B29705

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT

OF

IVY TECH COMMUNITY COLLEGE OF INDIANA

INDIANAPOLIS, INDIANA

FEDERAL AWARDS AUDIT

July 1, 2005 to June 30, 2006

FILED
03/26/2007

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OFFICIALS

Office	Official	Term
President	Gerald I. Lamkin	01-01-83 to 06-30-07
Vice President/Treasurer	Robert C. Holmes	01-01-00 to 06-30-07
Chairman of the Board of Trustees	William R. Goins	06-10-04 to 06-30-07

IVY TECH COMMUNITY COLLEGE OF INDIANA
INDIANAPOLIS, INDIANA

INTRODUCTION

GRANTEE'S ORGANIZATION

Ivy Tech Community College of Indiana is a nonprofit state-supported educational institution. The College was founded in 1963. The 1995 General Assembly passed a law, effective June 1, 1995, changing the College's name from "Indiana Vocational Technical College" to "Ivy Tech State College." Then, on May 4, 2005, with the adoption of Senate Bill 296 by the 2005 General Assembly, the legislation, signed by Governor Mitch Daniels reinforced the College's leadership role in educating the State's workforce and broadened the institution's mission to include serving as the State's community college system. In keeping with the College's expanded mission, Ivy Tech's official name changed from "Ivy Tech State College" to "Ivy Tech Community College of Indiana," effective July 1, 2005. The College offers associate degree programs and technical certificates in vocational education. The College has regional campuses located in Gary, South Bend, Fort Wayne, Lafayette, Kokomo, Muncie, Terre Haute, Indianapolis, Richmond, Columbus, Madison, Evansville, Sellersburg, and Bloomington. The system-wide student enrollment in 2005-2006 was 43,088 (hours enrolled converted to full time equivalent).

SCOPE OF AUDIT

Our audit of compliance of Ivy Tech Community College of Indiana was performed in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. The purpose of the audit was to formulate an opinion on the basic financial statements as a whole and to determine if federally sponsored programs were administered in accordance with the applicable laws, regulations, terms of agreement, and directives which are set forth in the respective audit guides. Our work included the following:

- Expression of an opinion on the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows.

- Evaluation of the College's policies, procedures, and practices used to administer the programs.

- Evaluation of the College's system of internal control, accounting and reporting, and the controls maintained in the operation of, and accounting for the funds provided for the programs.

- Reconciliation of the information on the respective required federal reporting forms to College financial statements.

- Testing charges made to selected awards for College compliance with terms and conditions of the applicable federal awards agreement.

The audit covered the period July 1, 2005 to June 30, 2006.

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AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of Ivy Tech Community College of Indiana (College), as of and for the year ended June 30, 2006, and have issued our report thereon dated November 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the College's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS
State Board of Accounts

November 8, 2006

STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Ivy Tech Community College of Indiana (College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2006. The College's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College complied in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We have audited the basic financial statements of Ivy Tech Community College of Indiana as of and for the year ended June 30, 2006, and have issued a report thereon dated November 8, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the College's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS
State Board of Accounts

March 8, 2007

IVY TECH COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2006

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF EDUCATION			
Direct Grant			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		$ 1,729,483
Federal Work-Study Program	84.033		1,307,956
Federal PELL Grant Program	84.063		61,675,645
Total for cluster			64,713,084
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-Through City of Gary, Indiana Housing Authority			
Public and Indian Housing	14.850		(2,000)
U.S. DEPARTMENT OF LABOR			
Direct Grant			
WIA Pilots, Demonstrations, and Research Projects	17.261		135,275
Direct Grant			
Mine Health and Safety Grants	17.600		143,941
Pass-Through Indiana Department of Workforce Development			
WIA Cluster			
WIA Adult Program	17.258		63,040
WIA Youth Activities	17.259		19,317
Total for cluster			82,357
Total for federal grantor agency			361,573
U.S. NATIONAL FOUNDATION FOR THE ARTS AND THE HUMANITIES			
Pass-Through Indiana State Library			
State Library Program	45.310		(3,672)
U.S. SMALL BUSINESS ADMINISTRATION			
Pass-Through South Central Indiana Small Business Development Center			
Small Business Development Center	59.037		4,707
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Pass-Through Gary Housing Authority			
Brownfield Job Training Cooperative Agreements	66.815		16,767
U.S. DEPARTMENT OF EDUCATION			
Direct Grant			
Trio Cluster			
Student Support Services	84.042A		472,215
Talent Search	84.044A		247,172
Total for cluster			719,387
Direct Grant			
Fund for the Improvement of Postsecondary Education	84.116Z		256,484
Direct Grant			
Child Care Access Means Parents in School	84.335A		8,684

