

# Iowa Higher Education Loan Authority



# 2015 Annual Report

Student Center  
Grand View University



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*Morningside College Krone Advising Center*



November 1, 2015

**The Honorable Terry Branstad**

Governor, State of Iowa

**The Honorable Pam Jochum**

President, Iowa State Senate

**The Honorable Kraig Paulsen**

Speaker of the House

Dear Governor Branstad and Distinguished Leaders:

For thirty-three years the Iowa Higher Education Loan Authority (IHELA) has been serving Iowa's independent not-for-profit colleges and universities by providing affordable financing of facilities and working capital through the issuance of tax-exempt debt on their behalf. It is our privilege to deliver to you the 2015 Annual Report for the Iowa Higher Education Loan Authority. This annual report is submitted in compliance with the Code of Iowa, Chapter 261A.21.

Since its founding in 1982, IHELA has completed 241 stand-alone, Sallie Mae and lease purchase issues totaling \$1,913,052,476 of which \$706,684,481 is outstanding as of June 30, 2015. During the Authority's existence, Iowa's regionally accredited independent not-for-profit private colleges have continued to grow and advance. We believe IHELA plays a significant role in enabling them to remain competitive by providing low cost capital and working capital financings.

In fiscal year 2015, IHELA issued 5 stand-alone financings for facilities on behalf of Central College, Grinnell College, Morningside College, Grand View University and Wartburg College in the amount of \$198,172,720. Two institutions participated in the Authority's Revenue Anticipation Note program to obtain short-term cash flow financings. These two institutions collectively borrowed \$9,500,000. The total amount of bonds issued for fiscal year 2015 was \$207,672,720.

IHELA recognizes that the colleges and universities are invaluable assets providing educational, cultural and economic opportunities for all the citizens of the state. IHELA stands ready to provide low-cost, readily available financing options for Iowa's independent not-for-profit institutions of higher education. We appreciate the confidence you have placed in us and thank you for the opportunity to serve Iowa independent higher education through these special financing programs.

Respectfully submitted

A handwritten signature in black ink, appearing to read "Annette Shaw".

Ms. Annette Shaw  
Chairperson

A handwritten signature in black ink, appearing to read "Maribeth Wright".

Dr. Maribeth Wright  
Executive Director

## AUTHORITY MEMBERS

### BOARD OF DIRECTORS

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#### **Annette Shaw**

##### ***Chairperson***

Ms. Shaw is the Senior Managing Director for BTC Capital Management in Des Moines, Iowa. Her current term expires April 30, 2018.

#### **Dr. Ed Rogalski**

##### ***Vice Chairperson***

Dr. Rogalski is President Emeritus of St. Ambrose University in Davenport, Iowa. His current term expires April 30, 2016.

#### **Gary Steinke**

##### ***Treasurer***

Mr. Steinke is the President of the Iowa Association of Association of Independent Colleges and Universities. His current term expires April 30, 2017.

#### **Dr. Marianne Mickelson**

##### ***Secretary***

Dr. Mickelson is a Civic Leader in the greater Des Moines area. Her current term expires April 30, 2020.

#### **Dr. John Hartung**

##### ***Assistant Secretary***

Dr. Hartung is a resident of Indianola, Iowa. Dr. Hartung is the retired President of the Iowa Association of Independent Colleges and Universities. His current term expires April 30, 2021.

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#### **ADMINISTRATION**

Dr. Maribeth Wright  
Executive Director

#### **INDEPENDENT AUDITORS**

Shull & Co., P.C.

#### **BOND COUNSEL**

Ahlers & Cooney, P.C.  
Davis, Brown, Koehn Shors & Roberts, P.C.  
Dorsey & Whitney, LLP.  
Gilmore & Bell, P.C.

#### **LEGAL COUNSEL**

Davis, Brown, Koehn, Shors & Roberts, P.C.

#### **FINANCIAL ADVISOR**

Will B. Tschudy

#### **TRUSTEES**

American National Bank & Trust Co.  
Bankers Trust Company, N.A.  
Deutsche Bank National Trust Co.  
First National Bank of Muscatine  
U.S. Bank N.A.  
Wells Fargo Bank, N.A.

# IOWA HIGHER EDUCATION LOAN AUTHORITY

## Profile of the Authority

The Iowa Higher Education Loan Authority (the Authority) was created by the State Legislature in 1982 under the provisions of Chapter 261A, as a body politic and corporate of the State of Iowa. All obligations incurred by the Authority are exclusively those of the Authority and do not place an obligation on, or have the guarantee of, the State of Iowa. All administrative expenses of the Authority are paid from funds provided through the operation of its programs. The Authority has never received any appropriations from the State of Iowa. The Bonds issued are special and limited obligations of the Authority and do not represent, constitute or create an obligation, general or special, or debt, liability or moral obligation of the State or any political subdivision of the State within the meaning of any constitutional or statutory limitation.

The Authority was established for the purpose of financing education loans for regionally accredited independent institutions of higher education through the investment of private capital (Code of Iowa, Chapter 261A.1). In 1985, the Legislature expanded the function of the Authority to provide for loans to finance the acquisition, construction and renovation of needed educational facilities, structures and equipment, and to refund, refinance, or reimburse outstanding indebtedness incurred by eligible Iowa independent institutions (Code of Iowa, Chapter 261A.32). In 1997, the Legislature amended and expanded the function of the Authority for a project that is to be leased by the authority to an institution and to provide for loans in anticipation of the receipt of tuition by an institution. The Legislature also removed a restriction that IHELA shall not have outstanding at any one time obligations issued in an aggregate principal amount exceeding one hundred fifty million dollars (Code of Iowa, Chapter 261A.34). In 2000, the legislature amended Chapter 261A to provide that interest on obligations issued by the Authority is exempt from state income tax and to authorize the Authority to finance facilities that will be leased to institutions by a third party.

