	84.033		113,219	-
Federal Pell Grant Program	84.063		5,242,195	-
Federal Direct Student Loans	84.268		-	6,768,845
Total Student Financial Assistance Cluster			5,478,842	6,768,845
TRIO Cluster:				
TRIO_Student Support Services	84.042		297,597	-
TRIO_Talent Search	84.044		268,470	-
TRIO_Upward Bound	84.047		317,005	-
TRIO_Educational Opportunity Centers	84.066		243,503	-
Total TRIO Cluster			1,126,575	-
Total Direct			7,327,792	6,768,845
Indirect:				
U.S. Department of Agriculture:				
Iowa Department of Education:				
Child and Adult Care Food Program	10.558		8,517	-
U.S. Department of Labor:				
Hawkeye Community College:				
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		5,463	-
WIOA Cluster:				
WIOA Adult Program	17.258	16-W-PF-ID-0-29	96	-
WIOA Adult Program	17.258	17-W-15-WI-OA	203,004	-
			203,100	-
WIOA Youth Activities	17.259	17-W-15-WI-OA	233,080	-
WIOA Dislocated Worker Formula Grants	17.278	17-W-15-WI-OA	254,082	-
Total WIOA Cluster			690,262	-
U.S. Small Business Administration:				
Iowa State University:				
Small Business Development Centers	59.037		82,991	-

Indian Hills Community College  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2019

Grantor/Program	CFDA Number	Pass-through Entity Identifying Number	Program Expenditures	New Loans and New Loan Guarantees
Indirect (continued):				
U.S. Department of Education:				
Iowa Department of Education:				
Adult Education - Basic Grants to States	84.002		149,023	-
Career and Technical Education - Basic Grants to States	84.048		377,180	-
Iowa Department of Education - Division of Rehabilitation Services:				
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		89,350	-
U.S. Department of Health and Human Services:				
Iowa Department of Public Health				
Injury Prevention and Control Research and State and Community				
Based Programs	93.136		27,858	-
Iowa Department of Workforce Development:				
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	17-CE-PF-PH-03	288	-
Total of TANF Cluster			288	-
Total Indirect			1,430,932	-
Total			\$ 8,758,724	6,768,845

**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, 2019. 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 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 U.S. generally accepted auditing standards 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 Indian Hills Community College, Ottumwa, Iowa, and the aggregate discretely presented component units as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 27, 2019. Our report includes a reference to other auditors who audited the financial statements of the Indian Hills Community College Development Corp., Inc. and the Indian Hills Community College Foundation, Inc., as described in our report on Indian Hills Community College's financial statements. The financial statements of the Indian Hills Community College Development Corp., Inc. and the Indian Hills Community College Foundation, Inc. were not audited in accordance with Government Auditing Standards.

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 to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion 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 a material misstatement of 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 which 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 we consider to be material weaknesses. However, material weaknesses may exist which have not been identified.

### Compliance and Other Matters

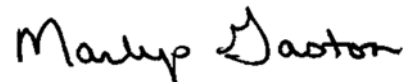
As part of obtaining reasonable assurance about whether Indian Hills Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Purpose of this Report

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

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.



Marlys K. Gaston, CPA  
Deputy Auditor of State

November 27, 2019



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

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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

We have audited Indian Hills Community College's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019. Indian Hills Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Indian Hills Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Indian Hills Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Indian Hills Community College's compliance.

Opinion on Each Major Federal Program

In our opinion, Indian Hills Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

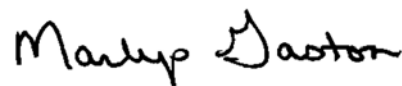
## Report on Internal Control Over Compliance

The management of Indian Hills Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Indian Hills Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Indian Hills Community College's internal control over compliance.

