IVY TECH COMMUNITY COLLEGE OF INDIANA
2012-13 FINANCIAL REPORT
Table of Contents

	Page
President's Letter	1
Auditor's Opinion	4-6
Management's Discussion and Analysis	7-19
Ivy Tech Community College of Indiana Statement of Net Position	20
Ivy Tech Foundation Consolidated Statement of Financial Position	21
Ivy Tech Community College of Indiana Statement of Revenues, Expenses and Changes in Net Position	22
Ivy Tech Foundation Consolidated Statement of Activities	23-24
Ivy Tech Community College of Indiana Statement of Cash Flows	25
Ivy Tech Foundation Consolidated Statement of Cash Flows	26-27
Notes to Ivy Tech Community College of Indiana Financial Statements	28-45
Supplementary Schedules:	
Schedules of Annual Bond Requirements for Outstanding Debts	46-57
Schedule of Lease Obligations	58
Student Financial Aid Expenditures	59
Student Enrollment	60

Dear Friends of Ivy Tech,

On behalf of the Trustees of Ivy Tech Community College of Indiana, I am pleased to present the College's 2012-13 Financial Report.

As evidenced by this document, 2012-13 was a 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 to ensure optimal quality and efficiencies statewide. The College continues to regard the funding it receives as a public trust and believes there is no better return on investment in Indiana.

Nearly 200,000 students annually choose Ivy Tech as their gateway to higher education or path to immediate career advancement. The College's tremendous growth has been fueled by its affordability, transferable credits, supportive learning environment, and nimble response to workforce needs. Ivy Tech has been able to accommodate the growth with funding from state appropriations combined with cost savings and efficiencies.

We are all dedicated to ensuring that our students achieve their education goals and that Indiana's citizens, workforce and businesses are globally competitive.

This is a tremendous success story. The dedication of our faculty and staff to help change the lives of so many students via the community college is a story that is continuing to get noticed.

We are fortunate for our recent successes, and we're eager to do even more in the future. We believe that, with your input and your support, the best is yet to come as we dedicate ourselves to Changing Lives and Making Indiana Great.

Sincerely,

Tom Snyder

October 3, 2013

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

On behalf of all those individuals responsible for the financial stewardship of College resources, I am pleased to present the Ivy Tech Community College of Indiana Annual Financial Report for the year ended June 30, 2013.

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 2012-13 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,

Christopher A. Ruhl
Senior Vice President, Chief Financial Officer and General Counsel

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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 OF INDIANA, INDIANAPOLIS, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component unit of Ivy Tech Community College of Indiana (College), a component unit of the State of Indiana, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Ivy Tech Community Foundation, a component unit of the College as discussed in Note 1, which represents 100% of the assets and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Ivy Tech Community Foundation, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, based on our audits and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of Ivy Tech Community College of Indiana as of June 30, 2013 and 2012, and the respective changes in its financial position and its cash flows, thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of American require that the Management Discussion and Analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because of the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise College's basic financial statements. The Introductory Section, Schedules of Annual Bond Requirements for Outstanding Debts, Schedule of Operating Leases, Student Financial Aid Expenditures and Student Enrollment Trend Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory Section, Schedules of Annual Bond Requirements for Outstanding Debts, Schedule of Operating Leases, Student Financial Aid Expenditures and Student Enrollment Trend Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this information.

Other Reporting Required by <u>Government Auditing Standards</u>

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2013, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

INDEPENDENT AUDITOR'S REPORT
(Continued)

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering College's internal control over financial reporting and compliance.

Bruce Hartman
State Examiner

October 3, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of Ivy Tech Community College of Indiana's annual financial report presents a discussion and analysis of the financial performance of the College for the fiscal year ending June 30, 2013, along with comparative data for the year ending June 30, 2012. 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 Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The College's net position is one indicator of the College's financial strength. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the College's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

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

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

Financial Highlights

In return for providing the resources necessary for the operations of the College, Ivy Tech's students and the taxpayers of Indiana demand careful stewardship of state appropriations, student fees, grants and contracts, donor contributions, and other funds. This Annual Financial Report for the 2012-13 fiscal year reflects that commitment.

Overall, the College's financial position continues to be strong. During fiscal year 2012-13 the College's Net position increased by a total of $34.8 million compared to the previous year. During the last five years, the College's Net position has grown from $302.3 million to $509.5 million, an increase of 68.5%. Unrestricted Net position also grew significantly in 2012-13, by $22.8 million (9.1%). Unrestricted Net position has grown from $121.1 million to $273.2 million, a 125.6% increase in five years. This performance has allowed the College to continue to fully fund internally designated funds to offset liabilities for accrued vacation, sick leave, and other post-employment benefits (OPEB) while also establishing reserves for repair and rehabilitation and technology related infrastructure.

Capital leases increased by $13.0 million due to three new building leases, two of which are with the Ivy Tech Foundation. Overall, long-term liabilities decreased 7.5%.

Operating revenue growth slowed in 2012-13 as FTE enrollment modestly declined compared to 2011-12. Headcount enrollment showed an increase of 4,510 students or 2.6%; however, the average student took fewer credit hours. This led to a 4.1% drop in the total number of full time equivalent (FTE) students. Gross Tuition and Fee revenue declined by 1.9% compared to 2011-12. Since 2008-09, FTE enrollment at the College has grown 28.3%.

Non-operating revenues declined in 2012-13. State appropriations grew modestly but Non-Operating Grants and Contracts—both federal and state—declined. The decline in grants was primarily the result of lower financial aid awards due to a change in Federal regulations and a small decline in FTE enrollment.

Operating expenses totaled $627.8 million, a 3.0% decline compared to 2011-12. This decline was attributable to a lower scholarship expense and reduction in the College's general supplies and equipment costs.

Previously implemented measures such as the outsourcing of College bookstores, move to self-insurance for employee healthcare, improved energy efficiency, consolidation of information technology into a single statewide function and various purchasing related initiatives continue to produce sizeable cost savings. The largest single component of operating expenses, salaries and wages, grew by $568 thousand or .2%.

Condensed Statement of Net Position

June 30	2013	2012	Percent Change
Current assets	$302,542,807	$261,973,582	15.5%
Noncurrent assets	626,419,090	635,746,432	-1.5%
Total assets	928,961,897	897,720,014	3.5%
Current liabilities	122,345,536	101,770,235	20.2%
Noncurrent liabilities	297,160,192	321,291,919	-7.5%
Total liabilities	419,505,728	423,062,154	-0.8%
Net position			
Net investment in capital assets	230,827,744	213,618,006	8.1%
Restricted	5,424,841	10,605,327	-48.2%
Unrestricted	273,203,584	250,434,527	9.1%
Total net position	$509,456,169	$474,657,860	7.3%

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, 2013. This category increased by $121.0 million or 136.8% with a corresponding decrease in short-term and long-term investments or 84.4%, which include those with maturity dates of 91-365 days as of June 30, 2013. The College is planning on hiring external investment managers to manage the College's investment portfolio beginning in the 2013-14 fiscal year and the increase in cash and cash equivalents is in preparation for this change.

Cash with Fiscal Agent is primarily attributable to the debt principal and interest payment made in fiscal year 2012-13 and not due until July 1, 2013. This category increased by $3.5 million.

Accounts receivable are related, but not limited to, student and contract tuition and fees, grants, and financial aid. Accounting standards typically require the establishment of an allowance for doubtful accounts in the Statement of Net Position to reflect receivables that are likely to be uncollectible. The College policy is that all accounts receivable greater than one-year old are to be written off unless payments are being made currently**.** The net accounts receivable decreased from the previous year by 34.5%, due to several factors; the payment of a $2 million receivable related to the bookstores, increased collections on accounts receivables from participation in the State of Indiana's tax refund offset program, a reduction in Federal grants and loans, and minor reductions in enrollment.

The current portion of the deposits with trustee is $523,658 a 93.0% decrease from the previous year, due to the completion of the Muncie Fisher capital project. It is anticipated that 100% of total current deposits with trustee will be spent in fiscal year 2013-14. The deposits with trustee are mainly attributable to the residual funds for Series P construction for Muncie and Series N for Warsaw campuses.

Prepaid expenses are payments made in the current or a previous fiscal year, which we have not realized the full value of through fiscal year 2012-13. This category decreased $370 thousand mainly due to a contract for services being completed.

Overall current assets increased by $40.6 million, due to increases in the cash and cash equivalents with reductions in short-term investments, accounts receivables and deposits with trustee.

Noncurrent Assets

Long-term investments decreased by $30.2 million or 30.2% from the previous year. This decrease was a result of preparing for the change from internally managing the College's investment portfolio to the utilization of external investment firms.

Noncurrent accounts receivable represents future income related to the lease of the rights to operate the College's bookstores. Capital assets increased by $20.9 million or 3.9%, which includes land, buildings, infrastructure, equipment, deferred losses on debt refunding, and construction work in progress. The increase was mainly due to the capitalization of the Muncie Fisher project and an increase in capital leases. Noncurrent assets decreased by $9.3 million or a 1.5% decrease from the previous year. The net reduction is attributable to a large decrease in long-term investments and a smaller increase in capital assets.

Liabilities

Current Liabilities

Current liabilities will be paid in one year or less from the date of the Statement of Net Position. Accounts payable and accrued liabilities decreased by $603 thousand. Compensated absences ($10.4 million), which is the amounts due to employees for earned but unpaid vacation and accrued sick leave payout, increased by $60 thousand remaining virtually unchanged as compared to the previous year. Deposits held in custody for others are monies held by the College for payroll withholdings ($5.2 million), and student clubs ($1.4 million). Unearned 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 and not applicable with GASB Statement No. 63 (Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position). Unearned revenue decreased by $2.8 million mainly due to a decrease in summer term enrollment. 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 $24.7 million. This is mainly due to the partial refunding of the Series H and L bond issues, using a short term note in the amount of $19.9 million, a full year principal payment for Series Q of $2.3 million and an increase in capital leases of $1.2 million. The short term note for Series H and L allowed those bonds to be called in early July to achieve interest rate savings. The short term note will be repaid with a permanent refinancing in FY 2013-14. Overall, current liabilities increased by $20.6 million.

Noncurrent Liabilities

Noncurrent liabilities will be paid one year or later from the date of the Statement of Net Position. The College's noncurrent liabilities include compensated absences, notes and bonds payable, and other post-employment benefits. Noncurrent liabilities decreased by $24.1 million, primarily due to the partial refunding of Series H and Series L Student fee bonds scheduled for July of 2013.

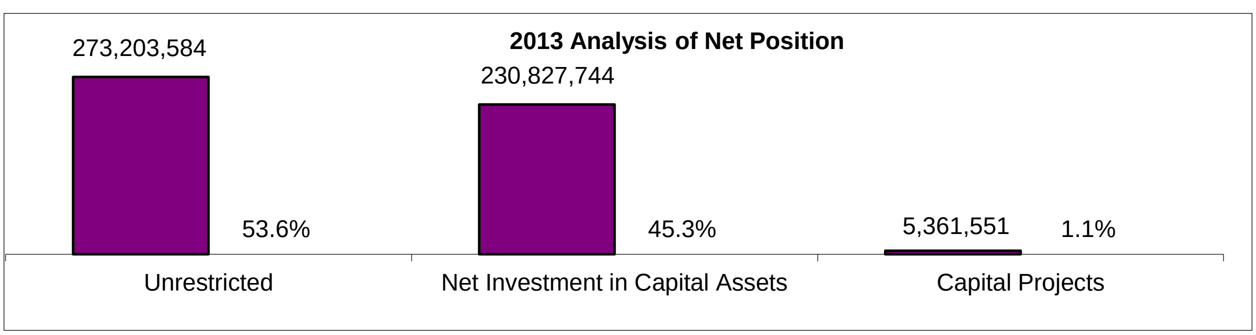
In accordance with the appropriate accounting guidance, the entire amount of Post-Employment Benefits is considered a long-term liability

Outstanding Debt at Year End

	6/30/2013	6/30/2012	Increase (Decrease)	Percent Change
Leases, notes, and bonds payable:				
Revenue bonds payable:				
Series G student fee bonds	-	18,395,000	(18,395,000)	-100.0%
Series H student fee bonds	27,485,000	30,280,000	(2,795,000)	-9.2%
Series I student fee bonds	10,795,000	12,680,000	(1,885,000)	-14.9%
Series J student fee bonds	9,245,000	9,245,000	-	0.0%
Series K student fee bonds	38,155,000	40,525,000	(2,370,000)	-5.8%
Series L student fee bonds	47,805,000	51,670,000	(3,865,000)	-7.5%
Series M student fee bonds	7,340,000	10,830,000	(3,490,000)	-32.2%
Series N student fee bonds	70,290,000	70,290,000	-	0.0%
Series O student fee bonds	9,200,000	9,200,000	-	0.0%
Series P student fee bonds	31,510,000	32,415,000	905,000	2.8%
Series Q student fee bonds	14,480,000	15,190,000	710,000	-4.7%
Total bonds payable	266,305,000	300,720,000	(34,415,000)	-11.4%
Premium on bonds -H,I,J,K,L,M&P	7,310,915	8,163,500	(852,585)	-10.4%
Lease Obligations	37,547,321	24,539,215	13,008,106	53.0%
Notes Payable	22,731,332	3,056,998	19,674,334	643.6%
Total leases, notes, and bonds payable	$333,894,568	$336,479,713	($2,585,145)	-.8%

Net Position

Net position represents the difference between the College’s assets and liabilities. The classification “net investment in capital assets” (which includes building and equipment less depreciation, land owned by the College, and construction work in progress) increased by 8.1% compared to the prior year. This was mainly due to the completion of the Muncie Fisher project and continuing repairs and rehabilitations. The restricted “capital projects” classification decreased by 49.1% from the prior year. This decrease was primarily due to of the capitalization of the Muncie Fisher project. Unrestricted Net position increased by 9.1%. This is mainly due to the College increasing unrestricted reserves. Overall Net position increased in fiscal year 2012-13 by $34.8 million or 7.3%. The Net position is comprised of Unrestricted of 53.6%, Net Investment in Capital Assets of 45.3%, and Capital Projects of 1.1%.



