



IVY TECH COMMUNITY COLLEGE OF INDIANA
2007-08 FINANCIAL REPORT





Ivy Tech Community College of Indiana
2007-08 FINANCIAL REPORT

President's Letter	4
Board of Trustees	5
Treasurer's Letter	6
Auditor's Opinion	7
Management's Discussion and Analysis	8-21
Ivy Tech Community College Statement of Net Assets	22
Ivy Tech Foundation Statements of Assets, Liabilities, and Fund Balances	23
Ivy Tech Community College Statement of Revenues, Expenses and Changes in Net Assets	24
Ivy Tech Foundation Statements of Revenue, Expenses, and Changes in Fund Balances	25
Ivy Tech Community College Statement of Cash Flows	26
Notes to Ivy Tech Community College Financial Statements	27-39
Supplementary Schedules	
Auxiliary Enterprise Fund – Bookstore Statement of Net Assets	41
Auxiliary Enterprise Fund - Bookstore – Statement of Revenues, Expenses and Changes in Net Assets	42
Schedules of Annual Bond Requirements for Outstanding Debts	43-47
Schedule of Operating Leases	48
Student Financial Aid Expenditures	48
Student Enrollment	49

Dear Friends of Ivy Tech:

On behalf of the Trustees of Ivy Tech Community College, I am pleased to present the College's 2007-2008 Financial Report.

As evidenced by this document, 2007-08 was another positive year for the College. The financial statements highlight the College's strong fiscal health. Chancellors, administrators and finance directors across the system have been conscientious in controlling expenditures and stretching available resources. The College continues to regard the funding it receives as a public trust.

I'm especially delighted to inform you that the College's financial status not only is sound, but was recently upgraded by Standard & Poor's from A+ to AA-. In turn, Fitch Ratings recently re-affirmed the AA- rating previously assigned to the College.

This vote of confidence from objective evaluators allows us to proceed with measured confidence in plans to accommodate the galloping demand for higher education among Indiana residents. This year alone, an estimated 119,000 Hoosiers chose Ivy Tech as their gateway to higher education or path to more immediate career advancement.

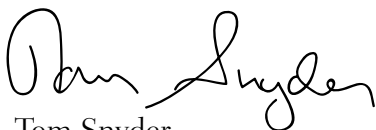
Enrollment this fall has continued to increase, fueled by Ivy Tech's affordability, transferable credits, supportive learning environment, and nimble response to workforce needs.

Although some observers have pegged this growth to the nation's sobering economic situation, I think it more accurately reflects a pent-up demand for the convenience and access a community college provides. The people of Indiana have waited a long time for this enormous opportunity, and they are taking advantage of it.

Members of the Ivy Tech family – the students, faculty, staff, state and regional trustees, and Foundation board members – are excited by the magnitude of growth and the pace of change at the College.

We believe that, with your input and your support, the best is yet to come.

Sincerely,



Tom Snyder



PRESIDENT

Thomas J. Snyder

CHAIRMAN

Mr. Jesse R. Brand,
Columbus, Indiana

VICE CHAIRMAN

Mr. Norman E. Pfau, Jr.,
Jeffersonville, Indiana

SECRETARY

Ms. Martha Rivas-Ramos,
Hobart, Indiana

STATE BOARD OF TRUSTEES 2007-08

Mr. Steve Schreckengast
Lafayette, Indiana

Mr. David M. Findlay
Warsaw, Indiana

Mr. Lee J. Marchant
Bloomington, Indiana

Ms. Linda E. White
Evansville, Indiana

Ms. Leigh A. Duckwall
Peru, Indiana

Mr. Robert L. McCreary
Oldenburg, Indiana

Mr. Mark J. Neff
Aurora, Indiana

Ms. Kaye H. Whitehaed
Muncie, Indiana

Ms. Linda Buskirk
Fort Wayne, Indiana

Ms. Anne K. Shane
Indianapolis, Indiana

Mr. V. Bruce Walkup
Sullivan Indiana

Board listing as of June 30, 2008.

BOARD OF TRUSTEES 2008-09

CHAIRMAN

Kaye H. Whitehead
Muncie, Indiana

VICE CHAIRMAN

Lee J. Marchant
Bloomington, Indiana

SECRETARY

Anne K. Shane
Indianapolis, Indiana

STATE BOARD OF TRUSTEES

Linda Buskirk
Fort Wayne, Indiana

Leigh A. Duckwall
Peru, Indiana

David M. Findlay
Warsaw, Indiana

Lillian Sue Livers
Madison, Indiana

Robert L. McCreary
Oldenburg, Indiana

Anthony J. Moravec
Columbus, Indiana

Norman E. "Ned" Pfau, Jr.
Jeffersonville, Indiana

Martie Rivas-Ramos
Munster, Indiana

Steve Schreckengast
Lafayette, Indiana

V. Bruce Walkup
Sullivan, Indiana

Linda E. White
Evansville, Indiana

October 21, 2008

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, 2008.

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 2007-08 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 fluid and cursive, with a long, sweeping underline that extends to the right.

Robert C. Holmes

Vice President for Finance/Treasurer



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513

Fax: (317) 232-4711

Web Site: www.in.gov/sboa

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, 2008 and 2007. 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, issues 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An 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, 2008 and 2007, 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 October 24, 2008, 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 Standards 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

October 24, 2008

MANAGEMENT'S DISCUSSION AND 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, 2008, along with comparative data for the year ending June 30, 2007. 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 nonoperating. The authoritative financial reporting model classifies State appropriations and gifts as nonoperating revenues; therefore such a classification results in an operating deficit being shown in this statement. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life



57%
GROWTH OF
NET ASSETS
SINCE 2002

AA-
BOND
RATING

119,000
STUDENTS
ENROLLED

17.10 M
GROWTH OF STATE
APPROPRIATIONS

FINANCIAL HIGHLIGHTS

Ivy Tech Community College's financial position remains strong as net assets grew by \$10.6 million. This continues a trend that began several years ago. Since 2002, net assets have grown from \$171.4 million to \$269.3 million, an increase of 57%.

Driven by increasing enrollments, total operating revenues for 2007-08 grew by \$19.9 million to \$178.4 million as compared to \$158.5 million in the prior fiscal year. While final figures are not yet in, both total credit enrollment and total full time equivalent (FTE) credit enrollment are expected to set new records. Total credit enrollment is estimated to exceed 119,000 students, while FTE enrollment is projected to top 49,000. This led to a \$19.0 million increase in gross student fee revenue despite only increasing student fee rates by 3.9%. Growth in auxiliary enterprise revenues also contributed to the growth in operating revenues. It should be noted that in June 2008, Ivy Tech entered into a formal partnership with Follett Higher Education Group, Inc. (Follett) whereby Follett will operate the College's bookstores. The College will receive a sliding percentage of gross sales, thus freeing up resources that were previously dedicated to the operation of the bookstores.

Net non-operating revenues grew from \$238.9 million in 2006-07 to \$268.3 million in 2007-08, an increase of \$29.4 million. State appropriations and restricted grants are the primary components of this category. In 2007-08 state appropriations grew by \$17.1 million to a total of \$175.4 million. The College is grateful to the State of Indiana for placing a high priority on funding the enrollment change formula and for continuing to fund debt service costs for new academic facilities. This is critical for a rapidly growing institution. It is also important to note that the State continued to repay the funds that it had withheld from the College and other public higher education institutions

beginning in the 2001-03 biennium. In 2007-08 Ivy Tech received \$3.1 million of the previous deferral. This came on top of the \$4.6 million that was repaid in 2006-07. The final \$3.1 million is scheduled to be repaid in 2008-09. Additionally governmental grants and contracts increased by \$12.5 million from the previous year.

Operating expenses were \$437.1 million for fiscal year 2008, an increase of \$51.9 million over 2006-07. This increase was primarily related to serving the College's growing enrollment and a large increase in scholarships and fellowships of 6.2 million. In addition it includes costs related to the continuing implementation of Banner, the College's new enterprise resource planning software system. During 2007-08, the College went live with the finance and the student system modules. The human resources system is scheduled to go live in 2008-09, the advancement module is planned to go live in 2008-09 and the foundation finance module is scheduled for 2009-10.

In the capital area, construction continued on new academic buildings in Madison, Marion, and Valparaiso. The College expects to begin offering classes in the new facilities in fall semester 2008. During 2007-08, the State Budget Committee and Governor approved the release of bonding authority previously approved by the General Assembly for new academic buildings in Fort Wayne, Logansport, and Greencastle. The completion of these projects will reduce overcrowding and significantly improve the College's presence in these three communities. The Series L Bonds that will finance the construction of these projects were sold in early 2008-09.

In conjunction with this bond issue, in early 2008-09, Ivy Tech received its highest long-term bond rating from Standard and Poor's, advancing from an "A+" with a "positive" outlook to a "AA-" with a "stable" outlook. At the same time, Fitch Ratings reaffirmed its "AA-" rating and continued with a "stable" outlook.

CONDENSED STATEMENT OF NET ASSETS

June 30	2008	2007 Restated	Percent Change
Current assets	\$110,973,047	\$159,579,911	(30.5)
Noncurrent assets	<u>430,343,597</u>	<u>360,734,313</u>	19.3
Total assets	<u>541,316,644</u>	<u>520,314,224</u>	4.0
Current liabilities	68,734,368	43,997,112	56.2
Noncurrent liabilities	<u>203,288,606</u>	<u>217,646,552</u>	(6.6)
Total liabilities	272,022,974	261,643,664	4.0
Net assets			
Invested in capital assets, net of related debt	139,112,234	96,637,375	44.0
Restricted	23,066,044	55,895,048	(58.7)
Unrestricted	<u>107,115,393</u>	<u>106,138,137</u>	0.9
Total net assets	<u>\$269,293,670</u>	<u>\$258,670,560</u>	4.1

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, 2008. 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 58% from 2006-07 and short-term investments decreased 33%. These categories were reduced because the college increased long term investments by 438% 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. Net accounts receivable increased by 26.4%, mainly due to the leasing of the rights for the operations of the College's bookstores to Follett Higher Education Group, Inc. (Follett), which was effective in June 2008. Accounts receivable increased significantly due to the College returning book inventory to publishers.