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

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

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



Marlys K. Gaston, CPA  
Deputy Auditor of State

November 27, 2019

Indian Hills Community College  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2019

**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) The major program was the Student Financial Assistance Cluster.
- (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, 2019

**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, 2019

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

- IV-A-18 Certified Budget – Expenditures for the year ended June 30, 2019 did not exceed the amount budgeted.
- IV-B-18 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.
- IV-C-18 Travel Expense – No expenditures of College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.
- IV-D-18 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	\$ 310,301

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

- IV-E-18 Bond Coverage – Surety bond coverage of College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-18 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-18 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.
- IV-H-18 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.
- IV-I-18 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, 2019 were supported by detailed records maintained by the College.

Indian Hills Community College

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Michelle B. Meyer, CPA, Manager  
Cole L. Hocker, CPA, Senior Auditor II  
Selina V. Johnson, CPA, Senior Auditor II  
Jon G. Hanson, Staff Auditor  
Matthew A. Miller, Staff Auditor  
Drake J. Caple, Assistant Auditor  
Maria R. Collins, Assistant Auditor

## APPENDIX B

### DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes (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 OPINION OF BOND COUNSEL



**Ahlers & Cooney, P.C.**  
Attorneys at Law  
100 Court Avenue, Suite 600  
Des Moines, Iowa 50309-2231  
**Phone:** 515-243-7611  
**Fax:** 515-243-2149  
[www.ahlerslaw.com](http://www.ahlerslaw.com)

\_\_\_\_\_, 2020

We 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 ("Issuer"), and acts of administrative officers of the Issuer, relating to the issuance of General Obligation Plant Fund Capital Loan Notes, Series 2020 (the "Notes"), dated May 11, 2020, in the denominations of \$5,000 or multiples thereof, in the aggregate amount of \$\_\_\_\_\_.

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

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution authorizing the Loan Agreement and issuance of the Notes (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 political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and Loan Agreement and issue the Notes.
2. The Loan Agreement and Notes are valid and binding general obligations of the Issuer.

The lien of the Notes ranks on a parity as to the pledge of revenues with respect to Additional Obligations, which may be issued upon conditions set forth in the Resolution.

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 Notes. Taxes have been levied by the Resolution for the payment of the Notes and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent the necessary funds are not provided from other sources.

4. Interest on the Notes 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; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The

\_\_\_\_\_, 2020  
Page 2

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 Notes 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 Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

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

The rights of the owners of the Notes and the enforceability of the Notes 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.

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## APPENDIX D

### 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 \$5,000,000 General Obligation Plant Fund Capital Loan Notes, Series 2020 (the "Notes") dated May 11, 2020. The Notes are being issued pursuant to a Resolution of the Issuer approved on \_\_\_\_\_, 2020 (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 Notes 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 Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes 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 Notes, 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 Notes, dated \_\_\_\_\_, 2020.

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

"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 two hundred seventy (270) days after the end of the Issuer's fiscal year (presently June 30th), commencing with information for the 2019/2020 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

c) The Dissemination Agent shall:

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

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

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

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

b) A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the captions "The College: Enrollment History"; "Debt Information"; and "Property Assessment and Tax Information: Property Tax Assessment, Property Tax Collection and Property Tax Rates".

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 Notes 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 Notes 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 Notes, or material events affecting the tax-exempt status of the Notes;
- vii. Modifications to rights of Holders of the Notes, if material;
- viii. Note calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
- ix. Defeasances of the Notes;
- x. Release, substitution, or sale of property securing repayment of the Notes, if material;
- xi. Rating changes on the Notes;
- 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. Optional: Attorney to check facts: Additional Filing. The Issuer's audited financial statements for fiscal year ending June 30, \_\_\_\_\_, [Prior fiscal year if audit not yet available as of the date of the Final Official Statement.] 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 Notes shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes 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 Notes, 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 Notes, 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 Notes 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 Notes.

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 Notes 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 Notes.

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 Notes, 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 \_\_\_\_\_, 2020.