Internally Designated Reserves of Unrestricted Funds

The College ended the fiscal year with an unrestricted net asset balance of $273.2 million, an increase of $22.8 million, or 9.1% as compared to the prior fiscal year. The following provides additional information concerning the allocation of the unrestricted Net position.

Description	**FY 2013 Amount**	**FY 2012** Amount
Self-Insurance	$10,597,948	$8,243,304
Bookstore Commissions	33,561,223	32,733,589
Economic Development Revolving Loan	5,459,500	5,534,500
Student Accounts Receivable	13,860,990	15,174,465
Insurance Stabilization	903,176	3,821,169
Parking Lot Repair and Replacement	3,889,706	4,416,028
Compensated Absences Reserve	17,427,365	17,427,365
Other Post-Employment Benefits	19,357,803	16,736,975
Payroll Reserve	-	3,628,049
Enterprise Software Enhancements	3,302,889	3,302,889
Unclaimed Property	2,469,241	2,405,957
Student Loan Fund	70,546	73,473
Institutional R&R Reserve	21,096,569	20,860,995
Rainy Day Fund	-	10,495,463
Accelerating Greatness	-	3,113,835
Operating Budget	141,206,628	102,466,471
Total	$273,203,584	$250,434,527

The college administers health insurance for all benefits eligible employees. Under the self-insurance plan, claims are paid directly by the college in the month incurred. A reserve in the amount of $10,597,948 represents the excess of employer contribution over claims expense.

Effective June 30, 2008, all College bookstores have been leased to Follett Higher Education Group, Inc. The College maintains a reserve from the commissions to be used for various one-time budget needs. Expenditures from this reserve are approved by the Sr. Vice President, Chief Financial Officer and General Counsel.

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. These funds are held in the Student Accounts Receivable reserve.

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. The majority of this reserve was transferred to the general operating budget as of June 30, 2013.

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 amount listed is the available cash balance for this reserve as of June 30, 2013.

The compensated absences reserve was established to offset the College's compensated absences liability. The total amount of unrestricted monies set aside is $1,168,507 more than the total liability of $16,258,858. This benefit is discussed in more detail in the Notes to the Financial Statements, page 43. The amount listed is the available cash balance for this reserve as of June 30, 2013.

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.* An actuarial estimate was obtained by the College as of June 30, 2013. As a result of this estimate, the College reported an OPEB liability in the amount of $19.4 million as of June 30, 2013 this cash reserve equals the corresponding liability. The amount listed is the available cash balance for this reserve as of June 30, 2013.

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 be used to offset the additional payroll expense. Because the additional payroll is now accounted for in the College's operating budget, this reserve was transferred to the general operating budget as of June 30, 2013.

The enterprise software enhancement reserve has been established to assist the College in maintaining and enhancing the enterprise-wide software programs.

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 College has unrestricted reserves for potential R&R projects within the College.

The rainy day fund was established in fiscal year 2010-11 to assist in offsetting the financial impact of any enrollment declines. This amount is shown in the Operating Budget reserve as of June 30, 2013.

The accelerating greatness reserve will be used to fund one-time projects related to our strategic plan. This amount is shown in the Operating Budget line item as of June 30, 2013 as the College's transitions to a new strategic plan.

The operating budget is the remaining amount of the unrestricted Net position available for expenditure.

Capital Assets, Net, At Year-End

	6/30/2013	6/30/2012	Increase (Decrease)	Percent Change
Construction Work In Progress	$12,831,385	$6,910,079	$5,921,306	85.7%
Land, Improvements, and Infrastructure	41,203,314	39,524,057	1,679,257	4.2%
Buildings	478,909,644	465,378,272	13,531,372	2.9%
Furniture, fixtures, and equipment	20,697,767	20,865,910	(168,143)	-0.8%
Library materials	864,442	943,097	(78,655)	-8.3%
Totals	$554,506,552	$533,621,415	$20,885,137	3.9%

During fiscal year 2012-13 net capital assets increased by $20.9 million or 3.9%. The change was due to the capitalization of the Muncie Fisher Building project of $4.7 million and the addition of three capital leases for buildings totaling $15.9 million. Construction Work in Progress shows an increase of $5.9 million which can be attributed to the continuation of many Repair and Rehabilitation projects throughout the state.

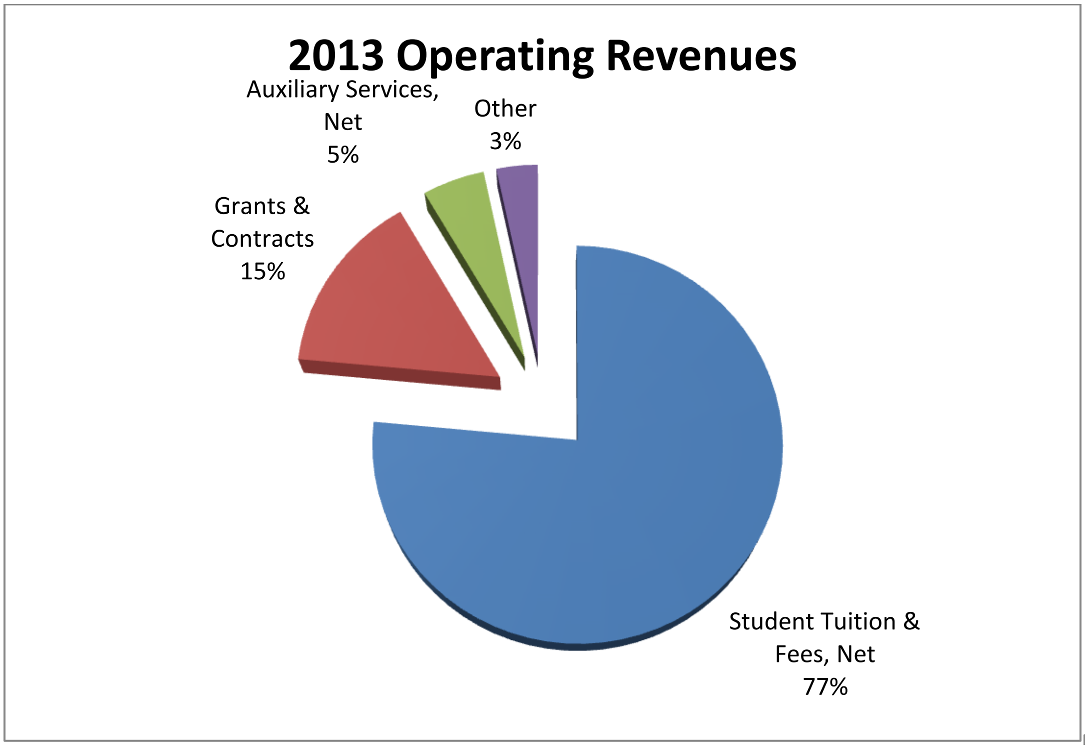
Condensed Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30	2013	2012	Percent Change
Operating revenue			
Tuition and fees, net	$146,425,861	$141,758,041	3.3%
Grants and contracts	28,873,090	35,468,864	-18.6%
Auxiliary services, net	9,742,534	10,881,098	-10.5%
Other	6,444,576	10,265,941	-37.2%
Total operating revenue	191,486,061	198,373,944	-3.5%
Operating expense	(627,839,295)	(647,010,723)	-3.0%
Operating income (loss)	(436,353,234)	(448,636,779)	-2.7%
Nonoperating revenue (expense)			
State/Federal appropriations	218,527,291	217,668,700	.40%
Governmental Grants and Contracts	260,011,060	282,675,992	-8.0%
Other nonoperating revenue (expense)	(9,222,053)	(9,352,045)	-l.4%
Net nonoperating revenue	469,316,298	490,992,647	-4.4%
Income before other revenue, expenses, gains, or losses	32,963,064	42,355,868	-22.2%
Capital appropriations/Gifts	1,835,245	5,369,916	-65.8%
Total increase in Net position	34,798,309	47,725,784	-27.1%
Net position			
Net position - beginning of year	474,657,860	426,932,076	11.2%
Net position - end of year	$509,456,169	$474,657,860	7.3%

Revenues

Operating Revenues

Total operating revenues for fiscal year 2012-13 were $191.5 million, representing a 3.5% decrease 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 third party payers. The vast majority of the scholarship discounts are paid to the College in the form of Federal and State student financial aid. The scholarship discounts decreased 8.4% compared to fiscal year 2011-12 due to less tuition being paid from Federal financial aid revenue, e.g., Pell grants. Net tuition and fees increased by 3.3% resulting from the decreased scholarship discounts and a small enrollment decrease.

Grants and Contracts

Grants and contracts include restricted revenues made available by federal, state, local, and nongovernmental grants and contracts. In total, this revenue decreased 18.6%. Federal Sources increased 7.9%, state sources decreased 31.6%, and private sources increased .4%. The significant decrease in state funding, $7.1 million can be attributed primarily to the expiration of the contract providing educational services to inmates at the Indiana Department of Corrections. The increase in Federal Funds, $456 thousand is the result of trail out efforts on ARRA Grants funded from the Department of Labor and Energy and continued funding from the Department of Labor Trade Adjustment Assistance Community College and Career Training program. Private funding stayed relatively stable with only a slight increase, $31 thousand.

Auxiliary Enterprises

Auxiliary enterprises are intended to be self-supporting and supplement the operations of the College. The total auxiliary enterprise revenue was $9.7 million. The primary revenue source is the commission on book sales. This category decreased by 10.5% in 2012-13 due to a slight decrease in enrollment and a decrease in the amount of financial aid the College allowed to be used by Ivy Tech students prior to the actual financial aid being disbursed to the students.

Nonoperating Revenue and Expense

This category consists of State and Federal appropriations, investment income, interest on capital asset-related debt, governmental grants and contracts and student government support. The category remained relatively stable with the exception of Governmental grants and contracts. Federal grants and contracts totaled $225.1 million a reduction of $21.3 million from the previous year. This was primarily the result of the eligibility for the Pell grant program being changed by a new Federal regulation resulting in fewer students being awarded the grant.

Other Revenues, Expenses, Gains, or Losses

Capital Gifts, Grants and Appropriations decreased by $3.5 million. This decrease was due to the recognition of the Kokomo Events Center gift valued at $3.6 million in fiscal year 2012.

Statement of Cash Flows

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

- an entity's ability to generate future net cash flows
- 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	**2013**	**2012**
Cash provided (used) by:		
Operating activities	$(393,237,302)	$(426,793,810)
Noncapital financing activities	477,423,831	498,536,465
Capital and related financing activities	(56,773,707)	(48,103,548)
Investing activities	93,632,007	(38,704,241)
Net increase (decrease) in cash	121,044,829	(15,065,134)
Cash and cash equivalents, beginning of the year	88,476,100	103,541,234
Cash and cash equivalents, end of the year	$209,520,929	$88,476,100

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 increased 136.8% this fiscal year. This was mainly due to shortening maturities to allow for the hiring of external investment managers in fiscal year 2013-14.

