



IVY TECH COMMUNITY COLLEGE OF INDIANA  
**2006-07 FINANCIAL REPORT**





CHANGING LIVES. CHANGING INDIANA.

Ivy Tech Community College of Indiana  
**2006-07 FINANCIAL REPORT**

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## Greetings,

On behalf of the Trustees of Ivy Tech Community College, I am pleased to present for your review the College's 2006-07 financial report.

As this document underscores, Ivy Tech posted an excellent fiscal record in the past year. We continue to be very sound financially, thanks to administrators, chancellors, executive deans and finance directors across the system, who have been conscientious in controlling expenditures and stretching available resources.

Financial condition is but one vital indicator of institutional health. Here are a few others by which we can assess the College and its prospects for the future:

- This past fall marked Ivy Tech's 11th straight year of growth, and the College remains the second largest post-secondary public institution in the state. More than 74,000 students enrolled at Ivy Tech campuses, as we welcomed our largest-ever entering class in 2007. Annually we are serving over 105,000 credit students a year. Our goal is to serve 175,000 credit and non-credit students by 2010.
- The Ivy Tech Foundation continues to raise funds for the benefit of the College and its students. The Foundation distributed more than \$1.3 million in student financial aid in 2006-2007.
- Ivy Tech's Standard and Poor rating was an A+ with a positive outlook. Fitch Ratings assigned the College an AA-rating with stable outlook.

In addition, the 2010 Strategic Plan created by our chancellors stipulates core values and stakeholder promises for our students, communities, and business and industry. I'm proud of this blueprint for the future, which spells out strategies that encompass the breadth of our existing and potential services to Indiana: It addresses the need to increase the educational attainment of Indiana residents, and to strengthen workforce education, community economic development and student success.

But this plan goes beyond the expected. It commits us to make Ivy Tech the go-to resource for personal and professional enrichment, to support our communities with civic engagement and community services, and to complete the College's transformation to a nationally known comprehensive community college. It also recognizes the need to build the institutional capacity to support these goals, all of which reflect our mission.

As the state's first, only and still-young community college system, Ivy Tech has been given enormous responsibility for the future of Indiana and everyone who calls it home. Shouldering this task together, guided by careful planning and a shared faith in the value of the work we do, we can be confident that we will "come through" for our state and for our fellow Hoosiers.

Sincerely,



Tom Snyder



**President**  
**Thomas J. Snyder**

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*Columbus, Indiana*

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Board listing as of June 30, 2007

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

On behalf of all those individuals responsible for the financial stewardship of College resources, I am pleased to present the Ivy Tech Community College Annual Financial Report for the year ended June 30, 2007.

The report has been prepared in conformance with authoritative reporting standards and guidelines for colleges and universities. This report utilizes Governmental Accounting Standards Board Statement No. 35, Basic Financial Statement and Management's Discussion and Analysis for Public Colleges and Universities. An analysis is included which compares 2006-07 figures with the prior year.

The report contains data, which is consolidated for all College locations, as well as statements and schedules listed in the table of contents.

The Indiana State Board of Accounts has audited the financial statements. Their audit opinion on the financial statements is a part of this report.

The final schedule provides information on student enrollment. The data is for five years and provides users of this report statistics relative to students enrolled in education provided by this College.

Respectfully submitted,

A handwritten signature in black ink, reading "Robert C. Holmes". The signature is written in a cursive style with a long, sweeping underline.

Robert C. Holmes  
Vice President for Finance/Treasurer



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of Ivy Tech Community College, a component unit of the State of Indiana, as of and for the years ended June 30, 2007 and 2006. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component unit of the College as discussed in Note 1, which represents 100% of the assets and revenues of the discretely presented component unit. The financial statements of this component unit were audited by another auditor whose report thereon has been furnished to us and our opinion, insofar as it relates to this unit, is based upon the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. And audit includes examining, on a test basis, evidence supporting the amounts of disclosures in the financial statements. And audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Ivy Tech Community College, as of June 30, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2007, on our consideration of Ivy Tech Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit. This report will be issued in the University's Single Audit report prepared in accordance with OMB Circular A-133.

The Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standard's Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*State Board of Accounts*

STATE BOARD OF ACCOUNTS

December 19, 2007

## Management's Discussion & Analysis

This section of Ivy Tech Community College's annual financial report presents a discussion and analysis of the financial performance of the College for the fiscal year ended June 30, 2007, along with comparative data for the year ending June 30, 2006. 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 Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities, an Amendment of GASB Statement No. 34*. 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 better or worse as a result of this year's activity. The keys to understanding that question are the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The College's net assets are one indicator of the College's financial strength. Over time, increases or decreases in net assets 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 Assets includes all assets and liabilities. 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.

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. The authoritative financial reporting model classifies State appropriations and gifts as non-operating 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 non-capital financing and investing activities.



## Financial Highlights

Ivy Tech Community College's financial position remains strong as net assets grew by \$15.6 million (6%). This continues a trend that began several years ago. Since 2002, net assets have grown from \$171.4 million to \$258.7 million, an increase of 51%. Unrestricted net assets have also shown significant improvement, growing \$10.4 million (11%) during 2006-07. This represents positive financial performance as the State of Indiana continues to emerge from a difficult economic situation.

Total Operating Revenues for 2006-07 were \$242.0 million as compared to \$224.3 million in the prior fiscal year, an increase of 8%. Much of this increase was a result of the College's growing enrollment. The College once again set a record for both total enrollment and full time equivalent enrollment. For the first time, total credit enrollment surpassed 110,000 students, coming in at 111,143, and full time equivalent enrollment was 45,857. This led to a \$14.4 million (12%) increase in gross student fee revenue despite increasing fee rates by only 4.8%. Growth in Auxiliary Enterprises and Federal Grants and Contracts also contributed to the increase in operating revenues.

Net Non-operating Revenues grew from \$146.7 million in 2005-06 to \$157.6 million in 2006-07, an increase of 7%. The primary component of this category, state appropriations, totaled \$158.4 million, an increase of \$7.9 million (5%) over the prior fiscal year. It is also important to note that the College received repayment of \$4.6 million that the State had previously withheld in 2001-02. The remaining \$6.1 million deferred by the State is scheduled to be repaid during the 2007-09 biennium. Investment income, benefiting from rising interest rates, grew from \$4.8 million in 2005-06 to \$7.8 million in 2006-07.

Operating expenses were \$387.5 million in 2006-07, an increase of \$35.5 million (10%) over the previous fiscal year. The major increases were related to serving the College's growing enrollment and beginning implementation of the College's new enterprise resource planning software system.

In the capital area, during 2006-07 new academic buildings were completed in Evansville (Phase II) and Richmond (Phase II). In addition, construction began during 2006-07 on new academic buildings in Madison, Marion, and Valparaiso (Phase II). The completion of these projects will reduce overcrowding and significantly improve academic space. Bonds for these three projects were sold in July 2006.

## Condensed Statement of Net Assets

| June 30   | 2007                 | 2006 Restated        | Percent Change |
|---|----------------------|----------------------|----------------|
| Current assets                                  | \$159,579,911        | \$133,748,683        | 19.3           |
| Non-current assets                              | <u>362,130,916</u>   | <u>314,364,485</u>   | 15.2           |
| Total assets                                    | <u>521,710,827</u>   | <u>448,113,168</u>   | 16.4           |
| Current liabilities                             | 43,997,112           | 36,650,754           | 20.0           |
| Non-current liabilities                         | <u>219,043,155</u>   | <u>168,428,813</u>   | 30.1           |
| Total liabilities                               | 263,040,267          | 205,079,567          | 28.3           |
| Net assets                                      |                      |                      |                |
| Invested in capital assets, net of related debt | 96,637,375           | 126,896,466          | (23.8)         |
| Restricted                                      | 55,895,048           | 20,430,592           | 173.6          |
| Unrestricted                                    | <u>106,138,137</u>   | <u>95,706,543</u>    | 10.9           |
| Total net assets                                | <u>\$258,670,560</u> | <u>\$243,033,600</u> | 6.4            |

# Assets

## Current Assets

Cash and cash equivalents are comprised of cash (in banks and on hand) and investments with maturity dates of 0-90 days as of June 30, 2007. Short-term investments include those with maturity dates of 91-365 days. The College's policy is to invest available cash balances, and in 2001-02 this policy was expanded to allow longer-term investments. Cash and cash equivalents decreased 3.4% from 2005-06 and short-term investments decreased slightly. This category was reduced because the college made longer term investments this year as compared to the previous year.

Accounts receivable are related to several transactions including, but not limited to, state appropriations, student and contract tuition and fees, and auxiliary sales. Accounting standards typically require the establishment of an allowance for bad debt in the Statement of Net Assets to reflect receivables that are likely to be uncollectible. A portion of the receivables from state appropriations (\$3,062,071) are classified as short term because they are expected to be received in fiscal 2007-08.

Inventories for resale (books, supplies, and other items) are maintained within the College bookstores. Inventories increased 22.2% over the prior year; partly due to a new distance education bookstore run by the Terre Haute campus and Richmond campus' new bookstore.

The deposits with trustee are \$23.9 million, and it is anticipated that it will all be used within 2007-08. The deposits with trustee are attributable to the Series K construction projects for Valparaiso Phase II, Marion Phase I, and Madison Phase I in the amount of \$22.3 million. The remaining \$1.6 million is attributed to Series I construction for Valparaiso Phase I, Evansville Phase II, Portage Architecture & Engineering, and Series J Richmond Phase II.

Prepaid expenses are payments made in the current or a previous fiscal year, and for which we have not realized the full value of through fiscal year 2006-07. The prepaid balance at June 30, 2007 includes, among other items, payments of debt principal and interest totaling \$15.1 million. Overall current assets increased by \$25.8 million which was due mainly to an increase in deposits with trustee as well as an increase in prepaid expenses.

## Noncurrent Assets

Long-term investments increased by nearly \$10 million from the previous year. This was primarily done to take advantage of higher long-term interest rates. Noncurrent accounts receivable represents fiscal year 2004-05 appropriations from the state which are not expected to be received in fiscal year 2007-08. Capital assets include land, buildings, infrastructure, equipment, deferred losses on debt refunding, and construction work in progress. Noncurrent assets increased by \$47.8 million or a 15.2% increase from the previous year.

# Liabilities

## Current Liabilities

Accounts payable and accrued liabilities represent amounts due at June 30, 2007 for goods and services received prior to the end of the fiscal year. This category increased 6.4% compared to the previous year. Compensated absences are the amounts due to employees for earned but unpaid vacation/special holidays and accrued sick leave payout. Deposits held in custody for others are monies held by the College for payroll withholdings (\$3.8 million), student clubs (\$1.2 million), and outdated checks. Deferred revenue represents monies received in the current year for services, tuition and fees, or goods to be provided by the College in a future period. Deferred Revenue went up 15.3%. The Current portion of debt obligation is the portion of the College's long-term debt which is payable within the next fiscal year. Overall, current liabilities increased by 20.0%, which was primarily due to the large increase in the current portion of debt obligation.

## Noncurrent Liabilities

Noncurrent liabilities will be paid one year or later from the date of the Statement of Net Assets. The College's noncurrent liabilities include compensated absences, notes and bonds payable, and other long-term obligations. Noncurrent liabilities increased by \$50.6 million due to increase in leases, notes, and bonds.

## Outstanding Debt at Year End

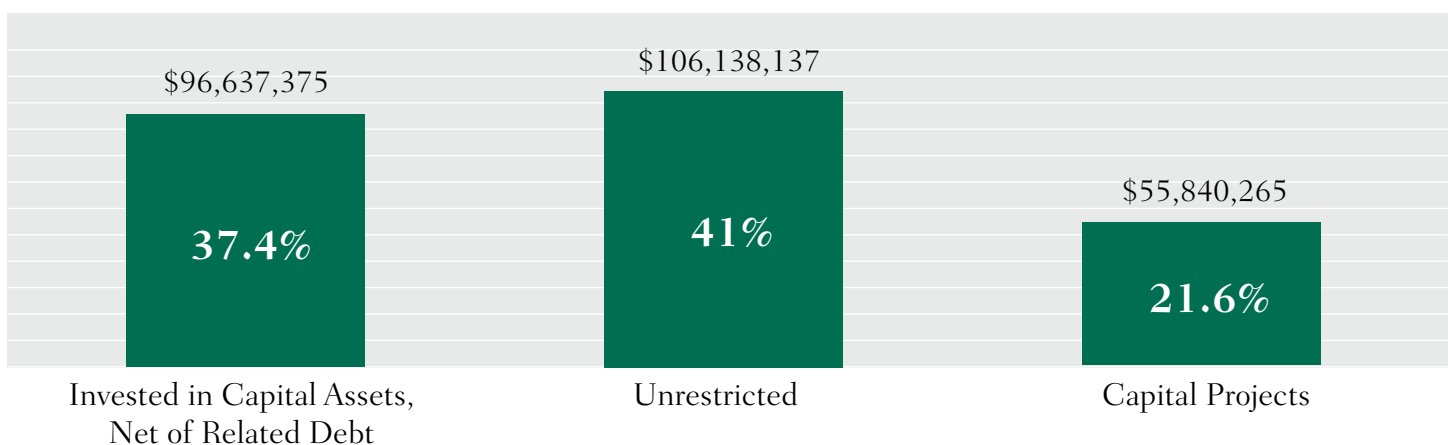
|  | 6/30/2007            | 6/30/2006            | Increase<br>(Decrease) | Percent<br>Change |
|--|----------------------|----------------------|------------------------|-------------------|
| Leases, notes, and bonds payable:      |                      |                      |                        |                   |
| Revenue bonds payable:                 |                      |                      |                        |                   |
| Series E student fee bonds             | \$7,575,000          | \$8,560,000          | \$(985,000)            | -11.5%            |
| Series G student fee bonds             | 33,505,000           | 35,925,000           | (2,420,000)            | -6.7%             |
| Series H student fee bonds             | 42,615,000           | 44,865,000           | (2,250,000)            | -5.0%             |
| Series I student fee bonds             | 38,430,000           | 39,650,000           | (1,220,000)            | -3.1%             |
| Series J student fee bonds             | 9,245,000            | 9,245,000            | -                      | 0.0%              |
| Series K student fee bonds             | <u>60,670,000</u>    | <u>-</u>             | <u>60,670,000</u>      | <u>100.0%</u>     |
| Total bonds payable                    | 192,040,000          | 138,245,000          | 53,795,000             | 38.9%             |
| Premium on bonds - H,I,J & K           | 6,339,046            | 5,758,025            | 581,021                | 10.1%             |
| Lease Obligations                      | 11,750,448           | 10,994,204           | 756,244                | 6.9%              |
| Notes Payable                          | <u>18,215,000</u>    | <u>19,195,000</u>    | <u>(980,000)</u>       | <u>-5.1%</u>      |
| Total leases, notes, and bonds payable | <u>\$228,344,494</u> | <u>\$174,192,229</u> | <u>\$54,152,265</u>    | 31.1%             |

During fiscal year 2006-07 the College issued the Series K Student Fee Bonds totaling \$60,670,000 to fund new campus construction projects in Madison, Marion, and Valparaiso. This was the principal reason for the overall increase in outstanding leases, notes, and bonds payable of \$54,152,265.

