



FINANCIAL REPORT

// 2021-2022

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DEAR FRIENDS,

On behalf of the Trustees of Ivy Tech Community College of Indiana, I am pleased to present the College's 2021-2022 Financial Report.

I cannot think of a more appropriate time of year to reflect on how Ivy Tech continues to impact thousands of Hoosiers every day. Our faculty, staff, and programs transform the lives of students across Indiana, placing them on pathways to high-wage, high-demand careers that elevate local communities and power our state's economy.

The past year has been eventful and productive with the expansion of our Ivy+ model, our transcripts initiative, continued investment in multiple instructional modalities, and the launch of the Larry Garatoni School of Entrepreneurship.

In its first year alone, our Ivy+ Tuition and Textbooks program provided over 132,000 students with their required textbooks on day one at no cost, saving our students over \$34 million. With those outcomes, Ivy+ Tuition and Textbooks challenged us to be even more innovative about how we might extend the Ivy+ value and comprehensive services to our students and communities in other ways.

As a result, we launched Ivy+ Career Link, which connects our students to careers with Indiana employers through a high-quality, high-impact developmental career coaching and employer engagement process. Since we have scaled Ivy+ Career Link to all our 19 campuses, we've seen a 16% increase in student retention by students who have engaged in at least one Career Link activity.

In 2021, we also became the only higher education institution in Indiana to release student transcripts to students who still owe money to the College. To date, the College has provided transcripts to over 2,200 students, providing them with a way forward to continue their academic pursuits, which in turn sets them up for greater financial prosperity.

In a post-COVID world, Ivy Tech continues to invest in multiple instructional modalities as a means to ensure student access to high-quality post-secondary coursework. This includes providing ongoing professional development to faculty through instructional design services, educational technologists on each campus, as well as investments in new statewide positions that oversee teaching and learning. Additionally, during the 2021-2022 academic year, our dual credit programming quality was affirmed as the College received accreditation through the National Alliance of Concurrent Enrollment Partnerships (NACEP) and was recognized as the largest NACEP accredited program in the nation.

Additionally, in the Fall of 2021, the College launched the Larry Garatoni School of Entrepreneurship on four campuses and expanded to three more this fall. In partnership with Regional Innovation and Startup Education (R.I.S.E.), students can earn an Entrepreneur Certificate in as little as two semesters. In just one year, out of 91 students who enrolled, 67 students earned certificates that will propel them into careers as future business owners, with 19 launching start-up businesses.

Finally, as we prepare to celebrate the College's 60th anniversary next year, we look forward to acknowledging Ivy Tech's history and accolades since becoming a college back in 1963. While much has changed over the years, our mission of providing accessible, affordable, world-class education is still at the heart of what we do.

Sincerely,



Dr. Sue Ellspermann
President, Ivy Tech Community College

PRESIDENT

Dr. Susan Ellspermann

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Board Listing as of June 30, 2022



October 25, 2022

To the President and State Board of Trustees of Ivy Tech Community College of Indiana:

I am pleased to present the Ivy Tech Community College of Indiana Annual Comprehensive Financial Report for the year ended June 30, 2022.

This financial report incorporates data from the College's campuses, educational sites and courses only locations. The financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) statements and the accompanying notes and Management Discussion and Analysis are integral components of the report.

An analysis is included herein which compares the College's financial position for the fiscal years ended June 30, 2022, and 2021 with comparative information for fiscal year 2020. This demonstrates the College's fiscal strength and sound financial position.

The College provides hands-on experience at more than 40 locations servicing more than 75 communities state-wide, plus providing the convenience of more than 1,000 online classes. The College is committed to ensuring the institution has sufficient financial resources to keep higher education accessible for those communities. As such, the College must carefully and diligently manage its resources.

The Indiana State Board of Accounts has audited the financial statements. Their audit opinion is included on pages 5-7 of this report. This report is a complete and permanent record of Ivy Tech Community College of Indiana's financial status for the period stated therein.

Respectfully submitted,

A handwritten signature in cursive script that reads "Dominick Chase".

Dominick M. Chase
Senior Vice President for Business Affairs, Chief Financial Officer & Treasurer



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF IVY TECH COMMUNITY COLLEGE OF INDIANA, INDIANAPOLIS, INDIANA

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit, of Ivy Tech Community College of Indiana (College), a component unit of the State of Indiana, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit, of the College, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Ivy Tech Foundation, Inc. (Foundation), a component unit of the College as described in Note 1, which represent 100 percent, 100 percent, and 100 percent, respectively, of the total assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended. Those statements, which were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards*, were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Basis for Opinions

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Emphasis of Matter

As discussed in Note I.T, to the financial statements, in fiscal year 2022, the College adopted new accounting guidance Governmental Accounting Standards Board Statement 87 *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of College's Other Postemployment Benefits, the Changes in Assumptions and Benefit Terms, the Schedule of College's Proportionate Share of the Net Pension Liability, the Schedule of the College's Contributions, and the Plan Amendments and Assumption Changes, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the President's Letter, State Board of Trustees, Management Letter, and Five Year Trend in Student Enrollment, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Beth Kelley, CPA, CFE
Deputy State Examiner

October 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This section of Ivy Tech Community College of Indiana's (Ivy Tech) annual comprehensive financial report presents a discussion and analysis of the financial performance of the College for the fiscal year ending June 30, 2022 and 2021 along with comparative data for the year ending June 30, 2020. The management's discussion and analysis provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements and note disclosures. The management's discussion and analysis is designed to focus on current activities, significant changes, and currently known facts. The financial statements, notes, and this discussion are the responsibility of management.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis for Public Colleges and Universities*, an Amendment of GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. The financial statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

One of the most important questions asked about the College's finances is whether the College is stronger as a result of this year's activity. The keys to understanding that question are the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The College's net position is one indicator of the College's financial strength. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to the College, regardless of when cash is exchanged. Deferred outflows of resources are the consumption of net assets by the College that are applicable to a future reporting period. Deferred inflows of resources are the acquisition of net position by the College that are applicable to a future reporting period.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. The authoritative financial reporting model classifies State appropriations, Federal Higher Education Emergency Relief Funds (HEERF), and gifts as nonoperating revenues; therefore, such a classification results in an operating deficit being shown in this statement. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they mature. The Statement of Cash Flows presents the information related to cash inflows and outflows summarized by operating, capital, and noncapital financing and investing activities.

The College's financial statements, related footnote disclosures, and required supplementary information (RSI), including management's discussion and analysis, have been prepared by management. GASB required supplementary information is not audited and should be read in conjunction with the financial statements and footnotes.

FINANCIAL HIGHLIGHTS

In return for providing the resources necessary for the operations of the College, Ivy Tech's students and the taxpayers of Indiana demand careful stewardship of State appropriations, student fees, grants and contracts, donor contributions, and other funds. This Annual Comprehensive Financial Report for the 2021-22 fiscal year reflects that commitment.

In fiscal year 2022, the College implemented Government Accounting Standards Board statement 87. This GASB statement changes the treatment of leases. GASB 87 was implemented as of July 1, 2020 with a restatement to the beginning Net Position for fiscal year 2021. The GASB 87 portion of the restatement resulted in a reduction in Net Position of \$11,337,942. For additional information related to this implementation, please see Notes V. and XI.

Overall, the College's financial position continues to strengthen. During fiscal year 2022, the College's net position increased by a total of \$54.8 million or 6.1% compared to an adjusted net position increase of \$49.1 million or 5.7% in fiscal year 2021. Unrestricted net position also grew in fiscal year 2022 by \$13.4 million or 2.4% compared to \$53.9 million or 10.6% in fiscal year 2021. This performance has allowed the College to continue to fully fund internally designated funds to offset liabilities for accrued vacation, sick leave, defined benefit pension, and other postemployment benefits (OPEB) while also increasing reserves for operations, repair and rehabilitation and technology related infrastructure.

Total liabilities decreased by \$37.2 million or 8.9% in fiscal year 2022 after an increase of \$22.0 million or 5.5% in fiscal year 2021. During fiscal year 2022, current liabilities decreased by \$2.1 million due to a \$11.1 million decrease in the current portion of debt as a result of the Series O refinancing offset by increases of \$6.4 million in accounts payable and accrued liabilities and \$1.1 million in current compensated absences. In fiscal year 2021, current liabilities decreased by \$26.0 million due to a \$37.8 million decrease in the current portion of debt as a result of a decreased balance of bonds payable offset by increases of \$13.3 million in accounts payable and accrued liabilities and \$1.0 million in current compensated absences. In fiscal year 2022, noncurrent liabilities decreased by \$35.2 million due to long-term debt decrease of \$20.8 million, a \$4.3 million decrease in net pension liability, a \$9.0 million decrease in other post-employment benefits liability, and a \$1.1 million decrease in noncurrent compensated absences. In fiscal year 2021, noncurrent liabilities, increased by \$47.9 million due to the refinancing of Series N in July 2020, a \$1.9 million decrease in net pension liability and a \$2.8 million increase in other post-employment benefits liability offset by a \$2.0 million decrease in noncurrent compensated absences.

Operating revenue increased by \$18.8 million or 11.0% in fiscal year 2022 due to increases in net student tuition and fees of \$8.7 million or 6.7%, governmental and non-governmental contracts totaling \$12.2 million or 39.2%, sales and services of educational departments of \$115 thousand or 7.7%, and other operating revenues of \$695 thousand or 14.3%. While offset by a decrease in auxiliary enterprises of \$2.9 million or 75.3%. In fiscal year 2021, operating revenue increased by \$661 thousand or 0.4%. This increase was comprised of a \$9.6 million or 44.3% increase in governmental and non-governmental contracts, a \$6.7 million or 4.9% decrease in net tuition and fees, an \$872 thousand or 18.4% decrease in auxiliary enterprises, a \$9 thousand or 0.6% decrease in sales and services of educational departments, and a \$1.4 million or 21.9% decrease in other operating revenue.

Net nonoperating revenues increased by \$47.2 million or 9.9% in fiscal year 2022 primarily due to the additional Federal HEERF funding. Increases of \$48.1 million or 26.0% in federal contracts and \$15.5 million in state appropriations were offset by decreases of \$3.1 million or 8.3% in state contracts and investment income of \$20.4 million or 449.3%. Net nonoperating revenues increased by \$41.3 million or 9.5% in fiscal year 2021 primarily due to the Federal HEERF funding. Increases of \$70.7 million or 46.8% in state and federal contracts were offset by decreases of \$13 million or 4.7% in state appropriations and investment income of \$16.3 million or 78.2%.

In fiscal year 2022, operating expenses totaled \$680.3 million, an increase of \$77.5 million or 12.9% over fiscal year 2021. This increase resulted from a \$36.8 million, 34.0% increase in scholarships and fellowships, which includes funding distributed to students as part of Federal HEERF as well as a \$18.6 million or 14.0% increase in supplies and other services associated with Federal HEERF spending on institutional needs. In fiscal year 2021, operating expenses totaled \$602.8 million, an increase of \$63.8 million or 11.8% over fiscal year 2020. This increase resulted from a \$36.2 million, 50.3% increase in scholarships and fellowships, including funds distributed to students as part of Federal HEERF. HEERF spending also contributed to the \$24.2 million or 22.2% increase in supplies and other services for institutional needs.

CONDENSED STATEMENT OF NET POSITION

June 30	2022	2021 (As Restated)	2020*
Current assets	\$338,282,218	\$324,137,093	\$305,338,731
Noncurrent			
Capital assets, net	646,087,854	617,426,590	622,563,149
Other noncurrent assets	385,058,534	401,047,553	344,165,727
Total assets	1,369,428,606	1,342,611,236	1,272,067,607
Deferred outflows of resources	2,417,366	6,322,861	3,109,787
Current liabilities	108,010,006	110,066,427	136,019,133
Noncurrent liabilities	272,800,069	307,986,543	260,073,038
Total liabilities	380,810,075	418,052,970	396,092,171
Deferred inflows of resources	18,069,975	12,695,523	10,033,001
Net position			
Net investment in capital assets	389,307,398	333,498,038	350,722,370
Restricted for Capital Projects	8,814,895	23,273,518	10,801,494
Restricted for Endowment	-	-	63,779
Unrestricted	574,843,629	561,414,048	507,464,579
Total net position	\$972,965,922	\$918,185,604	\$869,052,222

* To ensure comparability, fiscal year 2020 reported current assets decreased by \$7,161,528 and noncurrent assets increased by \$7,161,528 the amount of Deposit with Trustee. For fiscal year 2021 and 2022, Deposit with Trustee has been presented as a noncurrent asset instead of a current asset.

ASSETS

Current assets

Current assets are comprised of cash and cash equivalents which are primarily investments with maturity dates of 0-90 days at date of purchase as of June 30, 2022, and other assets that can be converted into cash within one year from the date of the Statement of Net Position. Overall, current assets increased by \$14.1 million or 4.4% in 2022 compared to \$18.8 million or 6.2% in 2021 and \$67.3 million or 28.3% in 2020. The increase in current net assets is due to a \$26.1 million increase in cash and cash equivalents offset by a \$11.4 million decrease in cash with fiscal agent and a \$12.6 million decrease in short-term investments.

Cash and cash equivalents increased by \$26.1 million or 15.8% in 2022 compared to a decrease of \$14.0 million or 7.8% in 2021 and a decrease of \$67.7 million or 60.6% in 2020. Short-term investments decreased by \$12.6 million or 21.2%, which include those investments with maturity dates of 91-365 days as of June 30, 2022, compared to an increase of \$5.9 million or 11.0% in 2021 and an increase of \$3.9 million or 7.9% in 2020. These changes resulted from market value fluctuations and investment decisions over the year.

Cash with fiscal agent is primarily attributable to the cash held for the annual debt principal and interest payment due on July 1 of the new fiscal year. In 2022, this category decreased by \$11.4 million or 32.3% due to the refunding of Series P from Series X-2 and refunding of Series O from Series X-3 bonds compared to an increase of \$8.1 million or 29.7% in 2021 and a decrease of \$1.0 million or 3.6% in 2020.

Accounts receivable are related, but not limited to, student and contract tuition and fees, grants, and financial aid. Accounting standards typically require the establishment of an allowance for doubtful accounts in the Statement of Net Position to reflect receivables that are likely to be uncollectible. The College policy is that all accounts receivable greater than one year old are to be written off unless payments are currently being made. Net accounts receivable increased by \$12.2 million primarily due to increased grants receivables associated with State contracts as well as an increased number of grants overall. In fiscal year 2022, the account receivables increased by \$10.8 million due to an increase of \$9.3 million for grants and contracts receivables. In fiscal year 2021, the account receivables increased by \$17.3 million due to increases of \$13.5 million for grants and contracts receivables and \$5.8 million increase related to the May bill for the Columbus construction project. In fiscal year 2020, the net accounts receivable decreased by \$3.7 million due to a decrease of \$1.6 million in student receivables and the payment of the \$2.1 million receivable for the sale of the Gary campus.

Prepaid expenses are expenses paid in advance that have not yet been incurred as of June 30, 2022. This category decreased by \$162 thousand due to a slight decrease in services and software licenses crossing fiscal years. In fiscal year 2021, this category increased by \$980 thousand due to an increase in services and software licenses crossing fiscal years. In fiscal year 2020, this category increased by \$330 thousand due to a slight increase in services and software licenses crossing fiscal years.

Noncurrent assets

Noncurrent assets are assets not expected to be converted into cash within one year from the date of the Statement of Net Position. Noncurrent assets increased by \$12.7 million or 1.2% in 2022 compared to an increase of \$51.7 million or 5.4% in 2021 and a decrease of \$20.8 million or 2.1% in 2020.

Deposit with trustee decreased by \$19.9 million or 82.6% due to the continued proceeds from the Series W bond being held by U.S. Bank for the Columbus construction project. In fiscal year 2021, deposit with trustee increased by \$16.9 million or 235.9% due to the proceeds from the Series W bond being held by U.S. Bank for the Columbus construction project. In fiscal year 2020, deposit with trustee decreased by \$28.9 million or 80.2% due to the drawdown of the proceeds from the Series V bond being held by U.S. Bank for the Kokomo and Muncie construction projects.

Long-term lease receivables decreased by \$201 thousand in 2022. In 2021, long-term lease receivables were recorded as GASB 87 was implemented. Long-term lease receivables in 2021 were \$1.3 million.

In 2022, long-term investments increased by \$4.1 million or 1.1% from the previous year. In 2021, long-term investments increased by \$38.7 million or 11.5% from the previous year. This increase is a combination of a shift from cash and cash equivalents to long-term investments in response to market opportunities and investment income. In 2020, long-term investments increased by \$9.4 million or 2.9% from the previous year. Higher market valuation and investment income drove the gain.

Net capital assets increased during fiscal year 2022 by \$28.7 million or 4.6% due to the completion of construction projects at Columbus and Kokomo, the Indianapolis Automotive project, and the acquisition of the Corporate College and Culinary Center in Indianapolis. During fiscal year 2021, net capital assets decreased by \$5.1 million or 0.8% due to two large bonded construction projects at Columbus and Kokomo, opening of the Indianapolis Automotive project net of a building retirement and the associated accumulated depreciation, and the disposal of other obsolete assets. In fiscal year 2020, net capital assets decreased by \$1.3 million or 0.2% due to the reduction in Construction in Progress of the Series V Construction project in Muncie, the disposal of furniture, fixtures and equipment during an inventory year and the sale of land at the Lafayette and Elkhart campuses.

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net assets applicable to a future reporting period. In fiscal year 2022, deferred outflows decreased by \$3.9 million or 61.8% compared to 2021. Deferred outflows increased by \$3.2 million or 103.3% in 2021 compared to 2020. Deferred outflows increased by \$540 thousand or 21.0% in 2020 compared to the reclassified 2019. This is due to several factors, including projected and actual investment contributions, changes in assumptions, and fewer participants in the pension plan. Additional information about this item can be found in Note VI and Note VII, section B.

LIABILITIES

Current liabilities

Current liabilities are obligations that are due within one year from the date of the Statement of Net Position and are settled through the use of a current asset or another current liability. Current liabilities decreased by \$2.1 million or 1.9% in 2022 compared to a decrease of \$26.0 million or 19.1% in 2021 and an increase of \$42.5 million or 45.4% in 2020. The change in current liabilities is largely due to the decrease in the current portion of debt obligations.

Accounts payable and accrued liabilities increased in 2022 by \$6.4 million or 11.6% compared to increases of \$13.3 million or 31.7% in 2021 and \$717 thousand or 1.7% in 2020. The primary reason for the increase is due to an increase in accrued payroll liabilities related to fiscal year 2022.

Unearned revenues are funds received in the current year for which the College is obligated to provide goods or services in a future period. In addition, these funds are outside the purview of GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Unearned revenue increased by \$1.6 million or 13.0% in 2022 compared to a decrease of \$2.4 million or 16.8% in 2021 and an increase of \$1.0 million or 7.7% in 2020. This increase was due primarily to an increase in summer enrollment when compared to the prior year.

The current portion of debt obligations is the amount of the College's long-term debt which is payable within the next fiscal year. During fiscal year 2022, this category decreased by \$11.1 million or 32.8% mainly due to the refunding of Series O & Series P. This category decreased in fiscal year 2021 by \$37.8 million or 52.8% due to the refunding of Series N bonds in July 2020. During fiscal year 2020, this category increased by \$43.5 million or 155.4% due to the refunding of Series N bonds in July 2020.

Noncurrent liabilities

Noncurrent liabilities are obligations of the College that will be paid at least one year from the date of the Statement of Net Position. The College's noncurrent liabilities include compensated absences, long-term debt, net pension liability, and other postemployment benefits.

During fiscal year 2022, noncurrent liabilities decreased by \$35.2 million or 11.4% compared to an increase of \$47.9 million or 18.4% in fiscal year 2021 and a decrease of \$76.6 million or 22.8% in fiscal year 2020. The decrease in noncurrent liabilities is primarily due to a decrease of \$29.8 million in bonds payable from fiscal year 2021.