According to the authoritative guidance from the Governmental Accounting Standards Board, state appropriations and federal and state financial aid proceeds 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

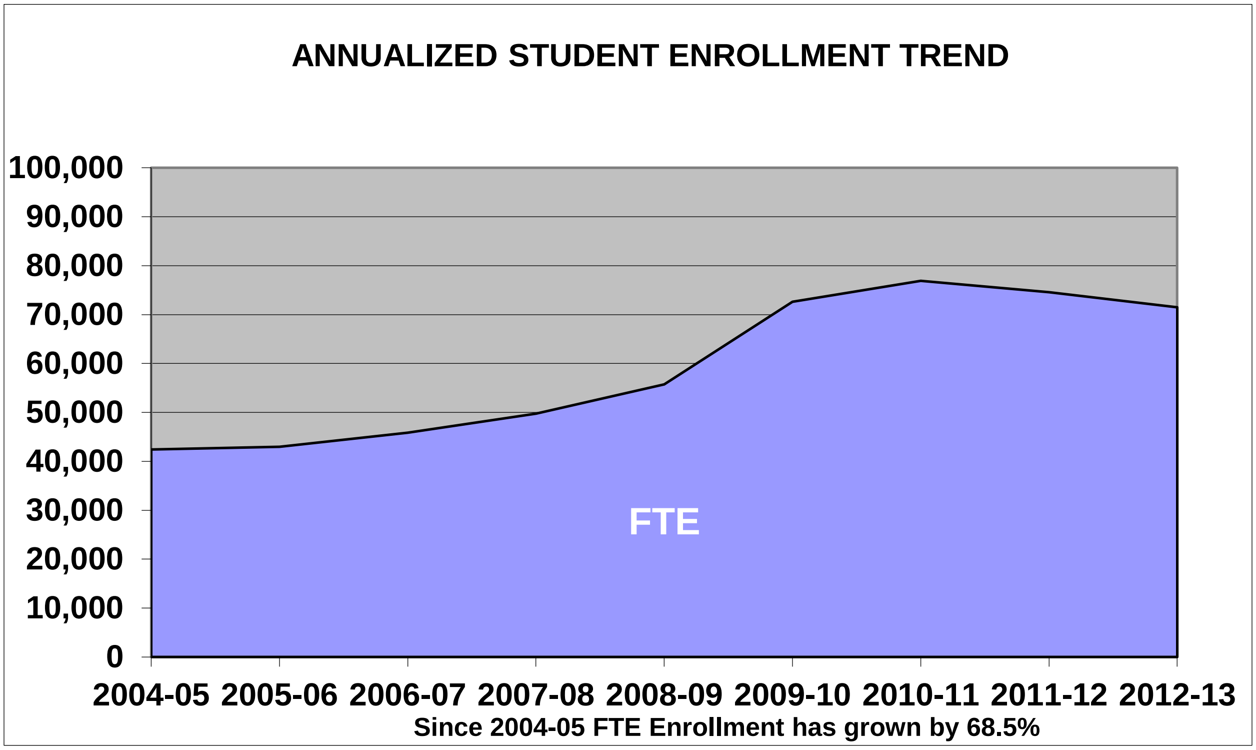
2012-13 saw the modest economic recovery for both the State of Indiana and the nation as a whole continue at a relatively slow pace. In Indiana, the current jobless rate hovers around 8.1% compared to 8.4% in the same month of the prior year (August).

As evidence of the slow and choppy recovery, State of Indiana general fund revenues grew by $337 million or 2.4% compared to the prior year. This compares to growth in the two prior years of 6.4% and 8.9% respectively. Revenue growth and strong management of operating expenses allowed the State to end 2012-13 with a combined balance of $1.94 billion. The state operated 2012-13 with a $482 million structural surplus. The most recent economic and revenue forecast (April 2013) projects modest revenue growth of 2.5% in FY 2014 and 3.7% in FY 2015. Combined balances are expected to remain between $1.9 and $2 billion for the 2014-15 biennium.

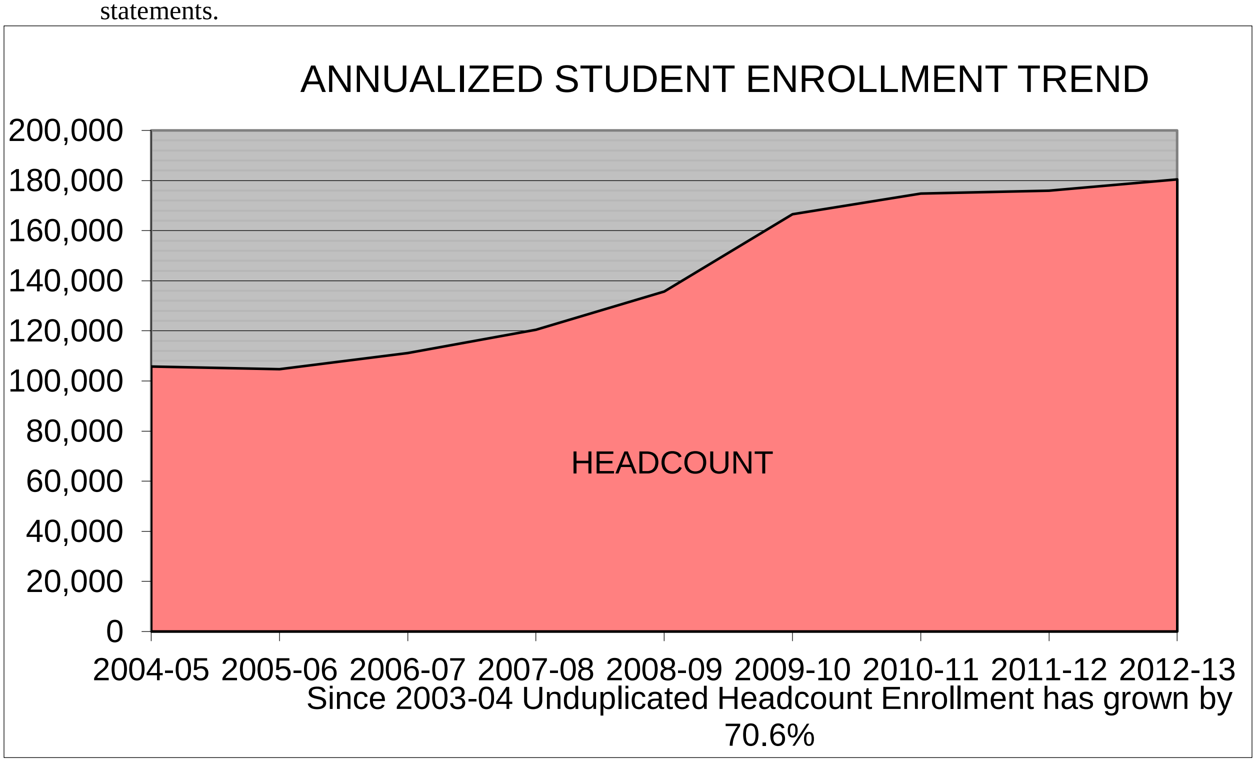
As Indiana's community college system, Ivy Tech's finances are heavily impacted by the State. The Indiana General Assembly adopted a two year biennial budget for FY 2014 and FY 2015 that provides approximately $46 million more per year to the seven public institutions of higher education. Through the performance funding formula used to allocate the increase, the College earned a $20 million increase in its operating appropriation. New funding was also provided to the College in the amount of $4 million per year to reflect concurrent (dual) credit enrollment of high school students taking College credit courses. State repair and rehabilitation funding was restored to the state budget for the first time since 2007-2009; the College is scheduled to receive approximately $5 million of R&R money over the two year biennium. Additionally, the College received approximately $63 million in bonding authority from the General Assembly and will be issuing the Series R Student Fee bonds in the fourth quarter of 2013. Consistent with prior years, the College has targeted a significant portion of the state operating funds toward retention and completion efforts—hiring more full time faculty with a focus on math, English, health sciences and technology, adding academic advisors, implementing measures around mentoring and supplemental instruction, and redesigning the math curriculum. Additionally, the College is enhancing customer service through self-service options, a new student success call center, One-Stop student service locations, upgrading and updating equipment, and investing in pathways that speed the time to earn a degree or certificate. State appropriations per full time equivalent (FTE) student still lag behind other Indiana public colleges and universities. However, the transition to a performance funding formula has helped to close this gap.

Enrollment at Ivy Tech declined modestly in 2012-13. Over the previous five years, headcount and FTE enrollment had increased by 33.0 % and 28.3 % respectively. Preliminary figures for 2012-13 show total headcount of 180,464, an increase of 2.6 % over the previous year. While this set another record, the rate of growth slowed as compared to recent years. More importantly, on average, the trend from the prior year of these students enrolling in fewer credit hours continued, as full time equivalent enrollment dropped from 74,583 to 71,493, a 4.1% decline.

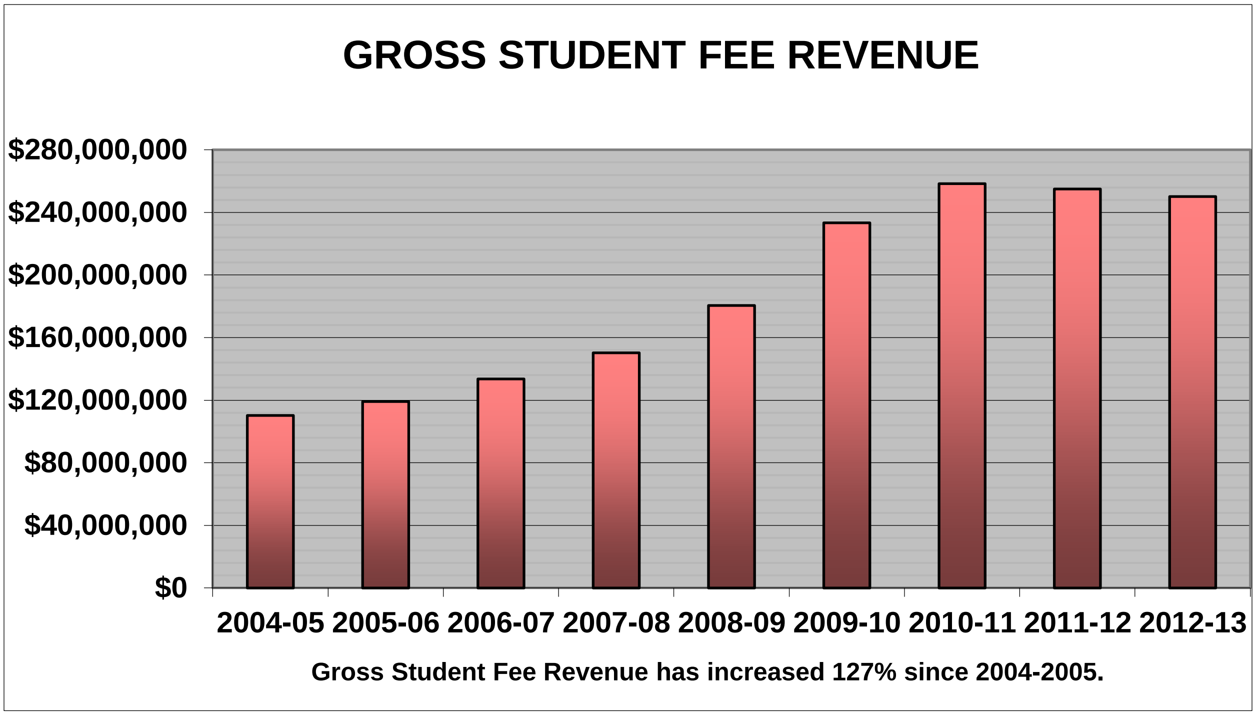
In conclusion, Ivy Tech Community College of Indiana is well positioned to continue to serve the educational and training needs of Hoosiers. The College is in sound financial shape. During the past year, this conclusion has been confirmed by Standard and Poor's and Fitch Ratings, which maintain a bond rating of "AA-"and "AA" respectively on the College.



- Note: the annualized FTE number for the 2012-13 fiscal year is an estimate as of the publishing of these financial statements.



- Note: the annualized Headcount number for the 2012-13 fiscal year is an estimate as of the publishing of these financial statements.