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

IVY TECH COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2006
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF EDUCATION (continued)			
Pass-Through Indiana Department of Workforce Development			
Adult Education - State Grant Program	84.002A		500
Pass-Through Indiana Commission for Higher Education			
Vocational Education - Basic Grants to States	84.048		6,401,732
Pass-Through Indiana Department of Education			
Vocational Education - National Programs	84.051B		86,829
Tech-Prep Education	84.243		121,126
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A		50,558
Total for program			258,513
Total for federal grantor agency			7,645,300
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Grant			
Nurse Education, Practice and Retention Grants	93.359		123,018
Pass-Through Purdue University			
Injury Prevention and Control Research and State and Community Based Programs	93.136		2,000
Pass-Through Indiana Family and Social Services Agency			
Child Care Mandatory and Matching Funds of the Child Care Development Fund	93.596		48
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779		8,662
Total for program			8,710
Pass-Through Indiana University - Northwest			
Basic/Core Area Health Education Centers	93.824		1,926
Pass-Through Indiana Commission for Higher Education			
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		92,059
Total for federal grantor agency			227,713
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICES			
Pass-Through Indiana Commission for Higher Education			
State Commissions	94.003		12,258
Total federal awards expended			$ 72,975,730

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Ivy Tech Community College of Indiana (College) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The purpose of the schedule is to present a summary of those activities of the college for the year ended June 30, 2006, which have been financed by the U.S. Government (federal awards). For purposes of the schedule, federal awards include all federal assistance and procurement relationships entered into directly between the College and the federal government, and sub-awards from agencies of the State of Indiana, and other entities, made under federally sponsored agreements. Because the schedule presents only a selective portion of the activities of the College, it is not intended to and does not present the financial position of the College. For reporting purposes, federal awards have been classified into two types:

Student Financial Aid
Other Federal Programs

The accounting principles followed by the College in each of these areas used in preparing the accompanying schedule are as follows:

Student Financial Aid – Deductions (expenditures) are recognized on the accrual basis for awards made to students and allowable administrative expenses of running such programs.

Other Federal Programs – Deductions (expenditures) for direct costs are recognized as incurred using the accrual method of accounting and cost accounting principles contained in the Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general college activities (indirect costs), which are allocated to federal awards under negotiated formulas commonly referred to as indirect cost rates.

Indirect costs and related revenues applicable to these cost recoveries are classified as unrestricted expenditures and revenues in the General Purpose Financial Statements. In the accompanying schedule, restricted grants and contracts and other agreements are recognized when funds are expended.

Note 2. Federal Family Educational Loans (FFEL)

The College had the following loan types and amounts of guaranteed student loans, which have continuing federal compliance requirements awarded for the year ended June 30, 2006:

Program Title	Number Students	Loan Amounts
Stafford Student Loan Program (Subsidized)	19,678	$ 43,819,185
Stafford Student Loan Program (Unsubsidized)	14,792	39,718,311
Parents Loans for Undergraduate Students (PLUS)	188	922,557
Totals	34,658	$ 84,460,053

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:	
Material weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
SFA Cluster	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$2,189,272
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

IVY TECH COMMUNITY COLLEGE OF INDIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ending June 30, 2006

FINDING 2004-1 - U.S. Department of Education - Office of the Inspector General

Original SBA Audit Report Number: B25069
Auditee Contact Person: Robert Holmes
Title of Contact Person: Vice President for Finance/Treasurer
Phone Number (317) 921-4718

Status of Finding:

The College received a Final Determination Letter from the U.S. Department of Education officially closing this review. The letter required no additional action by the College.

IVY TECH COMMUNITY COLLEGE OF INDIANA
EXIT CONFERENCE

The contents of this report were discussed on March 8, 2007, with Robert C. Holmes, Vice President/ Treasurer; Mark Husk, Assistant Treasurer; Ben Burton, Executive Director of Internal Audit; Dr. Benjamin Young, Vice President for Student Affairs and Enrollment Management; Michele Neff-Maskell, Director of Financial Aid Systems; Mildred Williamson, Director of Pell and Default Management; Joseph Bumbleburg, Trustee and State Board of Trustee Audit Committee Member; Mark Neff, Trustee and State Board of Trustee Audit Committee Chair; Rich Smikle, External Legal Counsel State Board of Trustees. Our audit disclosed no material items that warrant comment at this time.