## Net Assets

Net assets represent the difference between the College's assets and liabilities. The classification "invested in capital assets, net of related debt" (which includes building and equipment less depreciation, land owned by the College, and construction work in progress) decreased 23.8% over the prior year. Consequently, the restricted "capital projects" classification increased 174% from the prior year this was due to the capitalization of several building projects in the current year. Unrestricted net assets increased 10.9%. Overall net assets increased in fiscal 2006-07 by \$15.6 million.

## 2007 Analysis of Net Assets



## Internally Designated Reserves of Unrestricted Funds

The College ended the fiscal year with an unrestricted net asset balance of \$106.1 million, an increase of \$10.4 million, or 10.9% as compared to the prior fiscal year. The following provides additional information concerning the allocation of the unrestricted net assets.

| Description                         | FY 2007 Amount       | FY 2006 Amount      |
|-------------------------------------|----------------------|---------------------|
| Auxiliary Enterprise Bookstores     | \$22,955,416         | \$20,509,232        |
| Economic Development Revolving Loan | 4,557,666            | 7,427,953           |
| Student Accounts Receivable         | 4,417,393            | 3,737,781           |
| Insurance Stabilization             | 2,949,480            | 2,751,046           |
| Debt Service Cash Flow Reserve      | 4,400,362            | 4,163,109           |
| Parking Lot Repair and Replacement  | 3,228,602            | 3,207,898           |
| Compensated Absences Reserve        | 5,748,177            | 3,250,000           |
| Other Post Employment Benefits      | 3,875,881            | 1,750,000           |
| Technology Acquisition              | 42,711               | 146,575             |
| Payroll Reserve                     | 903,616              | 759,307             |
| Enterprise Software Replacement     | 5,101,078            | 6,191,550           |
| Lawrenceburg Financial Aid          | 43,276               | 62,166              |
| Unclaimed Property                  | 823,947              | 831,615             |
| Student Loan Fund                   | 57,758               | 54,196              |
| Operating Budget                    | <u>47,032,774</u>    | <u>40,864,115</u>   |
| Total                               | <u>\$106,138,137</u> | <u>\$95,706,543</u> |

The College operates bookstores at twelve of its fourteen regional campuses. The bookstores' net assets shown above are mainly used to maintain those operations. Portions of these assets are available to support one-time College expenses.

The Economic Development Revolving Loan Fund is primarily used within the College to acquire equipment necessary to rapidly implement training programs relative to economic development as well as other College initiatives. This fund is a revolving fund and is paid back over time by the College site originally granted the loan.

The College does not recognize certain student accounts receivable balances for budget purposes. After they have been collected, they are recognized for budgetary purposes and therefore available for expenditure.

The insurance stabilization reserve was established in the fiscal year ending June 30, 1994. The interest earned on this reserve has been used to reduce the amount of health insurance increases that must be passed on to the employees of the College.

Debt Service Cash Flow Reserve is used to partially offset the bond debt service payments made until they are reimbursed by the state of Indiana.

The parking lot repair and replacement reserve is funded with a College designated portion of student fee collections. Currently seventy-five cents (\$.75) per student credit hour is designated to assist the funding of repairing, maintaining, and providing new parking lots throughout the College.

The compensated absences reserve was established to offset the College's compensated absences liability. This benefit is discussed in more detail in the Notes to the Financial Statements, section VII.

The Other Post Employment Benefits cash reserve was established in fiscal year 2005-06 to offset the College's other post employment benefit liability. This reserve was established in advance of the reporting requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The reporting

requirements of GASB 45 are not applicable to the College until fiscal year ended June 30, 2008. This benefit is discussed in more detail in the Notes to the Financial Statements, section VI.

The technology acquisition reserve is the balance of a State appropriation received to assist the College in acquiring and maintaining technology related items.

The College pays hourly employees bi-weekly. Therefore, every eleven years the College pays employees twenty-seven times in one year instead of the normal twenty-six. This payroll reserve is to pay for the additional payroll.

The enterprise software replacement reserve has been established to assist the College in replacing the enterprise-wide software programs. The current enterprise software programs are outdated and implementation of the new Banner software system is currently underway.

In fiscal year 2003-04 the City of Lawrenceburg paid \$2,875,000 to pay off a loan on the College's building in Lawrenceburg. In appreciation of the City's generosity, the College dedicated an initial amount of \$375,000 for financial aid purposes for Ivy Tech students attending the Lawrenceburg campus. The amount shown represents the balance that is remaining. A committee of College and City officials developed guidelines for the use of these monies to assure that citizens in the Lawrenceburg area receive the benefit of this financial aid.

State law allows the College to maintain unclaimed property. The unclaimed properties are checks that have not been cashed and are greater than two-years old. The payees may claim these checks upon the filing of a claim and proof of identity.

The College maintains a loan fund for the purpose of making short-term loans to students. The funds are derived from a number of different sources.

The operating budget is the remaining amount of the unrestricted net assets available for expenditure in the next fiscal year.

## Capital Assets, Net, At Year-End

|                                       | 6/30/2007            | Restated<br>6/30/2006 | Increase<br>(Decrease) | Percent<br>Change |
|---------------------------------------|----------------------|-----------------------|------------------------|-------------------|
| Construction Work In Progress         | \$40,496,562         | \$37,188,513          | \$3,308,049            | 8.9%              |
| Land, Improvements and Infrastructure | 22,816,363           | 21,768,925            | 1,047,438              | 4.8%              |
| Buildings                             | 262,132,858          | 233,956,905           | 28,175,953             | 12.0%             |
| Furniture, fixtures, and equipment    | 15,523,495           | 14,244,116            | 1,279,379              | 9.0%              |
| Library materials                     | <u>123,089</u>       | <u>140,474</u>        | <u>(17,385)</u>        | -12.4%            |
| Totals                                | <u>\$341,092,367</u> | <u>\$307,298,933</u>  | <u>\$33,793,434</u>    | 11.0%             |

During fiscal year 2006-07 net capital assets increased by \$33,793,434 or 11.0%. The major changes were from the capitalization of the Richmond Phase II of \$8.2 million and the Valparaiso Phase I project of \$14.8 million and the increased expenses related to on-going construction projects.

The College's credit rating assigned by Standard and Poor's as of June 2007 was A+ with a positive outlook. Fitch Ratings assigned a rating of AA- with a stable outlook.

## Condensed Statement of Revenues, Expenses and Changes in Net Assets

| Year Ended June 30   | 2007                 | Restated 2006        | Percent Change |
|--|----------------------|----------------------|----------------|
| <b>OPERATING REVENUE</b>                                   |                      |                      |                |
| Tuition and fees, net                                      | \$104,766,487        | \$ 91,034,072        | 15.1           |
| Grants and contracts                                       | 103,927,693          | 104,292,191          | (0.3)          |
| Auxiliary services, net                                    | 29,048,009           | 23,922,524           | 21.4           |
| Other  | <u>4,219,071</u>     | <u>5,005,607</u>     | (15.7)         |
| Total operating revenue                                    | 241,961,260          | 224,254,394          | 7.9            |
| <b>OPERATING EXPENSE</b>                                   |                      |                      |                |
|  | <u>387,497,230</u>   | <u>351,989,296</u>   | 10.1           |
| Operating income (loss)                                    | (145,535,970)        | (127,734,902)        | 13.9           |
| <b>NON-OPERATING REVENUE<br/>(EXPENSE)</b>                 |                      |                      |                |
| State appropriations                                       | 158,354,723          | 150,453,484          | 5.3            |
| Other non-operating revenue (expense)                      | <u>(718,619)</u>     | <u>(3,800,183)</u>   | (81.1)         |
| Net non-operating revenue                                  | <u>157,636,104</u>   | <u>146,653,301</u>   | 7.5            |
| Income before other revenue, expenses,<br>gains, or losses | 12,100,134           | 18,918,399           | (36.0)         |
| Capital appropriations                                     | 3,536,826            | 455,914              | 675.8          |
| <b>TOTAL INCREASE IN NET ASSETS</b>                        | 15,636,960           | 19,374,313           | (19.3)         |
| <b>NET ASSETS</b>  |                      |                      |                |
| Net assets - beginning of year                             | <u>243,033,600</u>   | <u>224,973,669</u>   | 8.0            |
| Prior Period Adjustment to Net Assets                      |                      |                      |                |
| Cumulative Effect of Error Correction                      |                      | <u>(1,314,382)</u>   |                |
| Adjusted Net Asset-Beginning of Year                       | <u>243,033,600</u>   | <u>223,659,287</u>   |                |
| <b>NET ASSETS - END OF YEAR</b>                            | <u>\$258,670,560</u> | <u>\$243,033,600</u> | 6.4            |

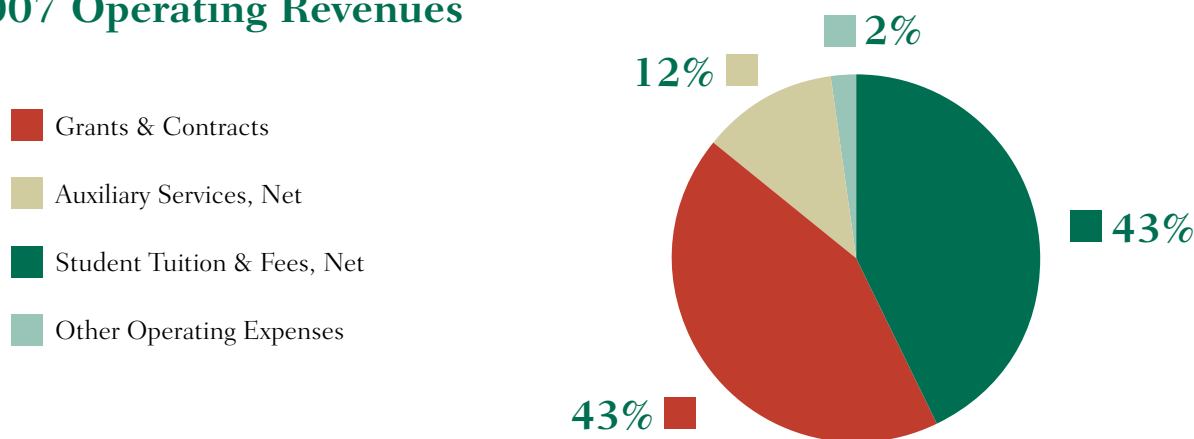


## Revenues

### Operating Revenues

Total operating revenues for fiscal year 2006-07 were \$242 million, representing a 7.9% increase compared to the prior year. The following chart and analysis illustrate the details.

### 2007 Operating Revenues



### Tuition and Fees

Student tuition and fees include all fees assessed for educational purposes. Scholarship discounts and allowances represent the difference between the stated fee rates and the amount that is paid by the students and/or third party payers. The vast majority of the scholarship discounts is paid to the College in the form of Federal and State student financial aid. Net student fee revenue shows a 15.1% increase over 2005-06 due to a full-time equivalent enrollment increase of 6.4%, student fee increases of 4.8%, increases in incidental fees, and increases in non-credit instruction.

### Grants and Contracts

Grants and contracts include restricted revenues made available by federal, state, local, and nongovernmental grants and contracts. In total, this revenue decreased 0.3% from 2005-06. Federal sources increased 8.4%, state sources decreased 23.5% due to a reduction of more than \$7 million in state apprenticeship grant funding, and private sources increased 9.2%.

|                          | 2006-07              | 2005-06              | Percent Change |
|--------------------------|----------------------|----------------------|----------------|
| <b>FEDERAL SOURCES</b>   |                      |                      |                |
| Financial aid            | \$70,001,493         | \$64,805,143         | 8.0%           |
| Other federal agencies   | <u>2,076,242</u>     | <u>1,691,975</u>     | 22.7%          |
| Total federal sources    | <u>72,077,735</u>    | <u>66,497,118</u>    | 8.4%           |
| <b>STATE SOURCES</b>     |                      |                      |                |
| Financial aid            | 12,251,322           | 10,499,372           | 16.7%          |
| Grants and Contracts     | <u>9,757,335</u>     | <u>18,286,686</u>    | (46.6)%        |
| Total state sources      | <u>22,008,657</u>    | <u>28,786,058</u>    | (23.5)%        |
| <b>PRIVATE SOURCES</b>   |                      |                      |                |
|                          | <u>9,841,301</u>     | <u>9,009,015</u>     | 9.2%           |
| <b>TOTAL ALL SOURCES</b> | <u>\$103,927,693</u> | <u>\$104,292,191</u> | (.3)%          |

## Auxiliary Enterprises

Auxiliary enterprises are intended to be self-supporting and supplement the operations of the College. Bookstores and parking lots are the main auxiliary enterprises for Ivy Tech Community College. The total auxiliary enterprise revenue was \$32.7 million with a scholarship allowance of \$3.7 million. The vast majority of the scholarship allowance is paid to the bookstores in the form of Federal student financial aid. Net auxiliary enterprise revenue increased 21.4% over prior years, which was due to the enrollment increase and a new bookstore in Richmond.

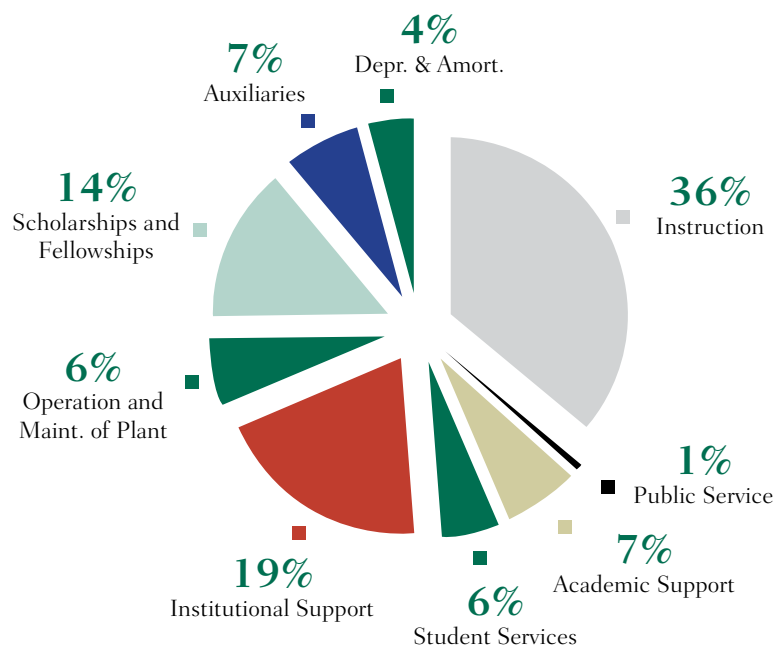
## Operating Expenses

The operating expenses are presented on the financial statements using natural classifications: salaries and wages, benefits, scholarships and fellowships, utilities, supplies and other services, and depreciation. The following schedule shows expenses based on College functional categories.

| Expenses by Function:              | 2006-07                     | 2005-06                     |
|------------------------------------|-----------------------------|-----------------------------|
| Instruction                        | \$139,611,759               | \$134,056,826               |
| Public service                     | 2,803,921                   | 3,063,375                   |
| Academic support                   | 26,209,878                  | 24,563,760                  |
| Student services                   | 21,368,176                  | 18,896,613                  |
| Institutional support              | 75,597,609                  | 61,540,934                  |
| Operation and maintenance of plant | 24,246,407                  | 24,598,684                  |
| Scholarships and fellowships       | 54,439,359                  | 48,493,197                  |
| Auxiliaries                        | 27,259,681                  | 21,783,343                  |
| Depreciation and Amortization      | <u>15,960,440</u>           | <u>14,992,564</u>           |
| <b>TOTAL</b>                       | <b><u>\$387,497,230</u></b> | <b><u>\$351,989,296</u></b> |

As a percentage of total expenses Instructional expenses decreased slightly and Institutional Support increased slightly over prior year. A portion of the increase is due to the implementation of the College's new integrated software system. All other categories remained relatively flat as a percentage of the total.