Authorized Facilities

Ivy Tech currently has three projects that previously received bonding authority from the General Assembly. Those projects were approved by the State Budget Committee and Governor in July 2013. The projects are: Indianapolis Phase III ($23,098,100), Anderson ($20,000,000) and Bloomington ($20,000,000). A previously authorized project in Gary was reauthorized as a combined Indiana University/Ivy Tech joint facility. Indiana University will issue the bonds and lead the construction management processes for the Gary joint project. Additionally, Ivy Tech received legislative approval to proceed with a cash-funded project in Noblesville ($12,000,000). Construction for the Muncie Fisher Building was completed in 2012-13. Bond financing for the three released capital projects described above will take place in the fourth quarter of 2013 with construction expected to begin thereafter.

Ivy Tech Community College of Indiana
Statement of Net Position
June 30, 2013
With Comparative Figures At June 30, 2012

ASSETS	**FY 2013**	**FY 2012**
Current Assets		
Cash and Cash Equivalents	$209,520,929	$88,476,100
Cash With Fiscal Agent	44,179,643	40,642,284
Short Term Investments	10,500,000	67,500,000
Accounts Receivable	49,366,860	71,331,660
Allowance for Doubtful Accounts	(11,841,967)	(14,071,619)
Deposit with Trustee	523,658	7,431,566
Prepaid Expenses	293,684	663,591
Total Current Assets	**302,542,807**	**261,973,582**
Noncurrent Assets		
Long-Term Investments	69,912,537	100,125,017
Deposit With Trustee	-	-
Accounts Receivable	2,000,000	2,000,000
Capital Assets, Net	554,506,553	533,621,415
Total Noncurrent Assets	626,419,090	635,746,432
TOTAL ASSETS	**928,961,897**	**897,720,014**
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	23,126,501	23,729,035
Compensated Absences	10,393,186	10,332,912
Deposits Held in Custody for Others	6,580,119	7,366,288
Unearned Revenue	20,287,878	23,062,123
Current Portion of Debt Obligation	61,957,852	37,279,877
Total Current Liabilities	**122,345,536**	**101,770,235**
Noncurrent Liabilities		
Compensated Absences	5,865,672	5,355,108
Long Term Debt and other Obligations	271,936,716	299,199,836
Other Post-Employment Benefits	19,357,804	16,736,975
Total Noncurrent Liabilities	**297,160,192**	**321,291,919**
TOTAL LIABILITIES	**419,505,728**	**423,062,154**
NET POSITION		
Net Investment in Capital Assets	230,827,744	213,618,006
Restricted for:		
Capital Projects	5,361,551	10,542,597
Endowment	63,290	62,730
Unrestricted	273,203,584	250,434,527
TOTAL NET POSITION	**$509,456,169**	**$474,657,860**

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

Ivy Tech Foundation, Inc.
Consolidated Statements Financial Position
June 30, 2013 and 2012

ASSETS	**2013**	**2012**
Cash and equivalents	$3,920,453	$1,699,346
Investments	11,623,522	11,120,139
Pledges receivable	8,759,022	7,265,481
Prepaid expenses and other assets	587,299	218,501
Property and equipment, net	79,249,972	64,856,857
Deferred financing costs, net	357,319	370,164
Note receivable from related party	327,051	
Note received from bank	23,510,509	23,510,509
Cash restricted for Ivy Tech Properties, Inc.	1,647,405	18,666,496
Assets restricted for renovation of property	195,592	4,430,658
Beneficial interest in trusts	183,817	
Assets restricted for permanent endowment	25,430,571	23,332,228
Agency funds-Intersection Connection	1,788,304	1,272,186
TOTAL ASSETS	157,580,836	156,742,565
LIABILITIES		
Accounts payable and accrued expenses	2,507,286	9,976,391
Deferred special events income	257,562	
Accounts payable-related party	530,019	356,620
Agency funds-Intersection Connection	1,788,304	1,272,186
Line of credit	4,680,326	3,834,480
Interest rate swap liability	244,849	382,905
Notes payable	52,484,152	49,144,486
Annuities payable	95,375	130,760
Total Liabilities	62,587,873	65,097,828
NET ASSETS		
Unrestricted	11,153,357	10,521,463
Restricted:		
Temporarily restricted	58,409,035	57,791,046
Permanently restricted	25,430,571	23,332,228
Total Restricted	83,839,606	81,123,274
Total Net Assets	94,992,963	91,644,737
TOTAL LIABILITIES AND NET ASSETS	$157,580,836	$156,742,565

Ivy Tech Community College of Indiana
Statement Of Revenues, Expenses and Changes In Net Position
Year Ended June 30, 2013
With Comparative Figures At June 30, 2012

REVENUES	**FY 2013**	**FY 2012**
Operating Revenues		
Student Tuition and Fees	$250,215,637	$255,033,043
Scholarship Allowances	(103,789,776)	(113,275,002)
Net Student Tuition and Fees	146,425,861	141,758,041
Federal Grants and Contracts	6,246,934	5,790,440
State and Local Grants and Contracts	15,358,798	22,441,944
Nongovernmental Grants and Contracts	7,267,358	7,236,480
Sales and Services of Educational Departments	1,633,431	1,952,703
Auxiliary Enterprises	9,742,534	10,881,098
Other Operating Revenues	4,811,145	8,313,238
TOTAL OPERATING REVENUES	**191,486,061**	**198,373,944**
EXPENSES		
Operating Expenses		
Salaries and Wages	250,250,371	249,682,001
Benefits	72,243,262	71,907,662
Scholarships and Fellowships	159,597,923	173,171,877
Utilities	10,263,995	9 ,175,837
Supplies and Other Services	108,528,820	117,191,285
Depreciation	26,464,888	25,388,325
Amortization of Deferred Loss on Refunding and Bond Issuance Costs	490,036	493,736
TOTAL OPERATING EXPENSES	**627,839,295**	**647,010,723**
Operating Loss	(436,353,234)	(448,636,779)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	217,160,013	216,235,174
Federal Appropriations	1,367,278	1,433,526
Investment Income	2,956,996	3,729,776
Interest on Capital Asset-Related Debt	(11,194,099)	(11,989,157)
Governmental Grants and Contracts-Federal	225,115,502	246,366,647
Governmental Grants and Contracts-State	34,895,558	36,309,345
Student Government Support	(984,950)	(1,092,664)
NET NONOPERATING REVENUES	**469,316,298**	**490,992,647**
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	32,963,064	42,355,868
Capital Gifts and Grants	835,245	4,369,916
Capital Appropriations	1,000,000	1,000,000
Total Other Revenues	1,835,245	5,369,916
INCREASE IN NET POSITION	**34,798,309**	**47,725,784**
Net Position - Beginning of Year	474,657,860	426,932,076
Net Position - End of Year	$509,456,169	$474,657,860

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

IVY TECH FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2013 and 2012

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS AND SUPPORT				
Contributions:				
Cash and pledges	$ 651,343	$ 6,973,869	$ 1,635,609	$ 9,260,821
Non-cash		1,090,474		1,090,474
Grant revenue	0	1,717,846	0	1,717,846
Total Contributions	651,343	9,782,189	1,635,609	12,069,141
Investment income	977,579	1,996,070	25,037	2,998,686
Vending income	552,878			552,878
Special events income, net of expenses of $471,035 in 2013 and $450,549 in 2012		585,026	31,771	616,797
Royalties	105,945			105,945
Real estate rental income	3,396,966	30,268		3,427,234
Realized gain on sale of property and equipment				
Uncollectible pledges		(14,231)	(75)	(14,306)
Miscellaneous revenue	8,682	20,911	0	29,593
	5,693,393	12,400,233	1,692,342	19,785,968
Net assets released from restrictions	11,377,456	(11,377,456)		
Reclassification of donor intent	(1,213)	(404,788)	406,001	0
Total Revenue, Gains and Support	17,069,636	617,989	2,098,343	19,785,968
EXPENSES				
Financial aid to students	2,875,149			2,875,149
Building improvements, supplies and equipment	4,542,842			4,542,842
Faculty and staff development	108,289			108,289
Employee recognition	53,919			53,919
Special programs	1,429,308			1,429,308
Community outreach/promotional expense	1,134,935			1,134,935
Donations to Ivy Tech Community College	324,694			324,694
Donated property to Ivy Tech Community College	149,606			149,606
In-kind expense	739,937			739,937
Annuity obligations	5,302			5,302
Real estate rental expenses	3,607,388			3,607,388
Other real estate expenses	850,374			850,374
Total College Assistance Program Expenses	15,821,743			15,821,743
Administrative expenses	540,536			540,536
Fundraising expenses	213,519			213,519
Total Expenses	16,575,798			16,575,798
INCREASE (DECREASE) IN NET ASSETS BEFORE GAIN (LOSS) ON INTEREST RATE SWAPS	493,838	617,989	2,098,343	3,210,170
Gain (Loss) on interest rate swaps	138,056	-	-	138,056
INCREASE (DECREASE) IN NET ASSETS	631,894	617,989	2,098,343	3,348,226
NET ASSETS				
Beginning of Year	10,521,463	57,791,046	23,332,228	91,644,737
End of Year	$11,153,357	$58,409,035	$25,430,571	$94,992,963

Continued

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS AND SUPPORT				
Contributions:				
Cash and pledges	$304,377	$7,279,728	$1,761,059	$9,345,164
Non-cash		890,258		890,258
Grant revenue		2,281,367		2,281,367
Total Contributions	304,377	10,451,353	1,761,059	12,516,789
Investment income	583,823	57,169		640,992
Vending income	631,601			631,601
Special events income, net of expenses of $450,549 in 2012 and $380,176 in 2011		390,533		390,533
Royalties	93,586	1,159		94,745
Real estate rental income	2,003,467	34,423		2,037,890
Realized gain on sale of property and equipment	193,829			193,829
Uncollectible pledges		(3,100)		(3,100)
Miscellaneous revenue	7,425	16,033		23,458
	3,818,108	10,947,570	1,761,059	16,526,737
Net assets released from restrictions	9,638,612	(9,638,612)		
Reclassification of donor intent	(10,000)	(150,253)	160,253	
Total Revenue, Gains and Support	13,446,720	1,158,705	1,921,312	16,526,737
EXPENSES				
Financial aid to students	2,712,326			2,712,326
Building improvements, supplies and equipment	4,148,161			4,148,161
Faculty and staff development	106,460			106,460
Employee recognition	90,593			90,593
Special programs	1,615,433			1,615,433
Community outreach/promotional expense	1,017,495			1,017,495
Donations to Ivy Tech Community College	339,993			339,993
Donated property to Ivy Tech Community College	587,276			587,276
In-kind expense	386,049			386,049
Annuity obligations	5,961			5,961
Real estate rental expenses	2,181,114			2,181,114
Other real estate expenses	236,368			236,368
Total College Assistance Program Expenses	13,427,229			13,427,229
Administrative expenses	517,455			517,455
Fundraising expenses	89,839			89,839
Total Expenses	14,034,523			14,034,523
INCREASE (DECREASE) IN NET ASSETS BEFORE GAIN (LOSS) ON INTEREST RATE SWAPS	(587,803)	1,158,705	1,921,312	2,492,214
Gain (Loss) on interest rate swaps	(382,905)			(382,905)
INCREASE (DECREASE) IN NET ASSETS	(970,708)	1,158,705	1,921,312	2,109,309
NET ASSETS				
Beginning of Year	11,492,171	56,632,341	21,410,916	89,535,428
End of Year	$10,521,463	$57,791,046	$23,332,228	$91,644,737

Ivy Tech Community College of Indiana
Statement of Cash Flows
For the Year Ended June 30, 2013
With Comparative Figures At June 30, 2012