Ivy Tech Community College Annual Financial Report 2005-2006

IVY TECH
COMMUNITY COLLEGE

IVY TECH COMMUNITY COLLEGE OF INDIANA
2005-06 FINANCIAL REPORT

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Greetings,

On behalf of the Trustees of Ivy Tech Community College, I am pleased to present the 2005-06 financial report. It was a good fiscal year for Ivy Tech. The College's financial position remains strong because of the hard work of the College's central office personnel, our chancellors, executive deans and finance directors. They all did an excellent job of controlling expenditures and stretching our resources.

This report on College finances is one snapshot in the 2005-06 Ivy Tech photo album. A look at the entire album will show other indicators that point to institutional health and vigor:

- The chancellors of all 14 of our regions worked together to develop a defined statewide strategic plan that makes Ivy Tech a college based on results and outcomes. Our goals are to increase successful program completions by 50% by 2010 across-the-board on a statewide basis: 1) 50% increase in technical certificates awarded, 2) 50% increase in associate degrees awarded, 3) 50% increase in other, industry-recognized certifications granted and 4) 50% increase in successful transfers to four-year institutions of pre-baccalaureate students.

- Record enrollment continues. Ivy Tech remains the second largest post-secondary public institution in the state. More than 74,000 students enrolled at Ivy Tech campuses as we welcomed our largest fall class.

- Annually we are servicing over 105,000 credit students a year. By 2010 our target is to serve 175,000 credit and non-credit students per year. The Ivy Tech Foundation continues to raise funds for the benefit of the College and its students. The Foundation distributed more than $1.49 million in student financial aid in 2005-2006.

- Ivy Tech's Standard and Poor rating improved from A+ with a stable outlook to a positive outlook. Fitch Ratings assigned the College an AA- rating.

We at Ivy Tech Community College are leaders in the effort to raise the educational attainment levels of citizens in Indiana. This is a huge task, a critically important task for the future of our state. No other organization is as poised to change the lives of Hoosiers and help our state on its economic recovery as Ivy Tech Community College.

Sincerely,

Gerald I. Lamkin

Gerald I. Lamkin

President

Gerald I. Lamkin

State Board of Trustees

October 1, 2006

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

On behalf of all those individuals responsible for the financial stewardship of College resources, I am pleased to present the Ivy Tech Community College Annual Financial Report for the year ended June 30, 2006.

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 2005-06 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,

Robert C. Holmes

Robert C. Holmes
Vice President for Finance/Treasurer

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of Ivy Tech Community College, a component unit of the State of Indiana, as of and for the years ended June 30, 2006 and 2005. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component unit of the College as discussed in Note 1, which represents 100% of the assets and revenues of the discretely presented component unit. The financial statements of this component unit were audited by another auditor whose report thereon has been furnished to us and our opinion, insofar as it relates to this unit, is based upon the report of the other auditor.

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

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Ivy Tech Community College, as of June 30, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2006, on our consideration of Ivy Tech Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit. This report will be issued in the University's Single Audit report prepared in accordance with OMB Circular A-133.

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

STATE BOARD OF ACCOUNTS
State Board of Accounts

November 8, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of Ivy Tech Community College's annual financial report presents a discussion and analysis of the financial performance of the College for the fiscal year ended June 30, 2006, along with comparative data for the year ending June 30, 2005. The management's discussion and analysis provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements and note disclosures. The management's discussion and analysis is designed to focus on current activities, significant changes, and currently known facts. The financial statements, notes, and this discussion are the responsibility of management.

Using this Annual Report

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

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

The Statement of Net Assets includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to the College, regardless of when cash is exchanged.

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

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

During 2005-06 The State of Indiana's economy began to improve. Both revenues and ending balances increased in the State's General Fund and Property Tax Replacement Fund. This led to an increase in State General Fund and Property Tax Replacement Fund Revenues of $348 million above targets set in the December 14, 2005 forecast. The combined balance of these two funds reached $1.089 billion, an increase of $340 million over 2004-05. While the State continued the one-month appropriation delay for public colleges and universities begun in 2001-02, total state support for Ivy Tech increased significantly. In addition, the 2006 General Assembly adopted and Governor Mitch Daniels signed SEA 345 which appropriated $40 million to the State's public colleges and universities for general repair and rehabilitation needs. By the statute distribution of these funds shall go to reduce the one-month appropriation delay. Ivy Tech Community College's share of the $40 million total is $4.6

million and it is expected to be distributed in 2006-07. When received, this distribution will reduce the college payment delay accounts receivable by approximately 43%.