Outstanding Debt at Year End

Leases, Notes, and Bonds Payable	6/30/2022	6/30/2021 (As Restated)	6/30/2020
Revenue Bonds Payable:			
Series H Student Fee Bonds	-	-	\$3,435,000
Series J Student Fee Bonds	6,465,000	9,245,000	9,245,000
Series N Student Fee Bonds	-	-	50,005,000
Series O Student Fee Bonds	-	9,200,000	9,200,000
Series P Student Fee Bonds	-	11,915,000	17,150,000
Series R Student Fee Bonds	27,065,000	29,480,000	43,550,000
Series T Student Fee Bonds	14,810,000	18,115,000	18,825,000
Series U Student Fee Bonds	14,515,000	17,365,000	20,550,000
Series V Student Fee Bonds	58,475,000	60,605,000	62,630,000
Series W Student Fee Bonds	56,000,000	60,455,000	-
Series X-1 Student Fee Bonds	11,875,000	11,915,000	-
Series X-2 Student Fee Bonds	11,525,000	11,525,000	-
Series X-3 Student Fee Bonds	9,330,000	-	-
Total Bonds Payable	\$210,060,000	\$239,820,000	\$234,590,000
Premium on Bonds - J, K, L, P, R, T, U, V, W	29,846,541	32,415,371	20,991,308
Lease Obligations	8,043,490	7,591,306	13,070,344
Notes Payable	-	-	-
Total Leases, Notes, and Bonds Payable	\$ 247,950,031	\$ 279,826,677	\$268,651,652

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources are the acquisition of net assets applicable to future reporting periods. Deferred inflows totaled \$18.1 million in fiscal year 2022, an increase of \$5.4 million or 42.3% over 2021 deferred inflows. Deferred inflows totaled \$12.7 million in fiscal year 2021 and \$10.0 million in fiscal year 2020.

Deferred inflows related to leasing decreased by \$456 thousand in fiscal year 2022 from fiscal year 2021. Deferred inflows related to leasing was first recorded in fiscal year 2021 in the amount of \$1.8 million due to GASB 87 implementation. Deferred inflows related to pensions increased by \$1.9 million or 48.5% in fiscal year 2022 compared to increases of \$125 thousand or 3.3% in fiscal year 2021 and \$559 thousand or 12.8% in fiscal year 2020. Deferred inflows related to other postemployment benefits increased by \$3.9 million or 56.3% in fiscal year 2022 compared to increases of \$744 thousand or 12.0% in 2021 and \$3.3 million or 112.1% in fiscal year 2020. Additional information about deferred inflows of resources can be found in Note VI and Note VII, section B.

NET POSITION

Net position is the difference between the College’s assets and deferred outflows of resources and its liabilities and deferred inflows of resources. Net position increased by \$54.8 million or 6.0% in 2022 compared to an adjusted net position increase of \$49.1 million or 5.7% in 2021 and \$78.4 million or 9.9% in 2020.

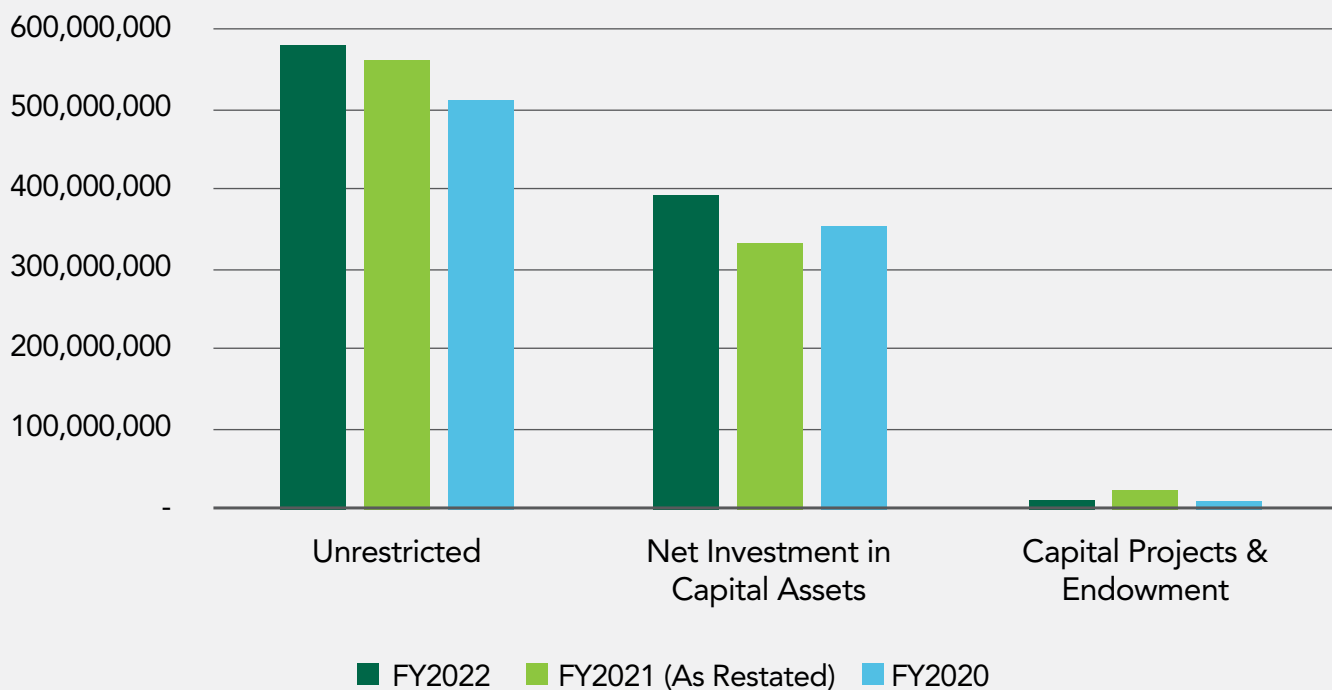
Net investment in capital assets represents the net amount invested in capital assets (original cost, net of accumulated depreciation and capital-related debt). During fiscal year 2022, net investment in capital assets increased by \$55.8 million or 16.7% due to the completion and capitalization of the Columbus and Kokomo construction projects, the Indianapolis Automotive project, and the acquisition of the Corporate College and Culinary Center in Indianapolis. In comparison, net investment in capital assets decreased by \$17.2 million or 4.9% in fiscal year 2021 and increased by \$19.6 million or 5.9% in fiscal year 2020.

Restricted net position decreased by \$14.5 million or 62.1% in fiscal year 2022 compared to an increase of \$12.4 million or 114.2% in fiscal year 2021 and a decrease of \$3.1 million or 22.5% in fiscal year 2020. This is mainly due to the completion of the two large bonded construction projects at Columbus and Kokomo as well as the Indianapolis Automotive project.

Unrestricted net position increased by \$13.4 million or 2.4% in fiscal year 2022 compared to increases of \$53.9 million or 10.6% in fiscal year 2021 and \$61.9 million or 13.9% in fiscal year 2020. The increase is mainly attributable to the increases in unrestricted reserves and investment income.

The fiscal year 2022 net position is comprised of 59.1% unrestricted net position, 40.0% net investment in capital assets, and 0.9% capital projects and endowments.

Analysis of Net Position



CAPITAL ASSETS, NET, AT YEAR-END

	2022	2021 (As Restated)	2020
Construction work in progress	\$11,173,878	\$69,369,547	\$42,367,950
Land	31,253,540	29,292,564	29,671,310
Land improvements and infrastructure	17,165,668	10,460,388	10,163,340
Buildings	562,424,917	486,716,409	523,884,807
Furniture, fixtures, and equipment	16,151,591	13,922,766	16,177,217
Library materials	178,350	240,723	298,525
Right-to-use leased land	568,093	610,066	-
Right-to-use leased buildings	6,824,644	6,290,350	-
Right-to-use leased equipment	347,173	523,777	-
Totals	\$646,087,854	\$617,426,590	\$622,563,149

During fiscal year 2022, net capital assets increased by \$28.7 million or 4.6%. The \$58.2 million or 83.9% decrease in Construction Work in Progress, can be attributed to two bonded construction projects at Columbus and Kokomo as well as the Indianapolis Automotive project being completed during fiscal year 2022. The \$75.7 million or 15.6% increase in Buildings can mainly be attributed to the completion of the Columbus, Kokomo and Indianapolis Automotive Projects as well as the College's acquisition of the C4 building in April 2022. The \$6.7 million or 64.1% increase in Land Improvements and Infrastructure can be attributed to the bonded project completion at Kokomo. Library materials decreased by \$62 thousand or 25.9% due to the disposal of old assets.

During fiscal year 2021, net capital assets decreased by \$5.1 million or 0.8%. Construction Work in Progress increased by \$27.0 million or 63.7% due to progress on the Columbus, Kokomo, Indianapolis projects. Buildings decreased by \$37.2 million or 7.1% due to a combination of building retirements, increase in accumulated depreciation and implementation of GASB 87. Furniture, fixtures and equipment decreased by \$2.3 million or 13.9%. Library materials decreased by \$58 thousand or 19.4% due to the disposal of old assets.

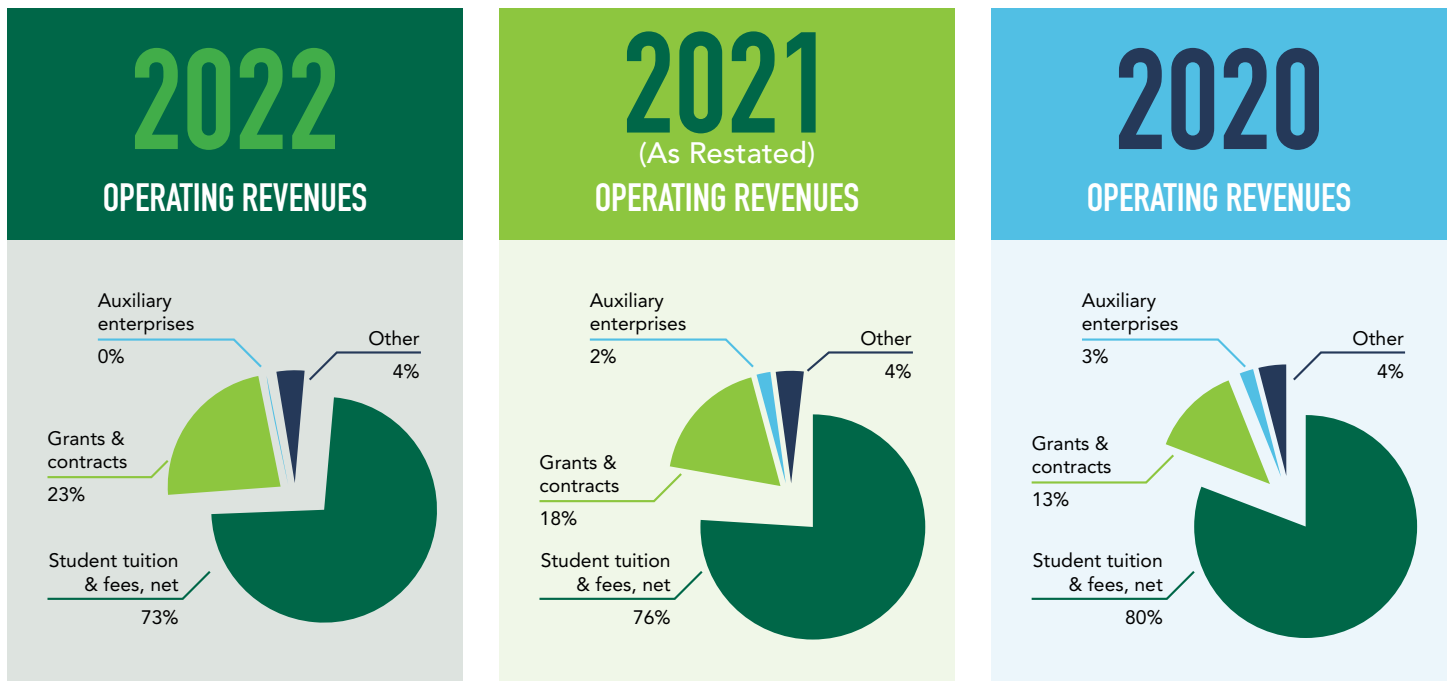
During fiscal year 2020, net capital assets decreased by \$1.3 million or 0.2%. Construction Work in Progress decreased by \$22.5 million or 34.7% due to progress at the Kokomo and Muncie construction projects. The Muncie project was completed during fiscal year 2020. Land decreased \$2.3 million or 7.2% during fiscal year 2020 due to the sale of property at the Lafayette and Elkhart campuses. Conduction of a physical inventory count during fiscal year 2020 resulted in the \$4.1 million or 20.1% decrease in furniture, fixtures and equipment. The decrease in library materials of \$88 thousand or 22.7% is attributed to the physical inventory being conducted during fiscal year 2020 and the disposal of assets.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2022	2021 (As Restated)	2020
Year Ended June 30			
Operating revenues	\$190,164,508	\$171,337,084	\$170,675,786
Operating expenses	(680,267,112)	(602,781,109)	(538,977,068)
Total operating losses	(490,102,604)	(431,444,025)	(368,301,282)
Nonoperating revenues	545,232,702	488,181,960	446,648,497
Nonoperating expenses	(22,778,927)	(12,929,966)	(12,696,375)
Income before other revenues, expenses, gains, or losses	32,351,171	43,807,969	65,650,840
Other revenues	22,429,147	14,985,531	12,761,802
Increase in net position	54,780,318	58,793,500	78,412,642
Net position, beginning of year	918,185,604	869,052,222	790,639,580
Adjustment for Change in Accounting Principle – Note I Item T	-	1,642,307	-
Adjustment for Change in Account Principle – Note – Restatement of Net Position	-	(11,337,942)	-
Adjustment for Error Correction – Note – Restatement of Net Position	-	35,517	-
Net position, beginning of year, as restated	918,185,604	859,392,104	
Net position, end of year	\$972,965,922	\$918,185,604	\$869,052,222

OPERATING REVENUES

Total operating revenues for 2022 increased \$18.8 million or 11.0% compared to an increase of \$661 thousand or 0.4% in 2021 and a decrease of \$2.1 million or 1.2% in 2020. The following chart and analysis illustrate the fiscal year 2022 operating revenues.



Tuition and fees

Student tuition and fees assessed for educational purposes decreased by \$3.6 million or 1.7% in 2022 as the result of a 0.57% reduction in full-time equivalent enrollment. Tuition and fees decreased by \$9.1 million or 4.2% in fiscal year 2021 due to a 6.2% decrease in full-time equivalent enrollment. Tuition and fees decreased by \$2.2 million or 1.0% in fiscal year 2020 due to a 1.2% decrease in full-time equivalent enrollment.

Scholarship discounts and allowances represent the difference between the stated tuition rates and the amounts paid by students and/or third-party payers. State and federal financial aid comprise the vast majority of scholarship discounts paid to the College. Scholarship discounts decreased in 2022 by \$12.3 million or 15.3% as the result of reduced enrollment totals. Scholarship discounts also decreased in 2021 by \$2.5 million or 3.0% and in 2020 by \$1.8 million or 2.2% as the result of reduced enrollment totals. The net impacts of reduced tuition and scholarship discounts were a revenue increase of \$8.7 million or 6.7% in 2022 compared to a decrease of \$6.7 million or 4.9% in 2021, and a decrease of \$366 thousand or 0.3% in 2020.

Grants and contracts

Sponsored programs are instruction and service initiatives of the College that are funded with restricted revenues from federal, state/local and nongovernmental grants and contracts. During fiscal year 2022, a Department of Labor grant was a major source of the \$1.2 million or 46.4% increase in federal grants and contracts. A new contract with the Indiana Department of Corrections is the primary contributor to the \$9.1 million or 52.7% increase in state/local grants. Private grants for the Ivy+ Career Link program led to the \$1.9 million or 17.2% increase in nongovernmental grants and contracts during fiscal year 2022.

During fiscal year 2021, a new Department of Labor grant was a major source of the \$1.3 million or 95.3% increase in federal grants and contracts. Federal CARES Act grants provided by the State was a primary contributor to the \$3.6 million or 26.2% increase in state/local grants. Private grants for the Career Coaching and Employer Connections program (renamed Ivy+ Career Link) led to the \$4.7 million or 71.1% increase in nongovernmental grants and contracts during fiscal year 2021.

During fiscal year 2020, federal grants and contracts decreased by \$1.3 million or 48.5% due to multiple factors: one Department of Labor grant ended, the start of another Department of Labor grant was delayed, and the COVID-19 pandemic decreased grant spending on travel and supplies. State and local sources decreased by \$909 thousand or 6.2%. Private grants for the Career Coaching and Employer Connections program led to the \$789 thousand or 13.5% increase in nongovernmental grants and contracts.

	2022	2021 (As Restated)	2020
Federal grants and contracts	\$3,862,109	\$2,637,342	\$1,350,613
State and Local grants and contracts	26,289,765	17,218,457	13,641,124
Nongovernmental grants and contracts	13,294,324	11,345,677	6,630,789
	\$43,446,198	\$31,201,476	\$21,622,526

Auxiliary enterprises

Auxiliary enterprises are non-academic entities that exist to supply goods or services to Ivy Tech students, faculty/staff, or the general public for an appropriate fee. These enterprises are managed with the intent to be self-supporting and supplement the operations of the College. Commissions on bookstore sales remain the major source of auxiliary enterprise revenue for Ivy Tech Community College. During fiscal year 2022, auxiliary enterprise revenue was \$958 thousand, a decrease of \$2.9 million or 75.3%. This category also decreased by \$872 thousand or 18.4% in fiscal year 2021 and by \$336 thousand or 6.6% in fiscal year 2020. These decreases are the result of decreased enrollment and sales due to the Covid-19 pandemic. Additionally, the bookstore contract was restructured regarding book purchase to discontinue the practice of collecting commission payment on textbooks; therefore, reducing the cost of textbooks and bookstore commission.

OPERATING EXPENSES

Operating expenses are costs incurred as part of the day-to-day operations of the College. They are presented on the financial statements using natural classifications: salaries and wages, benefits, scholarships and fellowships, utilities, supplies and other services, and depreciation and amortization.

Total operating expenses increased by \$77.5 million or 12.8% in 2022 compared to increases of \$63.8 million or 11.8% in 2021 and \$7.7 million or 1.4% in 2020.

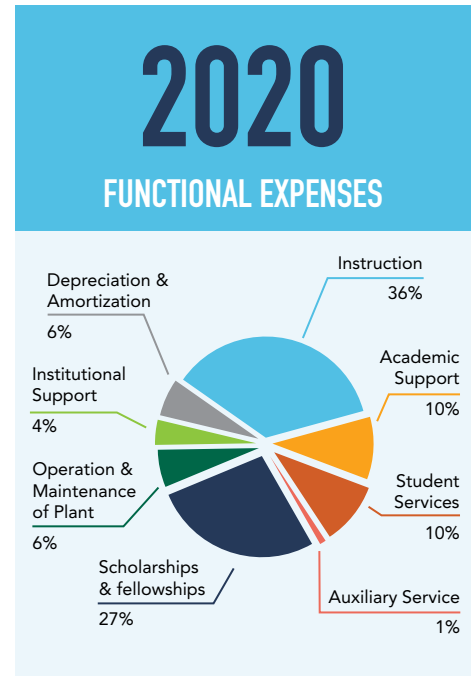
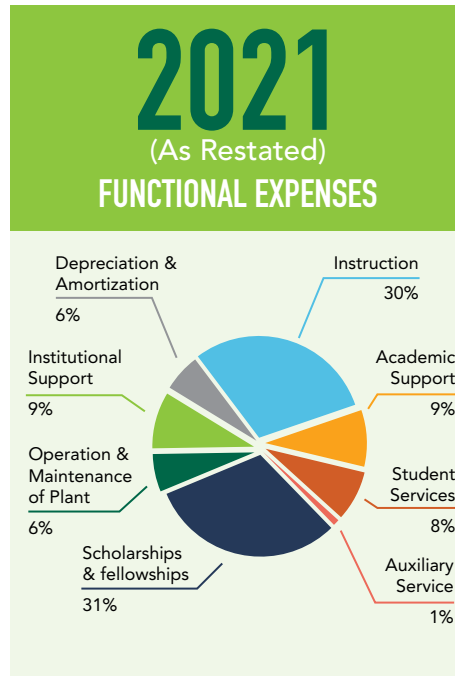
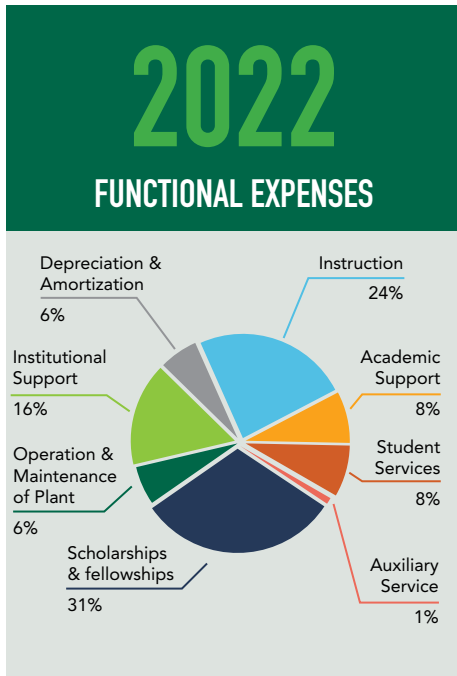
In 2022, scholarship expenses increased by \$36.8 million due to Federal HEERF awarded while salaries and benefits increased by \$17.3 million due to salary increases and the expansion of the College's defined contribution retirement plan to immediately include employees that have been employed by the College two years or less instead of a two year wait. Supplies and other services increased by \$18.6 million due to eligible expenditures made from HEERF and utilities increased \$1.1 million as employees and students began to return to campus. Depreciation and amortization increased by \$3.7 million due to the completion of two construction projects in Columbus and Kokomo and addition of the Corporate College and Culinary Center.