## 2007 Functional Expenses



## Non-operating Revenue And Expense

The State of Indiana provides appropriations based on a biennial budget for higher education. The College recognized \$158.4 million for fiscal year 2006-07 this is an increase of 5.3% from the previous year. Investment income, which is the earnings from pooled cash and plant investments, increased from 2005-06 by \$3 million. Interest expense on capital asset-related debt is the interest paid on bond debt and interim financing. Student government support is the College's designated amount to support student government.

## 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 assess:

- 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                               | 2007                 | Restated 2006       |
|--|----------------------|---------------------|
| Cash provided (used) by:                         |                      |                     |
| Operating activities                             | \$(127,340,888)      | \$(114,191,963)     |
| Non-capital financing activities                 | 163,284,489          | 149,015,590         |
| Capital and related financing activities         | (33,673,587)         | (27,055,491)        |
| Investing activities                             | <u>(3,832,573)</u>   | <u>(1,451,446)</u>  |
| Net increase (decrease) in cash                  | (1,562,559)          | 6,316,690           |
| Cash and cash equivalents, beginning of the year | <u>46,089,004</u>    | <u>39,772,314</u>   |
| Cash and cash equivalents, end of the year       | <u>\$ 44,526,445</u> | <u>\$46,089,004</u> |

For the College's financial statement purposes, cash and cash equivalents includes cash plus investments with maturity dates less than 90 days. Cash and cash equivalents decreased by 3.4% this fiscal year. This was due to an increase in more long term investments.

According to the authoritative guidance from the Governmental Accounting Standards Board, state appropriations are to be shown as a non-capital financing activity and not as cash provided by operating activities. This will always result in showing more cash being used for operating activities than cash being provided.

## Factors Impacting Future Periods

The State of Indiana continued its economic recovery during 2006-07. State General Fund and Property Tax Replacement Fund revenues exceeded the April 16, 2007 forecast targets by \$290 million (2.4%). The June 30, 2007 State of Indiana General Fund and Property Tax Replacement Fund Combined Statement of Estimated Unappropriated Reserve showed Total Combined Balances of \$1.286 billion, an increase of \$196 million over 2005-06. Despite these positive economic factors, the State of Indiana still faces challenges as it transitions to a more knowledge based economy.

Total State funding for Ivy Tech Community College again increased as compared to the previous year. Operating appropriations grew by \$5.5 million (4%), while the College once again received 50% of the 2003-05 formula generated amount for general repair and rehabilitation. In addition, the State began to repay funds that had been deferred since the 2001-03 biennium. That biennial budget had authorized the State Budget Agency to distribute eleven-twelfths of the budgeted amount for the 2001-02 fiscal year. Similar language in the 2003-05 and 2005-07 budget bills allowed this deferral to be carried forward. However, the 2006 General Assembly adopted and Governor Mitch Daniels signed, SEA 345, which appropriated \$40 million to the State's public colleges and universities for general repair and rehabilitation needs. By statute, distribution of those funds reduced the one-month appropriation delay. During 2006-07, Ivy Tech received \$4.6 million, its share of the \$40 million total appropriation for all public colleges and universities. Receipt of these funds reduced the College's payment delayed accounts receivable by an estimated 43%. The 2007-09 biennial budget adopted by the General Assembly and signed by the Governor, includes funding to repay the remainder of the State's payment delay obligation to public colleges and universities. For Ivy Tech, this totals \$6.1 million that is scheduled to be repaid in equal installments during 2007-08 and 2008-09. Once again, these funds are to be used for repair and rehabilitation purposes.

Looking to the future, Ivy Tech is well positioned to maintain its strong financial condition.

In 2006-07 full-time equivalent enrollment (FTE) once again set a new record, as it was the eleventh consecutive year that the College experienced growth. This led to an increase in student fee revenue of more than \$14 million (12%) despite a fee rate increase that was substantially less. The new 2007-09 biennial budget adopted by the State, recognized the College's strong enrollment performance, and for the first time in several years, fully funded its enrollment change formula. Enrollment growth has continued during the fall 2007 semester as preliminary counts show an additional 10% increase in FTE students.

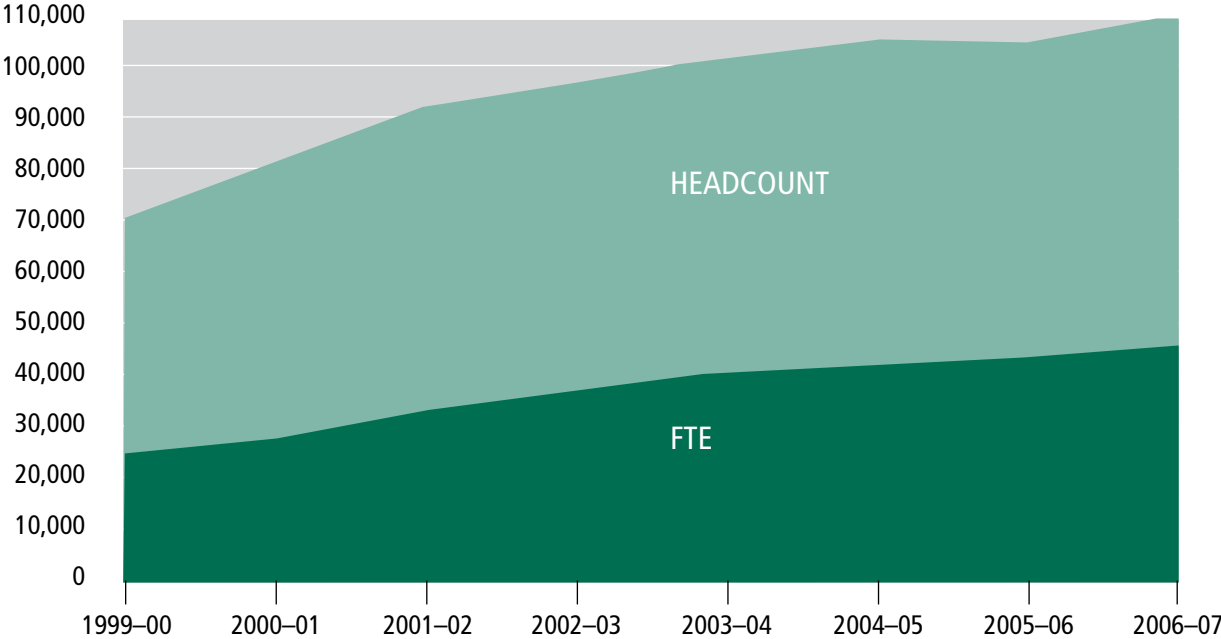
Along with increasing participation in higher education, Ivy Tech has been focused on the other goals of its Strategic Plan 2010. This plan has overarching goals of 50% increases in Associate Degrees, Technical Certificates, Industry Certifications, and successful transfers by 2010.

In addition, the plan calls for a 30% increase in enrollment of credit and noncredit students by 2010. With specific goals that focus on important outcomes, the strategic plan will guide the College for the next several years. Because 99% of Ivy Tech graduates remain in the State following graduation, successfully meeting the goals will have an important impact on Indiana's economic future.

A final factor likely to impact future periods is the State's continued investment in new Ivy Tech campuses and academic facilities. During 2006-07, new academic facilities were completed in Richmond (Phase II), Valparaiso (Phase I) and additional construction at Evansville (Phase II). Construction is underway on new classroom and laboratory buildings in Marion, Madison, and Valparaiso (Phase II). The bonds for these projects were sold in July 2006 with construction beginning about the same time. The 2007-09 biennial budget included bonding authority for new academic facilities in Fort Wayne, Logansport, Greencastle, Sellersburg, Elkhart, and Indianapolis. In addition, bonding authority was included for Warsaw A & E, Muncie/Anderson A & E, and the Lamkin Center for Instructional Leadership. Cash was provided for the Bloomington A & E project. These new facilities will further enhance the College's ability to serve the educational needs of Hoosiers.

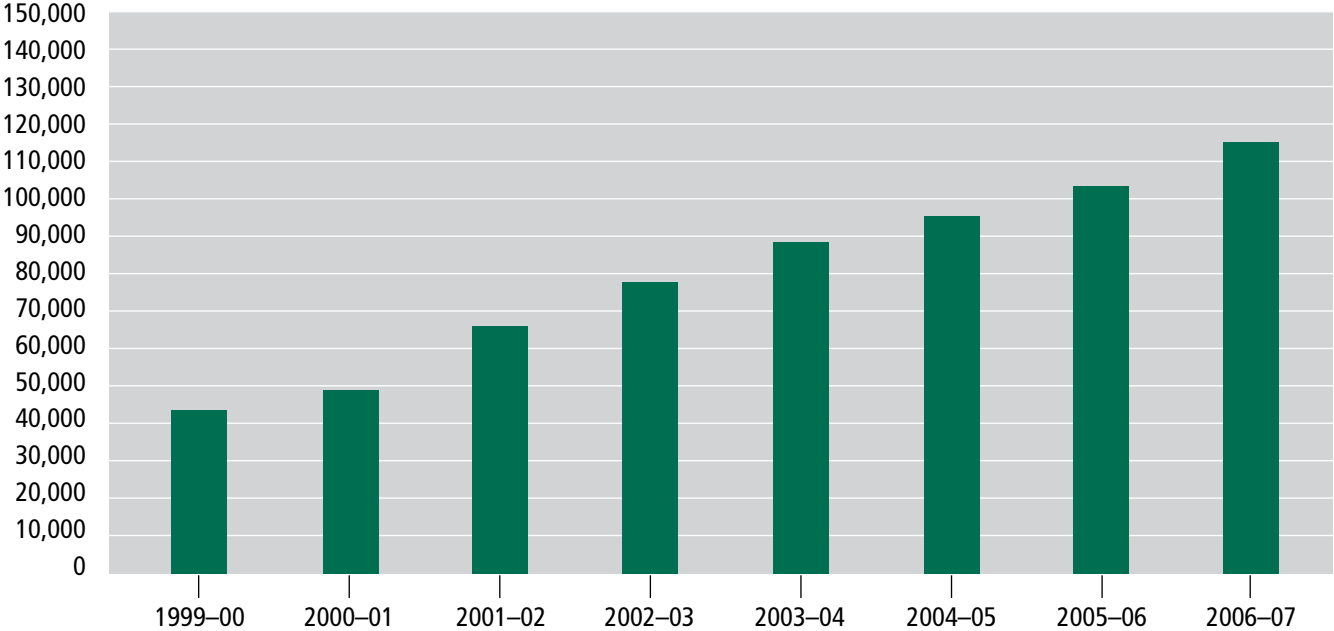
In conclusion, the College's financial position continues to be strong. We look forward to being an even greater asset for the citizens of the State of Indiana.

## ANNUALIZED STUDENT ENROLLMENT TREND



Since 1999-00 Unduplicated Headcount Enrollment has grown by 56% while FTE Enrollment has grown by 81%

## GROSS STUDENT FEE REVENUE



## Authorized Facilities

During the 2007 General Assembly, the College received bonding authority totaling \$162,870,000 and cash appropriations of \$350,000 for new capital facilities. Projects receiving bonding authority include Elkhart (\$16,000,000), Warsaw A & E (\$1,000,000), Fort Wayne Technology Center and Demolition Costs (\$26,700,000), Logansport (\$16,000,000), Muncie/Anderson A & E (\$4,800,000), Greencastle (\$8,000,000), Indianapolis Fall Creek Expansion (\$69,370,000), Lamkin Center (\$1,000,000), and Sellersburg (\$20,000,000). In addition, the College received a cash appropriation of \$350,000 for Bloomington A & E. Prior to proceeding with any of these projects, the College must receive further authorization from the Commission for Higher Education, the State Budget Committee, and the Governor. Consequently the timing for the financing and construction of these projects is not known at this time.



IVY TECH COMMUNITY COLLEGE

Statement of Net Assets

June 30, 2007 with Comparative Figures At June 30, 2006

| ASSETS   | FY 2007                     | RESTATED FY 2006            |
|--|-----------------------------|-----------------------------|
| <b>Current Assets</b>  |                             |                             |
| Cash and Cash Equivalents  | \$44,526,445                | \$46,089,004                |
| Short Term Investments   | 25,999,060                  | 26,000,000                  |
| Accounts Receivable  | 45,931,396                  | 40,106,994                  |
| Allowance for Bad Debt   | (3,449,137)                 | (3,012,427)                 |
| Inventories  | 7,522,455                   | 6,155,528                   |
| Deposit with Trustee   | 23,921,475                  | 8,972,800                   |
| Prepaid Expenses   | <u>15,128,217</u>           | <u>9,436,784</u>            |
| <b>Total Current Assets</b>  | <b><u>159,579,911</u></b>   | <b><u>133,748,683</u></b>   |
| <b>Noncurrent Assets</b>   |                             |                             |
| Long-Term Investments  | 10,971,740                  | 1,000,000                   |
| Deposit with Trustee   | 7,004,738                   | -                           |
| Accounts Receivable  | 3,062,071                   | 6,065,552                   |
| Capital Assets, Net – Note: See Section XII  | <u>341,092,367</u>          | <u>307,298,933</u>          |
| <b>Total Noncurrent Assets</b> – Note: See Section XII                                     | <b><u>362,130,916</u></b>   | <b><u>314,364,485</u></b>   |
| <b>TOTAL ASSETS</b> – Note: See Section XII  | <b><u>521,710,827</u></b>   | <b><u>448,113,168</u></b>   |
| <b>LIABILITIES</b>   |                             |                             |
| <b>Current Liabilities</b>   |                             |                             |
| Accounts Payable and Accrued Liabilities   | 8,299,125                   | 7,798,798                   |
| Compensated Absences   | 6,447,424                   | 5,798,914                   |
| Deposits Held in Custody for Others  | 5,049,622                   | 4,320,628                   |
| Deferred Revenue   | 11,955,371                  | 10,365,247                  |
| Current Portion of Debt Obligation   | <u>12,245,570</u>           | <u>8,367,167</u>            |
| <b>Total Current Liabilities</b>   | <b><u>43,997,112</u></b>    | <b><u>36,650,754</u></b>    |
| <b>Noncurrent Liabilities</b>  |                             |                             |
| Compensated Absences   | 2,944,231                   | 2,603,750                   |
| Long Term Debt and other Obligations – Note: See Section XII                               | <u>216,098,924</u>          | <u>165,825,063</u>          |
| <b>Total Noncurrent Liabilities</b> – Note: See Section XII                                | <b><u>219,043,155</u></b>   | <b><u>168,428,813</u></b>   |
| <b>TOTAL LIABILITIES</b> – Note: See Section XII   | <b><u>263,040,267</u></b>   | <b><u>205,079,567</u></b>   |
| <b>NET ASSETS</b>  |                             |                             |
| Invested in Capital Assets, Net of Related Debt – Note: See Section XII                    | 96,637,375                  | 126,896,466                 |
| Restricted:  |                             |                             |
| Expendable   |                             |                             |
| Capital Projects – Note: See Section XII   | 55,840,265                  | 20,378,725                  |
| Debt Service – Note: See Section XII   | 0                           | 0                           |
| Endowment  | 54,783                      | 51,867                      |
| Unrestricted Note: Note: See Section XII   | <u>106,138,137</u>          | <u>95,706,543</u>           |
| <b>TOTAL NET ASSETS</b> – Note: See Section XII  | <b><u>\$258,670,560</u></b> | <b><u>\$243,033,600</u></b> |
| The accompanying notes to the financial statements are an integral part of this statement. |                             |                             |