Overall, Ivy Tech Community College's financial position remained strong. As of June 30, 2006 total assets grew to $447.9 million, while total liabilities stood at $203.5 million. Net Assets increased by $19.3 million from 2004-05 to the current amount of $244.3 million. The increase was a result of several factors. First, revenues, particularly student fees, and state appropriations increased significantly. Fiscal year 2005-06 marked the tenth consecutive year that Full Time Equivalent (FTE) student enrollment has increased. During that time enrollment has increased from 19,674 to 43,088, an increase of 119%. In addition, the College increased student fee rates and technology fees. Second, through careful financial management, operating expense increases were moderate. The expenses that did increase for salaries, benefits, and supplies were primarily the result of serving the College's growing enrollment.

In the capital area, during 2005-06 new academic buildings in Valparaiso, Richmond, and Evansville were completed. The College began offering classes in the new Richmond facility in January 2006 and in Valparaiso and Evansville in August 2006. In addition, new construction and renovation on academic facilities is underway in Evansville (Phase II) and Richmond (Phase II). The 2005-07 budget included bonding authorization for new campus projects in Marion, Madison, and Valparaiso (Phase II). The bonds for these projects were sold in July 2006 and construction began about the same time. The completion of these projects will reduce overcrowding and significantly improve academic space.

Condensed Statement of Net Assets

June 30	2006	2005	Percent Change
Current assets	$133,748,683	$143,077,822	(6.5)
Noncurrent asset	314,115,741	291,674,952	7.7
Total assets	447,864,424	434,752,774	3.0
Current liabilities	36,650,754	36,359,606	.8
Noncurrent liabilities	166,893,813	173,419,499	(3.8)
Total liabilities	203,544,567	209,779,105	(3.0)
Net assets			
Invested in capital assets, net of related debt	137,155,522	84,520,726	62.3
Restricted	15,620,901	61,539,803	(74.6)
Unrestricted	91,543,434	78,913,140	16.0
Total net assets	$244,319,857	$ 224,973,669	8.6

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, 2006. Short-term investments include those with maturity dates of 91-365 days. The College's policy is to invest available cash balances, and in 2001-02 this policy was expanded to allow longer-term investments. Cash and cash equivalents increased 15.9% from 2004-05 while short-term investments increased 75.7%.

Accounts receivable are related to several transactions including, but not limited to, state appropriations, student and contract tuition and fees, and auxiliary sales. Accounting standards typically require the establishment of an allowance for bad debt in the Statement of Net Assets to reflect receivables that are likely to be uncollectible. In previous years Ivy Tech's bad debt write off was not significant enough to warrant the establishment of an allowance. Uncollectible receivables were expensed when they were determined to be uncollectible. However, bad debt write offs have been increasing in recent years requiring us to establish an allowance for bad debt in the amount of $3 million in the fiscal year 2005-06 Statement of Net Assets. Because this is the first year to record the allowance, there is a one time acceleration of expense in fiscal year 2005-06. The College has expensed bad debt due to receivables from prior years which were deemed uncollectible and the College recorded an expense when the allowance for bad debt against current receivables was established.

A portion of the receivables from state appropriations ($4,645,476) are classified as short term because they are expected to be received in fiscal 2006-07.

Inventories for resale (books, supplies, and other items) are maintained within the College bookstores. Inventories increased 3.5% over the prior year in expectation of increased enrollment.

The deposits with trustee is $9.0 million, and it is anticipated that it will all be used within 2006-07. The deposits with trustee are attributable to the Series I & Series J bond sales, which closed in December 2004 and January 2005 respectively providing proceeds of $50.5 million which included a premium of $1.6 million. This money is being used to pay for building construction costs incurred at the College locations of Richmond, Evansville, and Valparaiso. Additionally, these monies were for architectural and engineering fees for the College's Madison, Portage, and Marion location, as well as capitalized interest.

Current Assets (Continued)
Prepaid expenses are payments made in the current or a previous fiscal year, and for which we have not realized the full value of through fiscal year 2005-06. The prepaid balance at June 30, 2006 includes, among other items, payments of debt principal and interest totaling $9.0 million. Overall current assets decreased by $9.3 million which was due mainly to a decrease in deposits with trustee.

Noncurrent Assets

Long-term investments decreased $5 million from the previous year because short term investments increased with the expectation that the monies would need to be more readily available for spending requirements. Non-current accounts receivable represents fiscal year 2004-05 appropriations from the state which are not expected to be received in fiscal year 2006-07. Capital assets include land, buildings, infrastructure, equipment, deferred losses on debt refunding, and construction work in progress. Noncurrent assets increased by $22.4 million or a 7.7% increase from the previous year.