In 2021, scholarship expenses increased by \$36.2 million due to Federal HEERF awarded while salaries and benefits increased by \$4.3 million due to College-wide employee bonuses. Supplies and other services increased by \$24.2 million due to eligible expenditures made from HEERF while utilities decreased \$710 thousand from lower occupancy levels due to the COVID-19 pandemic. Depreciation and amortization decreased by \$182 thousand due to a combination of fixed asset disposals and maturity in depreciation of certain assets. Additionally, a reclassification of HEERF awards between institutional support and scholarships and fellowships created the fluctuations noted from 2019 to 2021.

In 2020, scholarship expense increased by \$7.7 million due to CARES Act awards. Salaries and benefits increased by \$796 thousand, supplies and other services decreased by \$649 thousand, and utilities decreased by \$538 thousand. Decreased supplies, services, and building costs are all related to building closures during the pandemic.

The following schedule shows expenses based on the College's functional categories.

Functional Classification	2022 Total	2021 (As Restated) Total	Reclassified 2020 Total
Instruction	\$164,248,965	\$181,786,140	\$190,975,364
Institutional support	110,385,395	53,178,269	19,956,128
Scholarships & fellowships	212,021,475	188,718,766	145,319,490
Academic support	56,942,226	56,962,072	56,013,890
Student services	56,759,444	49,810,284	55,862,783
Operations & maintenance of plant	39,759,663	34,329,342	32,546,037
Depreciation & amortization	36,734,140	32,991,255	33,173,705
Auxiliary services	2,660,341	4,327,063	4,459,180
Public services	755,463	677,918	670,492
TOTAL	\$680,267,112	\$602,781,109	\$538,977,069



In fiscal year 2022, as a percentage of total expenses, instruction decreased 6.0%, academic support decreased 1.1%, and auxiliary services decreased 0.3% while institutional support increased 7.4%. Instruction decreased as the College is becoming more strategic in course offerings to meet the student demand. The increase in institutional support is attributable to additional services provided to help students navigate changes because of COVID-19 and the receipt of monies to support the institution during the pandemic. This includes additional student financial aid and institutional support provided from Federal HEERF. All other functional expenses did not change from the prior year.

During fiscal year 2021, the following changes as a percentage of total expenses occurred: instruction decreased 5.3%, student services decreased by 2.1%, academic support decreased 0.9%, depreciation decreased 0.7%, scholarships and fellowships increased 4.3%, and institutional support increased 5.1%. COVID-19 pandemic-related restrictions continued to reduce on-campus occupancy and instruction expenses through lower enrollments. Federal Higher Education Emergency Relief Fund (HEERF) grants supported the increased spending for student financial aid and institutional support.

During fiscal year 2020, the following changes as a percentage of total expenses occurred: operation and maintenance of plant decreased 0.6%, student services increased 1.1%, instruction decreased 2.8%, scholarships and fellowships increased 14.8%, and institutional support decreased 12.3%. The College's COVID-19 pandemic-related protocols resulted in reduced expenses related to on-campus instruction and occupancy while increasing spending for safety measures, testing, and additional student support.

Compensation

Salary and wages expense increased by \$6.7 million or 2.7% in fiscal year 2022 compared to increases of \$4.0 million or 1.7% in fiscal year 2021 and \$658 thousand or 0.3% in fiscal year 2020. Benefits expense increased by \$10.6 million or 14.3% in fiscal year 2022 compared to increases of \$333 thousand or 0.5% in fiscal year 2021 and \$138 thousand or 0.2% in fiscal year 2020.

Scholarships and fellowships

Scholarships and fellowships increased \$36.8 million or 34.0% during fiscal year 2022 due mainly to the student aid portion of HEERF. In comparison, scholarships increased \$36.2 million or 50.3% in fiscal year 2021 due to HEERF grants. Student financial aid increased \$7.7 million or 12.1% in fiscal year 2020 due to a combination of CARES Act funding, Federal SEOG grants, and Workforce Ready grants which offset decreases in Indiana's Adult Student grants, Frank O'Bannon grants, and Pell and direct loans.

Utilities

Utilities increased \$1.1 million or 10.4% in fiscal year 2022 due to facility usage beginning to resume to more normal operations. Utilities decreased \$710 thousand or 6.5% during fiscal year 2021 and \$538 thousand or 4.7% in fiscal year 2020 due to the COVID-19 pandemic protocols that were initiated in March 2020.

Supplies and other services

Supplies and other services increased \$18.6 million or 14.0% during fiscal year 2022 as HEERF funds allowed the College to continue investing in technology and other allowable expenditures to support students. Supplies and other services increased by \$24.2 million or 22.2% during fiscal year 2021 as a result of HEERF spending for technology, personal protective equipment, and other allowable expenditures necessitated by the COVID-19 pandemic. Supplies and other services decreased by \$649 thousand or 0.6% in fiscal year 2020 due to decreased spending for travel, supplies, and materials due to the COVID-19 pandemic protocols.

Depreciation

Depreciation expense increased \$3.7 million or 11.3% in fiscal year 2022 compared to a decrease of \$182 thousand or 0.5% in fiscal year 2021 due to increased investments in fixed assets in 2022.



NONOPERATING REVENUES AND EXPENSES

This category consists of State and Federal appropriations, investment income, interest on capital asset-related debt, governmental grants and contracts, gains (losses) on the sale and disposal of capital assets, gifts and student government support.

Nonoperating revenues increased by \$47.2 million or 9.9% in 2022 compared to an increase of \$41.3 million or 9.5% in 2021 and an increase of \$7.3 million or 1.7% in 2020. The major factors for the increase in 2022 was a \$48.1 million increase in federal grants (primarily HEERF) and a \$15.5 million increase in state appropriations which offset decreases in investment income of \$20.4 million and state grants of \$3.1 million. The major factors for the increase in 2021 was a \$63.7 million or 52.5% increase in federal grants (primarily HEERF) which offset decreases in state appropriations of \$13.0 million or 4.7% and decreases in investment income of \$16.3 million or 78.2%.

In fiscal year 2022, federal grants and contracts totaled \$233.2 million, an increase of \$48.1 million or 26.0% from 2021. In fiscal year 2021, federal grants and contracts totaled \$185.2 million, an increase of \$63.7 million or 52.4% from 2020. State aid awards decreased in 2022 by \$3.1 million or 8.3% compared to 2021 and increased in 2021 by \$7 million or 23.7% compared to 2020. The increase in federal awards was due to the HEERF funding. The decrease in State aid awards was due to a decrease in Workforce Ready grant participants.

Investment income decreased by \$20.4 million or 449.3% compared to a decrease of \$16.3 million or 78% in 2021 and an increase of \$1.2 million or 6.1% in 2020. This decrease can be attributed to market conditions.

Gift revenues increased by \$372 thousand or 21.9% in 2022 compared to an increase of \$936 thousand or 123.4% in 2021 and a decrease of \$718 thousand or 48.6% in 2020. This increase in 2022 is attributable to increased gift revenue for various purposes.

Nonoperating expenses increased \$9.8 million or 76.2% in 2022 compared to increases of \$234 thousand or 1.8% in 2021 and \$2.0 million or 13.5% in 2020. This is primarily due to the increase in net investment loss in fiscal year 2022.

Other revenues, expenses, gains, or losses

Total other revenues, expenses, gains, or losses consist of capital gifts, grants, and capital appropriations. In total, this category increased by \$7.4 million or 49.7% compared to increases of \$2.2 million or 17.4% in 2021 and \$5.2 million or 69.3% in 2020. The increase in 2022 is primarily attributable to additional gift revenue for capital gifts.

In FY 2022, capital appropriations decreased \$1.0 million or 21.4% compared to increases of \$60 thousand or 1.3% in FY 2021 and \$292 thousand or 6.8% in FY 2020. This is primarily due to the reduction in State Funded Repair and Rehabilitation Projects ongoing at the College in FY22.

STATEMENT OF CASH FLOWS

Another way to assess the financial condition of an institution is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users evaluate:

- an entity's ability to generate future net cash flows
- its ability to meet its obligations as they come due
- its need for external financing

CONDENSED STATEMENT OF CASH FLOWS

Year Ended June 30	2022	2021 (As Restated)	2020
Cash provided (used) by:			
Operating activities	(\$443,408,490)	(\$403,827,266)	(\$334,550,091)
Noncapital financing activities	543,727,469	483,195,398	424,412,346
Capital and related financing activities	(96,728,441)	(28,437,299)	(29,650,188)
Investing activities	(8,787,689)	(39,970,395)	7,499,031
Net increase (decrease) in cash	(5,197,153)	10,960,438	67,711,097
Cash and cash equivalents, beginning of the year	224,652,665	213,692,227	111,681,602
Cash and cash equivalents, end of the year	\$219,455,512	\$224,652,665	\$179,392,699

For the College's financial statement purposes, cash and cash equivalents are comprised of cash (in banks and on hand) and investments with maturity dates of 0-90 days (about 3 months) at date of purchase as of June 30, 2022. Cash and cash equivalents decreased \$5.2 million or 2.3%. The changes resulted from investment decisions based on market opportunities throughout the year.

Cash used for operating activities increased by \$39.6 million or 9.8% in 2022 compared to increases of \$69.3 million or 20.7% in 2021 and \$84 thousand in 2020. The increase is primarily attributable to increases in payments to and on behalf of employees and payments to students.

Cash provided from noncapital financing activities increased by \$60.5 million or 12.5% in 2022 compared to increases of \$58.8 million or 13.9% in 2021 and \$6.7 million or 1.6% in 2020. The largest increase in cash was from governmental scholarships and grants of \$45 million, a 20.3% increase from 2021.

Cash used for capital and related financing activities increased by \$68.3 million or 240.1% in 2022 compared to a decrease of \$1.2 million or 4.1% in 2021 and \$35.2 million or 54.3% in 2020. The largest increases were due to accounting changes for capital leases due to the implementation of GASB 87 and completion of multiple construction projects.

Cash provided from investing activities increased by \$31.2 million or 78.0% compared to a decrease of \$47.5 million or 633.0 % in 2021 and an increase of \$33.8 million or 128.5% in 2020. The increase in 2022 resulted from the College decrease in bond activities during fiscal year 2022. For fiscal year 2022, Series X-3 was issued refunding the Series O bond compared to fiscal year 2021 were Series W was issued to supported the Columbus project and refunded Series N, Series X-1 and Series X-2 was issued during fiscal year 2021, to refund Series R-2 and Series P, respectively.

According to the authoritative guidance from the GASB, State appropriations and federal and State financial aid proceeds are to be shown as a non-capital financing activity instead of cash provided by operating activities. As a result, a deficit in cash from operating activities is reflected in the financial statements even though total cash from all sources exceeds total expenses for the year.

FACTORS IMPACTING FUTURE PERIODS

Ivy Tech continues to maintain financial strength and is well positioned to continue to serve the educational and training needs of Hoosiers. Net position continues to grow, and the College consistently operates with a positive operating margin. Key financial ratios are strong as evidenced by the Higher Learning Commission's financial ratios. Standard and Poor's maintain an 'AA' with stable outlook and Fitch Ratings maintain an 'AA' with a positive outlook bond rating for the College's long-term debt.

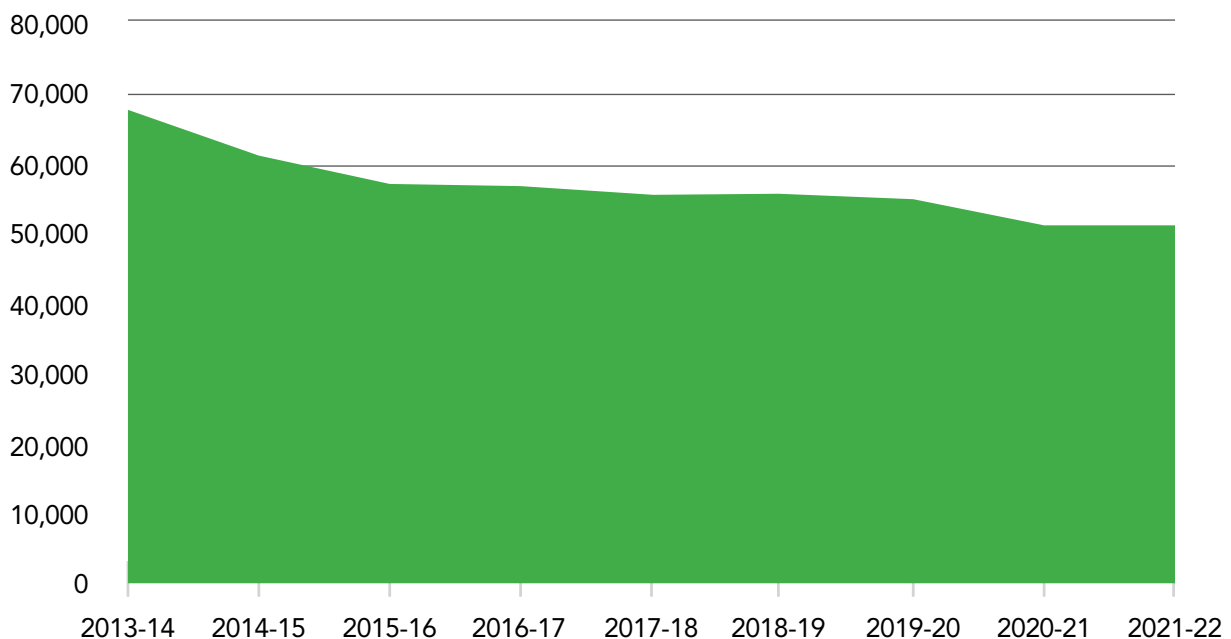
State of Indiana general fund revenues increased 9.2% compared to the prior year. The state's largest source of revenue – sales and use taxes – grew 10.1% compared to fiscal year 2021 while individual income tax revenue increased 8.6%. The State ended fiscal year 2022 with reserves totaling \$6.1 billion and a \$3.9 billion operating surplus. The most recent economic and revenue forecast published by the State Budget Agency on July 15, 2022 projects a decrease in revenue of 5.5% in fiscal year 2023, a \$1.8 billion operating surplus for the State of Indiana in 2022-23 and combined balances of \$5.1 billion.

During fiscal year 2022, the economic impact of COVID-19 on the College began to stabilize. The College received a \$15.5 million or 6.0% increase in its State operating allotment. In addition, governmental and nongovernmental grants and contracts increased by \$4.2 million or 13.4%.

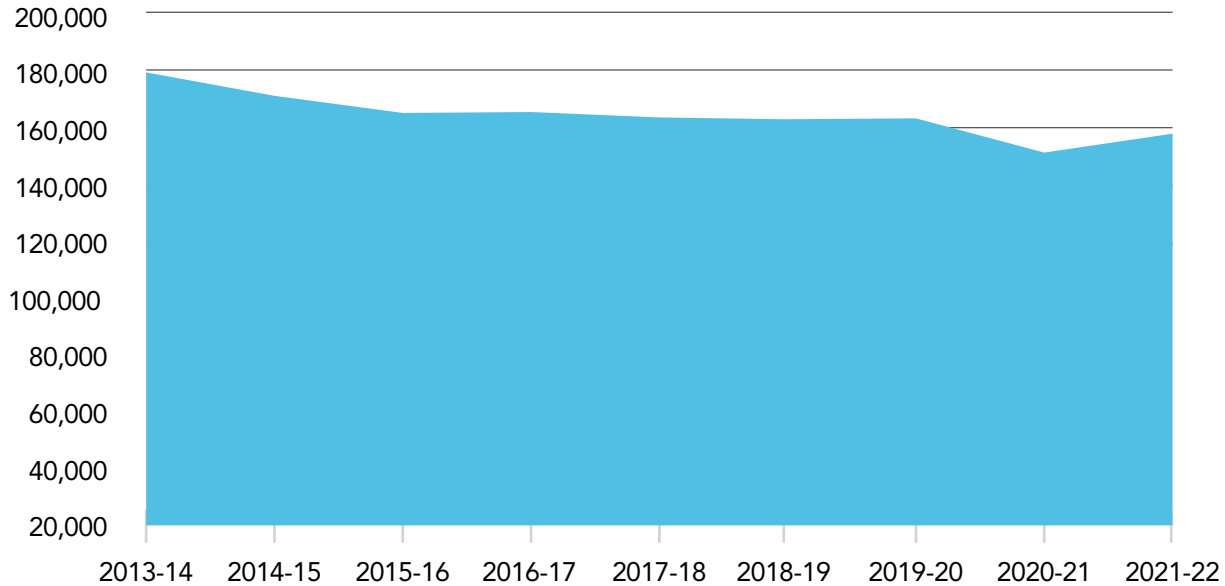
During the upcoming fiscal year 2022-23, the College continues to focus on improving student outcomes, recruitment and retention, enhancing workforce alignment, increasing the number of credential and degrees awarded and fostering a sustainable culture of diversity, equity and belonging.

Headcount enrollment and FTE at Ivy Tech declined slightly in 2021-22 when compared to 2020-21. Historical annual unduplicated headcount and FTE are reflected in the following charts.

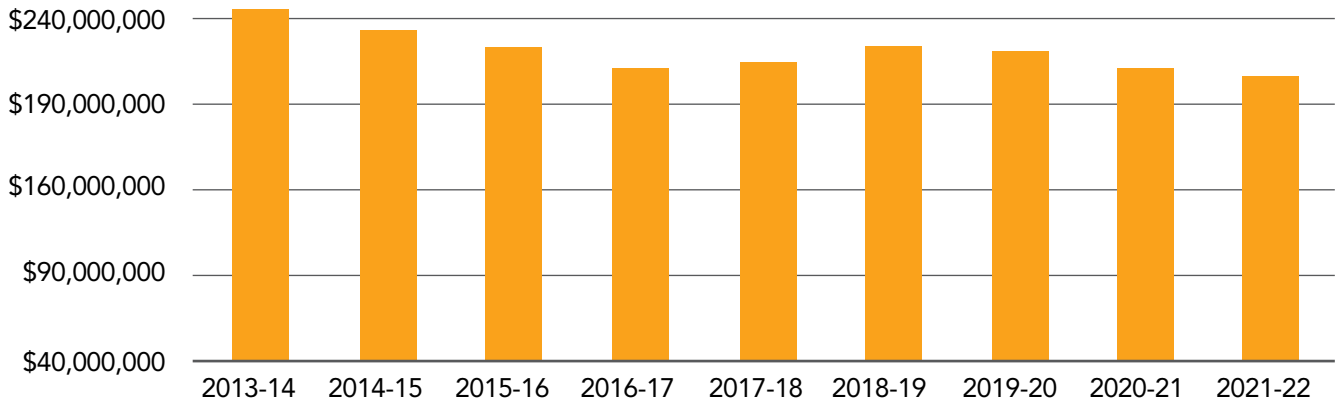
Annualized FTE Student Enrollment Trend



Annualized Student Enrollment Trend



Gross Student Fee Revenue



AUTHORIZED FACILITIES

In the 2017 General Assembly, the College received a capital bonding allocation of \$78.9 million and cash appropriations of \$3.0 million for capital renovations. Projects receiving bonding include Kokomo \$40.2 million and Muncie \$38.7 million. In addition, the College received a cash appropriation of \$3.0 million for Fort Wayne Harshman Hall. Prior to proceeding with any of these projects, the College received review from the Commission for Higher Education, the State Budget Committee, and authorization from the Governor. Construction on the Muncie and Kokomo projects began in late spring of 2018. Tax-exempt fee replacement bonds were issued in July 2019 for the total \$69.2 million pursuant to authority granted in HEA 1001-2017.