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 Note Issue: \$5,000,000 General Obligation Plant Fund Capital Loan Notes, Series 2020  
Dated Date of Issue: May 11, 2020

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Notes as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Notes. 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, Iowa 52501

April 13, 2020  
Speer Financial, Inc.  
Facsimile: (319) 291-8628

Members of the Board of Trustees:

For the \$5,000,000\* General Obligation Plant Fund Capital Loan Notes, Series 2020 (the "Notes"), 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 \$4,960,000). The Notes are to bear interest at the following respective rates (each a multiple of 1/8 or 1/100 of 1%) for the Notes of each designated maturity.

**AMOUNTS\* AND MATURITIES – JUNE 1**

\$500,000 .....	2021	_____ %	\$545,000 .....	2024	_____ %	\$580,000 .....	2027	_____ %
525,000 .....	2022	_____ %	555,000 .....	2025	_____ %	590,000 .....	2028	_____ %
535,000 .....	2023	_____ %	565,000 .....	2026	_____ %	605,000 .....	2029	_____ %

*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 Notes, and (ii) we have an established industry reputation for underwriting new issuances of municipal bonds and notes.

The Notes 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 apply for CUSIP numbers and pay the fee charged by the CUSIP Service Bureau and will accept the Notes with the CUSIP numbers as entered on the Notes.**

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 Notes. 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 Notes.

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: \$100,000

**Account Manager Information**

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

**Bidders Option Insurance**

<p>We have purchased insurance from:  <b><u>Name of Insurer</u></b>                  (Please fill in)</p> <p>_____</p> <p>Premium: _____</p> <p>Maturities: (Check One)</p> <p><input type="checkbox"/> _____ Years</p> <p><input type="checkbox"/> All</p>
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The foregoing bid was accepted and the Notes sold by resolution of the College on April 13, 2020, 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  
(MERGED AREA XV)

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

\_\_\_\_\_  
President, Board of Trustees

-----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	26,391.67
AVERAGE LIFE	5.278 Years

## OFFICIAL TERMS OF OFFERING

**\$5,000,000\***  
**INDIAN HILLS COMMUNITY COLLEGE, IOWA**  
**(Merged Area XV)**

### General Obligation Plant Fund Capital Loan Notes, Series 2020

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 \$5,000,000\* General Obligation Plant Fund Capital Loan Notes, Series 2020 (the “Notes”), on an all or none basis between 10:00 A.M. and 10:30 A.M., C.D.T., Monday, April 13, 2020. 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 Notes, 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, April 13, 2020. The College will also receive facsimile bids at (319) 291-8628 for the Notes, on an all or none basis, before 10:30 A.M., C.D.T., Monday, April 13, 2020. 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 Notes and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Notes 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 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 Notes, 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 \$5,000,000. 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 Notes is adjusted as described above. Any change in the principal amount of any maturity of the Notes will be made while maintaining, as closely as possible, the Winning Bidder’s net compensation, calculated as a percentage of Note 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 (10% Test May Apply if Competitive Sale Requirements are Not Satisfied)**

- (a) The winning bidder shall assist the College in establishing the issue price of the Notes 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 Notes, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Notice of Sale, 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 Notice of Sale to establish the issue price of the Notes 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 Notes) will apply to the initial sale of the Notes (the “competitive sale requirements”) because:
- (i) the College shall disseminate this Notice of Sale 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 Notes to the bidder who submits a firm offer to purchase the Notes at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, 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 Notes 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 Notes will be subject to the 10% test (as described below) in order to establish the issue price of the Notes.** If the competitive sale requirements are not satisfied, the 10% test shall apply to determine the issue price of each maturity of the Notes 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 Notes 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 Notes, the following two paragraphs shall apply:

The College shall treat the first price at which 10% of a maturity of the Notes (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 Notes satisfies the 10% test as of the date and time of the award of the Notes.

Until the 10% test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the College the prices at which the unsold Notes 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 Notes of that maturity or until all Notes 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 Notes 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 Notes 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 Notes, 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 Notes 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 Notes 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 Notes satisfies the 10% test as of the date and time of the award of the Notes. The College shall promptly advise the winning bidder, at or before the time of award of the Notes, which maturities of the Notes 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 Notes.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Notes 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 Notes, that the Underwriters will neither offer nor sell unsold Notes 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 Notes 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 Notes 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 Notes 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 Notes.