Liabilities
Current Liabilities

Accounts payable and accrued liabilities represent amounts due at June 30, 2006 for goods and services received prior to the end of the fiscal year. This category decreased 31.2% because prior year figures included student loan monies of approximately $1 million which were received between June 28 and June 30, 2005 but had not yet been allocated to students. Additionally, construction/renovation liabilities which had been established at June 30, 2005 for Evansville, Valparaiso, and Indianapolis projects were paid down by $2.4 million. Compensated absences are the amounts due to employees for earned but unpaid vacation/special holidays and accrued sick leave payout. Deposits held in custody for others are monies held by the College for payroll withholdings ($3.2 million), student clubs ($1.1 million), and outdated checks. Deferred revenue represents monies received in the current year for services, tuition and fees, or goods to be provided by the College in a future period. Deferred Revenue went up 21.8% due to a transfer of Workforce Certification monies from the operations fund to a restricted fund. The Current portion of debt obligation is the portion of the College's long-term debt which is payable within the next fiscal year. Overall, current liabilities increased by 0.8%.

Noncurrent Liabilities

Noncurrent liabilities will be paid one year or later from the date of the Statement of Net Assets. The College's noncurrent liabilities include compensated absences, notes and bonds payable, and other long-term obligations. Noncurrent liabilities decreased by $6.5 million due to payments of $8 million for leases, notes, and bonds. Additional lease obligations totaled $2 million.

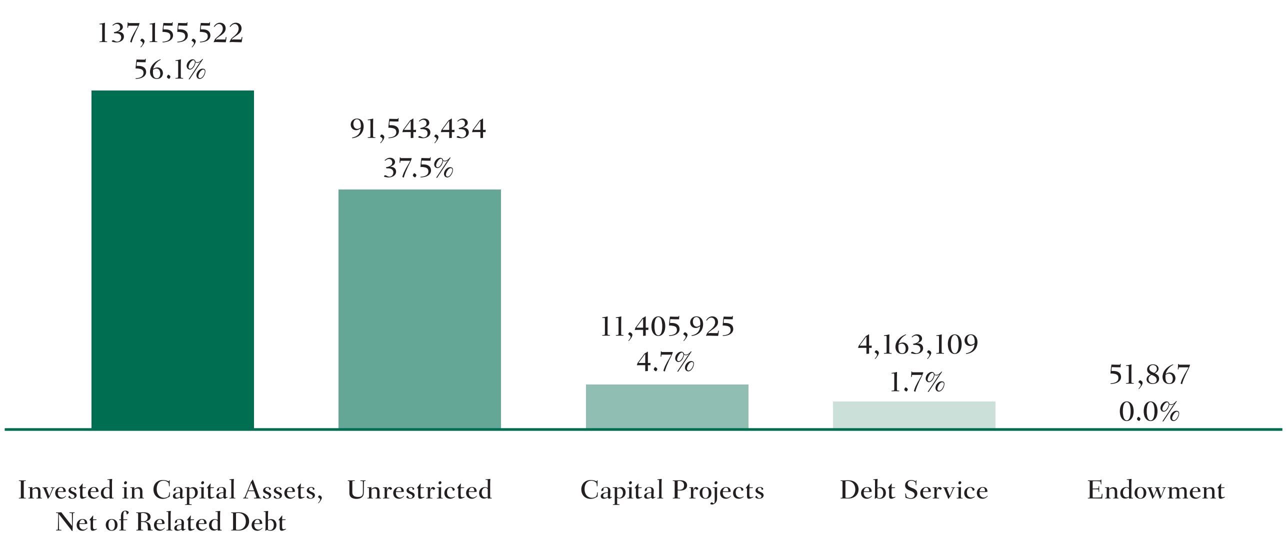
During fiscal year 2005-06 no new interim or long term debt was issued. Series D Bonds were paid off and $275,000 of additional unscheduled principal was made on the notes payable resulting in an overall reduction in outstanding leases, notes, and bonds payable in the amount of $5,966,142.

Outstanding Debt at Year End

Leases, notes, and bonds payable:	6/30/2006	6/30/2005	Increase (Decrease)	Percent Change
Revenue bonds payable:				
Series D student fee bonds		$ 1,125,000	$ (1,125,000)	-100.0%
Series E student fee bonds	$8,560,000	9,495,000	(935,000)	-9.8%
Series G student fee bonds	35,925,000	38,245,000	(2,320,000)	-6.1%
Series H student fee bonds	44,865,000	47,065,000	(2,200,000)	-4.7%
Series I student fee bonds	39,650,000	39,650,000	-	0.0%
Series J student fee bonds	9,245,000	9,245,000	-	0.0%
Total bonds payable	138,245,000	144,825,000	(6,580,000)	-4.5%
Premium on bonds - H,I,& J	5,758,025	6,136,500	(378,475)	-6.2%
Lease Obligations	9,459,205	7,941,872	1,517,333	19.1%
Notes Payable	19,195,000	19,720,000	(525,000)	-2.7%
Total leases, notes, & bonds payable	$172,657,230	$178,623,372	$(5,966,142)	-3.3%