IVY TECH FOUNDATION, INC.  
**Statements of Assets, Liabilities and Fund Balances**  
**Modified Cash Basis**  
*June 30, 2007 and 2006*

| <b>ASSETS</b>                                    | <b>2007</b>                | <b>Restated 2006</b>       |
|--|----------------------------|----------------------------|
| Cash   | \$ 5,976,041               | \$ 7,806,038               |
| Investments                                      | 36,203,488                 | 33,897,222                 |
| Property and Equipment held for lease            | 11,830,511                 | 10,415,956                 |
| Transferred Assets Held in Community Foundations | <u>851,466</u>             | <u>850,597</u>             |
| <b>TOTAL ASSETS</b>                              | <u><b>54,861,506</b></u>   | <u><b>52,969,813</b></u>   |
| <b>LIABILITIES</b>                               |                            |                            |
| Notes Payable                                    | 6,035,018                  | 5,226,164                  |
| Annuity Payment liability                        | <u>129,185</u>             | <u>132,540</u>             |
| Total Liabilities                                | <u>6,164,203</u>           | <u>5,358,704</u>           |
| <b>FUND BALANCES</b>                             |                            |                            |
| Unrestricted                                     | 6,114,695                  | 4,035,912                  |
| Restricted:                                      |                            |                            |
| Expendable                                       | 24,957,154                 | 28,775,651                 |
| Non-expendable                                   | <u>17,625,454</u>          | <u>14,799,546</u>          |
| Total Restricted                                 | <u>42,582,608</u>          | <u>43,575,197</u>          |
| Total Fund Balances                              | <u>48,697,303</u>          | <u>47,611,109</u>          |
| <b>TOTAL LIABILITIES &amp; FUND BALANCES</b>     | <u><b>\$54,861,506</b></u> | <u><b>\$52,969,813</b></u> |

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

**IVY TECH COMMUNITY COLLEGE**  
**Statement Of Revenues, Expenses and Changes In Net Assets**  
*Year Ended June 30, 2007 with Comparative Figures At June 30, 2006*

| REVENUES  | FY 2007                     | Restated FY 2006            |
|---|-----------------------------|-----------------------------|
| <b>Operating Revenues</b>   |                             |                             |
| Student Tuition and Fees  | \$133,622,079               | \$119,182,478               |
| Scholarship Allowances  | <u>(28,855,592)</u>         | <u>(28,148,406)</u>         |
| Net Student Tuition and Fees  | 104,766,487                 | 91,034,072                  |
| Federal Grants and Contracts  | 72,077,735                  | 66,497,118                  |
| State and Local Grants and Contracts  | 22,008,657                  | 28,786,058                  |
| Nongovernmental Grants and Contracts  | 9,841,301                   | 9,009,015                   |
| Sales and Services of Educational Departments   | 180,964                     | 111,939                     |
| Auxiliary Enterprises   | 32,732,370                  | 27,573,736                  |
| Scholarship Allowances  | <u>(3,684,361)</u>          | <u>(3,651,212)</u>          |
| Net Auxiliary Enterprises   | 29,048,009                  | 23,922,524                  |
| Other Operating Revenues  | <u>4,038,107</u>            | <u>4,893,668</u>            |
| <b>TOTAL OPERATING REVENUES</b>   | <b><u>241,961,260</u></b>   | <b><u>224,254,394</u></b>   |
| <b>EXPENSES</b>   |                             |                             |
| <b>Operating Expenses</b>   |                             |                             |
| Salaries and Wages  | 157,037,246                 | 144,661,385                 |
| Benefits  | 47,835,314                  | 43,281,950                  |
| Scholarships and Fellowships  | 57,631,575                  | 51,451,738                  |
| Utilities   | 6,111,785                   | 5,701,975                   |
| Supplies and Other Services – Note: See Section XII   | 102,920,871                 | 91,850,309                  |
| Depreciation – Note: See Section XII  | 15,673,747                  | 14,725,247                  |
| Amortization of Deferred Loss on Refunding  | <u>286,692</u>              | <u>316,692</u>              |
| <b>TOTAL OPERATING EXPENSES</b> – Note: See Section XII   | <b><u>387,497,230</u></b>   | <b><u>351,989,296</u></b>   |
| Operating Loss – Note: See Section XII  | (145,535,970)               | (127,734,902)               |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>  |                             |                             |
| State Appropriations  | 158,354,723                 | 150,453,484                 |
| Investment Income   | 7,759,471                   | 4,791,601                   |
| Interest on Capital Asset-Related Debt  | (7,827,743)                 | (6,874,959)                 |
| Endowment Transfer  | -                           | (1,098,223)                 |
| Student Government Support  | <u>(650,347)</u>            | <u>(618,602)</u>            |
| <b>NET NON-OPERATING REVENUES</b>   | <b><u>157,636,104</u></b>   | <b><u>146,653,301</u></b>   |
| Income (Loss) Before Other Revenues, Expenses,<br>Gains, or Losses – Note: See Section XII        | 12,100,134                  | 18,918,399                  |
| Capital Appropriations  | <u>3,536,826</u>            | <u>455,914</u>              |
| Total Other Revenues  | 3,536,826                   | 455,914                     |
| Increase in Net Assets Before Cumulative Effect of an Error<br>Correction – Note: See Section XII | 15,636,960                  | 19,374,313                  |
| <b>INCREASE IN NET ASSETS</b> – Note: See Section XII   | <b><u>15,636,960</u></b>    | <b><u>19,374,313</u></b>    |
| Net Assets - Beginning of Year  | <u>243,033,600</u>          | <u>224,973,669</u>          |
| <b>Prior Period Adjustment to Net Assets</b>  |                             |                             |
| Cumulative Effect of Error Correction – Note: See Section XII                                     | <u>                    </u> | <u>(1,314,382)</u>          |
| <b>Adjusted Net Asset-Beginning of Year</b> – Note: See Section XII                               | <b>243,033,600</b>          | <b>223,659,287</b>          |
| <b>Net Assets - End of Year</b> – Note: See Section XII   | <b><u>\$258,670,560</u></b> | <b><u>\$243,033,600</u></b> |

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

IVY TECH FOUNDATION, INC.  
**Statements of Revenues, Expenses  
And Changes in Fund Balances—Modified Cash Basis**  
*Years Ended June 30, 2007 and 2006*

| REVENUE, GAINS AND SUPPORT   | 2007<br>Unrestricted | 2007<br>Restricted  | Total               |
|--|----------------------|---------------------|---------------------|
| <b>Contributions:</b>  |                      |                     |                     |
| Expendable   | \$28,698             | \$5,697,072         | \$5,725,770         |
| Non-expendable   |                      | 2,138,208           | 2,138,208           |
| Non-cash   | 700,000              |                     | 700,000             |
| Investment Income  | 1,423,833            | 957,294             | 2,381,127           |
| Lease Income   |                      |                     |                     |
| Vending Income   | 206,541              | 262,172             | 468,713             |
| Special events income, net of expenses of \$154,743 in 2007 and \$63,293 in 2006 |                      | (49,078)            | (49,078)            |
| Grant Revenue  |                      | 338,696             | 338,696             |
| Royalties  |                      | 58,692              | 58,692              |
| Real Estate Rental Income  | 729,346              |                     | 729,346             |
| Realized Gain on Sale of Property  | 216,970              |                     | 216,970             |
| Change in value of split-interest agreements                                     |                      |                     |                     |
| Miscellaneous Revenue  | <u>76,250</u>        | <u>31,226</u>       | <u>107,476</u>      |
| Total Revenue, Gains and Support   | <u>3,381,638</u>     | <u>9,434,282</u>    | <u>12,815,920</u>   |
| <b>EXPENSES</b>  |                      |                     |                     |
| Financial Aid to students  |                      | 1,303,399           | 1,303,399           |
| Instructional Supplies and equipment   |                      | 4,495,978           | 4,495,978           |
| Faculty and Staff Development  | 100                  | 129,914             | 130,014             |
| Employee Recognition   | 8,893                | 23,762              | 32,655              |
| Special Programs   | 20,597               | 4,012,360           | 4,032,957           |
| Community Outreach/Promotional Expense   | 107,124              | 248,844             | 355,968             |
| Donations to Ivy Tech Community College  | 64,133               | 117,461             | 181,594             |
| Annuity Obligations  |                      | 5,270               | 5,270               |
| Real Estate Rental Expenses  | 703,316              |                     | 703,316             |
| Other Real Estate Expenses   | <u>          </u>    | <u>53,089</u>       | <u>53,089</u>       |
| Total College Assistance Program Expense   | 904,163              | 10,390,077          | 11,294,240          |
| Administrative Expenses  | 350,716              | 8,032               | 358,748             |
| Fundraising Expenses   | <u>47,976</u>        | <u>28,762</u>       | <u>76,738</u>       |
| Total Expenses   | <u>1,302,855</u>     | <u>10,426,871</u>   | <u>11,729,726</u>   |
| <b>EXCESS OF REVENUE OVER EXPENSES</b>   | 2,078,783            | (992,589)           | 1,086,194           |
| <b>FUND BALANCES</b>   |                      |                     |                     |
| Beginning of Year  | <u>4,035,912</u>     | <u>43,575,197</u>   | <u>47,611,109</u>   |
| End of Year  | <u>\$ 6,114,695</u>  | <u>\$42,582,608</u> | <u>\$48,697,303</u> |

IVY TECH FOUNDATION, INC.

**Statements of Revenues, Expenses  
And Changes in Fund Balances—Modified Cash Basis (continued)**

*Years Ended June 30, 2007 and 2006*

| REVENUE, GAINS AND SUPPORT   | 2006 Restated        |                     | Total               |
|--|----------------------|---------------------|---------------------|
|  | 2006<br>Unrestricted | Restricted          |                     |
| <b>Contributions:</b>  |                      |                     |                     |
| Expendable   | \$37,062             | \$9,725,980         | \$9,763,042         |
| Non-expendable   |                      | 3,749,989           | 3,749,989           |
| Non-cash   | 1,508,079            |                     | 1,508,079           |
| Investment Income  | 1,106,416            | 1,100,837           | 2,207,253           |
| Lease Income   |                      | 1,600               | 1,600               |
| Vending Income   | 207,545              | 249,559             | 457,104             |
| Special events income, net of expenses of \$154,743 in 2007 and \$63,293 in 2006 |                      | 36,670              | 36,670              |
| Grant Revenue  |                      | 328,608             | 328,608             |
| Royalties  |                      | 49,858              | 49,858              |
| Real Estate Rental Income  | 687,387              |                     | 687,387             |
| Realized Gain on Sale of Property  | 3,000                |                     | 3,000               |
| Change in value of split-interest agreements                                     |                      |                     |                     |
| Miscellaneous Revenue  | <u>4,440</u>         | <u>93,845</u>       | <u>98,285</u>       |
| Total Revenue, Gains and Support   | <u>3,553,929</u>     | <u>15,336,946</u>   | <u>18,890,875</u>   |
| <b>EXPENSES</b>  |                      |                     |                     |
| Financial Aid to students  | 287                  | 1,490,493           | 1,490,780           |
| Instructional Supplies and equipment   |                      | 5,702,007           | 5,702,007           |
| Faculty and Staff Development  | 21                   | 90,010              | 90,031              |
| Employee Recognition   | 6,953                | 23,745              | 30,698              |
| Special Programs   | 14,500               | 3,964,843           | 3,979,343           |
| Community Outreach/Promotional Expense   | 80,493               | 171,960             | 252,453             |
| Donations to Ivy Tech Community College  | 2,168,349            | 179,610             | 2,347,959           |
| Annuity Obligations  |                      | 4,290               | 4,290               |
| Real Estate Rental Expenses  | 550,741              |                     | 550,741             |
| Other Real Estate Expenses   | —                    | <u>31,897</u>       | <u>31,897</u>       |
| Total College Assistance Program Expense   | 2,821,344            | 11,658,855          | 14,480,199          |
| Administrative Expenses  | 360,692              | 7,162               | 367,854             |
| Fundraising Expenses   | <u>29,646</u>        | <u>38,093</u>       | <u>67,739</u>       |
| Total Expenses   | <u>3,211,682</u>     | <u>11,704,110</u>   | <u>14,915,792</u>   |
| <b>EXCESS OF REVENUE OVER EXPENSES</b>   | 342,247              | 3,632,836           | 3,975,083           |
|  | -                    |                     |                     |
| <b>FUND BALANCES</b>   |                      |                     |                     |
| Beginning of Year  | <u>3,693,665</u>     | <u>39,942,361</u>   | <u>43,636,026</u>   |
| End of Year  | <u>\$4,035,912</u>   | <u>\$43,575,197</u> | <u>\$47,611,109</u> |