Inventories decreased by 100% due to the bookstore lease agreement including a clause for the purchase of the bookstore's inventory for resale by Follett.

The deposits with trustee are \$6.6 million, and it is anticipated that it will all be used within 2008-09. 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 \$6.1 million. The remaining balance 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 2007-08. The prepaid balance at June 30, 2008 includes, among other items, payments of debt principal and interest totaling \$14.0 million. Overall current assets decreased by \$48.6 million which was due mainly to a decrease in cash and cash equivalents, short term investments, inventories and deposit with trustee. The decrease was offset by an increase in net accounts receivable in the amount of \$11.2 million.

Noncurrent Assets

Long-term investments increased by \$48.0 million from the previous year. This was primarily done to take advantage of higher long-term interest rates. Deposit with trustee decreased 100% due to the anticipation of the entire amount to be spent in fiscal year 2008-09. Noncurrent accounts receivable represents future income related to the lease of the rights to operate the College's bookstore. Capital assets include land, buildings, infrastructure, equipment, deferred losses on debt refunding, and construction work in progress. Noncurrent assets increased by \$69.6 million or a 19.3% increase from the previous year.

OUTSTANDING DEBT AT YEAR END

	6/30/2008	6/30/2007	Increase (Decrease)	Percent Change
Leases, notes, and bonds payable:				
Revenue bonds payable:				
Series E student fee bonds	\$6,540,000	\$7,575,000	\$(1,035,000)	-13.7%
Series G student fee bonds	30,050,000	33,505,000	(3,455,000)	-10.3%
Series H student fee bonds	40,305,000	42,615,000	(2,310,000)	-5.4%
Series I student fee bonds	36,820,000	38,430,000	(1,610,000)	-4.2%
Series J student fee bonds	9,245,000	9,245,000	-	0.0%
Series K student fee bonds	<u>58,760,000</u>	<u>60,670,000</u>	<u>(1,910,000)</u>	<u>-3.1%</u>
Total bonds payable	181,720,000	192,040,000	(10,320,000)	-5.4%
Premium on bonds - H,I,J & K	5,912,596	6,339,046	(426,450)	-6.7%
Lease Obligations	13,453,020	11,750,448	1,702,572	14.5%
Notes Payable	<u>17,135,000</u>	<u>18,215,000</u>	<u>(1,080,000)</u>	<u>-5.9%</u>
Total leases, notes, and bonds payable	<u>\$218,220,616</u>	<u>\$228,344,494</u>	<u>\$(10,123,878)</u>	<u>-4.4%</u>

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities represent amounts due at June 30, 2008 for goods and services received prior to the end of the fiscal year. This category increased 56.8% compared to the previous year. Accounts payable and accrued liabilities increased by \$4.7 million due mainly to a general increase in accounts payable throughout the College. Compensated absences and Other Post Employment Benefits (OPEB) (\$7.6 million) are the amounts due to employees for earned but unpaid vacation/special holidays and accrued sick leave payout and the estimated current portion of the OPEB. Deposits held in custody for others are monies held by the College for payroll withholdings (\$4.2 million), and student clubs (\$1.4 million). Deferred revenue represents monies received in the current year for services, tuition and fees, future revenue related to the lease of the College bookstores, or goods to be provided by the College in a future period. Deferred Revenue went up by \$9.5 million or 79.4%. A major reason for this increase was due to future revenues related to the leasing of the rights for the operation of the College's bookstores to Follett; the College will receive \$6.0 million over the term of the agreement. Additionally the College received restricted grant monies in advance of expenditures of \$2.4 million. The Current portion of debt

obligation is the portion of the College's long-term debt which is payable within the next fiscal year. This category increased by \$8.9 million due to a bank loan that will be paid off at the November 3, 2008 maturity, the loan will be refinanced with proceeds from the series L Bond Issue. Overall, current liabilities increased by 56.2%, this was primarily due to the large increases in the current portion of debt obligation and deferred revenue.

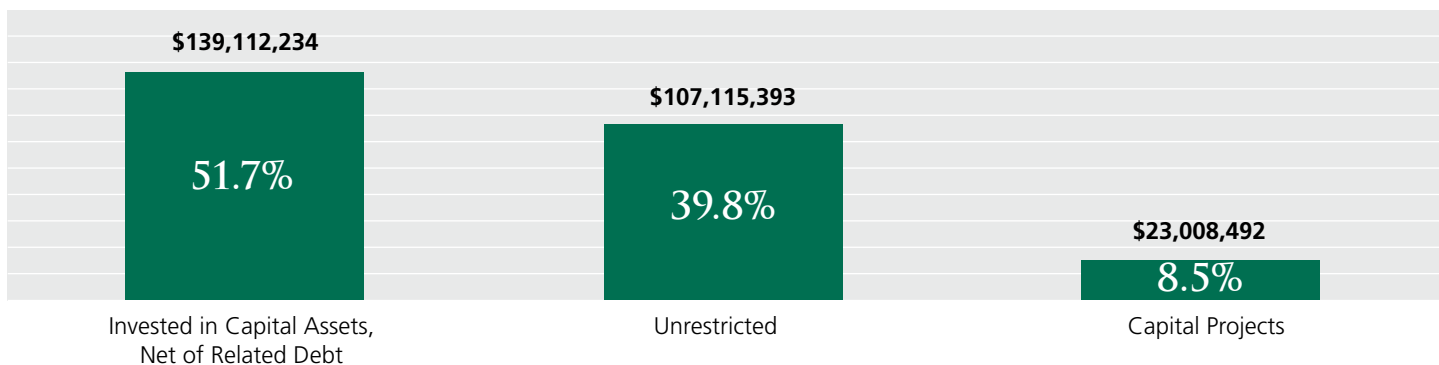
Noncurrent Liabilities

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 decreased by \$14.4 million mainly due to a decrease of (\$17.6 million) in long term debt and other obligations and an increase in Other Post Employment Benefits (\$2.6 million). The reduction in long term debt and other obligations was made up of the transfer of the bank loan (\$9.9 million) and the current portion of the bonds to current liabilities. The Governmental Accounting Standards Board (GASB) Statement 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions became effective for the College this year. The current liability is \$.6 million and the long-term portion is \$2.6 million for a total liability of \$3.2 million.

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) increased by 44.0% over the prior year. Consequently, the restricted "capital projects" classification decreased by 58.8% from the prior year this was due to the capitalization of three building projects in the current year. Unrestricted net assets increased .9%. Overall net assets increased in fiscal 2007-08 by \$10.6 million.

2008 ANALYSIS OF NET ASSETS



INTERNALLY DESIGNATED RESERVES OF UNRESTRICTED FUNDS

The College ended the fiscal year with an unrestricted net asset balance of \$107.1 million, an increase of \$977 thousand, or .9% as compared to the prior fiscal year. The following provides additional information concerning the allocation of the unrestricted net assets.

Description	FY 2008 Amount	FY 2007 Amount
Auxiliary Enterprise Bookstores	\$23,083,392	\$22,955,416
Economic Development Revolving Loan	4,918,333	4,557,666
Student Accounts Receivable	4,903,696	4,417,393
Insurance Stabilization	3,120,655	2,949,480
Debt Service Cash Flow Reserve	5,792,107	4,400,362
Parking Lot Repair and Replacement	3,484,706	3,228,602
Compensated Absences Reserve	7,085,586	5,748,177
Other Post Employment Benefits	5,119,675	3,875,881
Technology Acquisition	17,027	42,711
Payroll Reserve	1,084,191	903,616
Enterprise Software Replacement	3,209,218	5,101,078
Lawrenceburg Financial Aid	36,160	43,276
Unclaimed Property	1,069,978	823,947
Student Loan Fund	53,860	57,758
Operating Budget	<u>44,136,809</u>	<u>47,032,774</u>
Total	<u>\$107,115,393</u>	<u>\$106,138,137</u>

The College operated bookstores at twelve of its fourteen regional campuses. The bookstores' net assets shown above were mainly used to maintain those operations. Effective 06/30/08, all college bookstores have been leased to Follett Higher Education Group, Inc.

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 applicable to the College at fiscal year ended June 30, 2008. An actuarial estimate was obtained by the College for the period 06/30/08. As a result of this estimate, the College reported an OPEB an expense are corresponding liability in the amount of \$3.2 million for 2007-08.

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.