- (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 Notes 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 Notes 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 Notes of that maturity or all Notes 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 Notes 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 Notes 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 Notes 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 Notes 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 Notes of that maturity or all Notes 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 Notes of that maturity or until the close of the fifth business day following the date of the award.
- (e) Sales of any Notes to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:
- (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 Notes 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 Notes 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 Notes to the Public),
  - (iii) a purchaser of any of the Notes 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 Notes are awarded by the College to the winning bidder.

**Note Details**

The Notes 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 Notes will be paid. Individual purchases will be in book-entry form only. Interest on each Note shall be paid by check or draft of the Note Registrar to the person in whose name such Note 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 Notes shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Note Registrar in West Des Moines, Iowa. Semiannual interest is due June 1 and December 1 of each year, commencing December 1, 2020 and is payable by UMB Bank, n.a., West Des Moines, Iowa (the “Note Registrar”). The Notes are dated the date of delivery (expected to be on or about May 11, 2020).

**AMOUNTS\* AND MATURITIES – JUNE 1**

\$500,000 .....	2021	\$545,000 .....	2024	\$580,000 .....	2027
525,000 .....	2022	555,000 .....	2025	590,000 .....	2028
535,000 .....	2023	565,000 .....	2026	605,000 .....	2029

*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 Notes due June 1, 2021 - 2026, inclusive, are non-callable. The Notes due June 1, 2027 - 2029, inclusive, are callable in whole or in part and on any date on or after June 1, 2026, at a price of par and accrued interest. If less than all the Notes 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 Notes. 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 Notes**

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 Notes and must be for not less than \$4,960,000.

**Award of the Notes:** The Notes 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 Notes from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Notes 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 Notes 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 Notes 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 Notes 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 Notes 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 Note.

## 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 Notes 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 Notes 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, Iowa bid for  
\$5,000,000\* General Obligation Plant Fund Capital Loan Notes, Series 2020

If the wire shall arrive in such account prior to the date and time of the sale of the Notes. 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 Notes. 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 Notes on or before the date of delivery of the Notes 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 Notes shall be conditioned upon the College delivering the Undertaking on or before the date of delivery of the Notes.

The Notes 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 May 11, 2020. 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 Notes will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Notes, 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 Notes, as that term is defined in the Rule. By awarding the Notes 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 Notes 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 Notes 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 Notes agrees thereby that if its bid is accepted by the College it shall enter into a contractual relationship with all Participating Underwriters of the Notes 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 Notes. 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 Notes 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 Notes: (1) the legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa, that the Notes are lawful and enforceable obligations of the College in accordance with their terms; (2) the opinion of said attorneys that the interest on the Notes is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Notes; and (3) a no litigation certificate by the College.

The College intends to designate the Notes 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.

The College has authorized the printing and distribution of an Official Statement containing pertinent information relative to the College and the Notes. Copies of such Official Statement or additional information may be obtained from Mr. Michael Lee, 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 One North LaSalle Street, Suite 4100, Chicago, Illinois 60602 (telephone (312) 346-3700).

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

**EXHIBIT A**

**EXAMPLE ISSUE PRICE CERTIFICATE**

**[from bond counsel]**

## EXHIBIT A

### INDIAN HILLS COMMUNITY COLLEGE, IOWA \$5,000,000 GENERAL OBLIGATION PLANT FUND CAPITAL LOAN NOTES, SERIES 2020

#### 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 (April 13, 2020), 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 April 13, 2020.

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: May 11, 2020

**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 \$5,000,000 GENERAL OBLIGATION PLANT FUND CAPITAL LOAN NOTES, SERIES 2020

#### 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 April 13, 2020.

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: May 11, 2020

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

*(Attached)*

**SCHEDULE B**

**COPY OF UNDERWRITER'S BID**

*(Attached)*