In the 2019 General Assembly, Ivy Tech received a capital bonding authority of \$29.9 million for the Ivy Tech Columbus campus project. The College issued tax-exempt fee replacement bonds in July 2020 pursuant to authority granted in HEA 1001-2019 for the Columbus project and for the refunding of the Series N, Build America Bonds in the amount of \$62.2 million.

In the 2021 General Assembly, no new projects were approved for the fiscal years 2022-2023 or 2023-2024.

FINANCIAL STATEMENTS

IVY TECH COMMUNITY COLLEGE OF INDIANA AND IVY TECH FOUNDATION INC. STATEMENT OF NET POSITION

JUNE 30, 2022

WITH COMPARATIVE FIGURES AT JUNE 30, 2021

	JUNE 30, 2022		JUNE 30, 2021	
	COLLEGE	FOUNDATION	COLLEGE (As Restated)	FOUNDATION
ASSETS				
Current assets				
Cash and cash equivalents	\$191,458,719	\$9,860,885	\$165,389,202	\$11,165,278
Cash with fiscal agent	23,821,790		35,206,570	
Short-term investments	46,783,649	56,325,438	59,339,862	30,097,794
Accounts receivable	73,658,894		62,833,897	
Allowance for doubtful accounts	(2,344,132)		(3,698,437)	
Promises to give, net		7,210,415		3,871,577
Inventories	4,713		5,898	
Prepaid expenses	4,898,585	324,346	5,060,101	627,337
Total current assets	338,282,218	73,721,084	324,137,093	45,761,986
Noncurrent assets				
Deposit with trustee	4,175,003		24,056,893	
Promises to give, net		3,813,040		5,272,460
Note receivable from bank		10,442,150		10,442,150
Long-term lease receivable	1,131,811		1,332,833	
Long-term investments	379,751,720	42,979,958	375,657,827	46,443,681
Capital assets, net	646,087,854	18,475,541	617,426,590	42,427,161
Total noncurrent assets	1,031,146,388	75,710,689	1,018,474,143	104,585,452
TOTAL ASSETS	1,369,428,606	149,431,773	1,342,611,236	150,347,438

IVY TECH COMMUNITY COLLEGE OF INDIANA AND IVY TECH FOUNDATION INC.
STATEMENT OF NET POSITION
CONTINUED

	JUNE 30, 2022		JUNE 30, 2021	
	COLLEGE	FOUNDATION	COLLEGE (As Restated)	FOUNDATION
Deferred outflows of resources				
Deferred outflows related to pension	2,417,366		1,908,603	
Deferred outflows related to OPEB			4,414,258	
Total deferred outflows of resources	2,417,366		6,322,861	
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	61,653,748	3,471,635	55,264,542	3,251,104
Compensated absences	10,013,276		8,961,783	
Unearned revenue	13,686,787		12,109,739	
Current portion of debt obligation	22,656,195	81,892	33,730,363	162,931
Total current liabilities	108,010,006	3,553,527	110,066,427	3,414,035
Noncurrent liabilities				
Compensated absences	6,989,510		8,075,631	
Long-term debt and other obligations	225,293,836	16,153,179	246,096,314	19,561,704
Other post-employment benefits	37,922,661		46,933,838	
Net pension liability	2,594,062		6,880,760	
Total noncurrent liabilities	272,800,069	16,153,179	307,986,543	19,561,704
TOTAL LIABILITIES	380,810,075	19,706,706	418,052,970	22,975,739
Deferred inflows of resources				
Deferred inflows related to leasing	1,336,693		1,792,984	
Deferred inflows related to pension	5,859,741		3,947,003	
Deferred inflows related to OPEB	10,873,541		6,955,536	
Total deferred inflows of resources	18,069,975		12,695,523	
NET POSITION				
Net investment in capital assets	389,307,398		333,498,038	
Restricted for:				
Nonexpendable - endowments		41,639,211		37,699,247
Expendable:				
Capital projects	8,814,895		23,273,518	
Endowment		1,340,747		8,744,434
Programs & Other		73,142,965		51,419,472
Unrestricted	574,843,629	13,602,144	561,414,048	29,508,546
TOTAL NET POSITION	\$972,965,922	\$129,725,067	\$918,185,604	\$127,371,699

The accompanying notes to the financial statements are an integral part of this statement

IVY TECH COMMUNITY COLLEGE OF INDIANA AND IVY TECH FOUNDATION INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE PERIOD ENDING JUNE 30, 2022
 WITH COMPARATIVE FIGURES AT JUNE 30, 2021

	JUNE 30, 2022		JUNE 30, 2021	
	COLLEGE	FOUNDATION	COLLEGE (As Restated)	FOUNDATION
REVENUES				
Operating Revenues				
Student Tuition and Fees	\$206,430,921		\$210,023,612	
Scholarship Allowances	(67,834,592)		(80,114,045)	
Net Student Tuition and Fees	138,596,329		129,909,567	
Federal Grants and Contracts	3,862,109		2,637,342	
State and Local Grants and Contracts	26,289,765		17,218,457	
Nongovernment Grants and Contracts	13,294,324	\$13,723,623	11,345,677	\$7,244,708
Sales and Service of Educational Departments	1,598,878		1,484,377	
Auxiliary Enterprises	957,735	954,610	3,871,200	1,115,657
Contributions and Other Support		26,146,895		22,458,614
Other Operating Revenues	5,565,368	516,868	4,870,464	253,043
TOTAL OPERATING REVENUES	190,164,508	41,341,996	171,337,084	31,072,022
EXPENSES				
Operating Expenses				
Salaries and Wages	250,485,309		243,823,069	
Benefits	84,894,316		74,274,777	
Foundation Pay and Benefits		6,164,067		8,032,176
Scholarships and Fellowships	144,843,524	3,969,449	108,073,042	5,680,051
Utilities	11,337,927	542,668	10,268,218	596,114
Supplies and Other Services	151,971,896	1,039,719	133,350,748	593,995
Depreciation and Amortization	36,734,140	2,399,255	32,991,255	2,484,470
Other Operating Expenses		18,236,021		7,747,220
TOTAL OPERATING EXPENSES	680,267,112	32,351,179	602,781,109	25,134,026
Operating Income (Loss)	(490,102,604)	8,990,817	(431,444,025)	5,937,996

**IVY TECH COMMUNITY COLLEGE OF INDIANA AND IVY TECH FOUNDATION INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
CONTINUED**

	JUNE 30, 2022		JUNE 30, 2021	
	COLLEGE	FOUNDATION	COLLEGE (As Restated)	FOUNDATION
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	275,493,133		259,992,405	
Federal Appropriations			76,116	
Investment Income	(15,867,236)	(6,734,999)	4,542,973	12,447,989
Interest on Capital Asset-Related Debt	(6,910,026)		(9,221,121)	
Gain (Loss) on Interest Rate Swap		154,709		105,906
Governmental Grants and Contracts- Federal	233,232,146		185,158,164	
Governmental Grants and Contracts-State	33,663,472		36,716,958	
Gain (Loss) on Sale and Disposal of Capital Assets	771,088	(57,159)	(3,695,788)	239,876
Gain (Loss) on Leases	(1,665)			
Gifts	2,067,432		1,695,344	
Student Government Support	5,431		(13,057)	
NET NONOPERATING REVENUES	522,453,775	(6,637,449)	475,251,994	12,793,771
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	32,351,171	2,353,368	43,807,969	18,731,767
Capital Gifts and Grants	18,758,570		10,314,954	
Capital Appropriations	3,670,577		4,670,577	
Total Other Revenues and Gains	22,429,147		14,985,531	
INCREASE IN NET POSITION	54,780,318	2,353,368	58,793,500	18,731,767
Net Position - Beginning of Year	918,185,604	127,371,699	869,052,222	108,639,932
Adjustment for Change in Account Principle – Note – I Item T			1,642,307	
Adjustment for Change in Account Principle – Note – XI			(11,337,942)	
Restatement of Net Position				
Adjustment for Error Correction – Note XI – Restatement of Net Position			35,517	
Net position, beginning of year, as restated	918,185,604	127,371,699	859,392,104	108,639,932
Net Position - End of Year	\$972,965,922	\$129,725,067	\$918,185,604	\$127,371,699

The accompanying notes to the financial statements are an integral part of this statement

IVY TECH COMMUNITY COLLEGE OF INDIANA
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022
 WITH COMPARATIVE FIGURES AT JUNE 30, 2021

	2022	2021 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 138,576,773	\$ 128,597,447
Gifts, Grants and Contracts	26,970,909	17,462,067
Auxiliary Enterprises	1,032,723	3,205,405
Sales and Services of Educational Departments	1,598,878	1,484,377
Payments to Suppliers	(135,464,012)	(132,734,969)
Payments to or on Behalf of Employees	(344,917,745)	(318,616,894)
Payments to Students	(144,843,524)	(108,073,042)
Other Receipts (Payments)	13,637,508	4,848,343
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$(443,408,490)	\$(403,827,266)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal and State Scholarships & Grants	266,895,618	221,875,122
State Appropriations	275,493,133	259,992,405
Receipts from Direct Federal Loan Proceeds	33,778,082	40,338,048
Payments from Direct Federal Loan Proceeds to Students/Financial Institutions	(33,789,639)	(40,339,861)
Gifts	1,344,844	1,342,741
Other Nonoperating Receipts (Payments)	5,431	(13,057)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	\$543,727,469	\$483,195,398
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital/Federal Appropriations	3,670,577	4,746,693
Capital Grants/Gifts	6,139,155	3,584,471
Proceeds from Issuance of Capital Debt	9,330,000	99,607,894
Purchase of Capital Assets	(88,227,750)	(37,851,810)
Proceeds from Sale of Capital Assets	1,612,991	1,218,675
Principal Paid on Capital-Related Debt	(18,515,000)	(87,953,271)
Interest Paid on Capital-Related Debt	(10,738,416)	(11,789,951)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$(96,728,443)	\$(28,437,299)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments		
Proceeds from Sales and Maturities of Investments	8,462,319	(44,513,368)
Income on Investments	(17,250,008)	4,542,973
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$(8,787,689)	\$(39,970,395)

IVY TECH COMMUNITY COLLEGE OF INDIANA
STATEMENT OF CASH FLOWS
CONTINUED

	2022	2021 (As Restated)
Net Increase (Decrease) in Cash	(5,197,153)	10,960,438
Cash and Cash Equivalents - Beginning of Year	224,652,665	213,692,227
Cash and Cash Equivalents - End of Year	219,455,512	224,652,665
CASH AND CASH EQUIVALENTS-END OF YEAR AS PRESENTED IN STATEMENT OF NET POSITION		
Cash and cash equivalents (current)	191,458,719	165,389,202
Cash and cash equivalents - Cash with fiscal agent (current)	23,821,790	35,206,570
Cash and cash equivalents - Deposit with trustee (non-current)	4,175,003	24,056,893
CASH AND CASH EQUIVALENTS-END OF YEAR	\$219,455,512	\$224,652,665
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	(490,102,604)	(431,444,025)
Adjustments to reconcile net operating expenses to cash used by operating activities:		
Depreciation	36,734,140	32,991,255
Amortization		
Allowance for Doubtful Accounts	1,354,305	567,154
Changes in Assets and Liabilities:		
Deferred Outflow - Pension & OPEB	(3,905,495)	(3,213,073)
Deferred Inflow - Pension & OPEB	3,035,347	869,538
Account Receivable	8,606,115	(12,722,101)
Prepaid Expense	(161,516)	(979,887)
Inventories	(1,185)	(847)
Accounts Payable and Accrued Liabilities	6,861,521	15,478,915
Net Pension Liability	(4,286,698)	(1,927,235)
Compensated Absences	34,629	(1,008,568)
Unearned Revenue	(1,577,049)	(2,438,392)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$(443,408,490)	\$(403,827,266)
SIGNIFICANT NONCASH TRANSACTIONS		
Donated assets		14,000
Unrealized gain/(loss) on investments	(17,112,943)	(6,907,288)

The accompanying notes to the financial statements are an integral part of this statement

IVY TECH COMMUNITY COLLEGE OF INDIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Ivy Tech Community College of Indiana (Ivy Tech) serves the people of Indiana through accessible and affordable world-class education and adaptive learning. The College empowers students to achieve their career and transfer aspirations. Ivy Tech embraces the vision of economic transformation inspired by the education and earnings attainment of Indiana's citizens, the vitality of the workforce, and the prosperity of Indiana's unique and diverse communities. The Indiana General Assembly through IC 20-12-61-2 established Ivy Tech in 1963. In 2005, the General Assembly adopted Senate Bill 296, which broadened the institution's mission to include serving as the state's community college system. Ivy Tech is governed by a board of trustees, composed of 15 members, appointed by the governor. According to Indiana law, each Trustee must have knowledge or experience in one or more of the following areas: manufacturing, commerce, labor, agriculture, state and regional economic development needs, and/or Indiana's educational delivery system. Appointments are made for three-year terms on a staggered basis. Ivy Tech has over 40 locations across the State of Indiana. The President's office and other statewide administrative offices are located in Indianapolis, Indiana.

B. Basis of Presentation

The College's financial statements have been prepared in accordance with generally accepted accounting principles accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). The College follows all applicable GASB pronouncements. The College's financial statements are reported 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Eliminations have been made to prevent the double counting of internal activities.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

With the implementation of GASB Statement No. 35 *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, Ivy Tech is considered a special purpose government. The College has elected to report as a business type activity using proprietary fund accounting and financial reporting model. The College is considered to be a component unit of the State of Indiana.

As such, there is a close relationship between the College and the State of Indiana. The College receives appropriations, program approvals and grants from the State.

The financial statements have been prepared to incorporate all fund groups utilized internally by Ivy Tech. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB Statements No. 34 and 35. These Statements require the College to report revenues net of discounts and allowances. The following components of the College's financial statements are also required by GASB Statements No. 34 and 35:

- Management's Discussion and Analysis
- Basic financial statements including a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for the College as a whole
- Notes to the financial statements

C. Discretely Presented Component Unit

Ivy Tech Foundation (the Foundation) was incorporated on June 9, 1969, under The Indiana Foundations and Holding Companies Act of 1921 as a corporation organized exclusively for charitable, educational and scientific purposes. The Foundation, whose principal activity is to promote educational, scientific and charitable purposes in connection with or at the request of Ivy Tech Community College (the College), commenced its financial activities with the receipt of various unrestricted contributions in October 1970 and recorded \$26.1 million of expenditures assisting the College during fiscal year 2022. The Foundation currently operates under the Indiana Nonprofit Corporations Law of 1971 as amended, which is codified as IC 23-17. As required by the GASB Statement No. 39 *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61 *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, the audited financial statements of the Foundation are discretely presented with the College's financial statements. The Foundation's fiscal year reporting period is from July 1 through June 30. Further information regarding the Foundation may be obtained at Ivy Tech Foundation; 50 West Fall Creek Parkway Drive North, Indianapolis, IN 46208-5752 or <http://ivytech.edu/giving>.

The Foundation is a nonprofit organization that reports under the provisions of Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. The Foundation financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board ("FASB"). With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the College's financial report for these differences.

D. Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash (in banks and on hand) and investments with maturity dates of 0-90 days at date of purchase. The College considers cash with fiscal agent and deposit with trustee as cash equivalents for the purposes of the statement of cash flows.

E. Investments

Investments are stated at fair value, based on quoted market prices or other observable inputs and may not be indicative of net realizable value or reflective of future fair value.

F. Scholarship and Other Allowances

Student tuition and fees are reported net of the scholarship discounts and allowance in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship allowance is the difference between the stated charge for goods and services provided by the College and the amount which is billed to students and/or third parties making payments on behalf of students. The College also establishes an allowance for doubtful accounts in the Statement of Net Position to reflect receivables that are likely to be uncollectible.

G. Inventories

Inventories are valued using First-In First-Out (FIFO) methodology.

H. Prepaid Expenses

Prepaid expenses are payments made in the current or a previous fiscal year, which the College has not realized the full value of through fiscal year 2022.

I. Capital Assets

The College's capitalization threshold is defined as any non-expendable item, or group of items making up one unit, with a useful life of more than one year, and a unit acquisition cost of \$3,000 or more. Library books costing \$35 or more are generally capitalized as a group, with the detail maintained and updated periodically as new acquisitions are made or other items are removed.

College capital equipment and facilities are depreciated on a straight-line basis dividing the cost of the asset by the appropriate useful life. Right to use leased assets are amortized on a straight-line basis over the shorter of the useful life of the asset or the non-cancellable term of the lease agreement. Building improvements are depreciated over the remaining life of the facilities to which they pertain.

Land Improvements	10 years
Buildings	40 years
Building Improvements	Remaining life of the building
Furniture, Fixtures, and Equipment	3-8 years
Library Books and Materials	5 years
Right-to-use Leased Assets	Shorter of the useful life of the asset or the noncancelable term of the lease agreement

Ivy Tech has a minimal amount of infrastructure assets that are components of buildings or land improvements and are depreciated accordingly.

J. Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by the College that is applicable to a future reporting period and is reported in a separate section in the Statement of Net Position. Recognition of deferred outflows of resources is limited to those instances identified by the GASB in authoritative pronouncements. The deferred outflow of resources consists of resources related to the College's defined benefit pension plan and if applicable, the College's other postemployment benefits plan.

K. Compensated Absences

Liabilities for compensated absences are recorded for eligible employees' vacation time and for employees meeting eligibility criteria, sick leave as of June 30, 2022. Accrued time for vacation and sick leave vests to a maximum and is equal to the amount accrued during the preceding 18 months. Unused vacation time is paid out upon termination regardless of age or years of service. Effective July 1, 2021 employees may accrue up to 320 hours of vacation time and the College has capped the maximum terminal vacation payout at 240 hours. Accrued vacation liability is calculated using the maximum payout of 240 hours.

The sick leave maximum is equal to 1,056 hours. Employees hired on or before December 31, 2019 are eligible to have their unused sick leave paid out upon retirement if the employee's age is at least fifty-five years and their age plus years of service equal seventy-five or more. Employees hired on or after January 1, 2020 are not eligible for the program. Employees eligible for this benefit are paid at a rate of one-half the accumulated time up to an accumulated maximum of 100 days.

L. Unearned Revenues

Unearned revenue is recorded for cash receipts of student tuition and fees as well as grant and contract receipts that will be recorded as revenue in a future period.

M. Net Pension Liability and Related Items

The College participates in the State of Indiana's Public Employee Retirement Fund (PERF) for full-time support employees hired prior to July 1, 2014. Net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense are reported based on the College's allocation provided by PERF and reported in conformance with GASB Statement No. 68.

N. Other Postemployment Liability and Related Items

The College has another postemployment benefits plan (OPEB) consisting of two tiers: a regular other postemployment benefits plan and a 75-plan available to eligible retirees. Other postemployment benefits liability, deferred inflows of resources related to OPEB, and OPEB expense are reported based on an actuarial report for the College's plan and reported in conformance with GASB Statement No. 75.

O. Deferred Inflow of Resources

A deferred inflow of resources is the acquisition of net position by the College that is applicable to a future reporting period and is reported in a separate section in the Statement of Net Position. Recognition of deferred inflows of resources is limited to those instances identified by the GASB in authoritative pronouncements. The deferred inflow of resources consists of resources related to lease agreements in which the College is the lessor, the College's defined benefit pension, and other postemployment benefits plans.

P. Net Position

The College's net position is classified into three categories for financial reporting purposes:

- Net investment in capital assets: Represents the College's capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted for capital projects and endowments.
- Unrestricted: Unrestricted net position is not subject to external restrictions and may be spent at the discretion of the State Board of Trustees for the programs and initiatives, capital purposes and overall operations of the College.