Net Assets

Net assets represent the difference between the College's assets and liabilities. The classification "invested in capital assets, net of related debt" which includes building and equipment less depreciation, land owned by the College, and construction work in progress increased 62.3% over the prior year. Consequently, the restricted "capital projects" classification decreased 80% from the prior year. Endowment net assets decreased 95.5% due to an endowment transfer to Ivy Tech Foundation, Inc. Unrestricted net assets increased 16%. Overall net assets increased in fiscal 2005-06 by $19.3 million.



Internally Designated Reserves of Unrestricted Funds

The College ended the fiscal year with an unrestricted net asset balance of $91.5 million, an increase of $12.6 million, or 16% as compared to the prior fiscal year. The following provides additional information concerning the allocation of the unrestricted net assets.

Description		FY 2006 Amount		FY 2005 Amount
Auxiliary Enterprise Bookstores	$	20,509,232	$	18,528,643
Economic Development Revolving Loan		7,427,953		7,420,094
Student Accounts Receivable		3,737,781		3,652,042
Insurance Stabilization		2,751,046		2,678,401
Reserve for Encumbrances		5,222,424		5,712,121
Parking Lot Repair and Replacement		3,207,898		2,623,475
Compensated Absences Reserve		3,250,000		2,250,000
Other Post Employment Benefits		1,750,000		–
Technology Acquisition		146,575		360,834
Payroll Reserve		759,307		635,796
Enterprise Software Replacement		6,191,550		7,918,274
Lawrenceburg Financial Aid		62,166		204,571
Workforce Certification		-		418,500
Unclaimed Property		831,615		696,637
Student Loan Fund		54,196		52,878
Operating Budget		35,641,691		25,760,874
Total		$91,543,434		$78,913,140

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

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

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

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

The College uses an encumbrance system, which reserves budgetary monies for planned future expenses. This is the amount of encumbrances within the unrestricted category.

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

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

The Other Post Employment Benefits cash reserve was established in fiscal year 2005-06 to offset the College's other post employment benefit liability. This reserve was established in advance of the reporting requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The reporting requirements of GASB 45 are not applicable to the College until fiscal year ended June 30, 2008. This benefit is discussed in more detail in the Notes to the Financial Statements, section VI.

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

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

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

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

The workforce certification reserve is used to assist in the start-up of various workforce certification centers throughout the College system. It is funded from a line item in the State's biennial budget and was transferred to the restricted funds in fiscal year 2005-06.

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

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

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

Capital Assets, Net, At Year-End

	6/30/2006	6/30/2005	Increase (Decrease)	Percent Change
Construction Work In Progress	$38,399,406	$55,958,161	$(17,558,755)	31.4%
Land, improvements, and infrastructure	21,487,656	21,097,018	390,638	1.9%
Buildings	232,778,537	178,269,849	54,508,688	30.6%
Furniture, fixtures, and equipment	14,244,116	13,339,842	904,274	6.8%
Library materials	140,474	171,235	(30,761)	-18.0%
Totals	$307,050,189	$268,836,105	$38,214,084	14.2%

During fiscal year 2005-06 net capital assets increased by $38,214,084 or 14.2%. This is primarily the result of capitalizing both the Evansville and Richmond construction projects causing a 30.6% increase in net buildings and a corresponding 31.4% decrease in Construction Work In Progress.

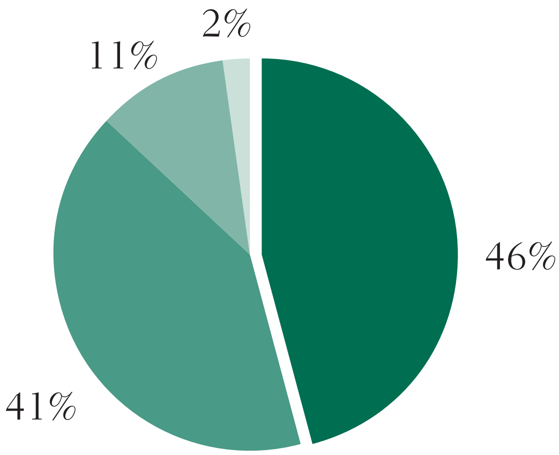
The College's credit rating assigned by Standard and Poor's as of June 2006 was A+ with a positive outlook. Fitch Ratings assigned a rating of AA- with a stable outlook.