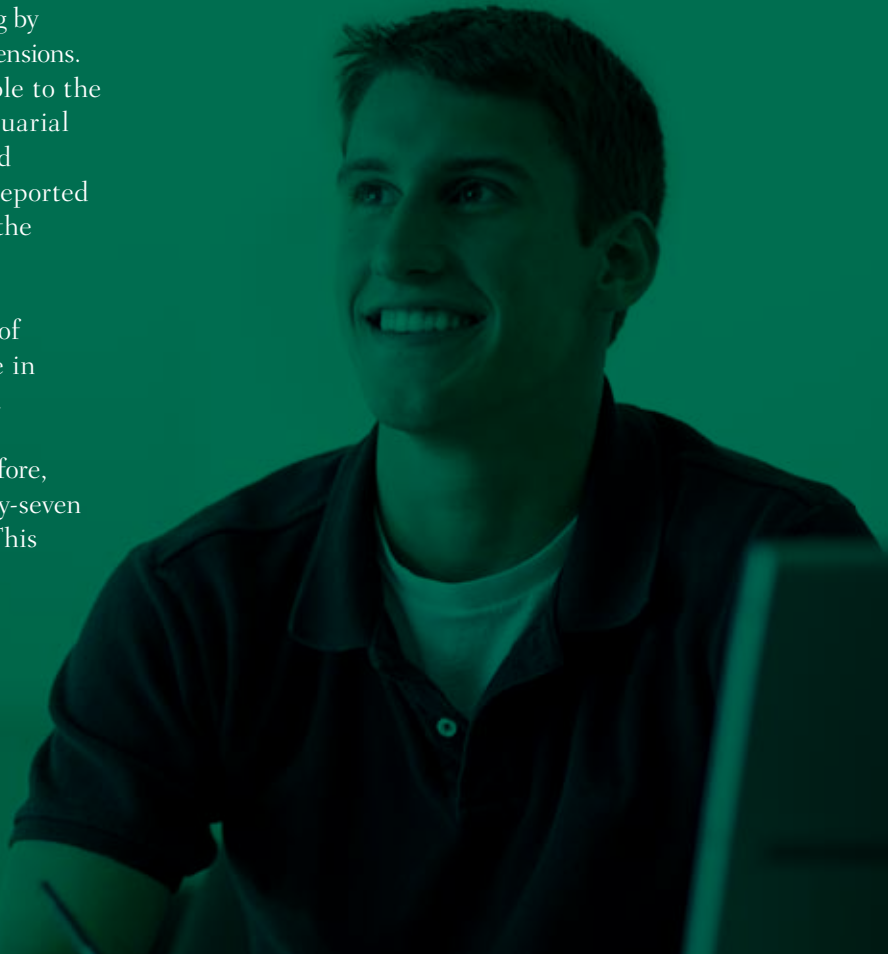
The enterprise software replacement reserve has been established to assist the College in replacing the enterprise-wide software programs. The current enterprise software programs are outdated and implementation of the new Banner software system is currently underway.

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

	<u>Restated</u>		<u>Increase (Decrease)</u>	<u>Percent Change</u>
	<u>6/30/2008</u>	<u>6/30/2007</u>		
Construction Work In Progress	\$10,600,615	\$40,496,562	\$(29,895,947)	-73.8%
Land, Improvements, and Infrastructure	23,302,744	22,816,363	486,381	2.1%
Buildings	313,010,639	261,033,851	51,976,788	19.9%
Furniture, fixtures, and equipment	20,171,724	15,225,898	4,945,826	32.5%
Library materials	<u>253,185</u>	<u>123,088</u>	<u>130,097</u>	105.7%
Totals	<u>\$367,338,907</u>	<u>\$339,695,762</u>	<u>\$27,643,145</u>	8.1%

During fiscal year 2007-08 net capital assets increased by \$27,643,145 or 8.1%. The major changes were from the capitalization of the Marion project of \$12.7 million, the Madison project of \$11.7 million, and the Valparaiso Phase II project of \$8.2 million and the increased expenses related to on-going construction projects. In addition, the college capitalized \$3.8 million for the new College Administrative Software project. The College is in the process of implementing a new administrative software system and the Finance and Student systems went live in fiscal year 2007-08.

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. In early 2008-09, Standard and Poor's increased the College's rating to AA- with a stable outlook.

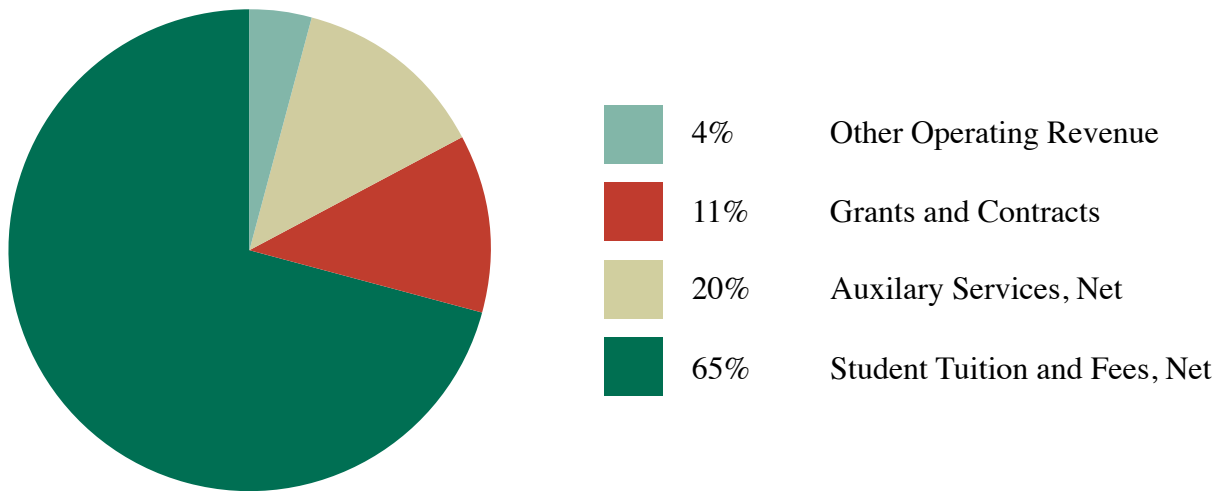
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

<u>Year Ended June 30</u>	<u>2008</u>	<u>Restated 2007</u>	<u>Percent Change</u>
Operating revenue			
Tuition and fees, net	\$116,704,447	\$102,505,313	13.9
Grants and contracts	19,985,771	22,692,994	(11.9)
Auxiliary services, net	34,809,725	29,048,009	19.8
Other	<u>6,887,683</u>	<u>4,219,071</u>	63.3
Total operating revenue	178,387,625	158,465,387	12.6
Operating expense	<u>437,113,685</u>	<u>385,236,056</u>	13.5
Operating income (loss)	(258,726,060)	(226,770,669)	(14.1)
Nonoperating revenue (expense)			
State appropriations	175,441,003	158,354,723	10.8
Governmental Grants and Contracts	93,780,608	81,234,699	15.4
Other nonoperating revenue (expense)	<u>(959,441)</u>	<u>(718,619)</u>	33.5
Net nonoperating revenue	<u>268,262,170</u>	<u>238,870,803</u>	12.3
Income before other revenue, expenses, gains, or losses	9,536,110	12,100,134	(21.2)
Capital appropriations/Gifts	1,087,000	3,536,826	(69.3)
Total increase in net assets	10,623,110	15,636,960	(32.1)
Net assets			
Net assets - beginning of year	<u>258,670,560</u>	<u>243,033,600</u>	6.4
Net assets - end of year	<u>\$269,293,670</u>	<u>\$258,670,560</u>	4.1

REVENUES

Operating Revenues

Total operating revenues for fiscal year 2007-08 were \$178 million, representing a 12.6% increase compared to the prior year. The following chart and analysis illustrate the details.



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 13.9% increase over 2006-07 due to a full-time equivalent enrollment increase of 6.4%, student fee increases of 3.9%, 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 increased 9.5% from 2006-07. Federal sources increased 14.3%, state sources increased 1.8%, and private sources decreased 9.0%.

	2007-08	2006-07	Percent Change
Federal sources			
Financial aid	\$80,204,774	\$70,001,493	14.6%
Other federal agencies	<u>2,211,273</u>	<u>2,076,242</u>	6.5%
Total federal sources	<u>82,416,047</u>	<u>72,077,735</u>	14.3%
State sources			
Financial aid	13,942,975	12,251,322	13.8%
Grants and Contracts	<u>8,455,045</u>	<u>9,757,335</u>	(13.3)%
Total state sources	<u>22,398,020</u>	<u>22,008,657</u>	1.8%
Private sources			
	<u>8,952,311</u>	<u>9,841,301</u>	(9.0)%
Total all sources	<u>\$113,766,378</u>	<u>\$103,927,693</u>	9.5%

AUXILIARY ENTERPRISES

Auxiliary enterprises are intended to be self-supporting and supplement the operations of the College. Bookstore, Parking lot, and insurance stabilization are the auxiliary enterprises for Ivy Tech Community College. The total auxiliary enterprise revenue was \$39.2 million with a scholarship allowance of \$4.4 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 19.8% over prior years, which was due in part to the enrollment increase.

An agreement was entered into between the College and Follett Higher Education Group, Inc. (Follett) effective in June 2008. This agreement allows for the operation of the College's bookstores by Follett. The term of the agreement is through June 30, 2016, with an automatic renewal for one (1) two-year renewal term of July 1, 2016 through June 30, 2018. In return for the right to operate the bookstores, the College received a one time payment spread out over the term of the agreement, rent payments based on a percentage of gross revenue and a commitment for store improvements.



OPERATING EXPENSES

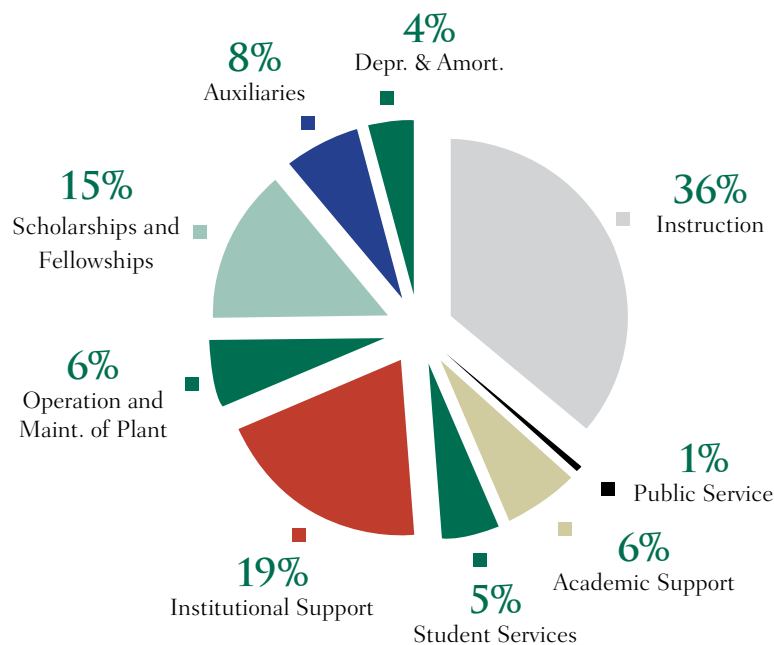
The operating expenses are presented on the financial statements using natural classifications: salaries and wages, benefits, scholarships and fellowships, utilities, supplies and other services, and depreciation. The following schedule shows expenses based on College functional categories.