The Authority is empowered to issue tax-exempt revenue bonds and to make the proceeds available in low-interest loans to eligible institutions for the purposes stated above.

A Board of five members who are appointed by the Governor of the State and are subject to confirmation by the Senate governs the Authority. Members must be residents of Iowa and no more than three may be members of the same political party or gender. Appointments are made for six-year terms. The State Treasurer serves as an ex-officio member of the Authority.

## Eligible Participating Institutions

An eligible institution means a nonprofit educational institution located in Iowa not owned or controlled by the state or any political subdivision, agency, instrumentality, district, or city of the state, which is authorized by law to provide a program of education beyond the high school level and which meets all of the following requirements:

- a) Admits as regular students only individuals having a certificate of graduation from high school, or the recognized equivalent of such a certificate.
- b) Provides an educational program for which it awards a baccalaureate degree; or provides an educational program which conditions admission upon the prior attainment of a baccalaureate degree or its equivalent, for which it awards a post-graduate degree; or provides not less than a two-year program which is acceptable for full credit toward a baccalaureate degree, or offers not less than a two year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge.
- c) Is accredited by a nationally recognized accrediting agency or association or, if not accredited, is an institution whose credits are accepted, on transfer, by not less than three institutions which are accredited.
- d) Does not discriminate in the admission of students on the basis of age, race, creed, color, sex, national origin, religion, or disability.
- e) Has a governing board which possesses its own sovereignty.
- f) Has a governing board, or delegated institutional officials, which possess final authority in all matters of local control, including educational policy, choice of personnel, determination of program, and financial management

# IOWA HIGHER EDUCATION LOAN AUTHORITY

## Participating Colleges & Universities

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Iowa's independent colleges and universities play an important and unique role in the educational community and each individual local community. The communities these institutions serve reap many cultural as well as economic benefits. Following is a description of the bond issues which IHELA has floated to provide loan funds for the students, private colleges and universities in Iowa. These funds have been used to enable students to attend the educational institution of their choice and for the enhancement of the campus facilities of these institutions. This investment is keeping these institutions on the edge of the educational process, helping to make education in Iowa among the best in the nation.

### Fiscal Year 2015 Issues:

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#### Central College

- ✦ Issued July 2014 in the amount of \$10,947,720. The bonds provided funds to refinance the Iowa Finance Authority Revenue Bonds Series 2008 which were originally used to finance the construction of the Education, Psychology and Community Outreach Department, and renovations to Scholte Hall and other campus improvements.

#### Grinnell College

- ✦ Issued November 2014 in the amount of \$56,415,000. The bonds provided funds to refund the outstanding IHELA Private College Revenue Bonds Series 2008 Bonds that were originally issued to finance a portion of the costs of constructing and equipping certain athletic facilities on the campus, including a new field house with indoor track facilities, tennis courts, and indoor swimming pool, a pre-school facility, administrative office renovations and certain street improvements.

#### Morningside College

- ✦ Issued December 2014 in the amount of \$24,125,000. These bonds were issued in two series and provided funds to refund the Iowa Finance Authority's Series 2001, 2006 and 2007 bonds, as well as finance the cost of renovating Dimmitt Hall. The renovations include the replacement of the roofing system, windows and doors, updating the building's mechanical, electrical and plumbing systems, improving handicap accessibility including elevators and other improvements.

#### Grand View University

- ✦ Issued February, 2015 in the amount of \$20,745,000. The bonds provided funds to refund the IHELA Series 2006 Bonds, fund a debt service reserve fund and pay costs of issuance. The Series 2006 Bonds were originally issued to finance the construction of student housing suites, which included 40 units for approximately 154 students, a classroom and office building, a 10,000 square foot athletic facility with locker rooms, weight room, training facilities, artificial turf and lighting and general capital improvements on campus.

**Wartburg College**

- ✦ Issued March, 2015 in the amount of \$85,940,000. The bonds provided funds to refund the Authority's 2005 Series A & B Bonds that were issued to advance refund the Authority's 2002 Series and finance the costs and construction of the Wellness Center.

**Revenue Anticipation Notes – Private Education working Capital Loan Program**

- ✦ Series A and B Issued May 2015 in the amount of \$9,500,000. The bonds provided funds to make working capital and capital project loans to educational institutions participating in the program.



*Grand View University Student Center – CJ's Place*

# *The Year In Review*

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2015 represents IHELA's 33<sup>rd</sup> year of serving Iowa's independent not-for-profit college and universities by providing affordable financing of facilities and working capital through the issuance of tax-exempt debt.

During fiscal year 2015, IHELA issued 5 bond issues and 2 RAN (Revenue Anticipation Notes) Notes totaling \$207,672,720. As of June 30, 2015 IHELA has completed 241 financings totaling over \$1.9 billion.