Q. Restricted and Unrestricted Resources

If both restricted and unrestricted resources are to be expended for the same purpose or project, the determination of the portion of the expenses paid from the restricted sources are made on a case-by-case basis.

R. Operating and Nonoperating Revenues and Expenses

Operating revenues are generated by the primary activities of the College and consist of tuition and fees, non-financial aid grants and contracts, sales and services of educational activities and bookstore commission revenues. Transactions related to financial aid grants, capital and related financing activities, non-capital financing activities, investing activities, State appropriations, Federal Higher Education Relief Funding, and gifts are components of nonoperating income. Operating expenses are incurred in carrying out the College's day-to-day activities, and consist of salaries and wages, fringe benefits, scholarships and fellowships, utilities, supplies and other services, and depreciation. Nonoperating expenses consist of interest on capital asset related debt and student government support.

S. COVID-19 Impact

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions, such as temporary closures of non-essential businesses and "stay-at-home" orders for individuals. As a result, the global economy has been negatively affected, and the College's operations were also impacted.

To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief from the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of \$34.7 million, of which \$16.5 million was given directly to students in fiscal year 2020 and 2021. Subsequent appropriations from federal Higher Education Emergency Relief Fund HEERF including \$91.1 million from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and an additional \$157.3 million from the American Rescue Plan (ARP) bring total HEERF funding to the College of \$283.1 million. More than half of HEERF funds have been or will be awarded directly to students as emergency financial aid grants with the balance of funds being used for a variety of institutional needs resulting from the disruption to campus activities as a result of COVID-19. All remaining student aid for HEERF was awarded during FY22.

The severity of the continued impact due to COVID-19 on the College's financial condition, results of operations or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the College's community, all of which are uncertain and cannot be predicted.

T. Upcoming & Adopted Pronouncements

In the current fiscal year, the College adopted GASB Statement 87, Leases, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This change in guidance has resulted in the College's financial statements to reflect the implementation of the new standard for fiscal year 2021. See Note XI for additional information on the impact to the College.

In the prior fiscal year, the College adopted GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. The College previously relied on guidance found in GASB 34 regarding accounting for fiduciary activities. Under that guidance, the College made the determination that certain funds should be treated as agency funds due to the facts and circumstances available to management at that time as well as the interpretation of existing guidance. Specifically, the College determined that student activity funds were not under the control or ownership of the College under the definition of agency fund activities found in GASB 34, paragraph 73. Accordingly, the College chose to account for those activities as deposits held in custody for others on the College Statement of Net Position rather than incorporate the activity in the Statement of Revenues, Expenses, and Changes in Net Position.

For the fiscal year ended June 30, 2021, GASB 84 is effective for the College's financial statements. The College reviewed all potential fiduciary activities and determined that, under the new standard, the College does not have any activities that meet the criteria to be treated as a fiduciary activity. This includes student activity funds previously treated as agency funds. This change in interpretation based on the new guidance has resulted in the College's financial statements to reflect the implementation of the new standard for fiscal year 2021.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2023.

In June 2022, the GASB issued Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2025.

U. Reclassifications

Certain reclassifications have been made to prior year statements and certain notes for comparative purpose and do not constitute a restatement of prior periods.



V. Leases

Lessee: The College is the lessee for various noncancelable leases of equipment, buildings and land. As the lessee, the College recognizes a lease liability and intangible right-to-use lease asset (lease asset) in the statement of net position. The College recognizes all lease liabilities based on individual contract stipulations.

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

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

Lessor: The College is the lessor for various noncancelable leases of buildings, equipment and land. The College recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

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

Key estimates and judgements include how the College determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) the lease term, and (3) lease receipts.

- The College uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

II. DEPOSITS AND INVESTMENTS

Indiana Code Title 21, Article 21, Chapter 3, Section .3 provides authorization for investment activity. IC 30-4-3.5 (Indiana Prudent Investor Act) requires the State Board of Trustees to act “as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution”. The trustees have the responsibility to assure the assets are prudently invested in a manner consistent with the College’s investment policy. The Board has delegated the day-to-day responsibilities for overseeing the investment program to the Sr. Vice President, Chief Financial Officer.

The College’s current investment policy was approved by the Board of Trustees in August 2019. The overall investment allocation is designed in accordance with the College’s Investment Philosophy and Objectives, and the portfolio shall maintain a prudently diversified investment portfolio. The investment structure is divided into liquidity tiers to provide for income maximization while meeting the daily liquidity requirements of the College.

Authorized investments include certificates of deposit, interest-bearing deposit accounts, U.S. Government Treasury securities, U.S. Government agency securities, repurchase agreements, commercial paper, money market accounts, investment grade corporate bonds and notes, municipal bonds, and asset and mortgage backed securities.

A. Fair value measurement

As mentioned previously, the mission of Ivy Tech is to serve the people of Indiana through accessible and affordable world-class education and adaptive learning. The College empowers students to achieve their career and transfer aspirations. Ivy Tech embraces the vision of economic transformation inspired by the education and earnings attainment of Indiana’s citizens, the vitality of the workforce, and the prosperity of Indiana’s unique and diverse communities. Ivy Tech’s investment portfolio is a source of funds for current and future operations of the College. GASB Statement No. 72, Fair Value Measurement & Application, states that investments must be measured at fair value.

There are 3 levels of measuring fair value. Level 1 consists of quoted prices for identical assets or liabilities in an active market at the measurement date. Level 2 are prices other than those included within Level 1 that are observable, directly or indirectly, and consist of quoted prices for similar assets or liabilities in active or non-active markets. Level 3 are significant, unobservable inputs.

The market approach valuation technique was used. Publicly traded assets are valued in accordance with market quotation and valuation services provided by the College’s investment custodian. Assets are those that not publicly traded are valued based on other external sources or valuations provided by the College’s investment custodian. The following chart provides the methodology and hierarchy level for each type of the College’s assets.

Asset Type	Source(s)	Methodology	Hierarchy Level
Money Market Mutual Funds	Not applicable	\$1 per share	2
Commercial Paper-Discounted	U.S. Bank Pricing Unit	Matrix pricing	2
U.S. Treasury Obligations	FT Interactive Data, Standard & Poor's, or Bloomberg	Institutional bond quotes	1
U.S. Government Agency Obligations	FT Interactive Data, Standard & Poor's, or Bloomberg	Institutional bond quotes	2
U.S. Government Agency Mortgage-Backed Pools	FT Interactive Data, Standard & Poor's, or Bloomberg	Mortgage-backed securities pricing	2
Government Agency REMICS	FT Interactive Data, Standard & Poor's, or Bloomberg	Collateralized mortgage obligation source	2
Corporate Bonds	FT Interactive Data, Standard & Poor's, or Bloomberg	Institutional bond quotes	2
Corporate Paydown Securities	FT Interactive Data, Standard & Poor's, or Bloomberg	Collateralized mortgage obligation source	2
Municipal Bonds	Standard & Poor's, FT Interactive Data, or Bloomberg	Evaluations based on various market and industry inputs	2
Foreign Bonds	FT Interactive Data—Extel Financial Ltd, Standard & Poor's, or Bloomberg	Evaluations based on various market factors	2

As of June 30, 2022, the difference between book value and fair value of the College's investment portfolio was (\$17,112,943). Based on the criteria outlined by GASB Statement No. 72, the breakdown by level of the College's investment portfolio is as follows:

	Fair Value	Level 1	Level 2	Level 3	Cash and Accrual
Demand Deposits	\$178,238,743	\$ -	\$ -	\$ -	\$178,238,743
Certificates of Deposit	-	-	-	-	-
Investment Manager Cash & Cash Equivalents	7,639,933	5,986,795	1,649,584	-	3,554
U.S. Treasury & Agenices	101,920,017	98,526,920	3,138,938	-	254,159
Agency Backed Mortgages	10,871,074	-	10,851,185	-	19,889
Corporate Bonds & Notes	153,264,559	-	152,343,789	-	920,770
Structured Securities	93,099,618	-	92,975,060	-	124,558
Foreign Bonds (in U.S. dollars)	41,661,760	-	41,454,424	-	207,336
Municipal Bonds	25,718,340	-	25,553,514	-	164,826
Total	\$612,414,044	\$104,513,715	\$327,966,494	\$ -	\$179,933,835

As of June 30, 2021, the difference between book value and fair value of the College's investment portfolio was \$(6,907,288). The breakdown by level of the College's investment portfolio was as follows:

	Fair Value	Level 1	Level 2	Level 3	Cash and Accrual
Demand Deposits	\$150,793,543	\$ -	\$ -	\$ -	\$150,793,543
Certificates of Deposit	-	-	-	-	-
Investment Manager Cash & Cash Equivalents	15,431,904	13,471,402	1,959,967	-	535
U.S. Treasury & Agenices	114,335,051	108,916,167	5,143,330	-	275,554
Agency Backed Mortgages	27,642,779	-	27,594,038	-	48,741
Corporate Bonds & Notes	152,260,496	-	151,434,811	-	825,685
Structured Securities	77,612,821	-	77,530,101	-	82,720
Foreign Bonds (in U.S. dollars)	34,667,765	-	34,513,769	-	153,996
Municipal Bonds	28,478,776	-	28,304,237	-	174,539
Total	\$601,223,135	\$122,387,569	\$326,480,253	\$ -	\$152,355,313

Separately issued financial statements are not available for the College's investment portfolio. The College's investments are included in the cash and equivalents and investments lines of the Asset section in the Statement of Net Position.

B. Interest Rate Risk

Interest rate risk refers to the fact that changes in market interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in market interest rate. One of the ways that the College and its investment managers manage its exposure to interest rate risk is by limiting maturities and ensuring the total portfolio is properly diversified among shorter term and longer-term investments.

Information about the sensitivity of the fair values of the College's investments to market interest rate fluctuations is provided by the following table showing the distribution of Ivy Tech's investments by maturity, as of June 30, 2022:

	Fair Value	<1 Year	1-5 Years	6-10 Years	More than 10 Years
Demand Deposits	\$178,238,743	\$178,238,743	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-	-
Investment Manager Cash & Cash Equivalents	7,639,933	7,639,933	-	-	-
U.S. Treasury & Agenices	101,920,017	10,625,919	91,294,098	-	-
Agency Backed Mortgages	10,871,074	942,897	2,234,693	4,766,107	2,927,377
Corporate Bonds & Notes	153,264,559	25,309,380	126,261,080	1,694,099	-
Structured Securities	93,099,618	191,541	49,875,209	7,430,875	35,601,993
Foreign Bonds (in U.S. dollars)	41,661,761	4,115,025	37,447,159	-	99,577
Municipal Bonds	25,718,339	5,598,886	19,506,367	192,801	420,285
Total	\$612,414,044	\$232,662,324	\$326,618,606	\$14,083,882	\$39,049,232

As of June 30, 2021, the distribution of Ivy Tech's investments by maturity was as follows:

	Fair Value	<1 Year	1-5 Years	6-10 Years	More than 10 Years
Demand Deposits	\$150,793,543	\$150,793,543	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-	-
Investment Manager Cash & Cash Equivalents	15,431,904	15,431,904	-	-	-
U.S. Treasury & Agenices	114,335,051	34,873,831	79,461,220	-	-
Agency Backed Mortgages	27,642,779	316,159	6,970,463	12,882,163	7,473,994
Corporate Bonds & Notes	152,260,496	15,815,160	132,340,011	4,105,325	-
Structured Securities	77,612,821	464,028	41,014,948	8,138,821	27,995,024
Foreign Bonds (in U.S. dollars)	34,667,765	3,475,769	31,191,996	-	-
Municipal Bonds	28,478,776	4,394,914	20,970,876	2,952,917	160,069
Total	\$601,223,135	\$225,565,308	\$311,949,514	\$28,079,226	\$35,629,087

C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is addressed in the College's Investment Policy. The average credit quality rating minimum (S&P/Moody's/Fitch) for each style of fixed income available for investment is as follows: Active Cash is AA-/Aa3/AA-, Defensive is A-/A3/A-, and Intermediate is A-/A3/A-. As of June 30, 2022, College investments had debt securities with associated credit ratings based on Moody's Investors Service as shown below.

	Fair Value	AAA	Aa and A*	Baa	Ba and B*	Caa	MIG	Cash & Short-Term Liquid Investments	Not Rated
Demand Deposits	\$178,238,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	178,238,743	\$ -
Certificates of Deposit	-	-	-	-	-	-	-	-	-
Investment Manager Cash & Cash Equivalents	7,639,933	-	-	-	-	-	-	7,639,933	-
U.S. Treasury & Agenices	101,920,017	99,591,545	-	-	-	-	-	-	2,328,472
Agency Backed Mortgages	10,871,074	177,265	-	-	-	-	-	-	10,693,809
Corporate Bonds & Notes	153,264,559	3,867,022	77,313,511	65,051,321	-	-	-	-	7,032,705
Structured Securities	93,099,618	54,418,627	3,525,469	-	-	-	-	-	35,155,522
Foreign Bonds (in U.S. dollars)	41,661,761	-	29,467,123	9,646,393	118,890	-	-	-	2,429,355
Municipal Bonds	25,718,339	1,087,863	12,986,665	238,451	-	-	527,948	-	10,877,412
Total	\$612,414,044	\$159,142,322	\$123,292,768	\$74,936,165	\$118,890	-	\$527,948	\$185,878,676	\$68,517,275
As a percentage of total portfolio	-	26.0%	20.1%	12.2%	0.0%	0%	0.1%	30.4%	11.2%

*Aa and A is comprised of \$25,426,197 in Aa

*Ba and B is comprised of \$0 in Ba

As of June 30, 2021, College investments had debt securities with associated credit ratings based on Moody's Investors Service as shown below.

	Fair Value	AAA	Aa and A*	Baa	Ba and B*	Caa	MIG	Cash & Short-Term Liquid Investments	Not Rated
Demand Deposits	\$150,793,543	-	-	-	-	-	-	\$150,793,543	-
Certificates of Deposit	-	-	-	-	-	-	-	-	-
Investment Manager Cash & Cash Equivalents	15,431,904	-	-	-	-	-	-	15,431,904	-
U.S. Treasury & Agenices	114,335,051	113,674,221	-	-	-	-	-	-	660,830
Agency Backed Mortgages	27,642,779	213,066	-	-	-	-	-	-	27,429,713
Corporate Bonds & Notes	152,260,496	2,845,820	79,612,445	65,014,424	134,623	-	-	-	4,653,184
Structured Securities	77,612,821	41,644,514	6,688,869	284,488	-	-	-	-	28,994,950
Foreign Bonds (in U.S. dollars)	34,667,765	1,234,576	25,542,599	6,040,208	235,675	-	-	-	1,614,707
Municipal Bonds	28,478,776	1,744,222	13,379,762	414,344	-	-	319,459	-	12,620,989
Total	\$601,223,135	\$161,356,419	\$125,223,675	\$71,753,464	\$370,298	-	\$319,459	\$166,225,447	\$75,974,373

As a percentage of total portfolio

AAA	26.8%
Aa and A*	20.8%
Baa	11.9%
Ba and B*	0.1%
Caa	0%
MIG	0.1%
Cash & Short-Term Liquid Investments	27.7%
Not Rated	12.6%

*Aa and A is comprised of \$31,529,404 in Aa

*Ba and B is comprised of \$370,298 in Ba

D. Concentration of Credit Risk

In the allocation of assets, diversification of investments among asset classes that are not similarly affected by economic, political, or social developments is a highly desirable objective of credit risk. The allowable total sector weightings for active cash, defensive, and intermediate are 100% for certificates of deposit/interest bearing deposit accounts, 100% for U.S. Treasuries, 100% for U.S. Agencies, 100% for money markets, 50% for commercial paper, 50% for corporate investment grade, 40% for asset backed securities, 25% for municipal bonds, 20% for commercial mortgage backed, and 10% for mortgage backed (residential non-agency). Allowable weighting for mortgage backed (residential agency) is 30% for active cash and 60% for both defensive and intermediate. Most of our investments are currently under defensive at this time.

The financial institutions that hold five percent (5%) or more of the College's investments as of June 30, 2022:

Name of Institution	Amount	Percentage
Metlife Short	\$64,330,383	10.5%
Merganser Short	\$93,972,327	15.3%
Openheimer	\$64,610,781	10.6%
Reams	\$148,077,065	24.2%
Lake City Bank	\$178,238,743	29.1%

The financial institutions that hold five percent (5%) or more of the College’s investments as of June 30, 2021:

Name of Institution	Amount	Percentage
Metlife Short	\$66,730,134	11.3%
Merganser Short	\$97,714,364	16.4%
Oppenheimer	\$67,270,132	11.4%
Reams	\$154,046,838	26.1%
Lake City Bank	\$145,793,088	25.6%

E. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The College manages custodial credit risk through the types of investments that are allowed by the Investment Policy. As of June 30, 2022, and June 30, 2021, Ivy Tech deposits with financial institutions held in uncollateralized accounts are insured up to \$250,000 by the FDIC and in excess of \$250,000 by the Indiana Public Deposits Insurance Fund.

F. Foreign Currency Risk

As of June 30, 2022, and June 30, 2021, all of the College’s accounts are in U.S. dollars and not exposed to foreign currency risk.

G. Foundation Investments

Types of investments held by the College’s Foundation, a component unit, are authorized by the Foundation’s Board of Trustees. They include a broader selection of investments including domestic equities, international equities, corporate bonds, mutual funds, certain types of alternative investments (hedge funds, REITS, commodities), certificates of deposit, money market accounts, interest bearing demand deposits insured by FDIC, commercial paper, donated real and personal property, and U.S. Government notes, bills, bonds, and agencies.

FEDERAL DIRECT LENDING PROGRAM

The College distributed \$33.8 million and \$40.3 million for student loans through the U.S. Department of Education federal direct lending program for the years ended June 30, 2022 and 2021, respectively. These distributions and the related funding sources are included as cash disbursements and cash receipts in the accompanying Statement of Cash Flows.

III. CAPITAL ASSETS

Property, buildings, and equipment are stated at cost on the date of acquisition or at fair market value at the time of donation. Assets used by the College which are subject to capital lease obligations are recorded at the net present value of the minimum lease payments of the asset at inception of the lease.