EXPENSES BY FUNCTION

	2007-08	2006-07
Instruction	\$157,057,310	\$139,611,759
Public service	2,087,844	2,803,921
Academic support	26,323,244	26,209,878
Student services	23,362,048	21,368,176
Institutional support	86,381,322	73,336,435
Operation and maintenance of plant	24,413,854	24,246,407
Scholarships and fellowships	63,822,228	54,439,359
Auxiliaries	34,545,553	27,259,681
Depreciation and Amortization	<u>19,120,282</u>	<u>15,960,440</u>
Total	<u>\$437,113,685</u>	<u>\$385,236,056</u>

As a percentage of total expenses Academic Support and Student Services decreased slightly and Scholarships and Fellowships and Auxiliaries increased slightly as compared to the prior year. All other categories remained relatively flat as a percentage of the total.

2008 FUNCTIONAL EXPENSES



NONOPERATING REVENUE AND EXPENSE

The State of Indiana provides appropriations based on a biennial budget for higher education. The College recognized \$175.4 million of State Appropriations for fiscal year 2007-08. This is an increase of 11.3% from the previous year. Due to an accounting principal change restricted governmental grants and contracts are considered nonoperating revenue instead of operating revenue. This category increased by \$12.5 million. Investment income, which is the earnings from pooled cash and plant investments, decreased from 2006-07 by \$1.8 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.

OTHER REVENUES, EXPENSES, GAINS, OR LOSSES

Capital Appropriations decreased by \$2.5 million, mainly due to receiving construction planning money in the prior year and none in the current year.

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
- it's ability to meet its obligations as they come due
- it's need for external financing

CONDENSED STATEMENT OF CASH FLOWS

Year Ended June 30	2008	Restated 2007
Cash provided (used) by:		
Operating activities	\$ (232,094,634)	\$ (208,575,587)
Noncapital financing activities	283,323,339	244,519,188
Capital and related financing activities	(42,825,855)	(33,673,587)
Investing activities	(34,219,171)	(3,832,573)
Net increase (decrease) in cash	(25,816,321)	(1,562,559)
Cash and cash equivalents, beginning of the year	44,526,445	46,089,004
Cash and cash equivalents, end of the year	\$ 18,710,124	\$44,526,445

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 58% this fiscal year. This was due to an increase in 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

As an open-access public institution with a goal of keeping the cost of higher education affordable, the economic health of the College is closely tied to the State of Indiana. Although the national economy has begun to slow, the State of Indiana's financial position continued to improve in 2007-08. Revenues exceeded expenditures and the State of Indiana General Fund and Property Tax Replacement Fund Combined Statement of Estimated Unappropriated Reserve grew to \$1.382 billion after deducting the remaining Payment Delay Liability. Standard and Poor's followed with an increase in the State's credit rating to AAA, the highest level possible. Despite this favorable economic performance, the State of Indiana still faces significant 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. State operating appropriations grew by \$9.1 million. The College also received the total amount appropriated for General Repair and Rehabilitation (R & R) in 2007-08. Total state appropriations including debt service funding grew by \$17.1 million to a total of \$175.4 million. In addition, the State continued 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. In 2006-07, the General Assembly 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. Ivy Tech's share of this \$40 million was \$4.6 million. In 2007-08, Ivy Tech received an additional \$3.1 million of Payment Delay R & R funds. The College is scheduled to receive the final \$3.1 million owed by the State in 2008-09.

Across the State, 2007-08 was another record setting year for Ivy Tech Community College enrollment. Once again, both headcount and fulltime equivalent (FTE) enrollment grew in all regions across the State. Preliminary estimates indicate a total enrollment of over 119,000 students. Full time equivalent enrollment is expected to top 49,000 when final count is completed. 2007-08 marks the twelfth consecutive year that the College's full time equivalent enrollment has grown. This led to an increase in student fee revenue of \$19.0 million despite a fee rate increase that was lowest of the seven Indiana public higher education institutions. Early indications are that strong enrollment growth has continued during the 2008 fall semester.

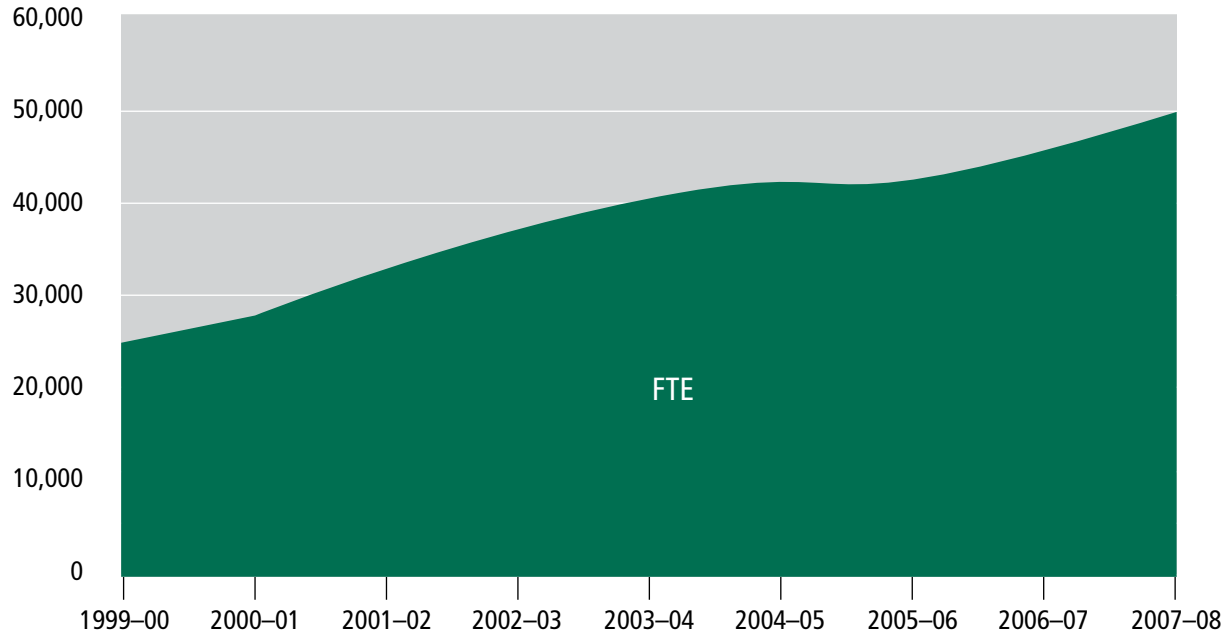
At the College's request, in 2007-08 the Commission for Higher Education recommended and the State Budget Committee and Governor approved the release of bonding authority appropriated by the General Assembly for new capital projects in Fort Wayne, Logansport, and Greencastle. Planning and construction of these projects has begun and bonds (Series L) were sold in early 2008-09. When the three projects noted above are completed, the College's academic facilities in those communities will be greatly improved.

About the time of the Series L bond sale in 2008-09, the Commission for Higher Education recommended and the State Budget Committee and Governor approved the release of bonding authority for additional projects in Elkhart and Sellersburg. Upon completion, these new facilities will further enhance the College's ability to serve the educational needs of Hoosiers.

Also it should be noted, that in June 2008, the college entered into a partnership with Follett Higher Education Group, Inc. whereby Follett will operate the College's bookstores. In return, the College will receive a sliding percentage of gross sales. This will have the advantage of freeing up College resources that were previously dedicated to the operation of the bookstores.

In conclusion, the College's financial position continues to be strong. This strength was recognized in early 2008-09 when Standard and Poor's upgraded the College's bond rating to "AA-" with a "Stable" outlook. Fitch Ratings reaffirmed its "AA-" rating and continued the "Stable" outlook.