## **Financing highlights for the fiscal year ending June 30, 2015**

- \$13,000,000 was issued for new capital projects.
- \$185,057,720 was issued for refinancing existing debt.
- \$9,500,000 was issued for working capital.
- 1 financing for both refinancing and new capital.
- 4 financings for refinancing only.
- 2 working capital notes (one year notes).
- Participating Institutions:
  - Central College
  - Grinnell College
  - Morningside College
  - Grand View University
  - Wartburg College
  - University of Dubuque

## SUMMARY OF BOND ISSUES

### Prior Years' Issues:

<u>Date Issued</u>	<u>Institution</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
May, 2015	RAN Note Program	\$9,500,000	\$9,500,000
March, 2015	Wartburg College	\$85,940,000	\$85,940,000
February, 2015	Grand View University	\$20,745,000	\$20,745,000
December, 2014	Morningside College	\$24,125,000	\$24,125,000
November, 2014	Grinnell College	\$56,415,000	\$56,415,000
July, 2014	Central College	\$10,947,720	\$10,947,720
May, 2014	Grand View University	\$13,400,000	\$11,900,000
May, 2014	RAN Note Program	\$10,870,000	\$0
July, 2013	Cornell College	\$22,290,000	\$20,935,000
July, 2013	Morningside College	\$19,250,000	\$19,250,000
June, 2013	Simpson College	\$27,841,842	\$26,749,035
May, 2013	RAN Note Program	\$19,090,000	\$0
February, 2013	Upper Iowa University	\$22,495,000	\$22,495,000
June, 2012	Central College	\$50,700,000	\$48,030,000
May, 2012	RAN Note Program	\$20,000,000	\$0
May, 2012	Clarke University	\$16,000,000	\$15,254,812
December, 2011	Luther College	\$24,065,000	\$22,860,000
December, 2011	St. Ambrose University	\$12,000,000	\$11,350,000
November, 2011	Loras College	\$2,500,000	\$2,400,000
July, 2011	University of Dubuque	\$8,895,000	\$8,895,000
May, 2011	RAN Note Program	\$25,900,000	\$0
May, 2011	Capital Revenue Note (BVU)	\$1,875,000	\$0
May, 2011	Buena Vista University	\$15,300,000	\$15,300,000
November, 2010	William Penn University Note	\$11,500,000	\$0
July, 2010	Upper Iowa University	\$44,290,000	\$41,615,000
June, 2010	Grand View University	\$15,395,000	\$13,815,000
May, 2010	RAN Note Program	\$25,700,000	\$0
March, 2010	Grinnell College	\$58,905,000	\$35,305,000
February, 2010	Maharishi University of Management	\$9,390,000	\$7,841,529
November, 2009	William Penn University Note	\$11,500,000	\$0
November, 2009	Simpson College	\$12,100,000	\$0

October, 2009	William Penn University	\$10,350,000	0
October, 2009	William Penn University	\$1,150,000	\$1,120,000
July, 2009	Maharishi University RAN Note	\$3,855,000	\$0
May, 2009	RAN Note Program	\$38,500,000	\$0
December, 2008	Luther College	\$11,000,000	\$0
June, 2008	Cornell College	\$11,695,000	\$0
June, 2008	Grinnell College	\$60,000,000	\$0
May, 2008	RAN Note Program	\$29,465,000	\$0
April, 2008	St. Ambrose University	\$20,000,000	\$20,000,000
April, 2008	Buena Vista University	\$2,500,000	\$0
May, 2007	Buena Vista University	\$7,870,000	\$7,870,000
May, 2007	RAN Note Program	\$30,710,000	\$0
April, 2007	University of Dubuque	\$34,700,000	\$23,870,000
January, 2007	Waldorf College	\$14,810,000	\$0
October, 2006	Cornell College	\$6,940,000	\$0
October, 2006	Loras College	\$22,035,000	\$17,810,000
September, 2006	William Penn University	\$8,000,000	\$0
September, 2006	Grand View College	\$27,000,000	\$0
June, 2006	Buena Vista University	\$2,400,000	\$0
May, 2006	Iowa Wesleyan College	\$5,750,000	\$4,805,000
May, 2006	RAN Note Program	\$31,170,000	\$0
December, 2005	Wartburg College	\$87,725,000	\$0
May, 2005	William Penn University	\$11,500,000	\$9,885,000
May, 2005	RAN Note Program	\$25,200,000	\$0
February, 2005	Simpson College	\$12,140,000	\$0
June, 2004	Buena Vista University	\$2,250,000	\$0
June, 2004	Des Moines University	\$13,785,000	\$8,205,000
May, 2004	Buena Vista University	\$1,040,000	\$0
May, 2004	Waldorf College	\$6,015,000	\$0
May, 2004	RAN Note Program	\$23,695,000	\$0
May, 2004	University of Dubuque	\$13,200,000	\$6,250,000
June, 2003	Des Moines University	\$22,700,000	\$19,375,000
May, 2003	Buena Vista University	\$1,000,000	\$0
May, 2003	RAN Note Program	\$31,800,000	\$0
April, 2003	St. Ambrose University	\$37,795,000	\$32,790,000
February, 2003	Graceland University	\$15,900,000	\$0
December, 2002	Buena Vista University	\$9,600,000	\$0