	FY 2013	FY 2012
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Tuition and Fees	$ 152,531,219	$140,109,079
Gifts, Grants, and Contracts	36,778,747	31,456,329
Auxiliary Enterprises	9,783,199	10,879,857
Sales and Services of Educational Departments	1,633,431	1,952,703
Payments to Suppliers	(119,215,241)	(126,141,918)
Payments to or on Behalf of Employees	(319,961,879)	(320,191,221)
Payments to Students	(159,597,923)	(173,171,877)
Other Receipts (Payments)	4,811,145	8,313,238
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**(393,237,302)**	**(426,793,810)**
CASH FLOWS FROM (FOR) NONCAPITAL FINANCING ACTIVITIES		
Federal and State Scholarships and Grants	260,011,060	282,675,992
State Appropriations	217,160,013	216,235,174
Receipts from Direct Federal Loan Proceeds	273,072,421	311,153,401
Payments from Direct Federal Loan Proceeds to Students/Financial Institutions	(272,359,150)	(312,099,716)
Other Nonoperating Receipts (Payments)	460,513	571,614
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	**477,423,831**	**498,536,465**
CASH FLOW FROM (FOR) CAPITAL & RELATED FINANCING ACTIVITIES		
Capital/Federal Appropriations	2,367,278	2,433,526
Deposit With Trustee	6,415,648	14,674,581
Proceeds from Issuance of Capital Debt	15,135,560	44,195,970
Purchase of Capital Assets	(30,651,994)	(42,045,851)
Principal Paid on Capital-Related Debt	(37,115,564)	(53,578,202)
Interest Paid on Capital-Related Debt	(12,924,635)	(13,783,572)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	**(56,773,707)**	**(48,103,548)**
CASH FLOW FROM (FOR) INVESTING ACTIVITIES		
Purchase of Investments	(44,000,000)	(194,000,000)
Proceeds from Sales and Maturities of Investments	131,125,017	151,999,906
Income on Investments	6,506,990	3,295,853
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	**(93,632,007)**	**(38,704,241)**
Net Increase/(Decrease) in Cash	121,044,829)	(15,065,134)
Cash and Cash Equivalents – Beginning of Year	88,476,100	103,541,234
Cash and Cash Equivalents – End of Year	**209,520,929**	**88,476,100**
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	(436,353,234)	(448,636,779)
Adjustments to reconcile net operating expenses		
Depreciation	26,464,888	25,388,325
Amortization	490,036	493,736
Allowance for Doubtful Accounts	2,229,652	(1,568,392)
Changes in Assets and Liabilities:		
Accounts Receivable	14,535,225	(2,264,883)
Cash with Fiscal Agent	47,953	
Prepaid Expense	369,907	(455,138)
Accounts Payable and Accrued Liabilities	1,181,680	1,890,423
Compensated Absences	570,838	188,810
Unearned Revenue	(2,774,247)	(1,829,912)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**$(393,237,302)**	**$(426,793,810)**

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

IVY TECH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2013 and 2012

	2013	2012
OPERATING ACTIVITIES		
Increase in net assets	$3,348,226	$2,109,309
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	2,530,545	1,144,035
Amortization	12,845	2,355
Gain on sales of property and equipment		(193,829)
Net realized and unrealized gain on investments	(1,850,840)	249,034
Contribution of securities	(701,732)	
In-kind contribution of property	(50,000)	(503,750)
Contribution of property to Ivy Tech Community College	149,606	587,276
Loss on interest rate swap	(138,056)	382,905
Increase in beneficial interest in trusts	(1,112,784)	
(Increase) decrease in certain operating assets:		
Pledges receivable	(1,493,541)	(1,401,007)
Prepaid expenses and other assets	(368,798)	83,024
Increase in certain operating liabilities:		
Accounts payable and accrued expenses	185,029	240,207
Deferred income	257,562	
Contributions restricted for long-term purposes	(1,692,342)	(1,761,059)
Net Cash Provided (Used) by Operating Activities	(924,280)	938,500
INVESTING ACTIVITIES		
Purchases of property and equipment	(21,552,901)	(18,773,559)
Proceeds from sales of property and equipment	848,450	1,368,906
Note receivable from bank		(23,510,509)
Purchases of investments	(17,627,880)	(10,244,092)
Sales and maturities of investments	18,465,713	23,770,334
Increase in cash restricted for Ivy Tech Properties, Inc.	17,019,091	(18,666,496)
Increase in cash restricted for renovation of property	4,235,066	9,536,574
Net Cash Used by Investing Activities	1,387,539	(36,518,842)
FINANCING ACTIVITIES		
Net borrowings on line of credit	845,846	(698,927)
Borrowings on notes payable	176,983	35,671,035
Repayments on notes payable	(1,137,317)	(528,549)
Cash paid for financing costs		(24,188)
Net change in accounts payable-related party	173,399	281,131
Net change in annuities payable	(35,385)	1,548
Proceeds from contributions restricted for long-term purposes:		
Investment in permanently restricted endowment	1,734,322	687,793
Investment in property		
Net Cash Provided by Financing Activities	1,757,848	35,389,843
NET DECREASE IN CASH AND EQUIVALENTS	2,221,107	(190,499)
CASH AND EQUIVALENTS		
Beginning of Year	1,699,346	1,889,845
End of Year	$3,920,453	$1,699,346

IVY TECH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended June 30, 2013 and 2012

	2013	2012
SUPPLEMENTAL DISCLOSURES		
Interest paid, net of amounts capitalized of $46,634 in 2013 and $59,436 in 2012	$995,547	$476,814
Noncash investing and financing activities:		
Refinance of debt		734,526
Contribution of securities	701,732	
In-kind contribution of property	50,000	503,750
Contribution of property to Ivy Tech Community College	149,606	587,276
Property sale due from related party	327,051	
Property purchase financed with note payable	4,300,000	6,000,000
Capital expenditures included in accounts payable	1,108,623	8,762,757
Prepaid expenses paid from debt proceeds		151,892
Deferred financing costs paid from debt proceeds		348,331
Capitalized interest included in accrued expenses		59,436

IVY TECH COMMUNITY COLLEGE OF INDIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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 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 of Indiana has fourteen (14) 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 of Indiana (the College), commenced its financial activities with the receipt of various unrestricted contributions in October 1970 and provided $15.8 million to assist the College during fiscal year 2012-13. 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. 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 of Indiana 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 of Indiana. 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 Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for the College as a whole
-Notes to the financial statements

There were several new GASB statements that are effective for the fiscal year 2012-2013. The new standards were reviewed and any required changes were incorporated. Specifically GASB Statement Number 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* required the display of any deferred outflows or inflows on the face of the financial statements. The College did not have any deferred outflows or inflows to report; therefore, the financial statements do not reflect the deferred outflows or inflows sections on the 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 doubtful accounts in the Statement of Net Position 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 bookstore commission 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.

C. Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash (in banks and on hand) and investments with maturity dates of 0-90 days as of June 30, 2013

D. Prepaid Expenses

Prepaid expenses are payment made in the current or a previous fiscal year, which the College has not realized the full value of through fiscal year 2012-13.

E. Cash with Fiscal Agent

The balance is primarily attributable to the debt principal and interest payment made in fiscal year 2012-13 and not due until July 1, 2013.

The June 30, 2013 balance also includes proceeds of $19,935,000 which was set aside to partially refund the Series H and Series L Student Fee bonds. The College financed the partial refund with a promissory note which was issued in fiscal year 2013 but the Series H and Series L bonds were not called until fiscal year 2014.

F. 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.

II. Accrual of Loss Contingency

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

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

The College had three (3) active matters in litigation; one (1) in county Circuit Court, one (1) in county Superior Court and one (1) in United States District Court and seven (7) matters with the Equal Employment Opportunity Commission.

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

III. Lease Obligations

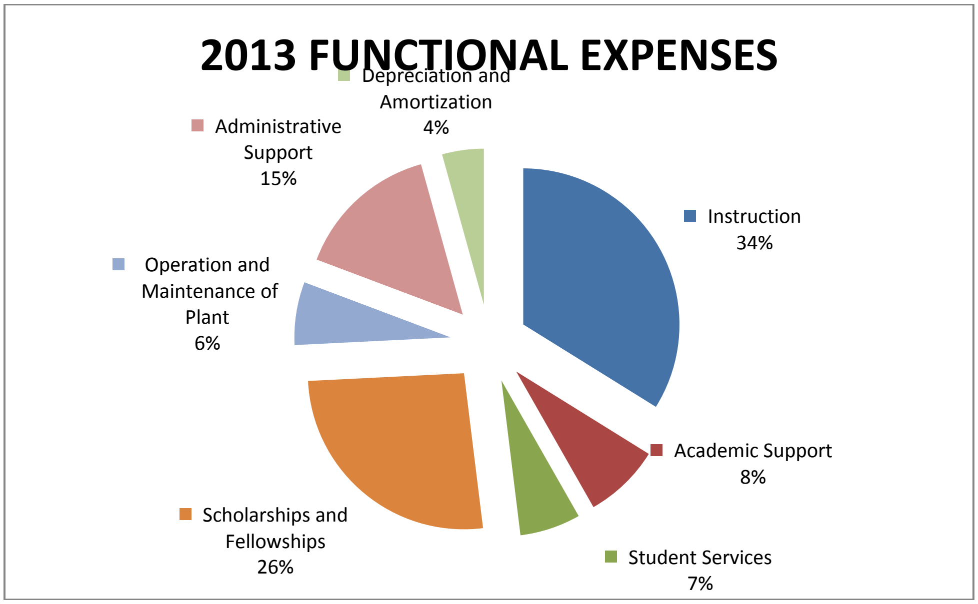
The College has entered into certain operating leases for facilities, office furniture and equipment, vehicles, computing equipment, etc. Many of these leases require payments in excess of one year from the date of initiation. The schedule on page 58 provides the minimum future annual payments for those leases, which were in effect on June 30, 2013.

The College has multiple 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 Position.

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

Expenses by Function:	**2012-13**	**2011-12**
Instruction	$208,755,529	$216,642,575
Public service	2,439,205	2,770,946
Academic support	48,753,029	47,601,379
Student services	46,011,736	38,779,623
Auxiliary services	1,193,301	721,433
Administrative support	92,177,205	99,943,575
Operation and maintenance of plant	40,248,429	41,497,159
Scholarships and fellowships	161,305,937	173,171,877
Depreciation and amortization	26,954,924	25,882,156
Total	$627,839,295	$647,010,723



As a percentage of total expenses, scholarships and fellowships, and administrative support decreased slightly, academic support, and student services increased slightly, while instruction, operation and maintenance of plant, and depreciation and amortization remained stable, as compared to the previous year.

V. Investments

Investment policies, as set forth by the State Board of Trustees, authorize Certificates of Deposit to be established not longer than five (5) years. The bank must be insured by Public Deposit Insurance Fund (PDIF) or Federal Deposit Insurance Corporation (FDIC). In February 2009, the College's State Board of Trustees approved an investment policy which states that Certificates of Deposit and/or interest-bearing deposit accounts to one (1) bank must not exceed twenty percent (20%) of the College's total investment portfolio at time of purchase. In addition, the total invested must not be more than fifty percent (50%) of the combined capital, surplus, and undivided profits of the bank. U.S. Government Treasury Bills, Notes, Bonds and Agencies maturity dates cannot exceed five (5) years or more. Repurchase Agreement's maximum maturity allowed is fourteen (14) days. 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 percent (50%) of the College's 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 (1) company at one (1) 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 one billion ($1,000,000,000) or funds managed by Indiana banks insured by Public Deposit Insurance Fund (PDIF).

The State Board of Trustees approved an updated investment policy in December 2012. The new policy retains the previous limitations for Certificates of Deposit, U.S. Government Treasury Securities, U.S. Government Agency Securities, Repurchase Agreements, Commercial Paper and Money Market Accounts. Expansions of the policy were made to allow investments in Municipal Bonds, Asset and Mortgage Backed Securities, and Investment Grade Corporate Bonds and Notes. Municipal Bonds must have a maximum maturity of five (5) years and an average credit quality of AA-. At least eighty five percent (85%) of Municipals Bonds shall have a credit quality rating of no less than BBB at time of purchase and shall not exceed twenty five percent (25%) of the College's total investment portfolio. Additionally, no security of a municipal bond issuer shall exceed five percent (5%) of the College's total investment portfolio. Asset and Mortgage Backed Securities must be rated at least AAA at time of purchase, not exceed ten percent (10%) of the College's total investment portfolio, and the maximum amount invested in any single issuer cannot exceed two point five percent (2.5%) of the College's total investment portfolio. Unless the issuer is an agency of the U.S. Government, then the maximum amount invested cannot exceed five percent (5%) of the College's total investment portfolio. Investment Grade Corporate Bonds and Notes are required to have a maximum maturity of five (5) years, average credit quality not lower than AA-, and a credit quality rating of at least BBB for at least eighty five percent (85%) of the securities at the time of purchase. Not more than twenty five percent (25%) of the College's total investment portfolio can be Investment Grade Corporate Bonds and Notes and no security of an issuer can exceed five percent (5%) of the College's total investment portfolio. The new policy also provides provisions for utilizing external investment managers. During 2012-2013, the College developed a strategy to engage external investment managers and plans to implement it in 2013-2014. All investments are unrated at June 30, 2013.

All investments owned by the College are held in safekeeping by the issuing or selling bank. Safekeeping receipts are held by the College. As part of the transition to an external investment manager model in 2013-14, the College expects to consolidate the safekeeping of investments under one custodian.