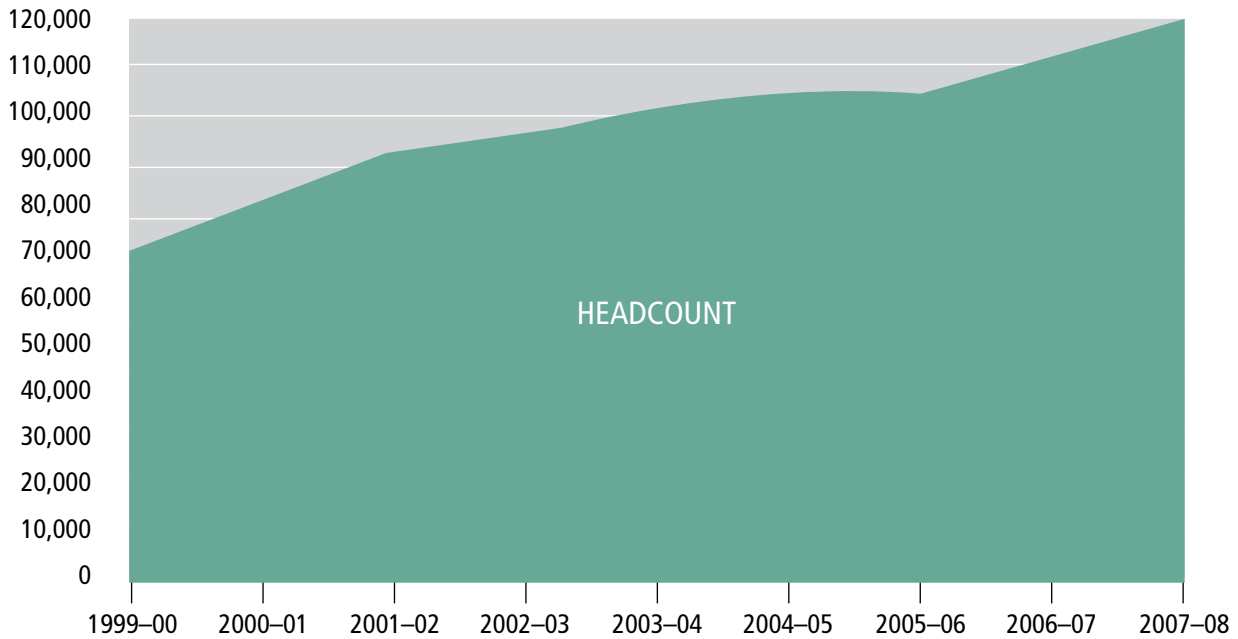
ANNUALIZED STUDENT ENROLLMENT TREND



Since 1999-2000, FTE Enrollment has grown by 96%.

*Note: the annualized FTE number for the 2007-08 fiscal year is an estimate as of the publishing of these financial statements

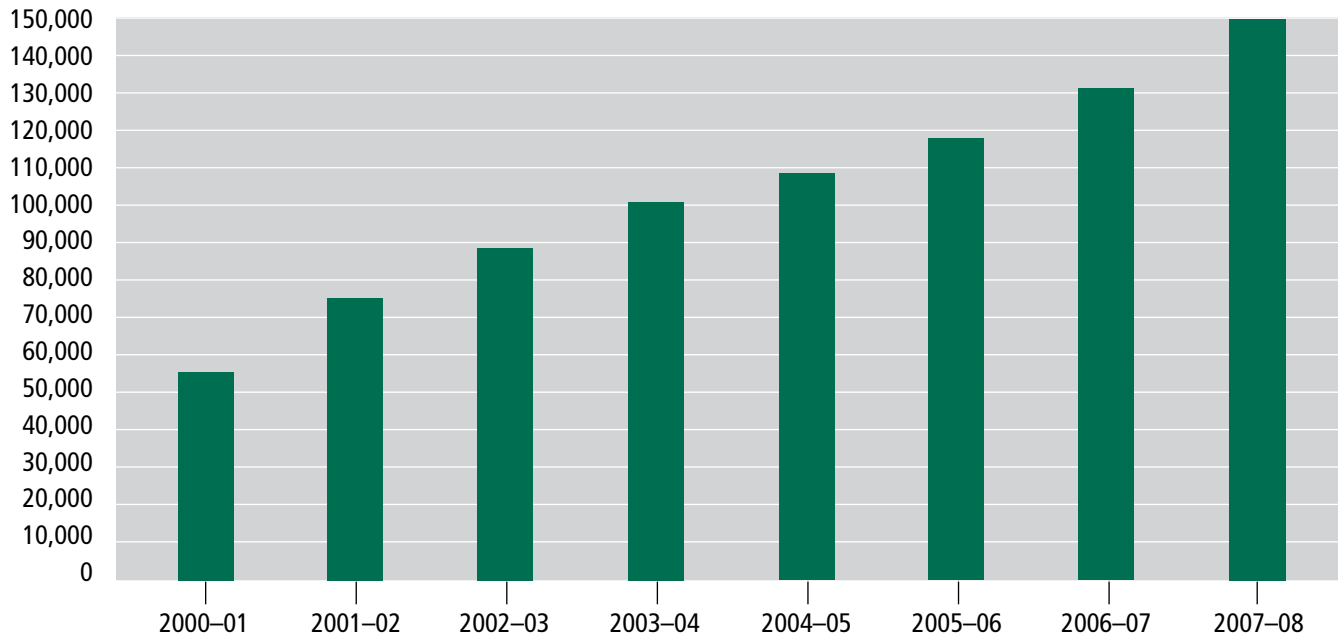
ANNUALIZED STUDENT ENROLLMENT TREND



Since 1999-2000, Unduplicated Headcount Enrollment has grown by 67%.

*Note: the annualized Headcount number for the 2007-08 fiscal year is an estimate as of the publishing of these financial statements

GROSS STUDENT FEE REVENUE



Gross Student Fee Revenue has increased 166% since 200-2001.

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, 2008 With Comparative Figures At June 30, 2007

ASSETS	FY 2008	Restated FY 2007
Current Assets		
Cash and Cash Equivalents	\$18,710,124	\$44,526,445
Short Term Investments	17,509,060	25,999,060
Accounts Receivable	57,746,711	45,931,396
Allowance for Bad Debt	(4,058,578)	(3,449,137)
Inventories	-	7,522,455
Deposit with Trustee	6,550,200	23,921,475
Prepaid Expenses	14,515,531	15,128,217
Total Current Assets	<u>110,973,048</u>	<u>159,579,911</u>
Noncurrent Assets		
Long-Term Investments	59,004,690	10,971,740
Deposit with Trustee	-	7,004,738
Accounts Receivable	4,000,000	3,062,071
Capital Assets, Net	<u>367,338,907</u>	<u>339,695,764</u>
Total Noncurrent Assets	<u>430,343,597</u>	<u>360,734,313</u>
TOTAL ASSETS	<u>541,316,645</u>	<u>520,314,224</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	13,009,046	8,299,125
Compensated Absences	6,935,100	6,447,424
Other Post Employment Benefits	638,353	-
Deposits Held in Custody for Others	5,581,035	5,049,622
Deferred Revenue	21,450,570	11,955,371
Current Portion of Debt Obligation	<u>21,120,264</u>	<u>12,245,570</u>
Total Current Liabilities	<u>68,734,368</u>	<u>43,997,112</u>
Noncurrent Liabilities		
Compensated Absences	3,619,174	2,944,231
Long Term Debt and other Obligations	197,100,352	214,702,321
Other Post Employment Benefits	<u>2,569,081</u>	-
Total Noncurrent Liabilities	<u>203,288,607</u>	<u>217,646,552</u>
TOTAL LIABILITIES	<u>272,022,975</u>	<u>261,643,664</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	139,112,234	96,637,375
Restricted:		
Expendable		
Capital Projects	23,008,492	55,840,265
Endowment	57,551	54,783
Unrestricted Note	<u>107,115,393</u>	<u>106,138,137</u>
TOTAL NET ASSETS	<u>\$269,293,670</u>	<u>\$258,670,560</u>

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, 2008 and 2007

ASSETS	2008	Restated 2007
Cash	\$ 4,364,631	\$ 5,976,041
Investments	37,017,650	36,203,488
Property and Equipment held for lease	16,371,380	11,830,511
Transferred Assets Held in Community Foundations	<u>852,856</u>	<u>851,466</u>
TOTAL ASSETS	<u>58,606,517</u>	<u>54,861,506</u>
LIABILITIES		
Notes Payable	5,903,292	6,035,018
Annuity Payment liability	<u>132,059</u>	<u>129,185</u>
Total Liabilities	<u>6,035,351</u>	<u>6,164,203</u>
FUND BALANCES		
Unrestricted	11,768,758	8,905,351
Restricted:		
Expendable	22,702,153	22,164,491
Nonexpendable	<u>18,100,255</u>	<u>17,627,461</u>
Total Restricted	<u>40,802,408</u>	<u>39,791,952</u>
Total Fund Balances	<u>52,571,166</u>	<u>48,697,303</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$58,606,517</u>	<u>\$54,861,506</u>

See accompanying notes.

IVY TECH COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2008 With Comparative Figures At June 30, 2007

REVENUES	FY 2008	Restated FY 2007
Operating Revenues		
Student Tuition and Fees	\$150,324,860	\$131,360,905
Scholarship Allowances	<u>(33,620,413)</u>	<u>(28,855,592)</u>
Net Student Tuition and Fees	116,704,447	102,505,313
Federal Grants and Contracts	2,543,755	3,070,909
State and Local Grants and Contracts	8,489,705	9,780,784
Nongovernmental Grants and Contracts	8,952,311	9,841,301
Sales and Services of Educational Departments	134,110	180,964
Auxiliary Enterprises	39,169,250	32,732,370
Scholarship Allowances	<u>(4,359,525)</u>	<u>(3,684,361)</u>
Net Auxiliary Enterprises	34,809,725	29,048,009
Other Operating Revenues	<u>6,753,572</u>	<u>4,038,107</u>
TOTAL OPERATING REVENUES	<u>178,387,625</u>	<u>158,465,387</u>
EXPENSES		
Operating Expenses		
Salaries and Wages	174,858,943	157,037,246
Benefits	55,740,508	47,835,314
Scholarships and Fellowships	63,822,228	57,631,575
Utilities	7,547,276	6,111,785
Supplies and Other Services	116,024,448	100,659,697
Depreciation	18,802,611	15,673,747
Amortization of Deferred Loss on Refunding	<u>317,671</u>	<u>286,692</u>
TOTAL OPERATING EXPENSES	<u>437,113,685</u>	<u>385,236,056</u>
Operating Loss	(258,726,060)	(226,770,669)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	175,441,003	158,354,723
Investment Income	5,954,744	7,759,471
Interest on Capital Asset-Related Debt	(6,194,866)	(7,827,743)
Governmental Grants and Contracts-Federal	79,872,292	69,006,826
Governmental Grants and Contracts-State	13,908,316	12,227,873
Student Government Support	<u>(719,319)</u>	<u>(650,347)</u>
NET NONOPERATING REVENUES	<u>268,262,170</u>	<u>238,870,803</u>
Income (Loss) Before Other Revenues, Expenses,		
Gains, or Losses	<u>9,536,110</u>	<u>12,100,134</u>
Capital Gifts and Grants	87,000	
Capital Appropriations	<u>1,000,000</u>	<u>3,536,826</u>
Total Other Revenues	<u>1,087,000</u>	<u>3,536,826</u>
INCREASE IN NET ASSETS	<u>10,623,110</u>	<u>15,636,960</u>
Net Assets - Beginning of Year	<u>258,670,561</u>	<u>243,033,600</u>
Net Assets - End of Year	<u>\$269,293,670</u>	<u>\$258,670,560</u>