September, 2002	Luther College	\$15,000,000	\$0
July, 2002	Mt. Mercy College	\$3,595,000	\$0
July, 2002	Wartburg College	\$50,000,000	\$0
May, 2002	RAN Note Program	\$30,880,000	\$0
February, 2002	Loras College	\$5,000,000	\$2,500,000
December, 2001	Grinnell College	\$50,000,000	\$0
December, 2001	Buena Vista University	\$7,605,000	\$0
November, 2001	Cornell College	\$10,000,000	\$0
May, 2001	Central College	\$42,910,000	\$0
May, 2001	RAN Note Program	\$33,630,000	\$0
November, 2000	Loras College	\$20,450,000	\$20,450,000
October, 2000	Grand View College	\$7,500,000	\$0
October, 2000	Maharishi International University	\$1,500,000	\$0
May, 2000	RAN Note Program	\$20,115,000	\$0
March, 2000	Iowa Wesleyan College	\$4,000,000	\$0
March, 2000	Wartburg Theological Seminary	\$9,420,000	\$0
November, 1999	Briar Cliff University	\$9,000,000	\$0
October 1999	St. Ambrose University	\$12,595,000	\$0
September, 1999	Waldorf College	\$12,000,000	\$0
July, 1999	Mt. Mercy College	\$5,495,000	\$0
May, 1999	RAN Note Program	\$11,725,000	\$0
February, 1999	Maharishi International University	\$4,500,000	\$0
August, 1998	Central College	\$20,320,000	\$0
July, 1998	RAN Note Program	\$9,500,000	\$0
June, 1998	AIB College of Business	\$4,030,000	\$0
April, 1998	Mount Mercy College	\$175,000	\$0
October, 1997	Luther College	\$10,445,000	\$0
April, 1997	Palmer College of Chiropractic Med.	\$12,695,000	\$0
February, 1997	St. Ambrose University	\$2,575,000	\$0
December, 1996	Loras College	\$8,915,000	\$0
November, 1996	Iowa Wesleyan College	\$569,640	\$0
July, 1996	William Penn	\$882,653	\$0
July, 1996	Grinnell College	\$12,000,000	\$0
February, 1996	St. Ambrose University	\$4,675,000	\$0
October, 1995	Drake University	\$950,000	\$0
May, 1995	University Of Osteopathic Medicine	\$15,000,000	\$0
February, 1995	St. Ambrose University	\$6,200,000	\$0

September, 1993	Palmer College of Chiropractic Med.	\$600,000	\$0
September, 1993	Mount Saint Clare College	\$19,000	\$0
April, 1992	Upper Iowa University	\$1,030,000	\$0
April, 1991	Briar Cliff College	\$750,000	\$0
<b>Totals</b>		<b><u>\$1,877,444,562</u></b>	<b><u>\$706,598,096</u></b>



*Morningside College Buhler Rolfs Hall*

## STUDENT LOAN PROGRAMS

### **\$11,350,000 Variable Rate Education Loan Revenue Bonds -- Series 1984**

The Iowa Higher Education Loan Program began operation in 1984 with the sale of \$11,350,000 in tax-exempt bonds. This program offered loans to students enrolled at twelve of the private institutions in the State and was designed to supplement other types of financial aid.

The program distributed over \$1,000,000 in loans and was able to help 296 students who chose to attend an Iowa private college. The bonds of this issue were redeemed and paid on July 1, 1999.

Listed below are the Iowa independent colleges and universities that participated in the loan program and the total number of student loans made by institution.

Buena Vista College	52 Loans	\$ 146,019.27
Central College	21 Loans	\$ 83,475.96
Clarke College	30 Loans	\$ 107,739.03
Coe College	13 Loans	\$ 47,556.17
Drake University	21 Loans	\$ 85,406.41
Luther College	24 Loans	\$ 108,190.36
St. Ambrose University	18 Loans	\$ 77,165.77
Simpson College	70 Loans	\$ 218,459.91
University of Dubuque	17 Loans	\$ 71,711.22
Wartburg College	28 Loans	\$ 111,165.77
Westmar University	2 Loans	\$ 4,491.98

### **\$1,100,000 Student Loan Revenue Bonds – Series 1990**

In 1990 the Iowa Higher Education Loan Authority issued \$1.1 million in Student Loan Revenue Bonds. The program distributed \$920,416 in loans and assisted 454 students who chose to attend an Iowa private college.

An individual was allowed to borrow up to \$6,000 per year. The loan rate was fixed at 9% with a 10 year amortization. All loans were backed 100% by the participating college. The bonds of this issue were redeemed and paid on March 1, 2003.

Listed below are the colleges that participated in the loan program and the total number and amount of student loans made by the institution.

Clarke College	11 Loans	\$ 48,290
Mount Saint Clare College	46 Loans	\$ 77,675
Simpson College	281 Loans	\$ 504,451
Wartburg College	116 Loans	\$ 300,000