Condensed Statement of Revenues, Expenses and Changes in Net Assets

Year Ended June 30	2006	2005	Percent Change
Operating revenue			
Tuition and fees, net	$ 91,034,072	$ 81,081,385	12.3
Grants and contracts	104,292,191	107,048,853	(2.6)
Auxiliary services, net	23,922,524	21,087,283	13.5
Other	5,005,607	4,583,528	9.2
Total operating revenue	224,254,394	213,801,049	4.9
Operating expense	352,017,421	332,035,644	6.0
Operating income (loss)	(127,763,027)	(118,234,595)	8.1
Nonoperating revenue (expense)			
State appropriations	150,453,484	138,792,446	8.4
Other nonoperating revenue (expense)	(3,800,183)	(2,936,021)	29.4
Net nonoperating revenue	146,653,301	135,856,425	7.9
Income before other revenue, expenses, gains, or losses	18,890,274	17,621,830	7.2
Capital appropriations	455,914	368,413	23.8
Cumulative effect of change in accounting policy	-	(6,698,943)	100.0
Total increase in net assets	19,346,188	11,291,300	71.3
Net assets			
Net assets - beginning of year	224,973,669	213,682,369	5.3
Net assets - end of year	$244,319,857	$224,973,669	8.6

Revenues
Operating Revenues

Total operating revenues for fiscal year 2005-06 were $224 million, representing a 4.9% increase over prior year. The following chart and analysis illustrate the details.



Tuition and Fees

Student tuition and fees include all fees assessed for educational purposes. Scholarship discounts and allowances represent the difference between the stated fee rates and the amount that is paid by the students and/or third party payers. The vast majority of the scholarship discounts is paid to the College in the form of Federal and State student financial aid. Net student fee revenue shows a 12.3% increase over 2004-05 due to a full-time equivalent enrollment increase of 1.4%, student fee increases of 4.8%, increases in incidental fees, and increases in non-credit instruction.

Grants and Contracts

Grants and contracts include restricted revenues made available by federal, state, local, and nongovernmental grants and contracts. In total, this revenue decreased 2.6% from 2004-05. Federal sources decreased 1.3%, state sources increased 8.1%, and private sources decreased 31.1% as a result of lower capital campaign funding from the Foundation.

	2005-06	2004-05	Percent Change
Federal sources			
Financial aid	$64,805,143	$65,956,374	(1.7%)
Other federal agencies	1,691,975	1,386,975	22.0%
Total federal sources	66,497,118	67,343,349	(1.3%)
State sources			
Financial aid	10,499,372	10,000,714	5.0%
Grants and Contracts	18,286,686	16,635,451	9.9%
Total state sources	28,786,058	26,636,165	8.1%
Private sources	9,009,015	13,069,339	(31.1%)
Total all sources	$104,292,191	$107,048,853	(2.6%)

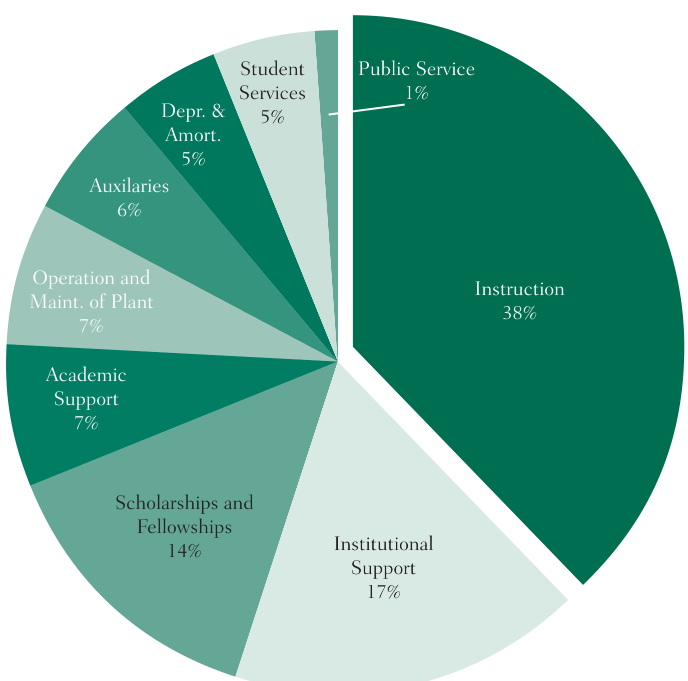
Auxiliary Enterprises

Auxiliary enterprises are intended to be self-supporting and supplement the operations of the College. Bookstores and parking lots are the main auxiliary enterprises for Ivy Tech Community College. The total auxiliary enterprise revenue was $27.6 million with a scholarship allowance of $3.7 million. The vast majority of the scholarship allowance is paid to the bookstores in the form of Federal student financial aid. Net auxiliary enterprise revenue increased 13.4% over prior years, which was due to the enrollment increase and a new bookstore in Richmond.