IVY TECH FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
Years Ended June 30, 2008 and 2007

REVENUE, GAINS AND SUPPORT	Unrestricted	2008 Restricted	Total	Unrestricted	Restated 2007 Restricted	Total
Contributions						
Expendable	\$18,315	\$5,734,250	\$5,752,565		\$5,732,462	\$5,732,462
Nonexpendable		644,021	644,021		2,138,208	2,138,208
Non-cash	1,020,000		1,020,000	\$700,000		700,000
Investment Income	1,190,162	1,178,875	2,369,037	1,398,762	977,359	2,376,121
Lease Income						
Vending Income	227,023	277,515	504,538	206,541	262,172	468,713
Special events income, net of expenses of \$154,743 in 2008 and \$63,293 in 2007		(18,457)	(18,457)		(49,078)	(49,078)
Grant Revenue		542,430	542,430		338,696	338,696
Royalties		56,815	56,815		58,692	58,692
Real Estate Rental Income	837,908		837,908	729,346		729,346
Realized Gain on Sale of Property	(955)		(955)	216,970		216,970
Change in value of split-interest agreements						
Miscellaneous Revenue	-	14,459	14,459	74,564	31,226	105,790
	3,292,453	8,429,908	11,722,361	3,326,183	9,489,737	12,815,920
Net assets released from restrictions	1,044,854	(1,044,854)	-	-	-	-
Total Revenue, Gains and Support	4,337,307	7,385,054	11,722,361	3,326,183	9,489,737	12,815,920
EXPENSES						
Financial Aid to students		1,986,820	1,986,820		1,344,147	1,344,147
Instructional Supplies and equipment		819,348	819,348		4,495,978	4,495,978
Faculty and Staff Development	980	73,386	74,366	100	89,166	89,266
Employee Recognition	11,399	15,411	26,810	8,893	23,762	32,655
Special Programs		2,863,815	2,863,815		4,032,957	4,032,957
Community Outreach/Promotional Expense	115,265	243,168	358,433	101,545	252,614	354,159
Donations to Ivy Tech Community College	71,188	185,529	256,717	64,170	117,113	181,283
Annuity Obligations		5,104	5,104		5,270	5,270
Real Estate Rental Expenses	715,560		715,560	699,666		699,666
Miscellaneous Expenses	66,188		66,188			
Other Real Estate Expenses		127,523	127,523		56,739	56,739
Total College Assistance Program Expenses	980,580	6,320,104	7,300,684	874,374	10,417,746	11,292,120
Administrative Expenses	453,300	6,590	459,890	350,716	8,343	359,059
Fundraising Expenses	40,020	47,904	87,924	48,580	29,967	78,547
Total Expenses	1,473,900	6,374,598	7,848,498	1,273,670	10,456,056	11,729,726
EXCESS OF REVENUE OVER EXPENSES	2,863,407	1,010,456	3,873,863	2,052,513	(966,319)	1,086,194
FUND BALANCES						
Beginning of Year	8,905,351	39,791,952	48,697,303	6,852,838	40,758,271	47,611,109
End of Year	\$11,768,758	\$40,802,408	\$52,571,166	\$8,905,351	\$39,791,952	\$48,697,303

IVY TECH COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2008

CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	FY 2008	Restated FY 2007
Tuition and Fees	\$ 119,872,778	\$ 128,611,400
Gifts, Grants, and Contracts	20,131,536	24,954,443
Auxiliary Enterprises	54,745,967	32,476,860
Sales and Services of Educational Departments	180,190	180,964
Payments to Suppliers	(111,607,805)	(108,597,928)
Payments to or on Behalf of Employees	(223,399,213)	(203,763,272)
Payments to Students	(98,045,615)	(86,471,510)
Other Receipts (Payments)	<u>6,027,528</u>	<u>4,033,456</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(232,094,634)	(208,575,587)
CASH FLOWS FROM (FOR) NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	178,109,754	162,883,018
Receipts from Stafford Loan Proceeds	134,022,108	109,990,278
Payments from Stafford Loan Proceeds to Students/Financial Institutions	(133,531,896)	(110,108,896)
Other Nonoperating Receipts (Payments)	<u>104,723,373</u>	<u>81,754,788</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	283,323,339	244,519,188
CASH FLOW FROM (FOR) CAPITAL & RELATED FINANCING ACTIVITIES		
Capital Appropriations	1,449,040	3,536,826
Deposit With Trustee	26,039,311	(22,748,973)
Proceeds from Issuance of Capital Debt	-	71,202,015
Purchase of Capital Assets	(52,635,286)	(61,642,237)
Principal Paid on Capital-Related Debt	(11,383,595)	(16,193,475)
Interest Paid on Capital-Related Debt	<u>(6,295,325)</u>	<u>(7,827,743)</u>
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	(42,825,855)	(33,673,587)
CASH FLOW FROM (FOR) INVESTING ACTIVITIES		
Purchase of Investments	(76,500,000)	(36,970,800)
Proceeds from Sales and Maturities of Investments	36,970,800	27,000,000
Income on Investments	<u>5,310,029</u>	<u>6,138,227</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(34,219,171)	(3,832,573)
Net Increase in Cash	(25,816,321)	(1,562,559)
Cash and Cash Equivalents – Beginning of Year	<u>44,526,445</u>	<u>46,089,004</u>
Cash and Cash Equivalents – End of Year	18,710,124	44,526,445
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	(258,726,060)	(226,770,669)
Adjustments to reconcile net operating expenses		
Depreciation	18,802,611	15,673,747
Amortization	317,671	286,692
Allowance for Bad Debt	554,963	436,709
Changes in Assets and Liabilities:		
Accounts Receivable	(14,523,563)	(5,031,572)
Inventories	7,595,830	(1,366,926)
Prepaid Expense	(165,788)	24,141
Accounts Payable and Accrued Liabilities	9,387,247	5,593,176
Compensated Absences	1,162,618	988,991
Deferred Revenue	<u>3,499,837</u>	<u>1,590,123</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$(232,094,634)	\$(208,575,587)

IVY TECH COMMUNITY COLLEGE NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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 \$7.3 million to assist the College during fiscal year 2007-08. 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.

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, non-financial aid grants and contracts, sales and services of educational activities and auxiliary enterprise revenues. Transactions related to financial aid grants, capital and related financing activities, non-capital financing activities, investing activities, and State appropriations are components of non-operating income. The prior bookstore inventories were valued based on a perpetual inventory or physical count system, with the majority utilizing the perpetual inventory method. The current year inventory was sold to Follett Higher Education Group, Inc. (Follett) effective June 2008 in accordance with an agreement allowing for the operation of the College's bookstores by Follett.

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	\$13,986,460
2. Advance payments to health insurance providers	\$ 336,034
3. Other	\$ 193,037

II. ACCRUAL OF LOSS CONTINGENCY

The College has been named a party in two matters of litigation in the state courts, three matters of litigation in the federal court, four matters 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 54 provides the minimum future annual payments for those leases, which were in effect on June 30, 2008.

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, 2008.

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, 2008 consist of the following:

Investment Type	Rating	Fair Market Value	Investment Maturities (Years)		
			Less Than 1	1-2	More Than 2
Deposits:					
Certificate of Deposits	N/A	\$ 90,500,000	\$32,500,000	\$7,995,310	\$50,004,690
Investment:					
US Government Agencies Securities	N/A	2,013,750	1,009,060	1,004,690	
Money Market	N/A	<u>13,534,390</u>	<u>13,534,390</u>		
Total		<u>\$106,048,140</u>	<u>\$ 47,043,450</u>	<u>\$9,000,000</u>	<u>\$50,004,690</u>

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, 2008 are listed below:

Institutions	Cost	Percent of Total Invested
National City Bank	\$33,025,696	31.15%
Huntington Capital	18,000,000	16.98%
Lake City Bank	17,000,000	16.03%
Federated Investors	13,508,694	12.74%
Irwin Union Bank	9,000,000	8.49%
Key Bank	6,000,000	5.66%

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, 2008, 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 2007-08, expenditures of \$361,074 were recognized for 50 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 \$3.6 million.

Annual OPEB Cost and Net OPEB Obligation

The College's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of the Governmental Accounting Standards Board Statement 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the College's net OPEB obligation to the plan:

IVY TECH COMMUNITY COLLEGE JULY 1, 2007 TO JUNE 30, 2008

Annual required contribution	\$3,568,508
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	3,568,508
Contributions made	361,074
Increase (decrease) in net OPEB obligation	3,207,434
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$3,207,434

The College's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06-30-06	\$ -	N/A	\$ N/A
06-30-07	-	N/A	N/A
06-30-08	3,568,508	10%	3,207,434

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$28,693,409, and the actuarial value of assets was \$0.00 resulting in an unfunded actuarial accrued liability (UAAL) of \$28,693,409.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Valuation Date	Accrued Liability	Unfunded Accrued Liability	Funded Ratio
7/1/07	\$28,693,409	\$28,693,409	0.0%

Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of asset, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the Unit Credit actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), which is the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by 1% decrements to an ultimate rate of 5% after 5 years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2008 was 30 years.