## FACILITIES LOAN PROGRAMS

### \$70,000,000 Private College Facilities Revenue Bonds -- Series 1985

Briar Cliff College  
 Briar Cliff College (II)  
 Buena Vista College  
 Buena Vista University  
 Central College (I)  
 Central College (II)  
 Clarke College  
 Coe College  
 Cornell College  
 Dordt College  
 Faith Baptist Bible College  
 Grand View College (I)  
 Grand View College (II)  
 Iowa Wesleyan College (I)  
 Iowa Wesleyan College (II)  
 Loras College (I)  
 Loras College (II)  
 Loras College (III)  
 Luther College  
 Maharishi University of Management  
 Maharishi University of Management  
 Marycrest International University  
 Morningside College (I)  
 Morningside College (II)  
 Mount St. Clare College  
 Palmer College of Chiropractic (I)  
 Palmer College of Chiropractic (II)  
 St. Ambrose University (I)  
 St. Ambrose University (II)  
 St. Ambrose University (III)  
 Simpson College (I), (II), (III), (IV), (V),  
 (VI), (VII), (VIII), (IX)  
 University of Dubuque (I)  
 University of Dubuque (II)  
 University of Dubuque (III)  
 Upper Iowa University (I)  
 Upper Iowa University (II)  
 Waldorf College (I)  
 Waldorf College (II)  
 Wartburg College (I)  
 Wartburg College (II)  
 Wartburg College (III)  
 Wartburg Theological Seminary (I)  
 Wartburg Theological Seminary (II)  
 Wartburg Theological Seminary (III)  
 Wartburg Theological Seminary (IV)

The Iowa Higher Education Facilities Loan Program, which began operations in December 1985, with the sale of \$70,000,000 in tax-exempt bonds, has assisted twenty-five institutions in obtaining the financing needed for facilities' projects. This program offered facility loans to Iowa's independent

colleges and universities for new construction, refinancing existing facility's debt, renovations, equipment purchase, energy conservation, acquisition of buildings, and reimbursement of facilities' expenditures incurred over the past three years. On June 30, 2009, \$120,037,066 in loan funds had been disbursed to the private institutions.

The \$70,000,000 in tax-exempt bonds allowed for a \$58,000,000 loan pool from which the institutions could borrow. A debt service reserve fund of \$10,500,000 was established; and \$1,500,000 (or 2% of the issue) was allocated to cover the cost of issuance.

The issuance costs were recovered through program investments and making of loans. The earnings from the program's investments were credited to the participating institutions. The unique feature of the program's revolving funds, which built with the principal repayment of loans, allowed facilities funds to be available for future needs.

The terms for repayment were based on the nature of the project being financed, with a maximum term of ten years. Loan repayments included principal and interest plus a program expense component that was paid monthly beginning one month after the institution received its loan proceeds. The interest on the loans was based on the variable weekly bond rate set by JP Morgan, the program's remarketing agent.

Due to the downgrade of MBIA Insurance Corporation by both Standard & Poor's and Moody's, the borrowers in the 1985 Pool program elected their option to pay in full their loans. In July 2008, the Authority redeemed \$1,000,000 of the Series 1985 bonds that had been optionally tendered. On August 19, 2008 the Authority exercised its Optional Redemption rights per section 9.01 (c)(1) of the Indenture of Trust dated December 17, 1985. The amount redeemed was \$13,800,000 bringing the balance of the Series 1985 Bonds to \$17,200,000. On October 1, 2008 the Authority exercised its Optional Redemption rights per section 9.01 (c)(1) of the Indenture of Trust on the remaining bonds outstanding for the Series 1985 Bonds. The bonds were paid in full.

## FACILITIES LOAN PROGRAMS

### SALLIE MAE PROGRAM

The IHELA Statewide Sallie Mae Program has been a valuable service to the colleges. Listed below are the institutions that participated in the program and their loan amounts.

<u>Institution</u>	<u>Date Issued</u>	<u>Amount Issued</u>
Drake University	February, 1992A	\$ 4,075,000
Drake University	February, 1992B	\$ 3,600,000
Loras College	April, 1992	\$ 3,500,000
Coe College	June, 1992	\$ 2,000,000
Graceland College	December, 1993	\$ 5,850,000
Drake University	March, 1994	\$ 1,840,000
Coe College	November, 1994	\$ 1,150,000
<b>Total</b>		<b><u>\$22,015,000</u></b>

### LEASE PURCHASE PROGRAM

The IHELA Lease Purchase Program is another financing option for the Iowa colleges. The Private College Lease Program was designed to help finance fungible assets, such as computers, software, telephone systems, fiber optics, or other assets with a short capital life. Listed below are the institutions that have participated in the program and their loan amounts.

<u>Institution</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Outstanding</u>
Briar Cliff College	February, 1994	\$ 500,000	
University of Dubuque	October, 1994	\$ 141,152	
Briar Cliff College	May, 1995	\$ 719,183	
Faith Baptist Bible College	February, 1997	\$400,000	
Wartburg College	March, 1997	\$1,168,500	
Coe College	April, 1997	\$530,000	
Waldorf College	June, 1997	\$510,000	
Grand View College	July, 1997	\$510,000	
Briar Cliff College	July, 1997	\$744,900	
Mt. Mercy College	July, 1998	\$408,000	
Clarke College	July, 1998	\$159,886	
Wartburg Theological Seminary	August, 2000	\$375,000	
University of Dubuque	February, 2001	\$1,200,000	\$86,385
Grand View College	August, 2004	\$1,250,000	
<b>Totals</b>		<b><u>\$8,616,621</u></b>	<b><u>\$86,385</u></b>

Since its founding in 1982, IHELA has completed 241 stand-alone, Sallie Mae and lease purchase issues totaling \$1,913,052,476 of which \$706,684,481 is outstanding as of June 30, 2015.