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

**IVY TECH COMMUNITY COLLEGE**  
**Statement of Cash Flows**  
*For the Year Ended June 30, 2007*

| <b>CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>  | <b>FY 2007</b>                | <b>Restated FY 2006</b>       |
|--|-------------------------------|-------------------------------|
| Tuition and Fees   | \$ 128,611,400                | \$120,555,366                 |
| Gifts, Grants, and Contracts   | 106,189,142                   | 104,086,001                   |
| Auxiliary Enterprises  | 32,476,860                    | 28,449,303                    |
| Sales and Services of Educational Departments  | 180,964                       | 111,939                       |
| Payments to Suppliers Note E, F  | (108,597,928)                 | (105,728,284)                 |
| Payments to or on Behalf of Employees  | (203,763,272)                 | (186,961,490)                 |
| Payments to Students   | (86,471,510)                  | (79,532,386)                  |
| Other Receipts (Payments)  | <u>4,033,456</u>              | <u>4,827,588</u>              |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  | <b><u>(127,340,888)</u></b>   | <b><u>(114,191,963)</u></b>   |
| <b>CASH FLOWS FROM (FOR) NON-CAPITAL FINANCING ACTIVITIES</b>  |                               |                               |
| State Appropriations   | 162,883,018                   | 150,453,484                   |
| Receipts from Stafford Loan Proceeds   | 109,990,278                   | 92,022,212                    |
| Payments from Stafford Loan Proceeds to Students/Financial Institutions  | (110,108,896)                 | (92,204,103)                  |
| Other Non-operating Receipts (Payments)  | <u>520,089</u>                | <u>(1,256,003)</u>            |
| <b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>  | <b><u>163,284,489</u></b>     | <b><u>149,015,590</u></b>     |
| <b>CASH FLOW FROM (FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                               |                               |
| Capital Appropriations   | 3,536,826                     | 840,412                       |
| Deposit With Trustee   | (22,748,974)                  | 37,463,968                    |
| Other Debt Service Fees  | -                             | (16,981)                      |
| Proceeds from Issuance of Capital Debt   | 69,589,496                    |                               |
| Purchase of Capital Assets Note E, F   | (60,029,717)                  | (50,984,456)                  |
| Principal Paid on Capital-Related Debt   | (16,193,475)                  | (7,483,475)                   |
| Interest Paid on Capital-Related Debt  | <u>(7,827,743)</u>            | <u>(6,874,959)</u>            |
| <b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                    | <b><u>(33,673,587)</u></b>    | <b><u>(27,055,491)</u></b>    |
| <b>CASH FLOW FROM (FOR) INVESTING ACTIVITIES</b>   |                               |                               |
| Purchase of Investments  | (36,970,800)                  | (27,000,000)                  |
| Proceeds from Sales and Maturities of Investments  | 27,000,000                    | 20,800,000                    |
| Income on Investments  | <u>6,138,227</u>              | <u>4,748,554</u>              |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>  | <b><u>(3,832,573)</u></b>     | <b><u>(1,451,446)</u></b>     |
| Net Increase in Cash   | (1,562,559)                   | 6,316,690                     |
| Cash and Cash Equivalents – Beginning of Year  | <u>46,089,004</u>             | <u>39,772,314</u>             |
| <b>Cash and Cash Equivalents – End of Year</b>   | <b><u>44,526,445</u></b>      | <b><u>46,089,004</u></b>      |
| <b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                               |                               |
| Net Operating Income (Loss)  | (145,535,970)                 | (127,734,902)                 |
| Adjustments to reconcile net operating expenses  |                               |                               |
| Depreciation Note F  | 15,673,747                    | 14,725,247                    |
| Amortization   | 286,692                       | 316,692                       |
| Allowance for Bad Debt   | 436,709                       | 3,012,428                     |
| Changes in Assets and Liabilities:   |                               |                               |
| Accounts Receivable  | (5,031,572)                   | (2,839,738)                   |
| Inventories  | (1,366,926)                   | (207,123)                     |
| Prepaid Expense  | 24,141                        | (19,853)                      |
| Accounts Payable and Accrued Liabilities   | 5,593,177                     | (4,225,565)                   |
| Compensated Absences   | 988,991                       | 928,441                       |
| Deferred Revenue   | <u>1,590,123</u>              | <u>1,852,410</u>              |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  | <b><u>\$(127,340,888)</u></b> | <b><u>\$(114,191,963)</u></b> |

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

IVY TECH COMMUNITY COLLEGE  
**NOTES TO FINANCIAL STATEMENTS**

*June 30, 2007*

## **I. Summary of Significant Accounting Policies**

### **A. General Information**

Ivy Tech Community College of Indiana is a statewide open-access, community college that provides residents of Indiana with professional, technical, transfer, and lifelong education for successful careers, personal development, and citizenship. Through its affordable, quality educational programs and services, the College strengthens Indiana's economy and enhances its cultural development. The Indiana General Assembly (by IC 20-12-61-2) established Ivy Tech State College 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's official name changed to "Ivy Tech Community College of Indiana". Ivy Tech is governed by a board of trustees, composed of fourteen (14) members, appointed by the governor. Each member of the state board must have knowledge or experience in one (1) or more of the following areas; manufacturing; commerce; labor; agriculture; state and regional economic development needs; or Indiana's educational delivery system. At least one (1) trustee must reside in each College region. Appointments are made for three (3) year terms, on a staggered basis. Ivy Tech Community College has fourteen main regional sites located across the State of Indiana. The President's office and other statewide administrative offices are located in Indianapolis, Indiana.

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 provided \$11.3 million to assist the College during fiscal year 2006-07. 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 Governmental Accounting Standards Board (GASB) number 39, 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. It is important to note for comparison purposes that the Foundation's statements are prepared using the modified cash basis of accounting, while the College uses the accrual basis of accounting. The modified cash basis differs from the cash basis primarily because the Foundation reflects investments and property and equipment purchased as assets on its Statements of Assets, Liabilities, and Fund Balances. Additionally, the Foundation reports notes payable for the purchase of property and annuities payable as liabilities in its Statements of Assets, Liabilities and Fund Balances. Gains and losses on investments are recorded when realized. In addition to receiving cash contributions, the Foundation receives non-cash contributions including gifts of real estate. Effective July 1, 2004 the Foundation's policy is to record securities and real estate donations at their fair market value on the date of donation. Prior to July 1, 2004, the Foundation did not recognize such contributions until the date of sale. Therefore the Foundation financial statements reflect a restatement of prior year figures. The Foundation believes that modified cash-basis statements present the financial information in a more meaningful manner than accrual-basis statements and, accordingly is continuing its policy of presenting its financial statements on the modified cash basis of accounting. 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>.

With the implementation of Governmental Accounting Standards Boards (GASB) Statement No. 35, Ivy Tech Community College 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 Community College. 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 & 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 34/35:

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

## **B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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 in conformity with accounting principles generally accepted in the United States of America 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.

The College utilizes the accounting standard of the establishment of an allowance for bad debt in the Statement of Net Assets to reflect receivables that are likely to be uncollectible.

Operating revenues of the College consist of tuition and fees, grants and contracts, sales and services of educational activities and auxiliary enterprise revenues. Transactions related to capital and related financing activities, non-capital financing activities, investing activities, and State appropriations are components of non-operating income. The bookstore inventories are valued based on a perpetual inventory or physical count system, with the majority utilizing the perpetual inventory method. The first in, first out (FIFO) method is used in determining inventory costs. This method applies the latest price paid for the item to all items on hand. The actual freight cost or an average freight cost per book are applied to the ending inventory valuation. Obsolete books, supplies, and other items are not included in bookstore inventories.

## **C. Capital Assets Accounting Policy Disclosure**

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. Building improvements are depreciated over the remaining life of the facilities to which they pertain. Leasehold improvements are depreciated over the remaining life of the asset for capital leases and over the remaining life of the lease for operating leases.

|                                    |                                |
|------------------------------------|--------------------------------|
| 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                        |

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

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.

## D. Prepaid Assets

Prepaid Assets are paid when due and the remaining value is reported as prepaid and consists of the following.

|   |              |
|---|--------------|
| 1. Bond principal and interest payments           | \$14,764,935 |
| 2. Advance payments to health insurance providers | \$ 336,034   |
| 3. Other  | \$ 27,248    |

## II. Accrual of Loss Contingency

The College has been named a party in two matters of litigation in the state courts, one matter of litigation in the federal court, one matter with the Indiana Civil Rights Commission, and four matters with the Equal Employment Opportunity Commission. In the opinion of management, an unfavorable outcome in these matters will not have a material adverse affect on the balance sheet of the institution. Management is currently unable to assess the probability of an unfavorable outcome.

## III. Lease Obligations

The College has entered into certain operating leases for facilities, office furniture and equipment, vehicles, computing equipment, etc. Many of these leases require payments in excess of one year from the date of initiation. The schedule on page 46 provides the minimum future annual payments for those leases, which were in effect on June 30, 2007.

The College has several lease obligations with Ivy Tech Foundation, Inc. which were determined to meet the requirements necessary to be recognized as capital leases, which are reflected in the College's Statement of Net Assets.

## IV. Investments

Investment policies, as set forth by the State Board of Trustees, authorize Certificates of Deposits to be established not longer than five years. The bank must be insured by Public Deposit Insurance Fund (PDIF) or Federal Deposit Insured Fund (FDIC). One bank's deposits must not exceed thirty percent (30%) of the College's total investment portfolio, and the total invested must not be more than fifty percent (50%) of the combined capital, surplus, and undivided profits of that bank. US Government Treasury Bills, Notes, Bonds and Agencies maturity dates cannot exceed five years or more. Repurchase Agreement's maximum maturity allowed is thirteen (13) days. Bankers' Acceptances cannot exceed one million dollars (\$1,000,000) and have a maturity date longer than one hundred eighty days (180). Commercial Paper's maximum maturity is two hundred seventy (270) days, must be rated at least A-1 or P-1 by the bond rating agencies, may not exceed fifty (50%) of the College total investments, no more than one million (\$1,000,000) or ten percent (10%) of the College's total investment, whichever is less, may be invested in any one company at one time, and no more than twenty five percent (25%) of the total Commercial Paper portfolio may be invested in a single industry. Money Market Accounts are limited to funds with assets totaling at least two hundred fifty million (\$250,000,000) or funds managed by Indiana banks insured by Public Deposit Insurance fund (PDIF). All investments are unrated at June 30, 2007.

All investments owned by the College are held in safekeeping by the issuing or selling bank. Safekeeping receipts are held by the College.

The College's policy regarding the Endowment investments are the same as the College's investment policy, unless restricted by the Endowment Trustee.

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, Certificates of Deposit, Money Market Accounts, interest bearing demand deposits insured by FDIC, US Government Notes, Bills, Bonds, Agencies, Commercial Paper and donated real and personal property.

Investments held in the name of the College at June 30, 2007 consist of the following:

| Investment Type                   | Rating | Fair Market Value   | Investment Maturities (Years) |                    |                    |
|-----------------------------------|--------|---------------------|-------------------------------|--------------------|--------------------|
|                                   |        |                     | Less Than 1                   | 1-2                | More than 2        |
| Deposits:                         | N/A    |                     |                               |                    |                    |
| Certificate of Deposits           |        | \$ 79,000,000       | \$75,000,000                  | \$2,000,000        | \$2,000,000        |
| Investment:                       |        |                     |                               |                    |                    |
| US Government Agencies Securities | N/A    | 7,970,800           | 999,060                       | 2,977,510          | 3,994,230          |
| Money Market                      | N/A    | 8,250,561           | 8,250,561                     |                    |                    |
| <b>Total</b>                      |        | <b>\$95,221,361</b> | <b>\$ 84,249,621</b>          | <b>\$4,977,510</b> | <b>\$5,994,230</b> |

### A. Credit Risk

The College's investment policy requires that all bond investments have a Standard and Poor's rating of A-1 or better or a Moody's Investors Service rating of P-1.

### 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 manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The College's policy for Certificates of Deposits, US Government Treasury Bills, Notes, Bonds, and Agency limit the maximum maturity to five years or less, thus limiting exposure to fair value losses arising from increasing interest rates. Additionally it has been College practice to hold the investment instrument to maturity.

### C. 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. Thus to avoid undue risk concentrations in any single asset class or investment category, the College's policy requires that Certificates of Deposit at any one bank do not exceed thirty (30%) of the College's total investment portfolio, the amount invested must not be more than fifty percent (50%) of the combined capital, surplus, and undivided profits of that bank, as determined from its last published report of condition, Commercial Paper may not exceed fifty (50%) of total investments, no more than one million (\$1,000,000) or ten percent (10%) of the College's total investment, whichever is less, may be invested in any one company at one time, and no more than twenty-five percent (25%) of the total Commercial Paper portfolio may be invested in a single industry.

The financial institutions that hold five (5%) or more of the College's investments at June 30, 2007 are listed below:

| Institutions        | Cost         | Percent of Total Invested |
|---------------------|--------------|---------------------------|
| Lake City Bank      | \$36,500,000 | 38.33%                    |
| Huntington Capital  | 22,970,360   | 24.12%                    |
| Irwin Union Bank    | 12,000,000   | 12.60%                    |
| First Federal Bank  | 9,000,000    | 9.45%                     |
| Federated Investors | 8,032,457    | 8.44%                     |

### D. Foreign Currency Risk

The College does not hold foreign currency.

## **E. Custodial Credit Risk**

The College Certificates of Deposits are all insured by Public Deposit Insurance Fund (PDIF) or Federal Deposit Insurance Fund (FDIC) and Money Market Accounts are limited to funds with assets totaling at least two hundred and fifty million (\$250,000,000) or funds managed by Indiana banks insured by the Public Deposit Insurance Fund (PDIF).

## **V. Line Of Credit**

The College has a line of credit in the amount of \$3,000,000 with an Indiana financial institution. The College can draw against this agreement to meet certain working capital provisions. As of June 30, 2007, the College had not drawn against this line of credit.

## **VI. Post-Employment Benefits**

All employees who retire between the age of 55 and up to but not including 65 with ten years of benefits-eligible service with the College or at the age of 65 or later with five years of benefits-eligible service with the College may continue participation in College group medical benefits. The entire cost of the post-employment benefits is the responsibility of the retiree and the College has no funding or costs incurred.

In addition, all employees who retire between the age of 55 and 65, and whose combined age and years of continuous benefit-eligible service equal at least 75, may elect to remain in the College group medical and dental programs. Those who meet the above requirements and remain in the programs pay only 20% of the full premium expense. The College pays the remaining 80% of the premium, and the expenditure is recognized when paid. During fiscal year 2006-07, expenditures of \$343,089 were recognized for 49 employees who participated in the post-retirement health and dental care program.

To enable employees to have paid time off as needed, College policy provides for the accrual of sick leave and vacation time for benefits-eligible employees. The College will pay to each eligible full-time employee a benefit at retirement equal to 50% of the employee's unused sick leave accrual up to 100 days. An employee is eligible for this benefit if he is at least 55 years old and his age plus years of service equal 75 or more at retirement. There is no maximum age limit. Accrued benefit for Sick leave is \$3.3 million.

## **VII. Accrued Vacation and Special Holiday**

Accrued time for vacation vests to a maximum. That maximum 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. The computed College current portion of the liability for accumulated unused vacation pay as of June 30, 2007 is \$5.0 million.

Because the College does not observe certain legal holidays available to employees of other Indiana state agencies, the College offers benefits-eligible Administrative and Support staff employees one Special Holiday per calendar quarter. Depending on the employees regular work schedule, an employee may accrue up to 8 hours per quarter. The maximum that may be accrued is 56 hours. Once an employee's accrual reaches 56 hours, no more hours are accrued until some are used. Beginning in fiscal year 2003-04, College policy was established to pay out unused accrued Special Holiday hours upon termination of an employee. As of June 30, 2007 the current portion of the liability was \$1.0 million.

## VIII. Retirement Plans

Ivy Tech Community College'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.

### A. Teachers Insurance Annuity Association/College Retirement Equities Fund

Full-time faculty, professional, and administrative staff are eligible for participation in a retirement program with Teachers Insurance Annuity Association (TIAA) and College Retirement Equities Fund (CREF), defined contributions plan. This program is fully funded by the College.