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, 2008 is \$5.1 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. The College has recently adopted a new Special Holiday Policy. Special Holiday hours are now included with vacation hours earned. 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, 2008 the current portion of the liability was \$1.1 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, 2008, Ivy Tech Community College paid \$12,721,897 to TIAA/CREF, representing \$84,812,646 in total salaries.

On June 30, 2008, there were 1,491 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, 2008, Ivy Tech Community College paid \$1,185,999 to AUL, representing \$7,906,663 in total salaries. On June 30, 2008, there were 120 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, 2008, 840 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 \$689,341 to individual employee annuity accounts in the Indiana Public Employees' Retirement Fund (PERF) for the year ended June 30, 2008.

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 2008 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, \$689,341, is not included in the following information.

IVY TECH COMMUNITY COLLEGE PERF

Annual Required Contribution	\$1,126,256	Increase (Decrease) in Net Pension Obligation	\$25,411
Interest on Net Pension Obligation	(75,123)	Net Pension Obligation, Beginning of Year	(1,036,181)
Adjustment to Annual Required Contribution	<u>85,609</u>	Net Pension Obligation, End of Year	<u>\$(1,010,770)</u>
Annual Pension Cost-Employers Share Only	1,136,742		
Contributions Made – Employers Share Only	<u>\$1,111,331</u>		

College Contributions: 9.3%	Asset Valuation Method: 4-Year Smoothed Market
Total College Contributions Includes a 3% Member Share	Investment Rate of Return: 7.25%
Plan Members: 810	Projected Future Salary Increases: Total 5%
Actuarial Valuation Date: 07/01/07	Attributed to Inflation: 4%
Actuarial Cost Method: Entry Age	Attributed to Merit/Seniority: 1%
Amortization Method: Level Percentage of Projected Payroll, Closed	Remaining Amortization Period: 30 Years
Amortization Period (from date): 07/01/97	
Cost-of-Living Adjustments: 2%	

IVY TECH COMMUNITY COLLEGE
THREE YEAR TREND INFORMATION (PERF)

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/05	732,487	99%	(1,105,115)
06/30/06	964,388	93%	(1,036,181)
06/30/07	1,136,742	98%	(1,010,770)

IVY TECH COMMUNITY COLLEGE
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 %
07/01/05	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%)
07/01/07	21,057,068	20,708,476	348,592	101.7%	19,898,143	0.00%

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, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 18,988,696	\$ 438,666	\$ -	\$ 19,427,362
Construction work in progress	40,496,562	8,158,138	38,054,085	10,600,615
Land improvements and infrastructure	10,067,885	1,136,515	508,226	10,696,174
Buildings	342,922,199	63,393,803	1,802,365	404,513,637
Furniture, fixtures, and equipment	53,792,805	10,281,642	3,248,481	60,825,966
Library materials	<u>1,903,975</u>	<u>200,690</u>	<u>121,704</u>	<u>1,982,961</u>
Total	<u>468,172,122</u>	<u>83,609,454</u>	<u>43,734,861</u>	<u>508,046,715</u>
Less accumulated depreciation:				
Land improvements and infrastructure	6,240,218	976,348	395,774	6,820,792
Buildings	81,888,348	11,173,815	1,559,165	91,502,998
Furniture, fixtures, and equipment	38,566,907	5,261,294	3,173,959	40,654,242
Library materials	<u>1,780,887</u>	<u>46,059</u>	<u>97,170</u>	<u>1,729,776</u>
Total accumulated depreciation	<u>128,476,360</u>	<u>17,457,516</u>	<u>5,226,068</u>	<u>140,707,808</u>
Capital assets, net	\$ 339,695,762	\$ 66,151,938	\$ 38,508,793	\$ 367,338,907

Construction Work In Progress

The following table presents the construction projects in process as of June 30, 2008.

Portage – Region 01 Planning	247,142
Ft Wayne – Region 03 A&E	2,011,861
Logansport – Region 05 Planning	1,118,317
Greencastle – Region 07 Planning	1,077,768
Indianapolis – Region 08 Fall Creek Expansion	1,503,70
Lawrenceburg – Lawrenceburg Gaming	194,017
Indianapolis – Life Cost Study	58,600
Richmond – Insurance Refund	120,053
Various Repair & Rehabilitation & Parking Lot Projects	2,481,203
Integrated Information System (IIS)	1,715,835
Restricted Grant/Contracts	72,116
Total Construction Work In Progress	\$ 10,600,615

X. LONG TERM LIABILITIES

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Leases, notes, and bonds payable:					
Lease Obligations	\$11,750,448	\$2,194,338	\$491,766	\$13,453,020	\$559,812
Notes Payable	18,215,000	-	1,080,000	17,135,000	10,389,000
Revenue bonds payable:					
Series E student fee bonds	7,575,000	-	1,035,000	6,540,000	1,085,000
Bond yield 4.55% - 5.35%					
Series G student fee bonds	33,505,000	-	3,455,000	30,050,000	2,715,000
Bond yield 1.93% - 4.93%					
Series H student fee bonds	42,615,000	-	2,310,000	40,305,000	2,370,000
Bond Yield 1.32% - 3.96%					
Series I student fee bonds	38,430,000	-	1,610,000	36,820,000	1,590,000
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	60,670,000	-	1,910,000	58,760,000	1,985,000
Bond Yield 3.76% - 4.74%					
Total bonds payable	<u>192,040,000</u>	-	<u>10,320,000</u>	<u>181,720,000</u>	<u>9,745,000</u>
Premium on Bonds-Series H, I, J,K	6,339,046	-	426,450	5,912,596	426,452
Total leases, notes, & bonds payable	<u>228,344,494</u>	<u>2,194,338</u>	<u>12,318,216</u>	<u>218,220,616</u>	<u>21,120,264</u>
Other liabilities:					
Compensated absences	9,391,654	7,465,422	6,302,804	10,554,272	6,935,100
Other post employment benefits	-	<u>3,207,434</u>	-	<u>3,207,434</u>	<u>638,353</u>
Total other liabilities	<u>9,391,654</u>	<u>10,672,856</u>	<u>6,302,804</u>	<u>13,761,706</u>	<u>7,573,453</u>
Total long-term liabilities	<u>\$237,736,148</u>	<u>\$12,867,194</u>	<u>\$18,621,020</u>	<u>\$231,982,322</u>	<u>\$28,693,717</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, 2007 interim financing agreements totaling \$18,215,000 were outstanding. During 2007-08, the College made principal payments totaling \$1,080,000 which was \$59,000 greater than the scheduled payment of \$1,021,000. The June 30, 2008 principal balance was \$17,135,000.

Location	Balance 6-30-07	Principal Paid 2007-08	New Debt 2007-08	Balance 6-30-08
Lafayette	\$7,770,000	\$503,000	\$ -	\$7,267,000
Indianapolis	10,445,000	577,000	-	9,868,000
Totals	\$18,215,000	\$1,080,000	\$ -	\$17,135,000

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. At the November 3, 2008 maturity, the loan will be refinanced with proceeds from the series L Bond Issue.

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2009	9,868,000	177,427	10,045,427	\$ -
Totals	\$9,868,000	\$177,427	\$10,045,427	

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
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	5,644,000	125,814	5,769,814	
Totals	\$7,267,000	\$883,990	\$8,150,990	

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, 2008, \$22,230,000 of bonds outstanding is considered defeased.

C. Premium On Bonds

The June 30, 2007 Premium on Bonds of \$6,339,046 is the remaining balance from the sale of Series H, I, J, and Student Fee Bonds. The ending balance of \$5,912,595 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 SERIES J OF 2005, SERIES K OF 2007.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Outstanding Principal Balance</u>
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
2014-2018	56,265,000.00	23,992,746.00	80,257,746.00	72,120,000.00
2019-2023	41,780,000.00	11,858,660.00	53,638,660.00	30,340,000.00
2024-2027	30,340,000.00	2,928,787.50	33,268,787.50	0.00
Totals	<u>\$181,720,000.00</u>	<u>\$75,651,790.51</u>	<u>\$257,371,790.51</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

There was an accounting principal change effective June 30, 2008. Therefore, the prior year 2007 balances were adjusted for comparison purposes. There were two changes, restricted financial aid revenue was moved from operating to non-operating revenue and expenses related to uncollectable accounts were moved from an expense category to a reduction of revenue. Additionally when the College's fixed assets were converted to our new fixed assets accounting system there was a reclassification between noncurrent assets and noncurrent liabilities relating to prior periods that affected the net asset statement only.

ADJUSTMENTS TO STATEMENT OF NET ASSETS

Category	Beginning Balance	Adjustments	Adjusted Beginning Balance
Capital Assets, Net	\$341,092,367	\$(1,396,603)	\$339,695,764
Total Noncurrent Assets	\$362,130,916	\$(1,396,603)	\$360,734,313
Total Assets	\$521,710,827	\$(1,396,603)	\$520,314,224
Long Term Debt and other Obligations	\$216,098,924	\$(1,396,603)	\$214,702,321
Total Noncurrent Liabilities	\$219,043,155	\$(1,396,603)	\$217,646,552
Total Liabilities	\$263,040,267	\$(1,396,603)	\$261,643,664

The affect of this entry was a reduction in total assets of .3% and a reduction in total liabilities of .5%. There was no change in total net assets.