Shull, Schrum, McClafin  
& Co., Inc.

certified public accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Authority  
Iowa Higher Education Loan Authority

We have audited the accompanying statement of net position of each major fund of Iowa Higher Education Loan Authority, as of June 30, 2015 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

1111 North Jefferson  
Indianola, Iowa 50125  
515-961-2571 • Fax 515-961-4253

133 W. Washington  
Osceola, Iowa 50213  
641-342-2611 • Fax 641-342-2746

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of the Authority as of June 30, 2015 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 and 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement 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.

*Shull, Schrum, McClellan & Co., Inc.*

August 17, 2015

# IOWA HIGHER EDUCATION LOAN AUTHORITY

## Management Discussion & Analysis June 30, 2015

### General Overview of Financial Statements

The three basic statements presented within the financial report are as follows:

- **Statement of Net Position** – This statement presents information reflecting the Authority’s assets, liabilities, and net position. Net position represents the amount of total assets less total liabilities. The Statement of Net Position is categorized as current and noncurrent assets and liabilities. For the purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within one year of the statement date.
- **Statement of Revenues, Expenses and Changes in Net Position** – This statement reflects the operating revenue and expenses during the year. Operating revenue is from administrative fees charged to colleges and universities. The change in net position for an enterprise fund is similar to net profit or loss for any other business enterprise.
- **Statement of Cash Flows** – This statement is presented on the direct method of reporting which reflects cash flows from operating and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the year.

The following summarizes the financial position and results of operations of the Authority for the years ended June 30, 2015 and 2014.

	2015	2014
<b>ASSETS</b>		
Current Assets	\$ 1,057,483	1,116,997
Noncurrent Assets	1,253	1,663
Total Assets	1,058,736	1,118,660
<b>LIABILITIES &amp; NET POSITION</b>		
Current Liabilities	6,386	6,784
Noncurrent Liabilities	-	-
Total Liabilities	6,386	6,784
Total Net Position	\$ 1,052,350	1,111,876
<b>OPERATING EXPENSES &amp; REVENUES</b>		
Total Operating Revenues	\$ 169,115	137,591
Total Operating Expenses	228,641	226,959
Operating Income (loss)	\$ (59,526)	(89,368)

# IOWA HIGHER EDUCATION LOAN AUTHORITY

## Management Discussion & Analysis (Continued)

June 30, 2015

Fiscal Year 2015 saw the Iowa Higher Education Loan Authority issue 7 separate conduit bond financings totaling \$207,672,720. This level of business generated operating revenue totaling \$169,115 (\$31,524 or 22.9% more than fiscal 2014). IHELA continued its investment in additional financing programs and support services for the private not-for-profit Iowa institutions during the fiscal year, including the benchmarking service that provided an in-depth analysis of 30 key ratios for participating institutions. Eighteen institutions participated in the benchmarking program and IHELA partnered once again with Baker Tilly Virchow Krause & Co. to complete the project. IHELA covered 2/3 of the participation costs for each institution (\$18,450 total). Overall operating expenses totaled \$228,641 (\$1,682 or 0.7% more than fiscal 2014).

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Net Position  
June 30, 2015

Assets	Fund
Current assets:	
Cash and investments	\$ 1,052,433
Accounts receivable	3,500
Accrued interest receivable	1,550
Total current assets	1,057,483
Noncurrent assets:	
Capital assets less accumulated depreciation	1,253
Total assets	\$ 1,058,736
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	\$ 6,386
Total current liabilities	\$ 6,386
Net Position	
Net investment in capital assets	\$ 1,253
Unrestricted	1,051,097
Total net assets	\$ 1,052,350

See accompanying notes to financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2015

	<u>General Fund</u>
Operating revenues:	
Interest income	\$ 5,632
Financing fees income	<u>163,483</u>
Total operating revenues	<u>169,115</u>
Operating expenses:	
General and administrative	<u>228,641</u>
Operating loss	(59,526)
Net position at beginning of year	<u>1,111,876</u>
Net position at end of year	<u>\$ 1,052,350</u>

See accompanying notes to financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Cash Flows  
Year ended June 30, 2015

	<u>General Fund</u>
Cash flows from operating activities:	
Cash receipts for fees	\$ 166,983
Cash payments to employees	(162,153)
Cash payments for other operating expenses	(66,476)
Net cash used by operating activities	<u>(61,646)</u>
Cash flows from investing activities:	
Interest received on investments	5,345
Net cash provided by investing activities	<u>5,345</u>
Net decrease in cash and investments	(56,301)
Cash and investments at beginning of year	<u>1,108,734</u>
Cash and investments at end of year	<u>\$ 1,052,433</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (59,526)
Depreciation	410
Decrease in accounts receivable	3,500
Decrease in accounts payable and accrued expenses	(398)
Interest income on investments	(5,632)
Net cash used by operating activities	<u>\$ (61,646)</u>

See accompanying notes to financial statements.

# IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements  
June 30, 2015

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Iowa Higher Education Loan Authority (the Authority) was created in 1982 under Chapter 261A of the Code of Iowa as a tax-exempt public instrumentality to promote, encourage, and further the investment of private capital in the provision of funds for financing of education loans for students attending participating private education institutions in the state of Iowa (the State). Chapter 261A was subsequently amended by the Iowa Legislature to enable the Authority to provide financing for the acquisition, construction, and renovation of educational facilities, structures, and equipment at private educational institutions in the State. The Authority is authorized to issue, and has issued, bonds to provide education and facilities loan financing. The Authority is also authorized to serve as a conduit issuer for facility bond financings. When utilized in this capacity, the Authority charges an issuance fee in connection with its role as issuer of the bonds.