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, international equities, corporate bonds, mutual funds, certain types of alternative investments (hedge funds, REITS, commodities) certificates of deposit, money market accounts, interest bearing demand deposits insured by FDIC, commercial paper, donated real and personal property, and U.S. Government notes, bills, bonds, and agencies.

Investments held in the name of the College at June 30, 2013 consist of the following:

				Investment Maturities (Years)	
Investment Type	**Rating**	**Fair Market Value**	**Less Than 1**	**1-2**	**More than 2**
Deposits:	N/A				
Certificates of Deposit		$118,000,000	$63,000,000	$40,000,000	$15,000,000
Investment:					
U.S. Government Agencies Securities	N/A	14,912,537			14,912,537
Money Market/Savings	N/A	161,436,629	161,436,629		
Total		$294,349,166	$224,436,629	$40,000,000	$ 29,912,537

A. Credit Risk

The College's investment policy requires that all commercial paper 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 Deposit, U.S. Government Treasury Bills, Notes, Bonds, and Agency limit the maximum maturity to five (5) 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 twenty percent (20%) of the College's total investment portfolio at the time of investment, 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 percent (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 percent (5%) or more of the College's investments at June 30, 2013 are listed below:

INSTITUTIONS	COST	PERCENT OF TOTAL INVESTED
PNC Bank	$57,853,638	20%
Huntington Bank	57,743,499	20%
JP Morgan	45,839,492	16%
1st Source	41,000,000	14%
Lake City Bank	34,000,000	12%
US Bank	17,000,000	6%

D. Foreign Currency Risk

The College does not hold foreign currency.

E. Custodial Credit Risk

The College Certificates of Deposit are all insured by Public Deposit Insurance Fund (PDIF) or Federal Deposit Insurance Corporation (FDIC) and Money Market Accounts are limited to funds with assets totaling at least one billion ($1,000,000,000) or funds managed by Indiana banks insured by the Public Deposit Insurance Fund (PDIF).

VI. Line Of Credit

The College has a line of credit in the amount of three million ($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, 2013, the College had not drawn against this line of credit.

VII. Post-Employment Benefits

All employees who retire between the age of fifty-five (55) and up to but not including sixty-five (65) with ten (10) years of benefits-eligible service with the College, or at the age of sixty-five (65) or later with five (5) years of benefits-eligible service with the College may continue participation in College group medical and/or dental benefits. For pre-Medicare coverage, the retiree pays one hundred percent (100%) of the premium cost of an active employee. The College subsidizes the difference between the retiree premium cost and active premium cost. The expenditure is accrued and recognized under the terms of GASB Statement 45. The College does not subsidize the cost of retiree coverage for Medicare eligible retirees.

In addition, all employees who retire between the age of fifty-five (55) and sixty-five (65), and whose combined age and years of continuous benefit-eligible service equal at least seventy-five (75), and were hired on or before December 31, 2008 and were benefits-eligible and continuously employed in a benefits-eligible position on or prior to December 31, 2008, may elect to remain in the College group medical and/or dental programs. Employees who meet the above requirements and remain in the programs pay only twenty percent (20%) of the full premium expense. The College pays the remaining eighty percent (80%) of the premium, and the expenditure is recognized when paid. During fiscal year 2012-13, expenditures of $467,468 were recognized for sixty-five (65) employees who participated in the post-retirement health and dental care program.

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 thirty (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 of Indiana
July 1, 2012 to June 30, 2013

Annual required contribution	$ 2,978,659
Interest on net OPEB obligation	836,850
Adjustment to annual required contribution	(727,212)
Annual OPEB cost	3,088,297
Contributions made	(467,468)
Increase (decrease) in net OPEB obligation	2,620,829
Net OPEB obligation, beginning of year	16,736,975
Net OPEB obligation, end of year	$19,357,804

The College's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06-30-11	4,239,364	11.9%	13,171,283
06-30-12	4,018,592	11.5%	16,736,975
06-30-13	3,088,296	15.7%	19,357,804

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was zero percent (0%) funded. The actuarial accrued liability for benefits was $27,643,926, and the actuarial value of assets was $0.00 resulting in an unfunded actuarial accrued liability (UAAL) of $27,643,926.

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 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.

Schedule of Funding Progress	**July 1, 2012**	**July 1, 2011**	**July 1, 2010**
1. Actuarial Value of Assets	$ 0	$ 0	$ 0
2. Accrued Liability	27,643,926	31,343,920	33,775,655
3. Unfunded Accrued Liability (UAL) (2. – 1.)	27,643,926	31,343,920	33,775,655
4. Funded Ratio (1. / 2.)	0.0%	0.0%	0.0%
5. Covered Payroll	N/A	N/A	N/A

6. UAL as a Percentage of Covered Payroll (3. / 5.)	N/A	N/A	N/A

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, 2013 actuarial valuation, the Unit Credit actuarial cost method was used. The actuarial assumptions included a five percent (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 ten percent (10%) initially, reduced by one percent (1%) decrements to an ultimate rate of five percent (5%) after five (5) years. Both rates included a three percent (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, 2013 was twenty-five (25) years.

VIII. Self-Insurance

The College has two (2) health care plans (medical and dental) for full-time appointed employees. These plans are also available to retirees not eligible for Medicare. All of the employee plans are self-funded. The College records a liability for incurred but unpaid claims for college-sponsored, self-funded health care plans.

At June 30, the unpaid claim liability for the dental plan was actuarially estimated at $323 thousand. In addition, the unpaid claim liability for the medical plan was $4.7 million. The medical plan unpaid claim liability is an estimate based upon Anthem's experience with standard claim payment lag time and a projected number of claims in lag. Additionally, the unpaid liability includes $903 thousand of medical and $104 thousand of dental expense incurred in June and not paid until July.

A reserve (the excess of employer share over claims paid) was recognized in the amount of $10.6 million.

IX. Retirement Plans

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

The College sponsors a defined contribution plan under section 403(b) of the Internal Revenue Code for full-time faculty and administrative staff, and participates in the State of Indiana's defined-benefit pension plan under section 401(a) of the Internal Revenue Code for full-time support employees. The College also sponsors a defined contribution plan under section 457(b) of the Internal Revenue Code in which all employees are eligible to participate.

The College provided retirement plan coverage to 3,101 and 3,162 active employees as of June 30, 2012, and June 30, 2013, respectively.

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

Full-time faculty and administrative staff are eligible to participate in a defined contribution retirement plan sponsored by the College. The College contributes a fixed percentage of compensation on behalf of each eligible employee to the plan. The participation date for eligible employees is determined by their personnel position classification.

Employees may elect to allocate contributions to their retirement plan account between several funding options offered by Teachers Insurance and Annuity Association ("TIAA") and College Retirement Equities Fund ("CREF") or American United Life Insurance Company ("AUL"). The allocation may be designated in whole or prescribed ratios to a fixed-dollar fund or to a diversified common stock fund(s).

During the fiscal year ending June 30, 2013, the College remitted $17.6 million to TIAA/CREF and $2.4 million to AUL, representing $133.67 million in total salaries. On June 30, 2013, there were 2,201 employees participating in this retirement plan.

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

B. Public Employees' Retirement Fund.

The College contributes to the Public Employees' Retirement Fund ("PERF"), a multiple employer defined benefit pension plan sponsored by the State of Indiana, on behalf of full-time, non-exempt employees. State statutes (IC 5-10.2 and 5-10.3) govern most requirements of PERF and give the College authority to contribute to PERF. The retirement benefit under PERF consists of an annual pension funded by employer contributions plus a separate annuity benefit funded by the member's annuity savings account. The College has always funded in full the contributions required by PERF each year. The College's funding policy and annual pension cost for PERF, excluding the College's contributions to the separate annuity savings accounts, are provided below. The College's contribution to PERF in the fiscal year ending June 30, 2013 was $2.9 million. In addition, the annuity savings account is funded by member's contributions set by the State statute at three percent (3%) of compensation. Ivy Tech has elected to make these contributions on behalf of eligible members. The College contributed $899 thousand to individual annuity savings accounts in PERF for the fiscal year ending June 30, 2013. On June 30, 2013, 961 employees were members of PERF.

PERF

Annual Required Contribution	$2,017,066	Increase (Decrease) in Net Pension Obligation	($447,806)
Interest on Net Pension Obligation	(88,322)	Net Pension Obligation, Beginning of Year	(1,261,747)
Adjustment to Annual Required Contribution	101,680	Net Pension Obligation, End of Year	$(1,709,553)
Annual Pension Cost-Employers Share Only	2,030,424		
Contributions Made – Employers Share Only	$2,478,230		

College Contributions: 14.2%	Asset Valuation Method: 4 Yr Smoothed Market Value-20% Corridor
Total College Contributions Includes a 3% Member Share	Investment Rate of Return: 6.75%
Plan Members: 3%	Projected Future Salary Increases: Total 4% (incl. 3% wage inflation)
Actuarial Valuation Date: 06/30/10	
Actuarial Cost Method: Entry Age	

Amortization Method: Level Dollar Amortization Period 30 years Cost-of-Living Adjustments: 1%

Three-Year Trend Information

PERF

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/10	1,606,740	99%	(1,325,566)
06/30/11	1,953,015	97%	(1,261,747)
06/30/12	2,030,424	122%	(1,709,553)

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 %
06/30/10	9,878,877	14,667,884	(4,789,007)	67.4%	19,033,235	(25.2%)
06/30/11	14,986,988	26,543,044	(11,556,056)	56.5%	28,466,234	(40.6%)
06/30/12	14,223,405	30,039,979	(15,816,574)	47.3%	32,810,182	(48.2%)

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

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

D. *Federal Social Security Act.*

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

X. Capital Assets

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

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 28,384,413	$ 1,151,596	$ -	$ 29,536,009
Construction work in progress	6,910,079	23,545,379	17,624,073	12,831,385
Land improvements and infrastructure	21,716,687	1,942,013	211,910	23,446,790
Buildings	616,454,567	31,713,238	632,550	647,535,255
Furniture, fixtures, and equipment	77,361,881	6,889,237	1,801,762	82,449,356
Library materials	3,212,853	257,072	17,683	3,452,242
Total	754,040,480	65,498,535	20,287,978	799,251,037
Less accumulated depreciation:				
Land improvements and infrastructure	10,577,043	1,339,430	136,988	11,779,485
Buildings	151,076,295	17,797,834	248,518	168,625,611
Furniture, fixtures, and equipment	56,495,971	6,991,896	1,736,279	61,751,588
Library materials	2,269,756	335,728	17,683	2,587,801
Total accumulated depreciation	220,419,065	26,464,888	2,139,468	244,744,485
Capital assets, net	$ 533,621,415	$ 39,033,647	$ 18,148,510	$ 554,506,552

Construction Work In Progress

The following table presents the construction projects in process as of June 30, 2013.

Anderson Planning	340,352
A&E Planning/Expansion - Bloomington	323,142
Anderson Sim Lab – St. Vincent	985,980
Insurance Refund	56,304
Clock Tower Capital Campaign	86,619
East Chicago Rehab Capital Campaign	346,019
Exterior Sign Project Busse Foundation Funds	76,367
Busse Tech Center Improvements	204,782
Culinary Arts Expansion Coliseum	46,708
Mooresville Building	944,007
Various Repair & Rehabilitation & Parking Lot Projects	9,421,105
Total Construction Work In Progress	$12,831,385

XI. Long Term Liabilities

	Primary Institution				
	Beginning Balance	**Additions**	**Reductions**	**Ending Balance**	**Current Portion**
Leases, notes, and bonds payable:					
Lease Obligations	$24,539,215	$16,007,404	$2,999,298	$37,547,321	$2,913,021
Notes Payable – Interim Financing/Mortgage	3,056,998	19,950,600	276,266	22,731,332	20,240,892
Revenue bonds payable:					
Series G student fee bonds Bond Yield 1.93% - 4.93%	18,395,000	-	18,395,000	-	-
Series H student fee bonds Bond Yield 1.32% - 3.96%	30,280,000	-	2,795,000	27,485,000	16,285,000
Series I student fee bonds Bond Yield 2.3% - 4.55%	12,680,000	-	1,885,000	10,795,000	1,965,000
Series J student fee bonds Bond Yield 4.25% - 4.47%	9,245,000	-	-	9,245,000	-
Series K student fee bonds Bond Yield 3.76% - 4.74%	40,525,000	-	2,370,000	38,155,000	2,480,000
Series L student fee bonds Bond Yield 2.0% - 4.85%	51,670,000	-	3,865,000	47,805,000	9,700,000
Series M student fee bonds Bond Yield .485% - 1.95%	10,830,000	-	3,490,000	7,340,000	3,605,000
Series N student fee bonds Bond Yield 3.51% - 6.155%	70,290,000	-	-	70,290,000	-
Series O student fee bonds Bond Yield 3.25% - 3.55%	9,200,000	-	-	9,200,000	-
Series P student fee bonds Bond Yield .28% - 4.11%	32,415,000	-	905,000	31,510,000	920,000
Series Q student fee bonds Bond Yield .90%	15,190,000	-	710,000	14,480,000	2,990,000
Total Bonds Payable	300,720,000	-	34,415,000	266,305,000	37,945,000
Premium on Bonds-Series H, I, J,K,L,M,P	8,163,500	-	852,585	7,310,915	858,939
Total leases, notes, & bonds payable	336,479,713	35,958,004	38,543,149	333,894,568	61,957,852
Other liabilities:					
Compensated absences	15,688,020	10,859,339	10,288,501	16,258,858	10,393,186
Other post-employment benefits	16,736,975	2,620,829	-	19,357,804	-
Total other liabilities	32,424,995	13,480,168	10,288,501	35,616,662	10,393,186
Total long-term liabilities	$368,904,708	$49,438,172	$48,831,650	$369,511,230	$72,351,038

A. Notes Payable

During the period July 1, 2012 to June 30, 2013, the College financed a partial refunding of Series H and Series L Student Fee bonds in the amount of $19,935,000 using a short-term promissory note. No principal or interest was due in 2012-13. The promissory note will be repaid as part of the Series R Student Fee Bond issue in the fall of 2013.