ADJUSTMENTS TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Category	Beginning Balance	Adjustments	Adjusted Beginning Balance
Operating Revenues: Student Tuition and Fees	\$133,622,079	\$(2,261,174)	\$131,360,905
Net Student Tuition and Fees	\$104,766,487	\$(2,261,174)	\$102,505,313
Federal Grants and Contracts	\$72,077,735	\$(69,006,826)	\$3,070,909
State and Local Grants and Contracts	\$22,008,657	\$(12,227,873)	\$9,780,784
Total Operating Revenues	\$241,961,260	\$(83,495,873)	\$158,465,387
Operating Expenses: Supplies and Other Services	\$102,920,871	\$(2,261,174)	\$100,659,697
Total Operating Expenses	\$387,497,230	\$(2,261,174)	\$385,236,056
Operating Loss	\$(145,535,970)	\$(81,234,699)	\$(226,770,669)
Non-operating Revenue: Governmental Grants and Contracts – Federal	\$0.00	\$69,006,826	\$69,006,826
Non-operating Revenue: Governmental Grants and Contracts – State	\$0.00	\$12,227,873	\$12,227,873
Net Operating Revenues	\$157,636,104	\$81,234,699	\$238,870,803

The changes on this statement were related to the change in accounting policies of moving restricted financial aid from operating to non-operating revenues and expenses and the movement of the expenses related to uncollectable accounts from an expense to a reduction of revenue.

ADJUSTMENTS TO STATEMENT OF CASH FLOWS

Category	Beginning Balance	Adjustments	Adjusted Beginning Balance
Cash Flows from (For) Operating Activities – Gifts, Grants and Contracts	\$106,189,142	\$(81,234,699)	\$24,954,443
Net Cash Provided (Used) by Operating Activities	\$(127,340,888)	\$(81,234,699)	\$(208,575,587)
Cash Flows From (For) Non-Capital Financing Activities – Other Non-Operating Receipts (Payments)	\$520,089	\$81,234,699	\$81,754,788
Net Cash Provided (Used) by Non-Capital Financing Activities	\$163,284,489	\$81,234,699	\$244,519,188
Cash Flow From (For) Capital and Related Financing Activities – Proceeds from Issuance of Capital Debt	\$69,589,496	\$1,612,519	\$71,202,015
Cash Flow From (For) Capital and Related Financing Activities – Purchase of Capital Assets	\$(60,029,717)	\$(1,612,520)	\$(61,642,237)
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities – Net Operating Income (Loss)	\$(145,535,970)	\$(81,234,699)	\$(226,770,669)
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities – Net Cash Provided (Used) by Operating Activities	\$(127,340,888)	\$(81,234,699)	\$(208,575,587)

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, 2008 and June 30, 2007

ASSETS	FY 2008	FY 2007
Current Assets		
Cash	\$14,679,484	\$13,414,223
Accounts Receivable	9,842,844	2,695,296
Allowance for Bad Debt	(904,832)	(784,097)
Credit Memos	7,564,968	415,781
Inventory	-	<u>7,522,454</u>
Total Assets	<u>31,182,464</u>	<u>23,263,657</u>
LIABILITIES		
Current Liabilities		
Wages Payable	71,947	54,688
Indiana Sales Tax Payable	-	(2,136)
Accounts Payable	<u>8,027,125</u>	<u>255,689</u>
Total Liabilities	<u>8,099,072</u>	<u>308,241</u>
NET ASSETS		
Unrestricted		
Total Net Assets	<u>\$23,083,392</u>	<u>\$22,955,416</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, 2008 and June 30, 2007

	FY 2008		FY 2007	
Operating Revenues:				
Sales	\$41,920,135		\$32,976,167	
Cost of Goods Sold:				
Beginning Inventory	7,522,454		6,152,923	
Add:				
Purchases	34,772,588		30,003,326	
Freight-in	983,658		579,042	
Less:				
Vendor Returns	<u>(9,766,324)</u>		<u>(4,347,559)</u>	
Total Available for Sale	33,512,376		32,387,732	
Less: Ending Inventory	-		<u>7,522,454</u>	
Cost of Goods Sold	<u>33,512,376</u>	79.943%	<u>24,865,278</u>	75.404%
Gross Margin on Sales	<u>8,407,759</u>	20.057%	<u>8,110,889</u>	24.596%
Operating Expenses:				
Salaries and Wages	2,166,998		1,902,893	
Benefits	708,216		609,755	
Operating Overhead	106,854		103,810	
Uncollected Std Fee	908,568		882,223	
Gain/Loss on Disp of Asset	179,734		-	
Capital DP Equipment	49,327		31,271	
Other Expenses	1,117,233		962,746	
Total Operating Expenses	<u>5,236,930</u>	12.493%	<u>4,492,708</u>	13.624%
Changes in Operating Income	3,170,829	7.564%	3,618,181	10.972%
Net Assets-beginning of the year	22,955,416		20,433,251	
Less Transfers	<u>(3,042,854)</u>		<u>(1,096,016)</u>	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

IVY TECH COMMUNITY COLLEGE
SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST
 South Bend Series E Of 1997 - Original Issue \$16,260,000

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Outstanding Principal Balance</u>
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
Totals	<u>\$7,575,000.00</u>	<u>\$1,305,956.26</u>	<u>\$8,880,956.26</u>	

IVY TECH COMMUNITY COLLEGE
SCHEDULE OF ANNUAL REQUIREMENT FOR PRINCIPAL AND INTEREST
 Series G Advance Refunding Of Series D And F (Ft. Wayne, Bloomington, Lafayette Phase I) - Original Issue - \$46,370,000

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Outstanding Principal Balance</u>
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

IVY TECH COMMUNITY COLLEGE
SCHEDULE OF ANNUAL REQUIREMENT FOR PRINCIPAL AND INTEREST
 Series H Richmond Phase I, Evansville, Valparaiso, Terre Haute - Original Issue - \$47,065,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
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
Totals	<u>\$42,615,000.00</u>	<u>\$16,403,225.00</u>	<u>\$59,018,225.00</u>	

IVY TECH COMMUNITY COLLEGE
SERIES I SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST
 Evansville, Valparaiso, Madison, and Portage - Original Issue - \$39,650,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
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>\$38,430,000.00</u>	<u>\$17,311,685.00</u>	<u>\$55,741,685.00</u>	

IVY TECH COMMUNITY COLLEGE
SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST
 Series J Richmond and Marion - Original Issue - \$9,245,000

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Outstanding Principal Balance</u>
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	465,000.00	11,625.00	476,625.00	\$0.00
	<u>\$9,245,000.00</u>	<u>\$7,226,125.00</u>	<u>\$16,471,125.00</u>	

IVY TECH COMMUNITY COLLEGE
SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST
 Series K Valparaiso Phase II, Marion Construction and Madison Construction
 Original Issue - \$60,670,000

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Outstanding Principal Balance</u>
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>\$33,480,533.75</u>	<u>\$94,150,533.75</u>	

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 SERIES J OF 2005, SERIES K OF 2007. (1) AND INTEREST

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	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	183,920.00	8,318,920.00	0.00
Totals	<u>\$192,040,000.00</u>	<u>\$84,338,186.01</u>	<u>\$276,378,186.01</u>	

IVY TECH COMMUNITY COLLEGE
SCHEDULE OF FUTURE MINIMUM PAYMENTS ON OPERATING LEASES
 June 30, 2008

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2013 and Beyond</u>
Facilities	\$4,616,570	\$2,822,168	\$1,512,383	\$1,214,047	\$10,017,776
Office furniture and Equipment	269,094	157,454	69,671	11,033	-
Total	\$4,885,664	\$2,979,622	\$1,582,054	\$1,225,080	\$10,017,776

SCHEDULE OF STUDENT FINANCIAL AID EXPENDITURES FOR YEAR ENDED JUNE 30, 2008
 With Comparative Figures At June 30, 2007

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>06/30/08 Total</u>	<u>06/30/07 Total</u>
Workstudy (1)	\$381,998	\$1,110,789	\$1,492,787	\$1,689,282
Scholarship/Fellowship(2)	-	78,792,629	78,792,629	67,684,663
Grants (3)	625,145	14,280,064	14,905,209	12,936,071
Fee Remissions	4,178,091	-	4,178,091	3,674,426
Administrative Allowance (4)	370,445	-	370,445	368,678
Total Financial Aid Expenses	\$5,555,679	\$94,183,482	\$99,739,161	\$86,353,120

- (1) The \$381,998 is comprised of the institutional share of both the Federal and State College Workstudy Programs in the amount of \$379,723 and \$2,275 respectfully. The prior year institutional share for the Federal and State Programs were \$418,311 and \$8,588 respectfully.
- (2) The amount of \$78,792,629 includes \$76,308,704 of Pell Grants as compared to \$65,516,445 for the prior year. The College has no choice in determining the recipients for the Pell Grant Program.
- (3) The \$625,145 represents the College share of the Supplemental Educational Opportunity Grant (SEOG Match).
- (4) Administrative allowance is made up of \$69,933 Federal Work-Study, \$183,875 Pell, and \$116,637 Federal Supplemental Educational Opportunity Grant (FSEOG).

IVY TECH COMMUNITY COLLEGE
FIVE YEAR TREND IN STUDENT ENROLLMENT

	Actual				
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08*</u>
Credit Student - Full Time	24,715	32,007	33,012	35,804	39,121
Part Time	<u>77,557</u>	<u>73,756</u>	<u>72,436</u>	<u>75,339</u>	79,932
Total	<u>102,272</u>	<u>105,763</u>	<u>105,448</u>	<u>111,143</u>	<u>119,053</u>
FTE	40,913	42,426	43,088	45,857	49,445
Non-Credit Students	21,250	23,424	20,275	20,630	23,543

*Estimated

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.







WWW.IVYTECH.EDU