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	FY-Additions	FY-Retirements	Balance
Capital assets not being depreciated:				
Land	\$29,292,564	\$1,960,976	\$ -	\$31,253,540
Construction work in progress	69,369,547	32,959,781	91,155,450	11,173,878
Total capital assets not being depreciated	98,662,111	34,920,757	91,155,450	42,427,418
Capital assets being depreciated:				
Land improvements & infrastructure	31,369,403	8,065,883	12,500	39,422,786
Buildings	805,444,650	123,170,748	3,653,942	924,961,456
Furniture, fixtures & equipment	101,843,748	7,583,922	4,931,420	104,496,250
Library materials	3,811,313	37,611	49,955	3,798,969
Right-to-use leased equipment	710,046	3,059	23,092	690,013
Right-to-use leased buildings	7,469,929	2,157,931	591,218	9,036,642
Right-to-use leased land	652,039	-	-	652,039
Total capital assets being depreciated	951,301,128	141,019,154	9,262,127	1,083,058,155
Less accumulated depreciation and amortization:				
Land improvements & infrastructure	20,909,015	1,352,321	4,218	22,257,118
Buildings	318,728,241	46,160,480	2,352,182	362,536,539
Furniture, fixtures & equipment	87,920,982	5,249,404	4,825,727	88,344,659
Library materials	3,570,590	99,984	49,955	3,620,619
Right-to-use leased equipment	186,269	179,663	23,092	342,840
Right-to-use leased buildings	1,179,579	1,464,184	431,765	2,211,998
Right-to-use leased land	41,973	41,973	-	83,946
Total accumulated depreciation	432,536,649	54,548,009	7,686,939	479,397,719
Total capital assets being depreciated, net	518,764,479	86,471,145	1,575,188	603,660,436
Capital assets, net	\$617,426,590	\$121,391,902	\$92,730,638	\$646,087,854

Capital asset activity for the year ended June 30, 2021 was as follows:

2021 (As Restated)				
	Beginning Balance	FY-Additions	FY-Retirements	Balance
Capital assets not being depreciated:				
Land	\$29,671,310	\$ 12,900	\$391,646	\$29,292,564
Construction work in progress	42,367,950	35,244,694	8,243,097	69,369,547
Total capital assets not being depreciated	72,039,260	35,257,594	8,634,743	98,662,111
Capital assets being depreciated:				
Land improvements & infrastructure	30,784,331	1,300,358	715,286	31,369,403
Buildings	826,799,189	7,145,695	28,500,234	805,444,650
Furniture, fixtures & equipment	99,770,640	3,494,935	1,421,827	101,843,748
Library materials	3,879,232	71,094	139,013	3,811,313
Right-to-use leased equipment	710,046	-	-	710,046
Right-to-use leased buildings	7,469,929	-	-	7,469,929
Right-to-use leased land	652,039	-	-	652,039
Total capital assets being depreciated	970,065,406	12,012,082	30,776,360	951,301,128
Less accumulated depreciation and amortization:				
Land improvements & infrastructure	20,620,991	1,003,310	715,286	20,909,015
Buildings	302,914,383	24,883,501	9,069,643	318,728,241
Furniture, fixtures & equipment	83,593,421	5,738,167	1,410,606	87,920,982
Library materials	3,580,707	125,896	136,013	3,570,590
Right-to-use leased equipment	-	186,269	-	186,269
Right-to-use leased buildings	-	1,179,579	-	1,179,579
Right-to-use leased land	-	41,973	-	41,973
Total accumulated depreciation	410,709,502	33,158,695	11,331,548	432,536,649
Total capital assets being depreciated, net	559,355,904	(21,146,613)	19,444,812	518,764,479
Capital assets, net	\$631,395,164	\$14,110,980	\$28,079,555	\$617,426,590

IV. LONG-TERM LIABILITIES

Long-Term Liability activity for year ended June 30,2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Leases, Notes, and Bonds Payable:					
Leases	\$7,591,306	\$2,160,989	\$1,708,805	\$8,043,490	\$908,813
Bonds Payable-Public Offering	272,235,371	9,330,000	41,658,830	239,906,541	21,747,382
Total Leases, Notes, & Bonds Payable	279,826,658	11,490,989	43,367,635	247,950,031	22,656,195
Other Liabilities:					
Compensated Absences	17,037,414	10,757,892	10,792,520	17,002,786	10,013,276
Net Other post employment benefits	46,933,838	2,699,582	11,710,759	37,922,661	-
Net pension liability	6,880,760	5,345,082	9,631,780	2,594,062	-
Total Other Liabilities	70,852,012	18,802,556	32,135,059	57,519,509	10,013,276
Total Long-Term Liabilities	\$350,678,689	\$30,293,545	\$75,502,694	\$305,469,540	\$32,669,471

Long-Term Liability activity for year ended June 30,2021 was as follows:

	2021 (As Restated)				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Leases, Notes, and Bonds Payable:					
Leases	\$8,832,014	\$-	\$1,240,708	\$7,591,306	\$1,271,533
Bonds Payable-Public Offering	255,581,307	99,607,894	82,953,830	272,235,371	32,458,830
Total Leases, Notes, & Bonds Payable	264,413,321	99,607,894	84,194,538	279,826,677	33,730,363
Other Liabilities:					
Compensated Absences	18,045,981	8,271,873	9,280,440	17,037,414	8,961,783
Net Other post employment benefits	44,090,257	6,071,919	3,228,338	46,933,838	-
Net pension liability	8,807,995	4,540,030	6,467,265	6,880,760	-
Total Other Liabilities	70,944,233	18,883,822	18,976,043	70,852,012	8,961,783
Total Long-Term Liabilities	335,357,554	118,491,716	103,230,581	350,678,689	42,692,146

A. Bonds

Authorization by the Indiana General Assembly enables the College to issue bonds for the purpose of financing facility construction and improvements or refinancing and refunding. None of these bonds are direct borrowings. Series H bonds were issued for construction and improvement projects on the Richmond, Evansville, Valparaiso, and Terre Haute campuses. Series J bonds were issued for projects on the Richmond and Marion campuses. The Series N bonds support projects on the Elkhart, Sellersburg, Warsaw, and Indianapolis campuses and were refunded in fiscal year 2021. The Series O bonds supported the refunding of Series I. Projects on the Indianapolis and Muncie campuses, the Lafayette refinancing, and Series I & K refunds were supported by the Series P bonds. The Series R bonds supported projects at the Anderson, Bloomington, and Indianapolis campuses as well as the Series H & L partial refinancing. Series U issued during fiscal year 2018 supported the Series L refunding. Series V issued during fiscal year 2019 supported the projects at Kokomo and Muncie. Series W issued during fiscal year 2021 supported the Columbus project and refunded Series N. Series X-1 and Series X-2 issued during fiscal year 2021, supported the refunding of Series R-2 and Series P, respectively. Series X-3 issued during fiscal year 2022 and supported the refunding of the Series O bond.

The June 30, 2021, Premium on Bonds of \$32.4 million includes the remaining balance from the sale of Series J, K, L, P, R, T, U and V Student Fee Bonds. The ending balance at June 30, 2022, of \$29.8 million includes the remaining balance from the sale of Series J, K, L, P, R, T, U, V and W Student Fee Bonds. It is amortized over the remaining life of the related bonds.



Issue Type/Series	Issue Date	Original Issue Amount	Interest Rate	Final Maturity Date	Principal Outstanding as of June 30, 2022	Principal Outstanding as of June 30, 2021	Current Portion
Series J: Richmond, Marion	01/06/2005	\$9,245,000	4.25% - 4.47%	2025	\$6,465,000	\$9,245,000	\$2,925,000
Series O: Refunding of Series I	12/15/2011	9,200,000	3.25% - 3.55%	2027	-	9,200,000	-
Series P: Indianapolis, Muncie, Lafayette, Series I & K Partial Refunding	01/04/2012	32,415,000	.28% - 4.11%	2032	-	11,915,000	-
Series R: Anderson, Bloomington, Indianapolis, Series H & L Partial Refunding	11/21/2013 & 11/27/2013	76,705,000	.21% - 4.20%	2033	27,065,000	29,480,000	2,540,000
Series T: Refunding Series K	08/19/2015	28,090,000	.20% - 2.71%	2026	14,810,000	18,115,000	3,475,000
Series U: Refunding Series L	09/19/2017	20,550,000	.99% - 2.15%	2028	14,515,000	17,365,000	2,535,000
Series V: Kokomo and Muncie	07/17/2018	69,205,000	1.43% - 3.17%	2039	58,475,000	60,605,000	2,240,000
Series W: Columbus; Refunding of Series N	07/15/2020	62,175,000	0.20% - 1.82%	2040	56,000,000	60,455,000	4,655,000
Series X-1: Refunding of Series R-2	12/30/2020	11,915,000	1.80%	2033	11,875,000	11,915,000	40,000
Series X-2: Refunding of Series P	06/30/2020	11,525,000	1.41%	2032	11,525,000	11,525,000	710,000
Series X-3 Refunding of Series O	12/31/2021	9,330,000	1.12%	2026	9,330,000	-	80,000
Student Fee Bonds		340,355,000			210,060,000	239,820,000	19,200,000
Add: Unamortized bond premium					29,846,541	32,415,371	
Totals					\$239,906,541	\$272,235,371	

Issue Type/Series	Issue Date	Original Issue Amount	Interest Rate	Final Maturity	Principal Outstanding as of June 30, 2021	Principal Outstanding as of June 30, 2020	Current Portion
Series H: Richmond, Evansville, Valparaiso, Terre Haute	06/18/2003	\$47,065,000	1.32%-3.96%	2021	\$ -	\$3,435,000	\$ -
Series J: Richmond, Marion	01/06/2005	9,245,000	4.25% - 4.47%	2025	9,245,000	9,245,000	2,780,000
Series N: Elkhart, Sellersburg, Warsaw, Indianapolis	12/17/2009	70,290,000	3.51% - 6.16%	2021	-	50,005,000	-
Series O: Refunding of Series I	12/15/2011	9,200,000	3.25% - 3.55%	2027	9,200,000	9,200,000	-
Series P: Indianapolis, Muncie, Lafayette, Series I & K Partial Refunding	01/04/2012	32,415,000	.28% - 4.11%	2032	11,915,000	17,150,000	11,915,000
Series R: Anderson, Bloomington, Indianapolis, Series H & L Partial Refunding	11/21/2013 & 11/27/2013	76,705,000	.21% - 4.20%	2033	29,480,000	43,550,000	2,415,000
Series T: Refunding Series K	08/19/2015	28,090,000	.20% - 2.71%	2026	18,115,000	18,825,000	3,305,000
Series U: Refunding Series L	09/19/2017	20,550,000	.99% - 2.15%	2028	17,365,000	20,550,000	2,850,000
Series V: Kokomo and Muncie	07/17/2018	69,205,000	1.43% - 3.17%	2039	60,605,000	62,630,000	2,130,000
Series W: Columbus; Refunding of Series N	07/15/2020	62,175,000	0.20% - 1.82%	2040	60,455,000	-	4,455,000
Series X-1: Refunding of Series R-2	12/30/2020	11,915,000	1.80%	2033	11,915,000	-	40,000
Series X-2: Refunding of Series P	06/30/2020	11,525,000	1.41%	2032	11,525,000	-	-
Student Fee Bonds		448,380,000			239,820,000	234,590,000	29,890,000
Add: Unamortized bond premium					32,415,371	20,991,308	
Totals					\$ 272,235,371	\$255,581,308	

B. Compensated Absences

As of June 30, 2022, the accrued vacation benefit is \$11.7 million and the eligible sick leave benefit is \$5.3 million which remained consistent with June 30, 2021. The College has internally designated a portion of its unrestricted funds to offset the entire liability for compensated absences as identified in the Internally Designated Reserves of Unrestricted Funds of the Management Discussion & Analysis section.

V. LEASE

A. Lease Receivable

During the current fiscal year, the College had contractual agreements for leasing of space in various College buildings and land to third parties. The leases range from 1 year – 26 years in length as the lessor.

Lease receivable for the years ending June 30, 2022 and 2021 are as follows:

	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021 (As Restated)
Building Space	1,370,279	1,799,511
Land	10,335	12,968
Total Lease Receivable	1,380,614	1,812,479

The College has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$1,336,693 compared to a balance of \$1,792,984 recognized as of June 30, 2021.

The College recognized \$518,558 in lease revenue and \$69,293 in interest revenue during the current fiscal year related to these leases. The College restated the FY21 activity, including \$688,317 in lease revenue and \$78,601 in interest revenue as of June 30, 2021.

During the current fiscal year, the College received \$800 in variable lease receipts.

B. Lease Payable

During the current fiscal year, the College had contractual agreements for various leases of buildings, land and equipment ranging from 1 – 45 years in length as the lessee.

Lease liability for the years ending June 30, 2022 and 2021 are as follows:

	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021 (As Restated)
Right-to-use leased equipment	358,330	532,898
Right-to-use leased buildings	7,089,955	6,434,732
Right-to-use leased land	595,205	623,676
Total	8,043,490	7,591,306

For leases entered during the current fiscal year, an initial lease liability was recorded in the amount of \$2,160,989 during the current fiscal year. The College restated the FY21 activity, including recording an initial lease liability of \$8,832,014 as of July 1, 2020 to implement GASB 87.

The College is required to make payments throughout the year for both principal and interest. The leases have interest rates ranging from 2.15% – 5% utilizing the College’s estimated incremental borrowing rates.

The right-to-use leased assets related to the lease liabilities have estimated useful lives ranging from 1 – 45 years based on the non-cancellable portion of the contractual agreements. See note III for additional information regarding the right-to-use leased assets including the asset balance and accumulated amortization as of June 30, 2022 and 2021.

During the current fiscal year, the College paid \$190,508 in variable lease expenses.

Scheduled lease payments for the years ending June 30 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$908,812	\$372,063	\$1,280,875
2024	729,594	337,837	1,067,431
2025	513,899	309,582	823,481
2026	487,303	284,570	771,873
2027	511,284	259,651	770,935
2028-2032	2,730,827	885,362	3,616,189
2033-2037	1,020,652	367,302	1,387,954
2038-2042	445,854	232,976	678,830
2043-2047	482,941	107,796	590,737
2048-2052	137,087	32,906	169,993
2053-2057	18,839	16,587	35,426
2058-2062	24,177	11,248	35,425
2063-2067	31,028	4,398	35,426
2068	1,175	6	1,181
Totals	\$8,043,472	\$3,222,284	\$11,265,756

The College has multiple lease obligations with Ivy Tech Foundation, Inc. a related party some of which were determined to meet the requirements necessary to be recognized as right-to-use leased assets; thus, requiring the recognition of long-term debt and right-to-use leased assets on the College’s Statement of Net Position. Ivy Tech Foundation, Inc. reports these assets in the financial statements. Therefore, the Foundation also shows these assets in their Statements of Assets, Liabilities, and Fund Balance, which are incorporated herein. Consequently, the College and the Foundation have reported the same leased assets on their respective financial statements.

VI. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

Ivy Tech Community College Post-Retirement Medical/Dental Benefits Plan is a self-administered, single employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Ivy Tech Community College Board of Trustees has the authority to establish and amend benefit provisions.

The Plan provides medical and dental benefits to eligible retirees and their spouses and/or dependents. Eligible retirees and their spouse and/or dependents are eligible for benefits under the Plan's following two tiers. Please note, retirees, spouses, and dependents may stay on the Plan once they are eligible for Medicare; however, Plan coverage is secondary to Medicare.

Regular Plan - All employees who retire between the age of fifty-five (55) and up to but not including sixty-five (65) with ten (10) years of benefits-eligible service with the College, or at the age of sixty-five (65) or later with five (5) years of benefits-eligible service with the College may continue participation in College group medical and/or dental benefits. Retirees pay 100% of the premium cost of an active employee.

75 Plan - All employees who retire between the age of fifty-five (55) and sixty-five (65), whose combined age and years of continuous benefit-eligible service equal at least seventy-five (75), were hired on or before December 31, 2008 and were benefits-eligible and continuously employed in a benefits-eligible position on or prior to December 31, 2008, may elect to remain in the College group medical and/or dental programs. Employees who meet the above requirements and remain in the 75 Plan pay the same premium as an active employee, which is subsidized by the College until they become eligible for Medicare at which time they may continue in the regular Plan. All participants in the 75 Plan must have been hired by December 31, 2008; the College is no longer accepting new participants into this Plan.

The expenditure is accrued and recognized under the terms of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

As of July 1, 2021, the Plan had 2,429 total participants, 2,248 of which are active participants and 181 inactive participants receiving benefits. As of July 1, 2020, the Plan had 2,580 total participants, 2,429 of which are active participants and 151 inactive participants receiving benefits. The College contributed \$1,944,596 to the Plan in fiscal year 2022 and \$2,369,433 to the Plan in fiscal year 2021.

Significant Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2021 census data. Liabilities rolled forward to June 30, 2022 measurement date.		
Experience study date	2013		
Long-term rate of return on assets	Not applicable		
Salary increases	3.0%		
Discount rate	3.98% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of April 30, 2021		
Ad hoc postemployment benefit changes	None		
Healthcare cost trend rates	Years	Pre-65 Medical	Dental
	2020	7.00%	5.00%
	2021	6.00%	5.00%
	2022+	5.00%	5.00%
	The leveraging effect of co-pays, deductibles, and out of pocket limits on medical cost trend is assumed to be immaterial.		
Projections of sharing benefit-related costs	Retiree contributions are based on the active premium rates without regard to the aging assumption. Per capita contribution rates are \$1,479 for medical and \$99 for dental for 75 Plan retirees per year (\$10,701 for medical and \$495 for dental for Regular retirees)		
Mortality	RP-2014 White Collar Mortality Table with projection scale MP-2021		

The total OPEB liability in the June 30, 2021 measurement date was determined using the following actuarial assumptions:

Valuation Date	July 1, 2020 census data. Liabilities rolled forward to June 30, 2021 measurement date.		
Experience study date	2013		
Long-term rate of return on assets	Not applicable		
Inflation	3.0%		
Salary increases	3.0%		
Discount rate	1.83% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of April 30, 2020		
Ad hoc postemployment benefit changes	None		
Healthcare cost trend rates	Years	Pre-65 Medical	Dental
	2020	7.00%	5.00%
	2021	6.00%	5.00%
	2022+	5.00%	5.00%
	The leveraging effect of co-pays, deductibles, and out of pocket limits on medical cost trend is assumed to be immaterial.		
Projections of sharing benefit-related costs	Retiree contributions are based on the active premium rates without regard to the aging assumption. Per capita contribution rates are \$1,415 for medical and \$99 for dental for 75 Plan retirees (\$10,437 for medical and \$495 for dental for Regular retirees)		
Mortality	RP-2014 White Collar Mortality Table with projection scale MP-2020		

Since the prior measurement date, there have been no changes in plan terms. The discount rate, per capita claim cost, per capita contribution, and healthcare cost trend rates are reviewed annually, and adjustments made as appropriate; these have been updated since the prior measurement date. The mortality assumption is updated annually to reflect the currently available mortality tables. The remaining assumptions are based on the 2013 experience study.

Total OPEB liability is sensitive to changes in both the discount rate and the healthcare cost trend rate. The following tables illustrate the potential impact of a one percentage point rate decrease or a one percentage point increase as of June 30, 2022.

Discount Rate

1 % Decrease	Current	1 % Increase
\$40,349,818	\$37,922,661	\$35,669,140

Health Care Cost Trend Rate

1 % Decrease	Current	1 % Increase
\$34,749,991	\$37,922,661	\$41,513,565

As of June 30, 2021, the potential impact of a one percentage point rate decreases, or increase was as follows:

Discount Rate

1 % Decrease	Current	1 % Increase
\$50,558,773	\$46,933,838	\$43,567,820

Health Care Cost Trend Rate

1 % Decrease	Current	1 % Increase
\$42,560,232	\$46,933,838	\$51,941,321

Total OPEB Liability

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the plan's total OPEB liability as of June 30, 2022, was \$37,922,661, and as of June 30, 2021, was \$46,933,838. The College pays claims as incurred, and as a result, the plan does not have assets segregated. Total OPEB expense was \$1,944,596 and \$2,369,433 for June 30, 2022, and June 30, 2021 respectively.

Components of OPEB expense are as follows:

	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021 (As Restated)
Service Cost	\$1,934,165	\$1,886,671
Interest Cost	765,417	1,176,891
Expected Return on Plan Assets	-	-
Amortization		
Investment (Gain) Loss	-	-
Assumption Changes	391,542	113,505
Experience (Gain) Loss	(1,146,528)	(807,634)
Total OPEB Expense	\$1,944,596	\$2,369,433

Changes in the total OPEB liability during the 2022 fiscal year are as follows:

	Total OPEB Liability
Balance as of June 30, 2021	\$46,933,838
Changes for the year:	
Service cost	1,934,165
Interest	765,417
Changes of benefit terms	-
Plan amendments	-
Differences between expected and actual experience	(3,666,835)
Changes in assumptions or other inputs	(5,420,414)
Benefit payments	(2,623,510)
Net Changes	(\$9,011,177)
Balance as of June 30, 2022	\$37,922,661

Changes in the total OPEB liability during the 2021 fiscal year are as follows:

	Total OPEB Liability
Balance as of June 30, 2020	\$44,090,257
Changes for the year:	
Service cost	1,886,671
Interest	1,176,891
Changes of benefit terms	-
Plan amendments	-
Differences between expected and actual experience	(1,551,773)
Changes in assumptions or other inputs	3,008,357
Benefit payments	(1,676,565)
Net Changes	\$2,843,581
Balance as of June 30, 2021	\$46,933,838

Deferred inflows and outflows of resources as of June 30, 2022 were as follows.

Value on June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning balance or Value at June 30, 2021	\$4,414,258	(\$6,955,536)
Differences between expected and actual experience		(2,520,307)
Changes of assumptions	(4,414,258)	(1,397,698)
Total at June 30, 2022	\$0	(\$10,873,541)

The deferred inflows and outflows of resources as of June 30, 2021 were as follows.