Project	**Balance 6-30-12**	**Principal Paid 2012-13**	**New Debt 2012-13**	**Balance 6-30-13**
Promissory Note – PNC Bank			$19,950,600	$19,950,600
Qualified Energy Savings Project	$3,056,998	276,266	-	2,780,732
Totals	$3,056,998	$276,266	$ 19,950,600	$22,731,332

Qualified Energy Savings Project. In August 2010, the College entered into a Qualified Energy Conservation Note in the amount of $3,260,000 with a maturity of January 10, 2021. Under terms of the loan agreement, the College pays a fixed interest rate of 4.80% per annum for the entire term of the loan. Under this financing mechanism, the College is eligible to receive an interest subsidy equal to 3.35% from the federal government. The College makes principal and interest payments semi-annually.

QUALIFIED ENERGY CONSERVATION NOTE
$3,260,000 ORIGINAL LOAN AMOUNT

Year Ending June 30	Principal	Interest	Total	Federal Interest Credit	Net Total	Outstanding Principal Balance
2014	290,292	131,798	422,090	91,874	330,216	2,490,440
2015	304,591	117,498	422,089	81,907	340,182	2,185,849
2016	319,595	102,495	422,090	71,447	350,643	1,866,254
2017	335,084	87,006	422,090	60,651	361,439	1,531,170
2018	351,844	70,246	422,090	48,967	373,123	1,179,326
2019-2021	1,179,326	103,350	1,282,676	72,044	1,210,632	$ -
Totals	2,780,732	612,393	3,393,125	426,890	2,966,235	

B. Refunded Bond Issues

During the period July 1, 2012 to June 30, 2013, the College financed a partial refunding of Series H and Series L Student Fee bonds in the amount of $19,935,000 using a short-term promissory note; however, the Series H and Series L bonds were refunded subsequent to June 30, 2013. As a result, both the promissory note and the outstanding Series H and Series L refunded bonds are considered a liability of the College as of June 30, 2013, and are reported as such. The promissory note will be repaid as part of the Series R Student Fee Bond issue in the fall of 2013.

C. Premium on Bonds

The June 30, 2012 Premium on Bonds of $8.2 million is the remaining balance from the sale of Series H, I, J, K, L, M and P Student Fee Bonds. The ending balance at June 30, 2013 of $7.3 million includes the remaining balance from Series H, I, J, K, L, M and P Student Fee Bonds. It is being amortized over the remaining life of the related bonds.

D. Compensated Absences

Accrued time for vacation and sick vests to a maximum. The vacation maximum is equal to the amount accrued during the preceding eighteen (18) months. Unused vacation time is paid out upon termination regardless of age or years of service. The sick maximum is equal to 1,056 hours. Unused sick is paid out upon retirement only if the employee’s age is a least fifty-five years and their age plus years of service equal seventy-five or more. Employees eligible for this benefit are paid at a rate of one-half the accumulated time up to an accumulated maximum of one hundred days. The accrued vacation benefit is $11.1 million and the eligible sick leave benefit is $5.1 million. The College has internally designated a portion of its unrestricted funds to more than offset the entire liability for compensated absences as identified on page 13 of the Management Discussion & Analysis section.

E. Bond Schedules

IVY TECH COMMUNITY COLLEGE OF INDIANA

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

SERIES H OF 2003, SERIES I and SERIES J OF 2005, SERIES K OF 2007,

SERIES L OF 2009, AND SERIES M AND SERIES N OF 2010, SERIES O, SERIES P

AND SERIES Q OF 2012

Year Ending June 30	Principal	Interest	Total	Series N 35% Federal Interest Credit	Net Total	Outstanding Principal Balance
2014	37,945,000.00	11,343,934.60	$49,288,934.60	($1,327,263.44)	$47,961,671.16	228,360,000.00
2015	15,080,000.00	10,306,555.02	$25,386,555.02	($1,327,263.44)	$24,059,291.58	213,280,000.00
2016	15,135,000.00	9,791,400.52	$24,926,400.52	($1,303,676.24)	$23,622,724.28	198,145,000.00
2017	15,820,000.00	9,239,537.27	$25,059,537.27	(1,252,199.73)	23,807,337.54	182,325,000.00
2018	16,270,000.00	8,632,421.39	$24,902,421.39	(1,192,349.86)	23,710,071.53	166,055,000.00
2019-2023	80,070,000.00	31,592,856.75	$111,662,856.75	($4,854,657.64)	$106,808,199.11	85,985,000.00
2024-2028	73,515,000.00	12,551,349.13	$86,066,349.13	($2,476,216.22)	$83,590,132.91	12,470,000.00
2029-2032	12,470,000.00	750,218.78	$13,220,218.78	($177,725.64)	$13,042,493.14	00.00
Totals	$266,305,000.00	$94,208,273.46	$360,513,273.46	($13,911,352.21)	$346,601,921.25	

XII. Property Subject to Capital Leases

The College has multiple 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 Position. 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.

The following information is presented as additional data and is not subject to the audit opinion expressed by the Indiana State Board of Accounts. These reports were prepared by the management of Ivy Tech Community College of Indiana.

IVY TECH COMMUNITY COLLEGE OF INDIANA
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
2013	2,795,000.00	1,472,125.00	4,267,125.00	27,485,000.00
2014	16,285,000.00	1,006,245.83	17,291,245.83	11,200,000.00
2015	0.00	588,000.00	588,000.00	11,200,000.00
2016	0.00	588,000.00	588,000.00	11,200,000.00
2017	0.00	588,000.00	588,000.00	11,200,000.00
2018	0.00	588,000.00	588,000.00	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	3,435,000.00	90,168.75	3,525,168.75	0.00
Totals	$30,280,000.00	$5,694,258.33	$35,974,258.33	

Ivy Tech Community College of Indiana
Schedule of Annual Requirements for Principal and Interest
Series I
Evansville, Valparaiso, Madison, and Portage
Original Issue - $39,650,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2013	1,885,000.00	518,572.50	2,403,572.50	10,795,000.00
2014	1,965,000.00	441,572.50	2,406,572.50	8,830,000.00
2015	2,055,000.00	350,897.50	2,405,897.50	6,775,000.00
2016	2,160,000.00	245,522.50	2,405,522.50	4,615,000.00
2017	2,260,000.00	144,627.50	2,404,627.50	2,355,000.00
2018	2,355,000.00	48,866.25	2,403,866.25	0.00
2019	0.00	0.00	0.00	0.00
2020	0.00	0.00	0.00	0.00
2021	0.00	0.00	0.00	0.00
2022	0.00	0.00	0.00	0.00
2023	0.00	0.00	0.00	0.00
2024	0.00	0.00	0.00	0.00
2025	0.00	0.00	0.00	0.00
2026	0.00	0.00	0.00	0.00
2027	0.00	0.00	0.00	0.00
	12,680,000.00	1,750,058.75	14,430,058.75	

Ivy Tech Community
College of Indiana
Schedule of Annual Requirements for Principal and Interest
Series J
Richmond and Marion
Original Issue - $9,245,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
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
	9,245,000.00	4,914,875.00	14,159,875.00	

Ivy Tech Community
College of Indiana
Schedule of Annual Requirements for Principal and Interest
Series K
Valparaiso Phase II, Marion Construction and Madison Construction
Original Issue - $60,670,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2013	2,370,000.00	1,912,462.50	4,282,462.50	38,155,000.00
2014	2,480,000.00	1,803,337.50	4,283,337.50	35,675,000.00
2015	2,590,000.00	1,695,737.50	4,285,737.50	33,085,000.00
2016	0.00	1,643,937.50	1,643,937.50	33,085,000.00
2017	2,820,000.00	1,573,437.50	4,393,437.50	30,265,000.00
2018	2,965,000.00	1,428,812.50	4,393,812.50	27,300,000.00
2019	3,115,000.00	1,276,812.50	4,391,812.50	24,185,000.00
2020	3,275,000.00	1,117,062.50	4,392,062.50	20,910,000.00
2021	1,000,000.00	1,010,187.50	2,010,187.50	19,910,000.00
2022	3,600,000.00	900,587.50	4,500,587.50	16,310,000.00
2023	3,780,000.00	721,487.50	4,501,487.50	12,530,000.00
2024	3,970,000.00	530,237.50	4,500,237.50	8,560,000.00
2025	4,170,000.00	329,237.50	4,499,237.50	4,390,000.00
2026	4,390,000.00	112,493.75	4,502,493.75	0.00
	40,525,000.00	16,055,831.25	56,580,831.25	

**Ivy Tech Community College
of Indiana
Schedule of Annual Requirements for Principal and Interest
Series L
Fort Wayne, Logansport and Greencastle
Projects;
Fairbanks Refinancing and Series E Refunding
Original Issue - $65,095,000**

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2013	3,865,000.00	2,237,868.76	6,102,868.76	47,805,000.00
2014	9,700,000.00	1,991,480.01	11,691,480.01	38,105,000.00
2015	2,715,000.00	1,746,231.26	4,461,231.26	35,390,000.00
2016	2,815,000.00	1,642,418.76	4,457,418.76	32,575,000.00
2017	2,935,000.00	1,527,418.76	4,462,418.76	29,640,000.00
2018	3,070,000.00	1,391,968.76	4,461,968.76	26,570,000.00
2019	3,225,000.00	1,234,593.76	4,459,593.76	23,345,000.00
2020	0.00	1,153,968.76	1,153,968.76	23,345,000.00
2021	3,530,000.00	1,065,718.76	4,595,718.76	19,815,000.00
2022	3,210,000.00	897,218.76	4,107,218.76	16,605,000.00
2023	2,915,000.00	744,093.76	3,659,093.76	13,690,000.00
2024	3,065,000.00	594,593.76	3,659,593.76	10,625,000.00
2025	0.00	517,968.76	517,968.76	10,625,000.00
2026	3,370,000.00	435,825.01	3,805,825.01	7,255,000.00
2027	3,540,000.00	267,393.76	3,807,393.76	3,715,000.00
2028	3,715,000.00	90,553.13	3,805,553.13	0.00
	51,670,000.00	17,539,314.53	69,209,314.53	

Ivy Tech Community College
of Indiana
Schedule of Annual Requirements for Principal and Interest
Series M (Tax-Exempt)
Elkhart, Sellersburg, Warsaw and Indianapolis Projects
Original Issue - $18,800,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2013	3,490,000.00	302,550.00	3,792,550.00	7,340,000.00
2014	3,605,000.00	188,625.00	3,793,625.00	3,735,000.00
2015	3,735,000.00	63,525.00	3,798,525.00	0.00
	10,830,000.00	554,700.00	11,384,700.00	

Ivy Tech Community
College of Indiana
Schedule of Annual Requirements for Principal and Interest
Series N (Taxable Build America - Direct Pay Option)
Elkhart, Sellersburg, Warsaw and Indianapolis Projects
Original Issue -
$70,290,000