The participation date for eligible employees is determined by their personnel position classification. Members of TIAA and CREF may elect to allocate contributions to their account under several options. The allocation may be designated in whole or prescribed ratios to the fixed-dollar fund (TIAA) or to a diversified common stock fund(s) (CREF). During the fiscal year ended June 30, 2007, Ivy Tech Community College paid \$11,774,039 to TIAA/CREF, representing \$78,493,594 in total salaries.

On June 30, 2007, there were 1,551 employees participating in this retirement program. Further information may be obtained from TIAA/CREF by contacting them at 730 3rd Avenue, New York, New York 10017-3206.

### B. American United Life Retirement Option

In fiscal year 2002 the Ivy Tech State Board of Trustees approved the addition of new options to the College's retirement plan offerings. The adoption of these options creates a greater opportunity for employees to diversify their investments. The new retirement plan, American United Life Insurance Company (AUL), was added as an alternate direct vendor to receive College contributions to the Defined Contribution Retirement Annuity (RA) plan for eligible faculty and administrative employees. The Plan became effective on October 1, 2002; employees must choose between TIAA/CREF and AUL. During fiscal year ended June 30, 2007, Ivy Tech Community College paid \$954,773 to AUL, representing \$6,365,151 in total salaries. On June 30, 2007, there were 100 employees participating in this retirement program. Further information may be obtained from AUL by contacting them at One American Square, P.O. Box 368, Indianapolis, IN 46206-0368.

### C. Public Employees' Retirement Fund

#### 1. Plan Description

Ivy Tech Community College contributes to the Public Employees' Retirement Fund (PERF), a defined benefit pension plan for certain employees of the State of Indiana. Full-time non-exempt employees are eligible to participate in the defined benefit plan. On June 30, 2007, 810 employees of Ivy Tech Community College were members of this retirement plan. State statutes (IC 5-10.2 and 5-10.3) govern most requirements of the system and give Ivy Tech authority to contribute to the plan.

The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions set by state statute at three percent of compensation, plus the interest credited to the member's account. Ivy Tech Community College has elected to make the contributions on behalf of the eligible members. The College contributed \$641,431 to individual employee annuity accounts in the Indiana Public Employees' Retirement Fund (PERF) for the year ended June 30, 2007.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by writing the Public Employees Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling (317) 233-4162.

#### 2. Funding Policy and Annual Pension Cost

The Board of Trustees of PERF establishes the contribution requirements of plan members. Ivy Tech Community College's annual pension cost for the 2007 fiscal year and related information, as provided by the actuary is presented in this note. The amount of retirement costs associated with the employee share, \$641,431, is not included in the following information.

**PERF**

|  |                   |   |                       |
|--|-------------------|---|-----------------------|
| Annual Required Contribution               | \$ 953,205        | Increase (Decrease) in Net Pension Obligation | \$ 68,934             |
| Interest on Net Pension Obligation         | (80,121)          | Net Pension Obligation, Beginning of Year     | (1,105,115)           |
| Adjustment to Annual Required Contribution | <u>91,304</u>     | Net Pension Obligation, End of Year           | \$ <u>(1,036,181)</u> |
| Annual Pension Cost-Employers Share Only   | 964,388           |   |                       |
| Contributions Made – Employers Share Only  | \$ <u>895,454</u> |   |                       |

College Contributions, Includes a 3% Member Savings Annuity: 9.3%  
 Plan Members: 810  
 Actuarial Valuation Date: 6/30/06  
 Actuarial Cost Method: Entry Age  
 Amortization Method: Level Percentage of Projected Payroll, Closed  
 Cost-of-Living Adjustments: 2%

Asset Valuation Method: 4-Year Smoothed Market  
 Investment Rate of Return: 7.25%  
 Projected Future Salary Increases: Total 5%  
 Attributed to Inflation: 4%  
 Attributed to Merit/Seniority: 1%  
 Remaining Amortization Period: 40 Years

**Three-Year Trend Information****PERF**

| Year Ending | Annual Pension Cost(APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------|--------------------------|-------------------------------|------------------------|
| 06/30/04    | \$652,844                | 153%                          | \$(1,113,262)          |
| 06/30/05    | 732,487                  | 99%                           | (1,105,115)            |
| 06/30/06    | 964,388                  | 93%                           | (1,036,181)            |

**Schedules of Funding Process****Public Employees Retirement Fund**

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Excess of Assets Over (Unfunded) AAL | Funded Ratio | Covered Payroll | Excess (Unfunded) AAL % |
|--------------------------|---------------------------|-----------------------------|--------------------------------------|--------------|-----------------|-------------------------|
| 07/01/04                 | \$13,466,436              | \$12,668,220                | \$ 798,216                           | 106.30%      | \$16,693,279    | 4.78%                   |
| 07/01/05                 | 15,195,527                | 15,503,797                  | (308,270)                            | 98.01%       | 17,831,760      | (1.73%)                 |
| 07/01/06                 | 18,573,945                | 18,922,865                  | (348,920)                            | 98.20%       | 18,596,192      | (1.88%)                 |

**D. Federal Social Security Act**

All employees (except work-study students) 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.

## IX. 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. The College has adopted the provisions of Statement of Financial Accounting Standards No. 93, which requires the recording of depreciation on long-lived tangible assets.

Capital asset activity for the year ended June 30, 2007 was as follows:

|                                      | <b>Beginning Balance</b> | <b>Additions</b>     | <b>Reductions</b>   | <b>Ending Balance</b> |
|--------------------------------------|--------------------------|----------------------|---------------------|-----------------------|
| Land                                 | \$18,719,290             | \$ 269,406           | \$ -                | \$18,988,696          |
| Construction work in progress        | 37,188,513               | 31,626,005           | 28,317,956          | 40,496,562            |
| Land improvements and infrastructure | 8,947,933                | 1,474,615            | 354,663             | 10,067,885            |
| Buildings                            | 309,446,185              | 38,212,698           | 2,760,256           | 344,898,626           |
| Furniture, fixtures, and equipment   | 48,880,214               | 6,616,117            | 2,067,434           | 53,428,897            |
| Library materials                    | <u>1,802,385</u>         | <u>106,554</u>       | <u>4,964</u>        | <u>1,903,975</u>      |
| Total                                | <u>424,984,519</u>       | <u>78,305,395</u>    | <u>33,505,273</u>   | <u>469,784,641</u>    |
| Less accumulated depreciation:       |                          |                      |                     |                       |
| Land improvements and infrastructure | 5,898,298                | 593,645              | 251,725             | 6,240,218             |
| Buildings                            | 75,489,278               | 9,280,286            | 2,003,797           | 82,765,767            |
| Furniture, fixtures, and equipment   | 34,636,099               | 9,378,822            | 6,109,518           | 37,905,403            |
| Library materials                    | <u>1,661,911</u>         | <u>270,915</u>       | <u>151,940</u>      | <u>1,780,886</u>      |
| Total accumulated depreciation       | <u>117,685,586</u>       | <u>19,523,668</u>    | <u>8,516,980</u>    | <u>128,692,274</u>    |
| Capital assets, net                  | <u>\$307,298,933</u>     | <u>\$ 58,781,727</u> | <u>\$24,988,293</u> | <u>\$341,092,367</u>  |

## Construction Work In Progress

The following table presents the construction projects in process as of June 30, 2007.

|  |                      |
|--|----------------------|
| Valparaiso – Region 01 Construction Phase II           | 8,230,167            |
| Portage – Region 01 Planning                           | 104                  |
| Ft Wayne – Region 03 A&E                               | 113,385              |
| Logansport – Region 05 Planning                        | 171,200              |
| Marion – Region 06 A&E                                 | 251,244              |
| Marion – Region 06 Construction                        | 12,536,807           |
| Greencastle – Region 07 Planning                       | 170,482              |
| Indianapolis – Region 08 Fall Creek Expansion          | 976,356              |
| Lawrenceburg – Lawrenceburg Gaming                     | 194,017              |
| Madison – Region 11 Planning                           | 841,394              |
| Madison – Region 11 Construction                       | 10,905,078           |
| Various Repair & Rehabilitation & Parking Lot Projects | 518,616              |
| Integrated Information System (IIS)                    | <u>5,587,712</u>     |
| Total Construction Work In Progress                    | <u>\$ 40,496,562</u> |

## X. Long Term Liabilities

### Primary Institution

|                                      | Beginning Balance    | Additions           | Reductions          | Ending Balance       | Current Portion     |
|--------------------------------------|----------------------|---------------------|---------------------|----------------------|---------------------|
| Leases, notes, and bonds payable:    |                      |                     |                     |                      |                     |
| Lease Obligations                    | \$10,994,204         | \$1,587,456         | \$831,212           | \$11,750,448         | \$478,120           |
| Notes Payable                        | 19,195,000           | 7,960,000           | 8,940,000           | 18,215,000           | 1,021,000           |
| Revenue bonds payable:               |                      |                     |                     |                      |                     |
| Series E student fee bonds           | 8,560,000            | -                   | 985,000             | 7,575,000            | 1,035,000           |
| Bond yield 4.55% - 5.35%             |                      |                     |                     |                      |                     |
| Series G student fee bonds           | 35,925,000           | -                   | 2,420,000           | 33,505,000           | 3,455,000           |
| Bond yield 1.93% - 4.93%             |                      |                     |                     |                      |                     |
| Series H student fee bonds           | 44,865,000           | -                   | 2,250,000           | 42,615,000           | 2,310,000           |
| Bond Yield 1.32% - 4.01%             |                      |                     |                     |                      |                     |
| Series I student fee bonds           | 39,650,000           | -                   | 1,220,000           | 38,430,000           | 1,610,000           |
| Bond Yield 2.3% - 4.55%              |                      |                     |                     |                      |                     |
| Series J student fee bonds           | 9,245,000            | -                   | -                   | 9,245,000            | -                   |
| Bond Yield 4.25% - 4.47%             |                      |                     |                     |                      |                     |
| Series K student fee bonds           |                      |                     |                     |                      |                     |
| Bond Yield 3.76% - 4.74%             |                      | <u>60,670,000</u>   |                     | <u>60,670,000</u>    | <u>1,910,000</u>    |
| Total bonds payable                  | <u>138,245,000</u>   | <u>60,670,000</u>   | <u>6,875,000</u>    | <u>192,040,000</u>   | <u>10,320,000</u>   |
| Premium on Bonds-Series H, I, J,K    | 5,758,025            | 959,496             | 378,475             | 6,339,046            | 426,450             |
| Total leases, notes, & bonds payable | <u>174,192,229</u>   | <u>71,176,952</u>   | <u>17,024,687</u>   | <u>228,344,494</u>   | <u>12,245,570</u>   |
| Other liabilities:                   |                      |                     |                     |                      |                     |
| Compensated absences                 | <u>8,402,664</u>     | <u>6,751,207</u>    | <u>5,762,217</u>    | <u>9,391,654</u>     | <u>6,447,424</u>    |
| Total other liabilities              | <u>8,402,664</u>     | <u>6,751,207</u>    | <u>5,762,217</u>    | <u>9,391,654</u>     | <u>6,447,424</u>    |
| Total long-term liabilities          | <u>\$182,594,893</u> | <u>\$77,928,159</u> | <u>\$22,786,904</u> | <u>\$237,736,148</u> | <u>\$18,692,994</u> |

### A. Notes Payable

The College has issued interim financing notes as a means of providing funds for acquisition and/or construction of facilities as more fully described below. On July 1, 2006 interim financing agreements totaling \$19,195,000 were outstanding. During 2006-07, the note financing the Lafayette Phase III project matured and was refinanced with \$15,000 of issuance costs rolled into the loan. Also during 2006-07, the College made principal payments totaling \$995,000 which was \$55,000 greater than the scheduled payment of \$940,000. The June 30, 2007 principal balance was \$18,215,000.

| Location     | Balance 6-30-06     | Principal Paid 2006-07 | New Debt 2006-07   | Balance 6-30-07     |
|--------------|---------------------|------------------------|--------------------|---------------------|
| Lafayette    | \$ 8,195,000        | \$8,385,000            | \$7,960,000        | \$ 7,770,000        |
| Indianapolis | <u>11,000,000</u>   | <u>555,000</u>         |                    | <u>10,445,000</u>   |
| Totals       | <u>\$19,195,000</u> | <u>\$8,940,000</u>     | <u>\$7,960,000</u> | <u>\$18,215,000</u> |

**Indianapolis.** In October 2003, the College entered into an interim financing agreement in the amount of \$11,000,000 with a maturity of November 3, 2008 for the acquisition and partial renovation of the Fairbanks Center in Lawrence, Indiana. The interest rate is fixed at 3.48% per annum for the entire term of the loan. The interest expense is paid quarterly. The College will make a principal payment of \$518,000 on November 1, 2007.

IVY TECH COMMUNITY COLLEGE

**Schedule Of Annual Requirements For Principal And Interest**

*Fairbanks Center, Lawrence – \$11,000,000 Original Loan Amount*

| Year Ending June 30 | Principal                  | Interest                | Total                      | Outstanding Principal Balance |
|---------------------|----------------------------|-------------------------|----------------------------|-------------------------------|
| 2008                | 518,000                    | 359,471                 | 877,471                    | 9,927,000                     |
| 2009                | <u>9,927,000</u>           | <u>176,568</u>          | <u>10,103,568</u>          |                               |
| <b>Totals</b>       | <b><u>\$10,445,000</u></b> | <b><u>\$536,039</u></b> | <b><u>\$10,981,039</u></b> |                               |

Upon maturity, the loan will be refinanced by the issuance of permanent financing or additional junior lien financing or repaid from student fees.

**Lafayette Phase III.** In January 2007, the College entered into an interim financing agreement in the amount of \$7,960,000 with a maturity of January 05, 2012, for the refinancing of a major campus expansion and renovation in Lafayette, Indiana. Upon maturity the loan will be refinanced by the issuance of permanent financing or additional junior lien financing or repaid from student fees. Under the terms of the loan agreement, the College pays a fixed interest rate of 3.75% per annum for the entire term of the loan. The interest expense is paid semi-annually. The College will make principal payments annually according to the following schedule.

IVY TECH COMMUNITY COLLEGE

**Schedule Of Annual Requirements For Principal And Interest**

*Lafayette Phase III Interim Financing Agreement – \$7,960,000 Original Loan Amount*

| Year Ending June 30 | Principal                 | Interest                  | Total                     | Outstanding Principal Balance |
|---------------------|---------------------------|---------------------------|---------------------------|-------------------------------|
| 2008                | \$503,000                 | \$291,375                 | \$794,375                 | \$7,267,000                   |
| 2009                | 521,000                   | 272,513                   | 793,513                   | 6,746,000                     |
| 2010                | 541,000                   | 252,975                   | 793,975                   | 6,205,000                     |
| 2011                | 561,000                   | 232,688                   | 793,688                   | 5,644,000                     |
| 2012                | <u>5,644,000</u>          | <u>125,814</u>            | <u>5,769,814</u>          |                               |
| <b>Totals</b>       | <b><u>\$7,770,000</u></b> | <b><u>\$1,175,365</u></b> | <b><u>\$8,945,365</u></b> |                               |

Upon maturity, the loan will be refinanced by the issuance of permanent financing or additional junior lien financing or repaid from student fees.