Value on June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning balance or Value on June 30, 2020	\$1,519,406	(\$6,211,397)
Differences between expected and actual experience		(744,139)
Changes of assumptions	2,894,852	
Totals at June 30, 2021	\$4,414,258	(\$6,955,536)

As of June 30, 2022, the amortization schedule of deferred outflows and inflows of resources for the College is as follows:

Amortization of Net Deferred Outflows (Inflows) of Resources	
2023	(\$1,306,963)
2024	(1,306,963)
2025	(1,306,963)
2026	(1,306,963)
2027	(1,306,963)
Thereafter	(4,338,726)
Amount recognized as a reduction of total OPEB liability	(\$10,873,541)

As of June 30, 2021, the amortization schedule of deferred outflows and inflows of resources for the College is as follows:

Amortization of Net Deferred Outflows (Inflows) of Resources	
2022	(\$394,790)
2023	(394,790)
2024	(394,790)
2025	(394,790)
2026	(394,790)
Thereafter	(567,328)
Amount recognized as a reduction of total OPEB liability	(\$2,541,278)

Other than payments made by plan participants, the only contributions to the College's OPEB plan are made by the College; the plan does not have any non-employer contributing entities. The College's OPEB plan does not issue a stand-alone financial report.



VII. RETIREMENT PLANS

Ivy Tech's State Board of Trustees has the authority to determine employee benefits and personnel policies. The following describes the retirement plans authorized by the College's State Board of Trustees.

The College sponsors a defined contribution plan under section 403(b) of the Internal Revenue Code for full-time faculty, administrative staff, and, for full-time support employees and eligible part-time support employees hired on or after July 1, 2014. The College also participates in the State of Indiana's defined benefit pension plan for full-time support employees hired prior to July 1, 2014. The College also sponsors a defined contribution plan under section 457(b) of the Internal Revenue Code in which all employees are eligible to participate. Additionally, the College sponsors a defined contribution plan under section 401(a) for certain eligible employees of the College. This plan is a governmental plan as defined under section 414(d) and section 3(32) of the Employee Retirement Income Security Act of 1974. As part of this plan, the College adopted the Qualified Excess Benefit Arrangement (QEBA) under section 415(m) (3). The sole purpose of the Arrangement is to provide for contributions that would have been made to the 401(a) plan absent the limitations of section 415(c).

The College provided retirement plan coverage to 3,380 and 2,713 active employees as of June 30, 2022, and June 30, 2021, respectively.

A. Ivy Tech Community College of Indiana Defined Contribution Retirement Plan

Full-time faculty, administrative staff, full-time support employees hired after July 1, 2014 and eligible part-time support employees are eligible to receive a nonelective contribution to the defined contribution retirement plan sponsored by the College. The College contributes a fixed percentage of compensation on behalf of each eligible employee to the plan. Employees are eligible for participation on the plan on the first day of employment. The employee vests upon completing two years of employment at the College.

During the fiscal year ending June 30, 2022, the College remitted \$22.3 million to Transamerica, representing \$168.9 million in total salaries compared to the \$20.8 million remitted to Transamerica representing \$152.6 million in salaries as of June 30, 2021. During fiscal year 2021, there were no forfeitures recognized by the college. During fiscal year 2022, \$4 thousand was forfeited by employees. On June 30, 2022, there were 3,156 employees participating in the defined contribution retirement plan compared to 2,437 employees participating on June 30, 2021.

All employees of the College are also eligible to voluntarily defer a portion of their salary to this retirement plan.

B. Public Employees' Retirement Fund

Plan Description

The Indiana Public Retirement System (INPRS) administers 16 pension trust funds including eight defined benefit plans and five defined contribution retirement plans, two other postemployment benefit fund, and one custodial fund. The College participates in the Public Employees' Retirement Fund (PERF) for full-time, non-exempt employees hired prior to July 1, 2014, which is one of the eight defined benefit retirement plans.

The PERF is a cost sharing multiple-employer defined benefit plan based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions may offer the following plans to their employees: PERF Hybrid, My Choice: Retirement Savings Plan, My Choice: Retirement Savings Plan and PERF Hybrid (employee's choice), PERF Hybrid for existing employees, and PERF Hybrid and My Choice: Retirement Savings Plan. The College participates in the PERF Hybrid Plan.

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, 5-10.3, 5-10.5. There are two aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the defined contribution component known as the Public Employees' Hybrid Members Defined Contribution Account.

Complete financial statements for INPRS are available online at

<https://www.in.gov/inprs/publications/annual-reports/>

Membership

PERF members are officers and employees of units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by ordinance or resolution of the governing body, which specifies the classifications of employees who will become members of the plan. The ordinance or resolution is filed with and approved by INPRS. In order to be a member, employees hired after June 30, 1982, except employees of a participating school corporation, must occupy positions normally requiring performance of service of more than 1,000 hours during a year.

Contributions

The College is obligated by statute to make contributions to PERF, which are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During fiscal years 2022 and 2021, the College was required to contribute 11.2% of covered payroll per year, which totaled \$1,019,286 and \$1,190,177 respectively. The PERF Hybrid Plan members contribute 3% of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. The employer may elect to make the contributions to the annuity savings account on behalf of the member, which is the case with the College.

Retirement Benefits

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits (non ASA) vest after 10 years of creditable service. Members are immediately vested in their annuity savings account.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1% times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. Members may be eligible for reduced pension benefit based on age and years of service.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an “ad hoc” basis and can only be granted by the Indiana General Assembly. The State approved a COLA increase of one percent as of January 1, 2022. There was no COLA for the year ended June 30, 2021 or June 30, 2020. Eligible members received a one-time check in October 2019 with the amount of the one-time checks ranged from \$150 to \$450, depending upon a member’s years of service, and was for a member who retired or was disabled on or before December 1, 2018 or 2017.

The PERF Hybrid Plan also provides disability and survivor benefits. An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability. Upon the death in service of a member with 15 or more years of creditable service, a survivor benefit may be paid to the surviving spouse or surviving dependent children.

Significant Actuarial Assumptions

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations for the College’s participation in PERF at June 30, 2021 is below.

Valuation date:	
Assets	June 30, 2021
Liabilities	June 30, 2020 - Member census data as of June 30, 2020 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2020 and June 30, 2021. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2020 to the June 30, 2021 measurement date.
Actuarial assumptions:	
Experience study date	Period of 5 years ended June 30, 2019
Investment rate of return	6.25%, net of investment expense, including inflation
Cost of living increase	1.00% COLA on January 1, 2022
	0.40% January 1, 2024 – December 31, 2033
	0.50% January 1, 2034 – December 31, 2038
	0.60% January 1, 2039 and after
Future salary increases	2.65%-8.65%
Inflation	2.00%
Mortality-Healthy	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019: General Employee table with a 3 year set forward for males and a 1 year set forward for females.
Mortality-Disabled	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019: General Disabled table with a 140% load.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations for the College's participation in PERF at June 30, 2020 is below.

Valuation date:	
Assets	June 30, 2020
Liabilities	June 30, 2019 - Member census data as of June 30, 2019 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2019 and June 30, 2020. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2019 to the June 30, 2020 measurement date.
Actuarial assumptions:	
Experience study date	Period of 5 years ended June 30, 2019
Investment rate of return	6.75%, net of investment expense, including inflation
Cost of living increase	13th check on January 1, 2021
	0.40% January 1, 2022 – December 31, 2033
	0.50% January 1, 2034 – December 31, 2038
	0.60% January 1, 2039 and after
Future salary increases	2.75%-8.75%
Inflation	2.25%
Mortality-Healthy	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019: General Employee table with a 3 year set forward for males and a 1 year set forward for females.
Mortality-Disabled	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019: General Disabled table with a 140% load.

The long-term return expectation for the INPRS defined benefit retirement plans has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

Geometric Basis at June 30, 2021	Target Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	20.0%	3.6%
Private Market	15.0%	7.3%
Fixed Income-Ex Inflation-Linked	20.0%	1.5%
Fixed Income-Inflation-Linked	15.0%	(0.3%)
Commodities	10.0%	0.8%
Real Estate	10.0%	4.2%
Absolute Return	5.0%	2.5%
Risk Parity	20.0%	4.4%
Leverage Offset	(15.0%)	(1.4%)

Geometric Basis at June 30, 2020	Target Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	22.0%	4.4%
Private Market	14.0%	7.6%
Fixed Income-Ex Inflation-Linked	20.0%	1.9%
Fixed Income-Inflation-Linked	7.0%	0.5%
Commodities	8.0%	1.6%
Real Estate	7.0%	5.8%
Absolute Return	10.0%	2.9%
Risk Parity	12.0%	5.5%

Discount Rate

Total pension liability for each defined benefit plan was calculated using a discount rate of 6.25% for fiscal year 2022 and 6.75% for fiscal year 2021. The projection of cash flows used to determine the discount rate assumed the contributions from employers would be at the actuarially determined required rates computed in accordance with the current funding policy adopted by the Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed rate of return of 6.25% for fiscal year 2022 and 6.75% for fiscal year 2021. Based on those assumptions, each defined benefit pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Net pension liability is sensitive to changes in the discount rate. The following table illustrates, as of June 30, 2021, the potential impact if the discount rate decreases by one percentage point or increases by one percentage point.

1 % Decrease (5.25%)	Current (6.25%)	1 % Increase (7.25%)
\$6,784,610	\$2,594,062	(\$901,409)

Net pension liability is sensitive to changes in the discount rate. The following table illustrates, as of June 30, 2020, the potential impact if the discount rate decreases by one percentage point or increases by one percentage point.

1 % Decrease (5.75%)	Current (6.75%)	1 % Increase (7.75%)
\$11,217,980	\$6,880,760	\$3,247,987

Pension Plan’s Fiduciary Net Position

INPRS is a pension trust fund of the State of Indiana for financial statement reporting purposes. The financial statements of INPRS are prepared using the accrual basis of accounting in conformity with generally accepted accounting principles as applied to governments. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows. INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members’ annuity savings accounts. These distributions may be requested by members or auto-distributed by the fund when certain criteria are met.

The pooled and non-pooled investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Additional information regarding the plan’s fiduciary net position may be found online at <https://www.in.gov/inprs/publications/annual-reports/>

Other Information

Ivy Tech Community College’s proportionate share of the collective net pension liability is \$2,594,062 which is 0.1971% of PERF’s total net pension liability compared to a proportionate share of \$6,880,760 or 0.2278%, a decrease of 0.0307%. The College’s proportion of the net pension liability was based on wages reported by employers relative to the collective wages of the plan. The measurement date of the collective net pension liability is June 30, 2021. The actuarial valuation date upon which the total pension liability is based, is June 30, 2021. Standard actuarial roll forward techniques were used to project the total pension liability computed as of June 30, 2020 to June 30, 2021.

The contribution rates were calculated as of June 30, and the newly calculated contribution rates will become effective January 1, 2022.

There are no changes between the measurement date and the employer’s reporting date that are expected to have a significant impact on the employer’s proportionate share of the collective net pension liability. Full-time, non-exempt employees hired after July 1, 2014, are no longer added to PERF; over time, this may impact the College’s proportionate share of the collective net pension liability.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the College’s net pension liability reported as of June 30, 2022 is \$2,594,062 and as of June 30, 2021, is \$6,880,760. The College’s total pension expense was (\$1,851,022) and (\$913,572) as of June 30, 2021 and 2020, respectively. Deferred inflows and outflows of resources were as follows.

As of June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$88,724	\$51,796
Net difference between projected and actual earnings on pension plan investments	-	3,368,153
Changes of assumptions	1,304,830	582,675
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,525	1,857,117
Employer contributions subsequent to measurement date	1,019,287	-
Totals	\$2,417,366	\$5,859,741

As of June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$121,907	\$92,383
Net difference between projected and actual earnings on pension plan investments	588,882	-
Changes of assumptions	-	1,433,663
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,637	2,420,957
Employer contributions subsequent to measurement date	1,190,177	-
Totals	\$1,908,603	\$3,947,003

The amortization schedule of deferred outflows and inflows of resources for the College is as follows:

Amortization of Net Deferred Outflows (Inflows) of Resources	
2022	(\$1,741,360)
2023	(1,174,604)
2024	(582,916)
2025	(962,782)
2026	-
Thereafter	-
Total	(\$4,461,662)

C. Ivy Tech Community College of Indiana 457(B) Deferred Compensation Plan

All employees of the College are eligible to voluntarily defer a portion of their salary to a defined contribution plan under section 457(b) of the Internal Revenue Code.

D. Federal Social Security Act

All employees (except work-study students attending classes on a full-time basis) are members of and are covered upon employment by the Old Age and Survivors Insurance and Medical Insurance Provisions of the Federal Social Security Act.

VIII. FUNCTIONAL EXPENSES

The following schedule shows expenses based on the College's functional and natural categories.

Functional Classification	Salaries & wages	Benefits	Scholarships	Utilities	Supplies & other services	Depreciation & Amortization	2022 Total	2021 Total (As Restated)
Instruction	\$94,910,703	\$29,920,492	\$ -	\$132,387	\$39,285,383	\$ -	\$164,248,965	\$181,786,140
Institutional support	60,765,117	23,197,007	(67,640,646)	2,903	94,061,014	-	110,385,395	53,178,269
Scholarships & fellowships	257,726	77,261	211,640,216	-	46,272	-	212,021,475	188,718,766
Academic support	55,872,921	17,235,053	258,008	2,377	(16,426,133)	-	56,942,226	56,962,072
Student services	31,187,802	11,645,479	585,239	1,667	13,339,257	-	56,759,444	49,810,284
Operations & maintenance of plant	7,213,692	2,622,435	-	10,985,766	18,937,770	-	39,759,663	34,329,342
Depreciation	-	-	-	-	-	36,734,140	36,734,140	32,991,255
Auxiliary services	187,591	181,306	-	212,827	2,078,617	-	2,660,341	4,327,063
Public services	89,757	15,284	707	-	649,715	-	755,463	677,918
TOTAL	\$250,485,309	\$84,894,317	\$144,843,524	\$11,337,927	\$151,971,895	\$36,734,140	\$680,267,112	\$602,781,109

Functional Classification	Salaries & wages	Benefits	Scholarships	Utilities	Supplies & other services	Depreciation & Amortization	2021 Total (As Restated)	Reclassified 2020 Total
Instruction	\$110,350,726	\$31,809,635	\$ -	\$123,991	\$39,501,788	\$ -	\$181,786,140	\$190,975,364
Institutional support	46,469,762	15,098,715	(80,497,906)	4,410	72,103,288	-	53,178,269	19,956,128
Scholarships & fellowships	182,628	66,348	187,927,514	-	542,276	-	188,718,766	145,319,490
Academic support	49,465,335	14,266,247	328,995	1,481	(7,099,986)	-	56,962,072	56,013,890
Student services	29,130,649	10,193,853	314,439	-	10,171,343	-	49,810,284	55,862,783
Operations & maintenance of plant	7,799,044	2,722,183	-	9,828,220	13,979,895	-	34,329,342	32,546,037
Depreciation	-	-	-	-	-	32,991,255	32,991,255	33,173,705
Auxiliary services	184,307	71,055	-	310,116	3,761,585	-	4,327,063	4,459,180
Public services	240,618	46,741	-	-	390,559	-	677,918	670,492
TOTAL	\$243,823,069	\$74,274,777	\$108,073,042	\$10,268,218	\$133,350,748	\$32,991,255	\$602,781,109	\$538,977,069

IX. COMMITMENTS AND CONTINGENCIES

A. Accrual of Loss Contingency

The College has been named a party in unasserted claims, assessments, and litigation. College management has reviewed these actions to determine if one (1) it is probable that as of the date of the financial statements, an asset has been impaired or a liability incurred, based on subsequent available information prior to the issuance of the financial statements, and two (2) the amount of the loss can be reasonably estimated.

No accrual of loss contingency has been established, as in the opinion of management, the above conditions do not exist in a material amount.

The College has been named a party in five (5) litigation matters: one (1) in Floyd County Circuit Court, one (1) in Dearborn Superior Court No. 2, one (1) in the U.S. District Court for the Northern District of Indiana, one (1) in the U.S. District Court for the Southern District of Indiana, and one (1) in Allen Superior Court No. 9. In addition to the open litigation matters, the College has six (6) open cases with the Equal Employment Opportunity Commission ("EEOC").

In the opinion of management, an unfavorable outcome in these matters will not have a material adverse effect on the balance sheet of the institution. Management is currently unable to assess the probability of an unfavorable outcome.

B. Pollution Remediation

In accordance with the criteria outlined in GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, the College has a remediation obligation related to the Indianapolis East Washington Street location, and the Indiana Department of Environmental Management has issued a notice of liability for the property. The notice states trichloroethylene concentrations were above the Indiana Department of Environmental Management Remediation Closure Guide commercial/industrial screening level. As of October 19, 2022, the College estimates a cost of no more than \$103,000 for remediation in which insurance is expected to cover a majority of the cost; therefore, no contingency was recorded.

C. Subsequent Events

None

D. Construction Work In Progress

The following table presents the construction projects in process as of June 30, 2022:

E. Chicago Welding Lab Project	\$668,751
Harshman Hall Project – Ft. Wayne	510,367
PAET WHIN Impact Construction-Lafayette	229,076
PAET WHIN Impact Match – Lafayette	89,034
WHIN Initiative Field Tiles-Lafayette	218,532
Fisher Wellness Project – Muncie	101,108
Trails Partnership Restrooms-Terre Haute	259,039
Workday Implementation Project-Statewide	2,056,392
Various Repair & Rehabilitation & Parking Lot Projects	7,041,579
Total Construction Work In Progress	\$11,173,878

The following table presents the construction projects in process as of June 30, 2021:

Kokomo Construction Series V	\$43,091,184
Café Space Renovation - Lake County	23,295
E. Chicago Welding Lab Project	37,013
Lift iFlex Lab Cost Share – SB/Elkhart	407,773
Harshman Hall Project – Ft. Wayne	497,882
Industrial Tech Flex Lab Project – Ft. Wayne	501,425
Library/LRC Remodel – Indianapolis	94,272
PAET WHIN Impact Match-Lafayette	41,277
Fisher Wellness Project- Muncie	4,850
Automotive Building Project – Indianapolis	11,231,536
Columbus Construction Project Series W	5,772,193
Various Repair & Rehabilitation & Parking Lot Projects	7,666,847
Total Construction Work In Progress	\$69,369,547

X. RISK MANAGEMENT

The College is exposed to various risks of loss, including torts, theft, damage or destruction of assets, errors or omissions, job-related illness or injuries to employees, and healthcare claims on behalf of employees and their eligible dependents. The College manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds.

Property, with a \$500,000,000 policy limit and \$50,000 deductible for damage to buildings and building contents for most causes of loss; General Liability, with an \$850,000 per occurrence limit, \$3,400,000 general aggregate limit, and a \$150,000 retention; Educators' Legal Liability, with a \$25,000,000 per claim limit and \$25,000,000 annual aggregate and a \$225,000 retention; Internships & Professional Liability, with a \$1,000,000 per claim limit, \$3,000,000 annual aggregate limit, and \$10,000 deductible; Medical Professional Liability to include participation in the Indiana Patient's Compensation Fund with a \$500,000 per claim limit, \$1,500,000 aggregate, and \$15,000 deductible; Auto Liability, with a \$1,000,000 combined single limit; Foreign Liability, with a \$1,000,000 per occurrence limit and a \$5,000,000 general aggregate; Excess Liability, with a \$25,000,000 per occurrence limit; Crime, with \$3,000,000 per loss limit and a \$35,000 retention; Fiduciary Liability with a \$3,000,000 limit for all claims; Cyber Liability with a \$20,000,000 Total aggregate limit, split between four carriers, \$5,000,000 policy limit each carrier. Primary carrier with a \$5,000,000 aggregate limit and a \$250,000 retention. Each succeeding carrier precedes subsequent carrier \$5,000,000 limit; International Travel Accident & Sickness with a \$250,000 per person benefit to cover student, staff and guest travelers; and Student Accident, with a \$3,000 per injury limit. The College does provide access to a healthcare insurance plan for international students, paid for by the students.

The College is self-funded for the first \$500,000 for each Worker's Compensation claim with the exception of pole climbing, which requires a \$1,000,000 retention. Worker's Compensation claims above these amounts are covered by commercial insurance and are subject to statutory limits. The College has additional Worker's Compensation coverage for out-of-state claims through commercial insurance, which are subject to statutory limits.