The authority has no taxing authority, and bonds issued do not constitute a debt, liability, or obligation of the State or any political subdivision thereof. The Authority is a component unit of the State. The Authority's financial statements are included in the State's comprehensive annual financial report.

**Fund Accounting** – The Authority's accounts are organized primarily as funds, which are sets of self-balancing accounts for the assets, liabilities, net position, and revenues and expenditures of the Authority's education and facilities loan programs. Restricted funds are used to account for proceeds from the education and facilities loan revenue and refunding bonds, the debt service requirements of the bonds, the related education and facilities loans purchased, and each program's expenses.

The Authority has an unrestricted general fund which accounts for the general and administrative functions of the Authority.

**Basis of Presentation** – The financial statements have been prepared using the economic resources measurement focus and the accrual method of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Cash Accounts** – At June 30, 2015 the carrying amount of the Authority's deposits, including certificates of deposit, with any financial institution did not exceed \$250,000.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued)  
June 30, 2015

**2. CASH AND INVESTMENTS**

A summary of the Authority's cash and investments is as follows (cost approximates fair value):

Cash account	\$ 30,277
Money market account	165,262
Certificates of deposit maturing through November 2018	756,937
United States Treasury Note maturing in June 2017	99,957
	<u>\$ 1,052,433</u>

The Authority's investment in the money market account is rated AAAm.

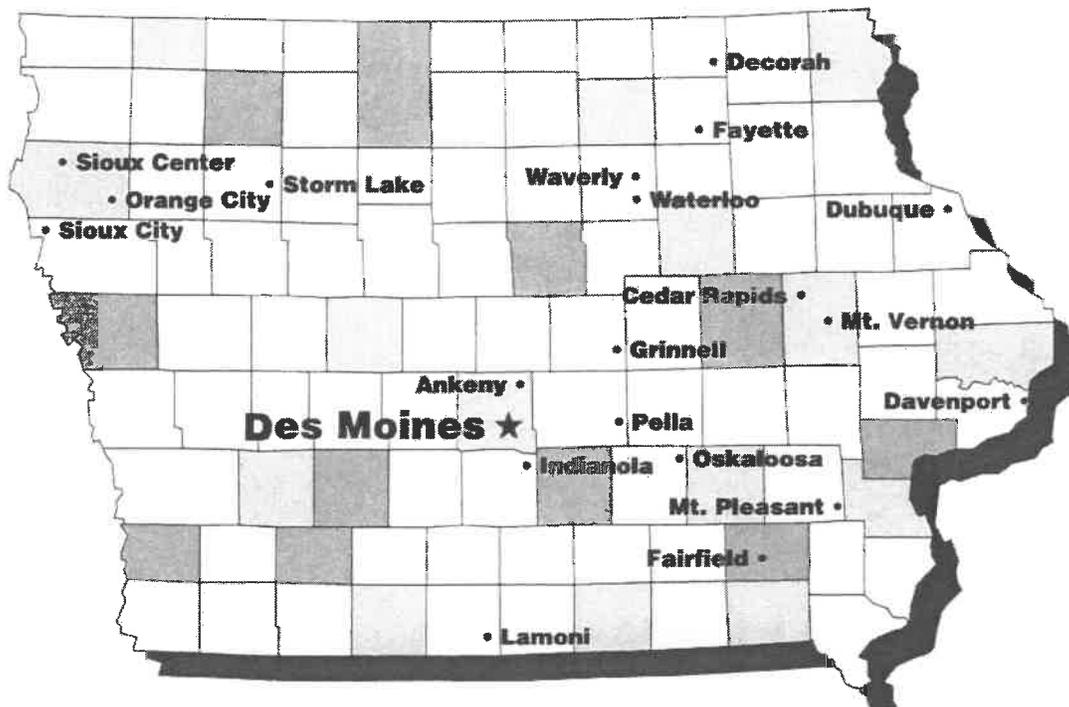
**3. CAPITAL ASSETS**

A summary of capital assets activity for the year ended June 30, 2015 follows:

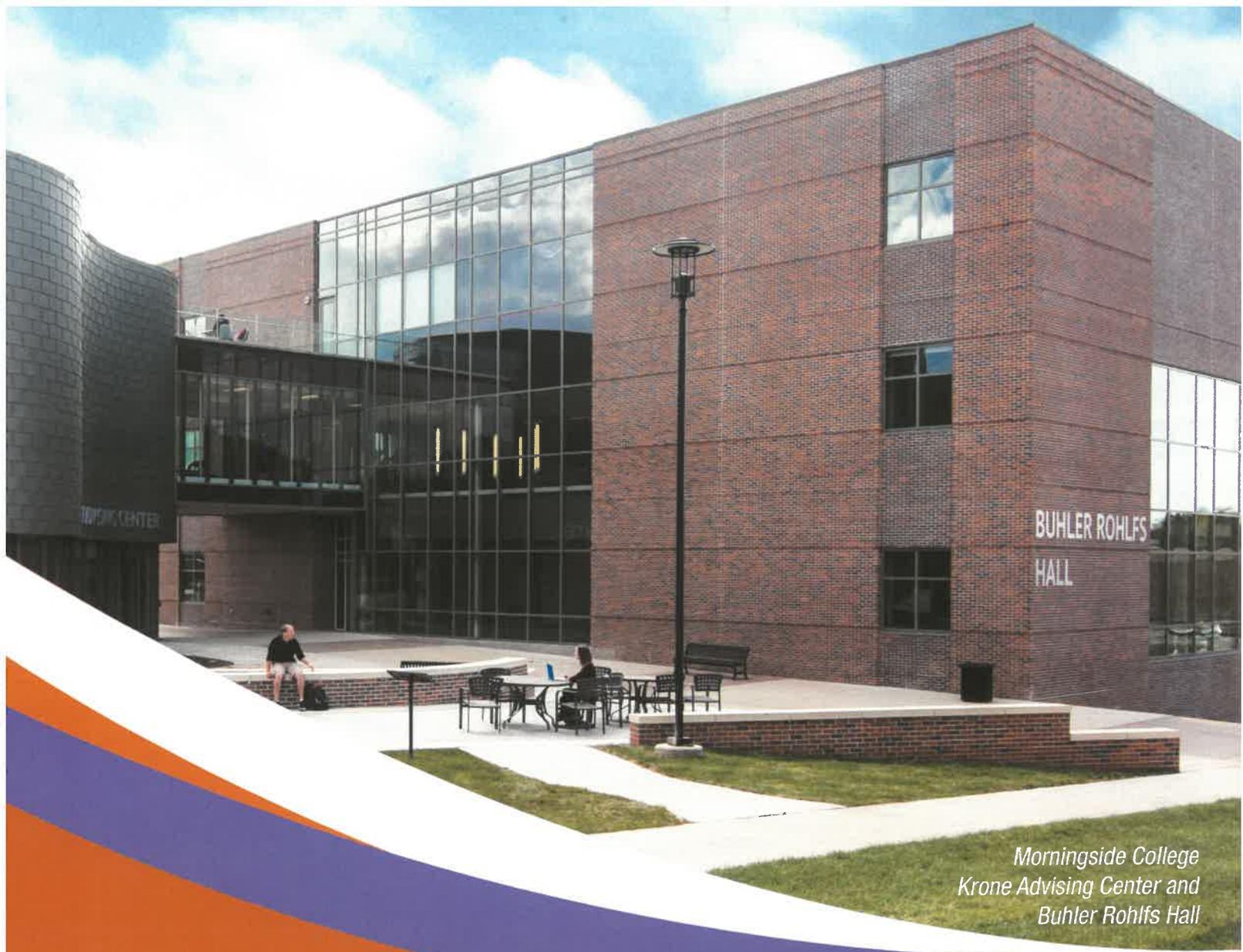
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, being depreciated				
Equipment	\$ 11,350	-	-	11,350
Total	<u>11,350</u>	<u>-</u>	<u>-</u>	<u>11,350</u>
Less accumulated depreciation	<u>9,687</u>	<u>410</u>	-	<u>10,097</u>
Capital assets, net	<u>\$ 1,663</u>	<u>(410)</u>	<u>-</u>	<u>1,253</u>

**4. CONDUIT DEBT OBLIGATIONS**

From time to time the Authority has issued bonds to provide property and equipment financing for private educational institutions. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2015, the amount of such bonds outstanding aggregated approximately \$706,685,000.



- |   |       |              |
|---|-------|--------------|
| 1. Dordt College                                  | ----- | Sioux Center |
| 2. Briar Cliff University                         | ----- | Sioux City   |
| 3. Morningside College                            | ----- | Sioux City   |
| 4. Buena Vista University                         | ----- | Storm Lake   |
| 5. Wartburg College                               | ----- | Waverly      |
| 6. Upper Iowa University                          | ----- | Fayette      |
| 7. Luther College                                 | ----- | Decorah      |
| 8. Clarke University                              | ----- | Dubuque      |
| 9. University of Dubuque                          | ----- | Dubuque      |
| 10. Loras College                                 | ----- | Dubuque      |
| 11. Wartburg Theological Seminary                 | ----- | Dubuque      |
| 12. Coe College                                   | ----- | Cedar Rapids |
| 13. Mount Mercy University                        | ----- | Cedar Rapids |
| 14. Palmer College of Chiropractic                | ----- | Davenport    |
| 15. St. Ambrose University                        | ----- | Davenport    |
| 16. Grinnell College                              | ----- | Grinnell     |
| 17. Central College                               | ----- | Pella        |
| 18. William Penn University                       | ----- | Oskaloosa    |
| 19. Maharishi University of Management            | ----- | Fairfield    |
| 20. Iowa Wesleyan University                      | ----- | Mt. Pleasant |
| 21. Graceland University                          | ----- | Lamoni       |
| 22. Simpson College                               | ----- | Indianola    |
| 23. Faith Baptist Bible College & Seminary        | ----- | Ankeny       |
| 24. AIB College of Business                       | ----- | Des Moines   |
| 25. Drake University                              | ----- | Des Moines   |
| 26. Grand View University                         | ----- | Des Moines   |
| 27. Des Moines University of Osteopathic Medicine | ----- | Des Moines   |
| 30. Mercy College of Health Sciences              | ----- | Des Moines   |
| 31. Allen College                                 | ----- | Waterloo     |
| 32. Cornell College                               | ----- | Mt. Vernon   |
| 33. Northwestern College                          | ----- | Orange City  |



BUHLER ROHLFS  
HALL

*Morningside College  
Krone Advising Center and  
Buhler Rohlfs Hall*



Iowa Higher Education Loan Authority  
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