**B. Refunded Bond Issues**

In prior years, the College defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the College's financial statements. At June 30, 2007, \$23,855,000 of bonds outstanding is considered defeased.

The June 30, 2006 defeased bond balance was incorrectly reported as \$23,395,000 and should have been \$25,395,000.

### C. Premium On Bonds

The June 30, 2006 Premium on Bonds of \$5,758,025 is the remaining balance from the sale of Series H, I, and J Student Fee Bonds. The Series K Bonds were issued on July 19, 2006 with a premium of \$959,496. The ending balance of \$6,339,046 is being amortized over the remaining life of the related bonds.

### D. Bond Schedules

#### IVY TECH COMMUNITY COLLEGE

### Schedule Of Annual Requirements For Principal And Interest

*Series E of 1997, Advanced Refunding Series G of 2002,  
Series H of 2003, Series I and J of 2005, Series K of 2007. (1)*

| Year Ending June 30 | Principal               | Interest               | Total                   | Outstanding Principal Balance |
|---------------------|-------------------------|------------------------|-------------------------|-------------------------------|
| 2008                | 10,320,000.00           | 8,686,395.50           | 19,006,395.50           | 181,720,000.00                |
| 2009                | 9,745,000.00            | 8,291,783.00           | 18,036,783.00           | 171,975,000.00                |
| 2010                | 10,170,000.00           | 7,876,464.75           | 18,046,464.75           | 161,805,000.00                |
| 2011                | 10,630,000.00           | 7,411,869.88           | 18,041,869.88           | 151,175,000.00                |
| 2012                | 11,135,000.00           | 6,913,263.13           | 18,048,263.13           | 140,040,000.00                |
| 2013-2017           | 56,260,000.00           | 26,632,296.00          | 82,892,296.00           | 83,780,000.00                 |
| 2018-2022           | 46,735,000.00           | 13,986,246.25          | 60,721,246.25           | 37,045,000.00                 |
| 2023-2027           | 37,045,000.00           | 4,539,867.50           | 41,584,867.50           | 0.00                          |
| <b>Totals</b>       | <u>\$192,040,000.00</u> | <u>\$84,338,186.01</u> | <u>\$276,378,186.01</u> |                               |

## XI. Property Subject To Capital Leases

The College has several lease obligations with Ivy Tech Foundation, Inc, which were determined to meet the requirements necessary to be recognized as capital leases; thus requiring the recognition of long-term debt and capital assets on the College's Statement of Net Assets. Ivy Tech Foundation, Inc. believes these leases are operating leases and that they own the property and therefore reports the assets in their 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 capital assets on their respective financial statements.



## XII. Restatement of Prior Year Balances – Note Disclosure

Due to increased analytical procedures and in conjunction with the implementation of the finance module of the new administrative software system, the College noted and made the following adjustments to the prior year 2006 ending balance.

### Adjustments to Statement of Net Assets

| Category  | Beginning Balance | Adjustments    | Adjusted Beg. Balance |
|---|-------------------|----------------|-----------------------|
| Capital Assets, Net                             | \$307,050,189     | \$248,744      | \$307,298,933         |
| Total Noncurrent Assets                         | \$314,115,741     | \$248,744      | \$314,364,485         |
| Total Assets                                    | \$447,864,424     | \$248,744      | \$448,113,168         |
| Long Term Debt and Other Obligations            | \$164,290,063     | \$1,535,000    | \$165,825,063         |
| Total Noncurrent Liabilities                    | \$166,893,813     | \$1,535,000    | \$168,428,813         |
| Total Liabilities                               | \$203,544,567     | \$1,535,000    | \$205,079,567         |
| Invested in Capital Assets, Net of Related Debt | \$137,155,522     | \$(10,259,056) | \$126,896,466         |
| Restricted Expendable Capital Projects          | \$11,405,925      | \$8,972,800    | \$20,378,725          |
| Restricted Expendable Debt Service              | \$4,163,109       | \$(4,163,109)  | 0                     |
| Unrestricted                                    | \$91,543,434      | \$4,163,109    | \$95,706,543          |
| Total Net Assets                                | \$244,319,857     | \$(1,286,257)  | \$243,033,600         |

The affect of these entries was a reduction in net assets of .5%

### Adjustments to Statement of Revenues, Expenses and Changes in Net Assets

| Category   | Beginning Balance | Adjustments   | Adjusted Beg. Balance |
|--|-------------------|---------------|-----------------------|
| Operating Expenses: Supplies and Other Services                        | \$91,927,809      | \$(77,500)    | \$91,850,309          |
| Operating Expenses: Depreciation                                       | \$14,675,872      | \$49,375      | \$14,725,247          |
| Total Operating Expenses   | \$352,017,421     | \$(28,125)    | \$351,989,296         |
| Operating Loss   | \$(127,763,027)   | \$28,125      | \$(127,734,902)       |
| Income (Loss) Before Other Revenues, Expenses, Gains, or Losses        | \$18,890,274      | \$28,125      | \$18,918,399          |
| Increase in Net Assets Before Cumulative Effect of an Error Correction | \$19,346,188      | \$28,125      | \$19,374,313          |
| Increase in Net Assets   | \$19,346,188      | \$28,125      | \$19,374,313          |
| Cumulative Effect of Error Correction                                  | 0                 | \$(1,314,382) | \$(1,314,382)         |
| Adjusted Net Asset-Beginning of Year                                   | \$224,973,669     | \$(1,314,382) | \$223,659,287         |
| Net Assets – End of Year   | \$244,319,857     | (1,286,257)   | \$243,033,600         |

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.

IVY TECH COMMUNITY COLLEGE  
**Auxiliary Enterprise Bookstore**  
**Comparative Statement of Net Assets**  
*June 30, 2007 and June 30, 2006*

| <b>ASSETS</b>             | <b>FY 2007</b>      | <b>FY 2006</b>      |
|---------------------------|---------------------|---------------------|
| Current Assets            |                     |                     |
| Cash                      | \$13,414,223        | \$12,692,374        |
| Accounts Receivable       | 2,695,296           | 2,159,984           |
| Allowance for Bad Debt    | (784,097)           | (578,404)           |
| Credit Memos              | 415,781             | 489,890             |
| Inventory                 | 7,522,454           | 6,152,923           |
| <b>Total Assets</b>       | <u>23,263,657</u>   | <u>20,916,767</u>   |
| <b>LIABILITIES</b>        |                     |                     |
| Current Liabilities       |                     |                     |
| Wages Payable             | 54,688              | 55,803              |
| Indiana Sales Tax Payable | (2,136)             | 225                 |
| Accounts Payable          | 255,689             | 427,488             |
| <b>Total Liabilities</b>  | <u>308,241</u>      | <u>483,516</u>      |
| <b>NET ASSETS</b>         |                     |                     |
| Unrestricted              |                     |                     |
| <b>Total Net Assets</b>   | <u>\$22,955,416</u> | <u>\$20,433,251</u> |

The accompanying notes are an integral part of the financial statements.

IVY TECH COMMUNITY COLLEGE

**Auxiliary Enterprise Bookstore**

**Comparative Statement of Revenues, Expenses and Changes in Net Assets**

*June 30, 2007 and June 30, 2006*

|                                  | FY 2007             |         | FY 2006             |         |
|----------------------------------|---------------------|---------|---------------------|---------|
| Operating Revenues:              |                     |         |                     |         |
| Sales                            | \$32,976,167        |         | \$27,847,042        |         |
| Cost of Goods Sold:              |                     |         |                     |         |
| Beginning Inventory              | 6,152,923           |         | 5,948,405           |         |
| Add:                             |                     |         |                     |         |
| Purchases                        | 30,003,326          |         | 24,373,708          |         |
| Freight-in                       | 579,042             |         | 466,714             |         |
| Less:                            |                     |         |                     |         |
| Vendor Returns                   | <u>(4,347,559)</u>  |         | <u>(4,157,984)</u>  |         |
| Total Available for Sale         | 32,387,732          |         | 26,630,843          |         |
| Less: Ending Inventory           | <u>7,522,454</u>    |         | <u>6,152,923</u>    |         |
| Cost of Goods Sold               | <u>24,865,278</u>   | 75.404% | <u>20,477,920</u>   | 73.537% |
| Gross Margin on Sales            | <u>8,110,889</u>    | 24.596% | <u>7,369,122</u>    | 26.463% |
| Operating Expenses:              |                     |         |                     |         |
| Salaries and Wages               | 1,902,893           |         | 1,610,313           |         |
| Benefits                         | 609,755             |         | 521,711             |         |
| Operating Overhead               | 103,810             |         | 147,725             |         |
| Uncollected Std Fee              | 882,233             |         | 1,177,996           |         |
| Capital DP Equipment             | 31,271              |         | 10,551              |         |
| Other Expenses                   | 962,746             |         | 973,429             |         |
| Total Operating Expenses         | <u>4,492,708</u>    | 13.624% | <u>4,441,725</u>    | 15.950% |
| Changes in Operating Income      | 3,618,181           | 10.972% | 2,927,397           | 10.512% |
| Net Assets-beginning of the year | 20,433,251          |         | 18,528,644          |         |
| Less Transfers                   | <u>(1,096,016)</u>  |         | <u>(1,022,789)</u>  |         |
| Net Assets-end of the year       | <u>\$22,955,416</u> |         | <u>\$20,433,252</u> |         |

The accompanying notes are an integral part of the financial statements.

**IVY TECH COMMUNITY COLLEGE**  
**South Bend Series E Of 1997**  
*Schedule Of Annual Requirements For Principal And Interest*  
**Original Issue \$16,260,000**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>             | <b>Interest</b>              | <b>Total</b>                  | <b>Outstanding<br/>Principal Balance</b> |
|--------------------------------|------------------------------|------------------------------|-------------------------------|--|
| 2007                           | \$985,000.00                 | \$408,985.00                 | \$1,393,985.00                | \$7,575,000.00                           |
| 2008                           | 1,035,000.00                 | 358,485.00                   | 1,393,485.00                  | 6,540,000.00                             |
| 2009                           | 1,085,000.00                 | 305,485.00                   | 1,390,485.00                  | 5,455,000.00                             |
| 2010                           | 1,145,000.00                 | 249,448.75                   | 1,394,448.75                  | 4,310,000.00                             |
| 2011                           | 1,200,000.00                 | 190,284.38                   | 1,390,284.38                  | 3,110,000.00                             |
| 2012                           | 1,265,000.00                 | 127,615.63                   | 1,392,615.63                  | 1,845,000.00                             |
| 2013                           | 1,330,000.00                 | 61,118.75                    | 1,391,118.75                  | 515,000.00                               |
| 2014                           | <u>515,000.00</u>            | <u>13,518.75</u>             | <u>528,518.75</u>             | \$0.00                                   |
| <b>Totals</b>                  | <b><u>\$8,560,000.00</u></b> | <b><u>\$1,714,941.26</u></b> | <b><u>\$10,274,941.26</u></b> |  |

**IVY TECH COMMUNITY COLLEGE**  
**Series G Advance Refunding Of Series D And F**  
**(Ft. Wayne, Bloomington, Lafayette Phase I)**  
*Schedule Of Annual Requirement For Principal And Interest*  
**Original Issue - \$46,370,000**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>              | <b>Interest</b>               | <b>Total</b>                  | <b>Outstanding Principal<br/>Balance</b> |
|--------------------------------|-------------------------------|-------------------------------|-------------------------------|--|
| 2007                           | \$2,420,000.00                | \$1,645,888.00                | \$4,065,888.00                | \$33,505,000.00                          |
| 2008                           | 3,455,000.00                  | 1,505,063.00                  | 4,960,063.00                  | 30,050,000.00                            |
| 2009                           | 2,715,000.00                  | 1,350,813.00                  | 4,065,813.00                  | 27,335,000.00                            |
| 2010                           | 2,845,000.00                  | 1,222,481.00                  | 4,067,481.00                  | 24,490,000.00                            |
| 2011                           | 2,975,000.00                  | 1,095,088.00                  | 4,070,088.00                  | 21,515,000.00                            |
| 2012                           | 3,120,000.00                  | 950,150.00                    | 4,070,150.00                  | 18,395,000.00                            |
| 2013                           | 3,275,000.00                  | 790,275.00                    | 4,065,275.00                  | 15,120,000.00                            |
| 2014                           | 3,435,000.00                  | 631,113.00                    | 4,066,113.00                  | 11,685,000.00                            |
| 2015                           | 3,600,000.00                  | 471,025.00                    | 4,071,025.00                  | 8,085,000.00                             |
| 2016                           | 2,605,000.00                  | 327,008.00                    | 2,932,008.00                  | 5,480,000.00                             |
| 2017                           | 2,730,000.00                  | 200,270.00                    | 2,930,270.00                  | 2,750,000.00                             |
| 2018                           | <u>2,750,000.00</u>           | <u>67,375.00</u>              | <u>2,817,375.00</u>           | \$0.00                                   |
| <b>Totals</b>                  | <b><u>\$35,925,000.00</u></b> | <b><u>\$10,256,549.00</u></b> | <b><u>\$46,181,549.00</u></b> |  |

**IVY TECH COMMUNITY COLLEGE**  
**Series H Richmond Phase I, Evansville, Valparaiso, Terre Haute**  
*Schedule Of Annual Requirement For Principal And Interest*  
**Original Issue - \$47,065,000**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>              | <b>Interest</b>               | <b>Total</b>                  | <b>Outstanding<br/>Principal Balance</b> |
|--------------------------------|-------------------------------|-------------------------------|-------------------------------|--|
| 2007                           | \$2,250,000.00                | \$2,018,050.00                | \$4,268,050.00                | \$42,615,000.00                          |
| 2008                           | 2,310,000.00                  | 1,961,050.00                  | 4,271,050.00                  | 40,305,000.00                            |
| 2009                           | 2,370,000.00                  | 1,899,587.50                  | 4,269,587.50                  | 37,935,000.00                            |
| 2010                           | 2,450,000.00                  | 1,820,250.00                  | 4,270,250.00                  | 35,485,000.00                            |
| 2011                           | 2,545,000.00                  | 1,722,600.00                  | 4,267,600.00                  | 32,940,000.00                            |
| 2012                           | 2,660,000.00                  | 1,606,850.00                  | 4,266,850.00                  | 30,280,000.00                            |
| 2013                           | 2,795,000.00                  | 1,472,125.00                  | 4,267,125.00                  | 27,485,000.00                            |
| 2014                           | 2,940,000.00                  | 1,328,750.00                  | 4,268,750.00                  | 24,545,000.00                            |
| 2015                           | 3,090,000.00                  | 1,178,000.00                  | 4,268,000.00                  | 21,455,000.00                            |
| 2016                           | 3,250,000.00                  | 1,019,500.00                  | 4,269,500.00                  | 18,205,000.00                            |
| 2017                           | 3,415,000.00                  | 852,875.00                    | 4,267,875.00                  | 14,790,000.00                            |
| 2018                           | 3,590,000.00                  | 677,750.00                    | 4,267,750.00                  | 11,200,000.00                            |
| 2019                           | 3,780,000.00                  | 488,775.00                    | 4,268,775.00                  | 7,420,000.00                             |
| 2020                           | 3,985,000.00                  | 284,943.75                    | 4,269,943.75                  | 3,435,000.00                             |
| 2021                           | <u>3,435,000.00</u>           | <u>90,168.75</u>              | <u>3,525,168.75</u>           | \$0.00                                   |
| <b>Totals</b>                  | <b><u>\$44,865,000.00</u></b> | <b><u>\$18,421,275.00</u></b> | <b><u>\$63,286,275.00</u></b> |  |