Year Ending June 30	Principal	Interest	Total	35% Federal Interest Credit	Net Total	Outstanding Principal Balance
2013		3,792,181.26	3,792,181.26	(1,327,263.44)	2,464,917.82	70,290,000.00
2014		3,792,181.26	3,792,181.26	(1,327,263.44)	2,464,917.82	70,290,000.00
2015		3,792,181.26	3,792,181.26	(1,327,263.44)	2,464,917.82	70,290,000.00
2016	3,840,000.00	3,724,789.26	7,564,789.26	(1,303,676.24)	6,261,113.02	66,450,000.00
2017	3,935,000.00	3,577,713.51	7,512,713.51	(1,252,199.73)	6,260,513.78	62,515,000.00
2018	4,045,000.00	3,406,713.88	7,451,713.88	(1,192,349.86)	6,259,364.02	58,470,000.00
2019	4,165,000.00	3,216,166.89	7,381,166.89	(1,125,658.41)	6,255,508.48	54,305,000.00
2020	4,300,000.00	3,009,113.27	7,309,113.27	(1,053,189.64)	6,255,923.63	50,005,000.00
2021	4,440,000.00	2,789,624.76	7,229,624.76	(976,368.66)	6,253,256.10	45,565,000.00
2022	4,600,000.00	2,555,713.76	7,155,713.76	(894,499.81)	6,261,213.95	40,965,000.00
2023	4,760,000.00	2,299,831.77	7,059,831.77	(804,941.12)	6,254,890.65	36,205,000.00
2024	4,940,000.00	2,027,504.27	6,967,504.27	(709,626.50)	6,257,877.77	31,265,000.00
2025	5,135,000.00	1,739,513.64	6,874,513.64	(608,829.78)	6,265,683.86	26,130,000.00
2026	5,320,000.00	1,435,534.52	6,755,534.52	(502,437.08)	6,253,097.44	20,810,000.00
2027	5,545,000.00	1,110,208.14	6,655,208.14	(388,572.85)	6,266,635.29	15,265,000.00
2028	5,765,000.00	762,142.89	6,527,142.89	(266,750.01)	6,260,392.88	9,500,000.00
2029	6,000,000.00	400,075.02	6,400,075.02	(140,026.26)	6,260,048.76	3,500,000.00
2030	3,500,000.00	107,712.51	3,607,712.51	(37,699.38)	3,570,013.13	0.00
	70,290,000.00	43,538,901.87	113,828,901.87	(15,238,615.65)	98,590,286.22	

Ivy Tech Community College of Indiana

Schedule of Annual Requirements for Principal and Interest

Series O (Tax-Exempt)

Series I Refunding Original Issue - $9,200,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
6/30/2013		328,715.39	328,715.39	9,200,000.00
6/30/2014		314,727.50	314,727.50	9,200,000.00
6/30/2015		314,727.50	314,727.50	9,200,000.00
6/30/2016		314,727.50	314,727.50	9,200,000.00
6/30/2017		314,727.50	314,727.50	9,200,000.00
6/30/2018		314,727.50	314,727.50	9,200,000.00
6/30/2019		314,727.50	314,727.50	9,200,000.00
6/30/2020		314,727.50	314,727.50	9,200,000.00
6/30/2021		314,727.50	314,727.50	9,200,000.00
6/30/2022		314,727.50	314,727.50	9,200,000.00
6/30/2023		314,727.50	314,727.50	9,200,000.00
6/30/2024		314,727.50	314,727.50	9,200,000.00
6/30/2025	2,250,000.00	278,165.00	2,528,165.00	6,950,000.00
6/30/2026	3,415,000.00	183,547.50	3,598,547.50	3,535,000.00
6/30/2027	3,535,000.00	62,746.25	3,597,746.25	0.00
	9,200,000.00	4,315,176.64	13,515,176.64	

Ivy Tech Community College of Indiana

Schedule of Annual Requirements for Principal and Interest

Series P (Tax-Exempt) Indianapolis & Muncie Projects, Lafayette Refinancing and Series I & K Refunding

Original Issue - $32,415,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
6/30/2013	905,000.00	1,234,450.43	2,139,450.43	31,510,000.00
6/30/2014	920,000.00	1,226,650.00	2,146,650.00	30,590,000.00
6/30/2015	945,000.00	1,203,275.00	2,148,275.00	29,645,000.00
6/30/2016	3,510,000.00	1,106,350.00	4,616,350.00	26,135,000.00
6/30/2017	1,015,000.00	1,013,450.00	2,028,450.00	25,120,000.00
6/30/2018	1,050,000.00	978,550.00	2,028,550.00	24,070,000.00
6/30/2019	3,390,000.00	877,525.00	4,267,525.00	20,680,000.00
6/30/2020	3,530,000.00	738,300.00	4,268,300.00	17,150,000.00
6/30/2021	5,235,000.00	581,825.00	5,816,825.00	11,915,000.00
6/30/2022	540,000.00	477,500.00	1,017,500.00	11,375,000.00
6/30/2023	555,000.00	458,375.00	1,013,375.00	10,820,000.00
6/30/2024	570,000.00	441,500.00	1,011,500.00	10,250,000.00
6/30/2025	965,000.00	417,268.75	1,382,268.75	9,285,000.00
6/30/2026	615,000.00	389,287.50	1,004,287.50	8,670,000.00
6/30/2027	5,035,000.00	263,700.00	5,298,700.00	3,635,000.00
6/30/2028	665,000.00	135,450.00	800,450.00	2,970,000.00
6/30/2029	700,000.00	104,737.50	804,737.50	2,270,000.00
6/30/2030	725,000.00	75,393.75	800,393.75	1,545,000.00
6/30/2031	760,000.00	46,600.00	806,600.00	785,000.00
6/30/2032	785,000.00	15,700.00	800,700.00	0.00
	32,415,000.00	11,785,887.93	44,200,887.93	

Ivy Tech Community College of Indiana

Schedule of Annual Requirements for Principal and Interest

Series Q (Tax-Exempt)

Series G Refunding
Original Issue - $15,190,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
6/30/2013	710,000.00	77,089.25	787,089.25	14,480,000.00
6/30/2014	2,990,000.00	116,865.00	3,106,865.00	11,490,000.00
6/30/2015	3,040,000.00	89,730.00	3,129,730.00	8,450,000.00
6/30/2016	2,810,000.00	63,405.00	2,873,405.00	5,640,000.00
6/30/2017	2,855,000.00	37,912.50	2,892,912.50	2,785,000.00
6/30/2018	2,785,000.00	12,532.50	2,797,532.50	0.00
	15,190,000.00	397,534.25	15,587,534.25	

IVY TECH COMMUNITY
COLLEGE OF INDIANA

SCHEDULE OF ANNUAL REQUIREMENT FOR PRINCIPAL AND INTEREST
SERIES H OF 2003, SERIES I AND SERIES J OF 2005, SERIES K OF 2007,
SERIES L OF 2009, SERIES M AND SERIES N OF 2010, SERIES O, SERIES P
AND SERIES Q OF 2012

Year Ending June 30	Principal	Interest	Total	Series N 35% Federal Interest Credit	Net Total	Outstanding Principal Balance
2013	16,020,000.00	12,338,265.09	28,358,265.09	(1,327,263.44)	27,031,001.65	266,305,000.00
2014	37,945,000.00	11,343,934.60	49,288,934.60	(1,327,263.44)	47,961,671.16	228,360,000.00
2015	15,080,000.00	10,306,555.02	25,386,555.02	(1,327,263.44)	24,059,291.58	213,280,000.00
2016	15,135,000.00	9,791,400.52	24,926,400.52	(1,303,676.24)	23,622,724.28	198,145,000.00
2017	15,820,000.00	9,239,537.27	25,059,537.27	(1,252,199.73)	23,807,337.54	182,325,000.00
2018	16,270,000.00	8,632,421.39	24,902,421.39	(1,192,349.86)	23,710,071.53	166,055,000.00
2019	17,675,000.00	7,870,850.65	25,545,850.65	(1,125,658.41)	24,420,192.24	148,380,000.00
2020	15,090,000.00	7,080,365.78	22,170,365.78	(1,053,189.64)	21,117,176.14	133,290,000.00
2021	17,640,000.00	6,314,502.27	23,954,502.27	(976,368.66)	22,978,133.61	115,650,000.00
2022	14,730,000.00	5,538,497.52	20,268,497.52	(894,499.81)	19,373,997.71	100,920,000.00
2023	14,935,000.00	4,788,640.53	19,723,640.53	(804,941.12)	18,918,699.41	85,985,000.00
2024	15,620,000.00	4,008,688.03	19,628,688.03	(709,626.50)	18,919,061.53	70,365,000.00
2025	12,985,000.00	3,293,778.65	16,278,778.65	(608,829.78)	15,669,948.87	57,380,000.00
2026	17,110,000.00	2,556,688.28	19,666,688.28	(502,437.08)	19,164,251.20	40,270,000.00
2027	17,655,000.00	1,704,048.15	19,359,048.15	(388,572.85)	18,970,475.30	22,615,000.00
2028	10,145,000.00	988,146.02	11,133,146.02	(266,750.01)	10,866,396.01	12,470,000.00
2029	6,700,000.00	504,812.52	7,204,812.52	(140,026.26)	7,064,786.26	5,770,000.00
2030	4,225,000.00	183,106.26	4,408,106.26	(37,699.38)	4,370,406.88	1,545,000.00
2031	760,000.00	46,600.00	806,600.00	0.00	806,600.00	785,000.00
2032	785,000.00	15,700.00	800,700.00	0.00	800,700.00	0.00
Totals	$282,325,000.00	$106,546,538.55	$388,871,538.55	($15,238,615.65)	$373,632,922.90	

Series H Bonds Principal Debt of $30,280,000.00
Series I Bonds Principal Debt of $12,680,000.00
Series J Bonds Principal Debt of $9,245,000.00
Series K Bonds Principal Debt of $40,525,000.00
Series L Bonds Principal Debt of $51,670,000.00
Series M Bonds Principal Debt of $10,830,000.00
Series N Bonds Principal Debt of $70,290,000.00
Series O Bonds Principal Debt of $9,200,000.00
Series P Bonds Principal Debt of $32,415,000.00
Series Q Bonds Principal Debt of $15,190,000.00

Lease Obligations

The College leases certain facilities. The majority of the leases include renewal options. Some leases are in substance lease-purchases and, as such, are recorded as capital lease obligations.

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

	Capital	**Operating**
2014	$3,935,697	$4,529,331
2015	3,407,177	4,267,564
2016	3,350,441	2,202,470
2017	3,312,311	1,675,384
2018 and beyond	33,008,116	5,248,356
Total future minimum payments	47,013,742	$17,923,105
Less: Interest	(9,466,421)	
Total Principal Payments Outstanding	$37,547,321	

Schedule Of Student Financial Aid Expenditures For Year Ended June 30, 2013
With Comparative Figures At June 30, 2012

	Current Unrestricted	Current Restricted	06/30/13 Total	06/30/12 Total
Work-Study (1)	$ 2,617	$1,997,297	$1,999,914	$1,816,449
Scholarship/Fellowship(2)	-	221,943,234	221,943,234	243,692,083
Grants (3)	-	35,711,343	35,711,343	37,410,975
Fee Remissions	6,696,634	-	6,696,634	6,814,417
Administrative Allowance (4)	622,241	-	622,241	661,899
Total Financial Aid Expenses	$7,321,492	$259,651,874	$266,973,366	$290,395,823

(1) The $2,617 is the institutional share of the State College Work-Study Programs. The Federal Work-Study Program is now paid 100% by Federal funds.

(2) The amount of $221,943,234 includes $218,886,381 of Pell Grants as compared to $240,238,046 for the prior year. The College has no choice in determining the recipients for the Pell Grant Program.

(3) The college is no longer required to provide a 25% share of the SEOG match.

(4) Administrative allowance is made up of $81,289 Federal Work-Study, $376,575 Pell, and $164,377 Federal Supplemental Educational Opportunity Grant (FSEOG).

IVY TECH COMMUNITY COLLEGE OF INDIANA
Five Year Trend in Student Enrollment

	Actual				
	2008-09	**2009-10**	**2010-11**	**2011-12**	**2012-13***
Credit Student - Full Time	42,138	46,627	47,775	44,810	40,206
Part Time	93,561	119,928	127,031	131,144	140,258
Total	135,699	166,555	174,806	175,954	180,464
FTE	55,738	72,628	76,905	74,583	71,493
Non-Credit Students	23,654	21,234	23,875	25,862	20,346

*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.