The College did have a significant reduction in insurance coverage from coverage in the prior year related to the reduction of \$1,000,000,000 to \$500,000,000 in property policy limit. This reduction was made due to property being spread out in different service areas. Additionally, the College did not have any settlements exceeding insurance coverage for any of the prior three years.

The College has two healthcare plans for full-time benefit eligible employees. Additionally, the College has two healthcare plans for retirees not eligible for Medicare. All employee/retiree plans are self-funded.

At June 30, 2022, the unpaid claim liability was actuarially determined to be \$2.8 million for the medical plan and \$45 thousand for the dental plan compared to \$2.5 million for the medical plan and \$57 thousand for the dental plan in June 2021 and compared to \$2.9 million for the medical plan and \$57 thousand for the dental plan in June 2020. The medical plan unpaid claim liability is estimated based upon Anthem's experience with standard claim payment lag time and a projected number of claims in lag. Additionally, the unpaid liability includes \$364 thousand of medical and \$78 thousand of dental expense incurred in June 2022 and not paid until July 2022. As of June 2021, there were \$577 thousand of medical and \$41 thousand of dental expenses incurred in June 2021 and not paid until July 2021.

Changes in the balance of claims liabilities are as follows:

	FY22	FY21	FY20
Unpaid claims, 7/01	\$2,565,278	\$2,941,243	\$3,125,496
Claims incurred	42,854,853	39,114,285	34,271,495
Claims paid	(42,566,809)	(39,490,250)	(34,455,748)
Unpaid claims, 6/30	\$2,853,322	2,565,278	\$2,941,243

As of June 30, 2022, the College has a reserve (the excess of employer share over claims paid) in the amount of \$14.7 million. As of June 30, 2021, the reserve was \$17.4 million.

XI. RESTATEMENT OF PRIOR YEAR BALANCES

Changes in Accounting Principle:

The College implemented GASB 87 – Leases as of June 30, 2022 with restatement of the beginning net position as of July 1, 2020. As discussed in Note 1, section T, the implementation of GASB 87 no longer requires the College to report Capital Leases and Operating Leases. Due to the change in reporting a restatement of beginning net position was required to remove the existing capital leases.

(a) Implementation of GASB Statement No. 87, *Leases*

Effective for the fiscal year ended June 30, 2022, the College adopted GASB Statement 87, Leases, (GASB 87). This statement supersedes GASB Statement No. 62 and establishes new requirements for calculating and reporting the College's lease activities. The adoption of GASB 87 has been reflected using an implementation date of July 1, 2020, the beginning of the earliest period presented in the College's comparative financial statements. As a result, the College recorded the following at June 30, 2021:

Right-to-Use leased Assets	8,832,014
Accumulated Amortization	1,407,821
Net right-to-use leased assets	7,424,193
Lease Payable	7,591,306
Accrued Interest Payable	42,618
Lease Receivable	1,812,479
Accrued interest receivable	2,675
Deferred inflow of resources	1,792,984

These balances were calculated using the facts and circumstances that existed at July 1, 2020, as prescribed by GASB 87. Beginning net position at July 1, 2020 was restated for the removal of the College's previously reported capital lease assets and related obligations. In addition, the College has adjusted payments for capital assets and principal paid on capital-related debt and leases within the capital and related financing activities on the restated Statement of Cash Flows.

(b) Implementation of GASB Statement No.84, *Fiduciary Activities*

Statement No. 84 of the Government Accounting Standard Board, Fiduciary Activities established new criteria for identifying and reporting fiduciary activity effective for fiscal years ending June 30, 2021. The College reviewed all potential fiduciary activities and determined that, under the new standard, the College does not have any activities that meet the criteria to be treated as a fiduciary activity. This includes student activity funds previously treated as agency funds.

The effect of this new standard resulted in a restatement of the beginning of year net position by a \$1,642,307 increase to The Statement of Revenue, Expenses, and Changes in Net Position.

Error Corrections:

(c) Deposit with Trustee

During the year ended June 30, 2021, the College reported deposits with trustee as current assets on the Statement of Net Position. Subsequent to issuance of the financial statements, the College determined, through analysis, that deposits with the trustee represented non-current assets. As such, the College has reclassified deposits with trustee to non-current assets on the 2021 Statement of Net Position. In addition, the College has removed \$24,056,893 of deposits with trustee from the capital and related financing activities on the restated Statement of Cash Flows.

(d) Building Lease Termination

During the year ended June 30, 2021 the College terminated a lease with Ivy Tech Foundation, Inc. Kokomo Tech Buildings 1 – 4 which used to be leased from Ivy Tech Foundation, Inc. were sold during the year ended June 30, 2021. Three of the four buildings were sold to external parties, the fourth was given to the College. The College has restated net position as of June 30, 2021 to account for the error.

The June 30, 2021 Statement of Net Position was restated as follows:

	GASB 87 Impact (a)					
	June 30, 2021 as originally reported	Remove Capital Leases	Add GASB 87 Leases	Deposits with Trustee (c)	Building Lease Termination (d)	July 1, 2021 (As Restated)
Current assets	347,711,295	-	482,691	(24,056,893)	-	324,137,093
Noncurrent assets	1,002,966,153	(17,341,445)	8,757,025	24,056,893	35,517	1,018,474,143
Total assets	1,350,677,448	(17,341,445)	9,239,716	-	35,517	1,342,611,236
Deferred outflows of resources	6,322,861	-	-	-	-	6,322,861
Current liabilities	110,471,719	(1,719,445)	1,314,153	-	-	110,066,427
Noncurrent liabilities	305,950,829	(4,284,058)	6,319,772	-	-	307,986,543
Total liabilities	416,422,548	(6,003,503)	7,633,925	-	-	418,052,970
Deferred inflows of resources	10,902,539	-	1,792,984	-	-	12,695,523
Net Position	\$929,675,222	\$(11,337,942)	\$(187,193)	-	-	\$918,185,604

Restatement:

The Statement of Cash Flow was restated to reflect the Deposit with Trustee and Cash with Fiscal Agent as part of the beginning and ending cash and cash equivalent balances; therefore, net cash used by capital and related financing activities was restated for fiscal year 2021 to \$(28,437,299) compared to \$(53,890,298).

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of College's Other Postemployment Benefits						
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability—beginning	\$46,933,838	\$44,090,257	\$45,592,026	\$43,178,310	\$43,136,472	\$43,753,369
Service cost	1,934,165	1,886,671	1,806,581	1,774,855	1,905,089	2,142,987
Interest	765,417	1,176,891	1,299,962	1,603,853	1,563,656	1,391,731
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(3,666,835)	(1,551,773)	(3,949,722)	(1,744,880)	(1,073,714)	(624,300)
Changes of assumptions or other inputs	(5,420,414)	3,008,357	992,057	2,223,332	(467,965)	(1,518,443)
Benefit payments	(2,623,510)	(1,676,565)	(1,650,647)	(1,443,444)	(1,885,228)	(2,008,872)
Total OPEB liability-end	37,922,661	46,933,838	44,090,257	45,592,026	\$43,178,310	\$43,136,472
Covered employee payroll	\$208,304,528	\$198,966,214	\$191,240,512	\$190,453,691	\$189,194,063	\$189,812,818
Total OPEB liability as percentage of covered employee payroll	18%	24%	23%	24%	23%	23%

GASB Statement No. 75 requires disclosure of a 10 year schedule. However, until a full 10 year trend is compiled, the information is presented for those years for which information is available.

Claims are paid as incurred, and as a result, there are no assets accumulated in the plan.

Notes to RSI:

Fiscal Year 2022 Changes in Assumptions and Benefit Terms

The discount rate, per capita claim costs, per capita retiree contributions, and the mortality table have been updated since the prior measurement date. No additional changes are anticipated between the measurement date and the College's reporting date of June 30, 2022. The annual age 65 per capital claims cost increased by \$356 for pre-Medicare medical and \$0 for dental in fiscal year 2022. Additionally, the assumption for per capita retiree contributions increased by \$64 for medical and increased \$0 for dental for 75 Plan retirees per year; for regular retirees, the amount increased by \$264 in fiscal year 2022 to \$10,701 and remained the same for dental at \$495.

As of January 1, 2009, the College is no longer accepting new participants into the 75 Plan. This is the portion of the College's other postemployment benefits plan where employees retiring between the age of fifty-five (55) and sixty-five (65), whose combined age and years of continuous benefit-eligible service equal at least seventy-five (75), were hired on or before December 31, 2008 and were benefits-eligible and continuously employed in a benefits-eligible position on or prior to December 31, 2008, may elect to remain in the College group medical and/or dental programs. The employees who met these requirements and remain in the 75 Plan pay the same premium as an active employee, which is subsidized by the College until they become eligible for Medicare at which time they may continue in the regular Plan. This is the only change in benefit terms, and as of June 30, 2022, no other changes to benefit terms are anticipated.

Fiscal Year 2021 Changes in Assumptions and Benefit Terms

The discount rate, per capita claim costs, per capita retiree contributions, and the mortality table have been updated since the prior measurement date. No additional changes are anticipated between the measurement date and the College's reporting date of June 30, 2021. The annual age 65 per capital claims cost increased by \$755 for pre-Medicare medical and \$26 for dental in fiscal year 2021. Additionally, the assumption for per capita retiree contributions increased by \$78 for medical and increased \$4 for dental for 75 Plan retirees per year; for regular retirees, the amount increased by \$416 in fiscal year 2020 to \$10,437 and increased \$20 for dental to \$495.

As of January 1, 2009, the College is no longer accepting new participants into the 75 Plan. This is the portion of the College's other postemployment benefits plan where employees retiring between the age of fifty-five (55) and sixty-five (65), whose combined age and years of continuous benefit-eligible service equal at least seventy-five (75), were hired on or before December 31, 2008 and were benefits-eligible and continuously employed in a benefits-eligible position on or prior to December 31, 2008, may elect to remain in the College group medical and/or dental programs. The employees who met these requirements and remain in the 75 Plan pay the same premium as an active employee, which is subsidized by the College until they become eligible for Medicare at which time they may continue in the regular Plan. This is the only change in benefit terms, and as of June 30, 2021, no other changes to benefit terms are anticipated.

Fiscal Year 2020 Changes in Assumptions and Benefit Terms

The discount rate, per capita claim costs, per capita retiree contributions, and the mortality table have been updated since the prior measurement date. No additional changes are anticipated between the measurement date and the College's reporting date of June 30, 2020. The annual age 65 per capital claims cost decreased by \$454 for pre-Medicare medical and \$22 for dental in fiscal year 2020. Additionally, the assumption for per capita retiree contributions decreased by \$93 for medical and increased \$4 for dental for 75 Plan retirees per year; for regular retirees, the amount decreased by \$256 in fiscal year 2020 to \$10,021 and decreased \$20 for dental to \$475.

As of January 1, 2009, the College is no longer accepting new participants into the 75 Plan. This is the portion of the College's other postemployment benefits plan where employees retiring between the age of fifty-five (55) and sixty-five (65), whose combined age and years of continuous benefit-eligible service equal at least seventy-five (75), were hired on or before December 31, 2008 and were benefits-eligible and continuously employed in a benefits-eligible position on or prior to December 31, 2008, may elect to remain in the College group medical and/or dental programs. The employees who met these requirements and remain in the 75 Plan pay the same premium as an active employee, which is subsidized by the College until they become eligible for Medicare at which time they may continue in the regular Plan. This is the only change in benefit terms, and as of June 30, 2020, no other changes to benefit terms are anticipated.

Fiscal Year 2019: Changes in Assumptions and Benefit Terms

The discount rate, per capita claim costs, per capita retiree contributions, and the mortality table have been updated since the prior measurement date. No additional changes are anticipated between the measurement date and the College's reporting date of June 30, 2019. The annual age 65 per capital claims cost increased by \$311 for pre-Medicare medical and \$2 for dental in fiscal year 2019. Additionally, the assumption for per capita retiree contributions decreased by \$40 for medical and increased \$1 for dental for 75 Plan retirees per year; for regular retirees, the amount increased by \$209 in fiscal year 2019 to \$10,277 and increased \$5 for dental to \$495.

As of January 1, 2009, the College is no longer accepting new participants into the 75 Plan. This is the portion of the College's other postemployment benefits plan where employees retiring between the age of fifty-five (55) and sixty-five (65), whose combined age and years of continuous benefit-eligible service equal at least seventy-five (75), were hired on or before December 31, 2008 and were benefits-eligible and continuously employed in a benefits-eligible position on or prior to December 31, 2008, may elect to remain in the College group medical and/or dental programs. The employees who met these requirements and remain in the 75 Plan pay the same premium as an active employee, which is subsidized by the College until they become eligible for Medicare at which time they may continue in the regular Plan. This is the only change in benefit terms, and as of June 30, 2019, no other changes to benefit terms are anticipated.

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
College's proportion of the net pension liability	0.197%	0.228%	0.267%	0.311%	0.370%
College's proportion of the net pension liability (asset)	\$ 2,594,062	\$6,880,760	\$8,807,995	\$10,573,983	\$16,525,557
College's covered payroll	\$10,869,126	\$12,298,481	\$13,885,017	\$15,882,656	\$18,376,394
College's proportionate share of the collective net pension liability (asset) as a percentage of its covered payroll	23.9%	55.9%	63.4%	66.6%	89.9%
Plan fiduciary net position as a percentage of the total pension liability	92.5%	81.4%	79.4%	78.9%	76.6%

**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CONTINUED**

	June 30, 2016	June 30, 2015	June 30, 2014
College's proportion of the net pension liability	0.441%	0.508%	0.597%
College's proportion of the net pension liability (asset)	\$19,997,294	\$20,669,978	\$15,685,882
College's covered payroll	\$21,117,060	\$24,308,288	\$29,142,157
College's proportionate share of the collective net pension liability (asset) as a percentage of its covered payroll	94.7%	85.0%	53.8%
Plan fiduciary net position as a percentage of the total pension liability	75.3%	77.3%	84.3%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, information is presented for those years for which information is available.

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS

	2021	2020	2019	2018	2017
Contractually required contribution	\$1,202,591	\$1,369,354	\$1,548,399	\$1,774,851	\$2,058,160
Contributions in relation to the contractually required contributions	(1,202,591)	(1,369,354)	(1,548,399)	(1,774,851)	(2,058,160)
Contribution deficiency (excess)	-	-	-	-	-
College's covered payroll	\$10,869,126	\$12,298,481	\$13,885,017	\$15,882,656	\$18,376,394
Contributions as a percentage of covered-payroll	11.1%	11.2%	11.2%	11.2%	11.2%

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS CONTINUED

	2016	2015	2014
Contractually required contribution	\$2,365,111	\$2,729,685	\$3,258,170
Contributions in relation to the contractually required contributions	(2,365,111)	(2,729,685)	(3,258,170)
Contribution deficiency (excess)	-	-	-
College's covered payroll	\$21,117,060	\$24,308,288	\$29,142,157
Contributions as a percentage of covered-payroll	11.2%	11.2%	11.2%

Fiscal Year 2022: Plan Amendments and Assumption Changes

Plan Amendments

In 2021, the PERF defined benefit plan was modified pursuant to House Enrolled Act 1001. This granted a 1.00% cost-of-living adjustment effective January 1, 2022.

Assumption Changes

In 2021, there were several economic assumption changes. The investment return assumption decreased to 6.25% from 6.75% in 2020. The inflation assumption decreased to 2.00% in 2021 compared to 2.25% in 2020. Future salary assumptions in decreased slightly in the service-based table to 2.65%-8.65%. The service based table was 2.75%-8.75% in 2020. Additionally, the Board approved portfolio revisions that will increase the plan's target allocation for total exposure to equal 115%.

Information regarding the annual money-weighted rate of returns on pension plan investments may be found on-line at <https://www.in.gov/inprs/files/INPRSAnnualReportBook2021.pdf>.

Fiscal Year 2021: Plan Amendments and Assumption Changes

Plan Amendments

In 2019, the PERF defined benefit plan was modified pursuant to House Enrolled Act 1059. Previously, statute required PERF members to have 15 years of creditable service to qualify for survivor benefit prior to retirement. Statute now allows a qualifying spouse or dependent to receive a benefit if the deceased member had a minimum of 10 years of creditable service.

Assumption Changes

In 2020, the future salary increase assumption changed from an age-based table ranging from 2.50 percent to 4.25 percent to a service-based table ranging from 2.75 percent to 8.75 percent.

The mortality assumption changed from the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report to the Pub-2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

The retirement assumption was updated based on recent experience and was updated from an age- and service-based table to an age-based table dependent on eligibility for a reduced benefit or unreduced benefit. Additionally, for actives who are eligible for early retirement (reduced benefit), 30 percent are now assumed to commence benefits immediately and 70 percent are assumed to commence benefits at unreduced retirement eligibility. Previously 33 percent of actives were assumed to commence benefits with early retirement while 67 percent were assumed to wait for unreduced retirement eligibility.

The termination assumption was updated based on recent experience. For state members the tables were combined from being split by salary and sex to being one unisex service-based table. For members in political subdivisions earning more than \$20,000, the sex-distinct tables were combined to one unisex service-based table. For members in political subdivisions earning less than \$20,000, the sex-distinct age-based table was maintained and the rates were updated based on experience.

The disability assumption was updated based on recent experience.

The marital assumption was updated based on recent experience. 80 percent of male members and 65 percent of female members are assumed to be married or to have a dependent beneficiary. Previously, 75 percent of male members and 60 percent of female members were assumed to be married or to have a dependent beneficiary.

The load placed on the final average earnings to account for additional wages received upon termination, such as severance pay or unused sick leave, decreased from \$400 to \$200.

In 2019, there were no changes to assumptions that impacted the net pension liability during the fiscal year.

Information regarding the annual money-weighted rate of returns on pension plan investments may be found on-line at https://www.in.gov/inprs/files/INPRSConsolidatedAR_FY20.pdf.

Fiscal Year 2020: Plan Amendments and Assumption Changes

Plan Amendments

In 2019, the PERF defined benefit plan was modified pursuant to House Enrolled Act 1059. Previously, statute required PERF members to have 15 years of creditable service to qualify for survivor benefit prior to retirement. Statute now allows a qualifying spouse or dependent to receive a benefit if the deceased member had a minimum of 10 years of creditable service.

Assumption Changes

As a result of the 2014-2019 Experience Study, there were changes to many assumptions. Please see that Study for complete details available on INPRS web site per page 67 of 2020 PERF Report.

In 2018, the following actuarial assumptions and methods were changed: the COLA assumption was changed due to the passage of Senate Enrolled Act No. 373. In lieu of a 1.0% COLA beginning on January 1, 2020, INPRS now assumes that the COLA will be replaced by a thirteenth check for 2020 and 2021. The COLA assumption thereafter would be 0.4% beginning on January 1, 2022, changing to 0.5% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

Information regarding the annual money-weighted rate of returns on pension plan investments may be found on-line at https://www.in.gov/inprs/files/2019_INPRSAnnualReportBook.pdf.



THE FOLLOWING INFORMATION IS PRESENTED AS ADDITIONAL DATA AND IS NOT SUBJECT TO THE AUDIT OPINION EXPRESSED BY THE INDIANA STATE BOARD OF ACCOUNTS.

These reports were prepared by the management of Ivy Tech Community College of Indiana.

FIVE YEAR TREND IN STUDENT ENROLLMENT

	Five Year Trend in Student Enrollment				
	2017-18	2018-19	2019-20	2020-21	2021-22
Credit Student - Full Time	24,701	23,858	22,599	19,971	19,632
Part Time	137,948	139,480	140,054	131,144	135,708
Total	162,649	163,338	162,653	151,115	155,340
FTE	55,269	55,531	54,863	51,349	51,056
Non-Credit Students	10,417	10,354	9,964	11,712	14,676

Credit Students

The above information reports students on an “unduplicated” basis for Full Time, Part Time, and the Total categories. FTE reports these students on a “full-time equivalent” basis. For purposes of student count, the above full time data includes individuals who enrolled in 12 or more credit hours for a single term; or 24 or more credit hours for two or more terms.

Non-Credit Students

The above information for non-credit students represents total unduplicated non-credit registrations during the fiscal year. This includes custom training courses as well as open enrollment in both professional development and personal enrichment courses.



IVY TECH
COMMUNITY COLLEGE