IVY TECH COMMUNITY COLLEGE

**Series I Evansville, Valparaiso, Madison, and Portage**  
*Schedule of Annual Requirements for Principal and Interest*  
*Original Issue - \$39,650,000*

| Year Ending<br>June 30 | Principal              | Interest               | Total                  | Outstanding<br>Principal Balance |
|------------------------|------------------------|------------------------|------------------------|----------------------------------|
| 2007                   | \$1,220,000.00         | \$1,640,220.00         | \$2,860,220.00         | \$38,430,000.00                  |
| 2008                   | 1,610,000.00           | 1,600,820.00           | 3,210,820.00           | 36,820,000.00                    |
| 2009                   | 1,590,000.00           | 1,552,820.00           | 3,142,820.00           | 35,230,000.00                    |
| 2010                   | 1,655,000.00           | 1,487,595.00           | 3,142,595.00           | 33,575,000.00                    |
| 2011                   | 1,740,000.00           | 1,402,720.00           | 3,142,720.00           | 31,835,000.00                    |
| 2012                   | 1,820,000.00           | 1,327,370.00           | 3,147,370.00           | 30,015,000.00                    |
| 2013                   | 1,885,000.00           | 1,257,820.00           | 3,142,820.00           | 28,130,000.00                    |
| 2014                   | 1,965,000.00           | 1,180,820.00           | 3,145,820.00           | 26,165,000.00                    |
| 2015                   | 2,055,000.00           | 1,090,145.00           | 3,145,145.00           | 24,110,000.00                    |
| 2016                   | 2,160,000.00           | 984,770.00             | 3,144,770.00           | 21,950,000.00                    |
| 2017                   | 2,260,000.00           | 883,875.00             | 3,143,875.00           | 19,690,000.00                    |
| 2018                   | 2,355,000.00           | 788,113.75             | 3,143,113.75           | 17,335,000.00                    |
| 2019                   | 2,455,000.00           | 691,375.00             | 3,146,375.00           | 14,880,000.00                    |
| 2020                   | 2,555,000.00           | 592,402.50             | 3,147,402.50           | 12,325,000.00                    |
| 2021                   | 2,660,000.00           | 486,722.50             | 3,146,722.50           | 9,665,000.00                     |
| 2022                   | 0.00                   | 432,242.50             | 432,242.50             | 9,665,000.00                     |
| 2023                   | 0.00                   | 432,242.50             | 432,242.50             | 9,665,000.00                     |
| 2024                   | 0.00                   | 432,242.50             | 432,242.50             | 9,665,000.00                     |
| 2025                   | 2,760,000.00           | 371,522.50             | 3,131,522.50           | 6,905,000.00                     |
| 2026                   | 3,375,000.00           | 235,708.75             | 3,610,708.75           | 3,530,000.00                     |
| 2027                   | <u>3,530,000.00</u>    | <u>80,307.50</u>       | <u>3,610,307.50</u>    | \$ 0.00                          |
|                        | <u>\$39,650,000.00</u> | <u>\$18,951,905.00</u> | <u>\$58,601,905.00</u> |                                  |

**IVY TECH COMMUNITY COLLEGE**  
**Series J Richmond and Marion**  
*Schedule of Annual Requirements for Principal and Interest*  
**Original Issue - \$9,245,000**

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>      | <b>Interest</b>       | <b>Total</b>           | <b>Outstanding Principal<br/>Balance</b> |
|--------------------------------|-----------------------|-----------------------|------------------------|--|
| 2007                           | \$0.00                | \$462,250.00          | \$462,250.00           | \$9,245,000.00                           |
| 2008                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2009                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2010                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2011                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2012                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2013                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2014                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2015                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2016                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2017                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2018                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2019                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2020                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2021                           | 0.00                  | 462,250.00            | 462,250.00             | 9,245,000.00                             |
| 2022                           | 2,780,000.00          | 392,750.00            | 3,172,750.00           | 6,465,000.00                             |
| 2023                           | 2,925,000.00          | 250,125.00            | 3,175,125.00           | 3,540,000.00                             |
| 2024                           | 3,075,000.00          | 100,125.00            | 3,175,125.00           | 465,000.00                               |
| 2025                           | <u>465,000.00</u>     | <u>11,625.00</u>      | <u>476,625.00</u>      | \$0.00                                   |
|                                | <u>\$9,245,000.00</u> | <u>\$7,688,375.00</u> | <u>\$16,933,375.00</u> |  |

**IVY TECH COMMUNITY COLLEGE**  
**Series K Valparaiso Phase II, Marion Construction**  
**and Madison Construction**  
*Schedule of Annual Requirements for Principal and Interest*  
*Original Issue - \$60,670,000*

| <b>Year<br/>Ending<br/>June 30</b> | <b>Principal</b>       | <b>Interest</b>        | <b>Total</b>           | <b>Outstanding<br/>Principal<br/>Balance</b> |
|------------------------------------|------------------------|------------------------|------------------------|--|
| 2007                               | \$0.00                 | \$1,276,617.38         | \$1,276,617.38         | \$60,670,000.00                              |
| 2008                               | 1,910,000.00           | 2,798,727.50           | 4,708,727.50           | 58,760,000.00                                |
| 2009                               | 1,985,000.00           | 2,720,827.50           | 4,705,827.50           | 56,775,000.00                                |
| 2010                               | 2,075,000.00           | 2,634,440.00           | 4,709,440.00           | 54,700,000.00                                |
| 2011                               | 2,170,000.00           | 2,538,927.50           | 4,708,927.50           | 52,530,000.00                                |
| 2012                               | 2,270,000.00           | 2,439,027.50           | 4,709,027.50           | 50,260,000.00                                |
| 2013                               | 2,370,000.00           | 2,334,627.50           | 4,704,627.50           | 47,890,000.00                                |
| 2014                               | 2,480,000.00           | 2,225,502.50           | 4,705,502.50           | 45,410,000.00                                |
| 2015                               | 2,590,000.00           | 2,117,902.50           | 4,707,902.50           | 42,820,000.00                                |
| 2016                               | 2,695,000.00           | 2,012,202.50           | 4,707,202.50           | 40,125,000.00                                |
| 2017                               | 2,820,000.00           | 1,887,802.50           | 4,707,802.50           | 37,305,000.00                                |
| 2018                               | 2,965,000.00           | 1,743,177.50           | 4,708,177.50           | 34,340,000.00                                |
| 2019                               | 3,115,000.00           | 1,591,177.50           | 4,706,177.50           | 31,225,000.00                                |
| 2020                               | 3,275,000.00           | 1,431,427.50           | 4,706,427.50           | 27,950,000.00                                |
| 2021                               | 3,435,000.00           | 1,270,982.50           | 4,705,982.50           | 24,515,000.00                                |
| 2022                               | 3,600,000.00           | 1,107,812.50           | 4,707,812.50           | 20,915,000.00                                |
| 2023                               | 3,780,000.00           | 928,712.50             | 4,708,712.50           | 17,135,000.00                                |
| 2024                               | 3,970,000.00           | 737,462.50             | 4,707,462.50           | 13,165,000.00                                |
| 2025                               | 4,170,000.00           | 536,462.50             | 4,706,462.50           | 8,995,000.00                                 |
| 2026                               | 4,390,000.00           | 319,718.75             | 4,709,718.75           | 4,605,000.00                                 |
| 2027                               | <u>4,605,000.00</u>    | <u>103,612.50</u>      | <u>4,708,612.50</u>    | \$0.00                                       |
|                                    | <u>\$60,670,000.00</u> | <u>\$34,757,151.13</u> | <u>\$95,427,151.13</u> |  |

IVY TECH COMMUNITY COLLEGE  
**Series E of 1997, Advanced Refunding Series G of 2002,  
 Series H of 2003, Series I and Series J of 2005,  
 Series K of 2007. (1)**

*Schedule of Annual Requirements for Principal and Interest*

| Year Ending<br>June 30 | Principal               | Interest               | Total                   | Outstanding<br>Principal Balance |
|------------------------|-------------------------|------------------------|-------------------------|----------------------------------|
| 2007                   | 6,875,000.00            | 7,452,010.38           | 14,327,010.38           | 192,040,000.00                   |
| 2008                   | 10,320,000.00           | 8,686,395.50           | 19,006,395.50           | 181,720,000.00                   |
| 2009                   | 9,745,000.00            | 8,291,783.00           | 18,036,783.00           | 171,975,000.00                   |
| 2010                   | 10,170,000.00           | 7,876,464.75           | 18,046,464.75           | 161,805,000.00                   |
| 2011                   | 10,630,000.00           | 7,411,869.88           | 18,041,869.88           | 151,175,000.00                   |
| 2012                   | 11,135,000.00           | 6,913,263.13           | 18,048,263.13           | 140,040,000.00                   |
| 2013                   | 11,655,000.00           | 6,378,216.25           | 18,033,216.25           | 128,385,000.00                   |
| 2014                   | 11,335,000.00           | 5,841,954.25           | 17,176,954.25           | 117,050,000.00                   |
| 2015                   | 11,335,000.00           | 5,319,322.50           | 16,654,322.50           | 105,715,000.00                   |
| 2016                   | 10,710,000.00           | 4,805,730.50           | 15,515,730.50           | 95,005,000.00                    |
| 2017                   | 11,225,000.00           | 4,287,072.50           | 15,512,072.50           | 83,780,000.00                    |
| 2018                   | 11,660,000.00           | 3,738,666.25           | 15,398,666.25           | 72,120,000.00                    |
| 2019                   | 9,350,000.00            | 3,233,577.50           | 12,583,577.50           | 62,770,000.00                    |
| 2020                   | 9,815,000.00            | 2,771,023.75           | 12,586,023.75           | 52,955,000.00                    |
| 2021                   | 9,530,000.00            | 2,310,173.75           | 11,840,173.75           | 43,425,000.00                    |
| 2022                   | 6,380,000.00            | 1,932,805.00           | 8,312,805.00            | 37,045,000.00                    |
| 2023                   | 6,705,000.00            | 1,611,080.00           | 8,316,080.00            | 30,340,000.00                    |
| 2024                   | 7,045,000.00            | 1,269,830.00           | 8,314,830.00            | 23,295,000.00                    |
| 2025                   | 7,395,000.00            | 919,610.00             | 8,314,610.00            | 15,900,000.00                    |
| 2026                   | 7,765,000.00            | 555,427.50             | 8,320,427.50            | 8,135,000.00                     |
| 2027                   | 8,135,000.00            | <u>183,920.00</u>      | <u>8,318,920.00</u>     | 0.00                             |
| <b>Totals</b>          | <u>\$198,915,000.00</u> | <u>\$91,790,196.39</u> | <u>\$290,705,196.39</u> |                                  |

(1) Series E Bonds Principal Debt of \$7,575,000.00.  
 Advanced Refunding Series G Bonds Principal Debt of \$33,505,000.00  
 Series H Bonds Principal Debt of \$42,615,000.00.  
 Series I Bonds Principal Debt of \$38,430,000.00  
 Series J Bonds Principal Debt of \$9,245,000.00.  
 Series K Bonds Principal Debt of \$60,670,000.00.

IVY TECH COMMUNITY COLLEGE

**Schedule Of Future Minimum Payments On Operating Leases**

*June 30, 2007*

|                                | 2007-08            | 2008-09            | 2009-10            | 2010-11            | 2012 and Beyond     |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Facilities                     | \$4,469,752        | \$2,715,410        | \$1,406,127        | \$1,290,299        | \$2,344,000         |
| Office furniture and Equipment | <u>302,021</u>     | <u>184,342</u>     | <u>93,936</u>      | <u>38,930</u>      | <u>8,502</u>        |
| <b>Total</b>                   | <u>\$4,771,773</u> | <u>\$2,899,752</u> | <u>\$1,500,063</u> | <u>\$1,329,229</u> | <u>\$ 2,352,502</u> |

**Schedule Of Student Financial Aid Expenditures**

**For Year Ended June 30, 2007**

*With Comparative Figures At June 30, 2006*

|                              | Current Unrestricted | Current Restricted  | 06/30/07 Total      | 06/30/06 Total      |
|------------------------------|----------------------|---------------------|---------------------|---------------------|
| Workstudy (1)                | \$426,899            | \$1,262,383         | \$1,689,282         | \$1,751,626         |
| Scholarship/Fellowship(2)    | -                    | 67,684,663          | 67,684,663          | 62,576,982          |
| Grants (3)                   | 619,909              | 12,316,162          | 12,936,071          | 11,298,164          |
| Fee Remissions               | 3,674,426            | -                   | 3,674,426           | 3,488,686           |
| Administrative Allowance (4) | <u>368,678</u>       | <u>-</u>            | <u>368,678</u>      | <u>348,117</u>      |
| Total Financial Aid Expenses | <u>\$5,089,912</u>   | <u>\$81,263,208</u> | <u>\$86,353,120</u> | <u>\$79,463,575</u> |

(1) The \$426,899 is comprised of the institutional share of both the Federal and State College Workstudy Programs in the amount of \$418,311 and \$8,588 respectfully. The prior year institutional share for the Federal and State Programs were \$429,638 and \$7,414 respectfully.

(2) The amount of \$67,684,663 includes \$65,516,445 of Pell Grants as compared to \$60,729,774 for the prior year. The College has no choice in determining the recipients for the Pell Grant Program.

(3) The \$619,909 represents the College share of the Supplemental Educational Opportunity Grant (SEOG Match).

(4) Administrative allowance is made up of \$77,952 Federal Work-Study, \$175,115 Pell, and \$115,611 Federal Supplemental Educational Opportunity Grant (FSEOG).

IVY TECH COMMUNITY COLLEGE  
**Five Year Trend in Student Enrollment**

|                                   | -----Actual----- |                |                |                |                |
|-----------------------------------|------------------|----------------|----------------|----------------|----------------|
|                                   | <u>2002-03</u>   | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> |
| <b>Credit Student - Full Time</b> | 24,310           | 24,715         | 32,007         | 33,012         | 35,804         |
| <b>Part Time</b>                  | <u>73,165</u>    | <u>77,557</u>  | <u>73,756</u>  | <u>72,436</u>  | <u>75,339</u>  |
| <b>Total</b>                      | <u>97,475</u>    | <u>102,272</u> | <u>105,763</u> | <u>105,448</u> | <u>111,143</u> |
| <b>FTE</b>                        | 37,787           | 40,913         | 42,426         | 43,088         | 45,857         |
| <b>Non-Credit Students</b>        | 18,702           | 21,250         | 23,424         | 20,275         | 20,630         |

**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.



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