Operating Expenses

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

Expenses by Function:	2005-06	2004-05
Instruction	$134,056,826	$131,488,871
Public service	3,063,375	3,310,411
Academic support	24,563,760	20,264,647
Student services	18,896,613	17,167,828
Institutional support	61,540,934	56,484,085
Operation and maintenance of plant	24,626,809	17,458,727
Scholarships and fellowships	48,493,197	47,916,110
Auxiliaries	21,783,343	22,913,412
Depreciation and Amortization	14,992,564	15,031,553
Total	$352,017,421	$332,035,644



2006 Functional Expenses

As a percentage of total expenses Auxiliary expenses decreased slightly and Academic Support increased slightly over prior year. All other categories remained the same as a percentage of the total.

Nonoperating Revenue And Expense

The State of Indiana provides appropriations based on a biennial budget for higher education. The College recognized $150.5 million for fiscal year 2005-06, which is an increase of 8.4% from the previous year. Investment income, which is the earnings from pooled cash and plant investments, increased from 2004-05 by $2.2 million. Interest expense on capital asset-related debt is the interest paid on bond debt and interim financing. Due to the issuance of additional debt in fiscal year 2004-05, the College experienced an increase in this expense of $2.0 million. Student government support is the College's designated amount to support student government.

Statement of Cash Flows

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

- an entity's ability to generate future net cash flows
- 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	2006	Restated 2005
Cash provided (used) by:		
Operating activities	$(114,269,463)	$(100,880,181)
Noncapital financing activities	149,015,590	138,337,249
Capital and related financing activities	(26,977,991)	(36,116,040)
Investing activities	(1,451,446)	818,186
Net increase (decrease) in cash	6,316,690	2,159,214
Cash and cash equivalents, beginning of the year	39,772,314	37,613,100
Cash and cash equivalents, end of the year	$ 46,089,004	$ 39,772,314

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 by 15.9% this fiscal year. This was due to an increase in more short term investments instead of long term investments with the expectation that the monies would need to be more readily available for spending requirements.

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

Fiscal year 2004-05 has been restated on the Statement of Cash Flows to properly reflect some transactions related to deposits with trustees as Capital and Related Financing Activities. They had previously been shown as Operating Activities.

Factors Impacting Future Periods

During 2005-06 the State of Indiana's economy improved and revenue collections began to increase. State General Fund and Property Tax Replacement Fund revenues ended the year $348 million above targets set in the December 14, 2006 forecast. The June 30, 2006 State of Indiana General Fund and Property Tax Replacement Fund Combined Statement of Actual and Estimated Unappropriated Revenue showed Total Combined Balances of $1.089 billion, an increase of $340 million over 2004-05. Total state funding for Ivy Tech, once again, increased significantly as compared to the previous year.

While these are all positive factors, the State of Indiana still faces significant economic challenges that continue to impact the College. As authorized in the 2001-03 and 2003-05 biennial budget and continued in the 2005-07 budget act, the State Budget Agency continued to defer one monthly appropriation payment. However, the 2006 General Assembly adopted and Governor Mitch Daniels signed, SEA 345 which appropriated $40 million to the State's public colleges and universities for general repair and rehabilitation needs. By the statute, distribution of these funds shall go to reduce the one-month appropriation delay. Ivy Tech Community College's share of this $40 million total is $4.6 million and it is expected to be distributed in 2006-07. When received this distribution will reduce the college payment-delayed accounts receivable by approximately 43%.

Building repair and rehabilitation (R&R) funds normally provided by the State through a formula distribution were funded at 50% for the 2005-07 biennium. The College received the 2005-06 share of these funds. In addition, the College continued an R&R fee originally implemented in 2002-03, which allowed several important projects to be completed. This fee will be continued until adequate funds for R&R projects are available from the legislature.

Looking to the future, Ivy Tech is well positioned to maintain its strong financial condition. In 2005-06 full-time equivalent (FTE) enrollment grew for the tenth consecutive year and student fee revenue increased from $110.3 million to $119.2 million. Enrollment growth has continued during the fall 2006 semester with preliminary enrollment counts showing an additional 5.2% increase in FTE students.

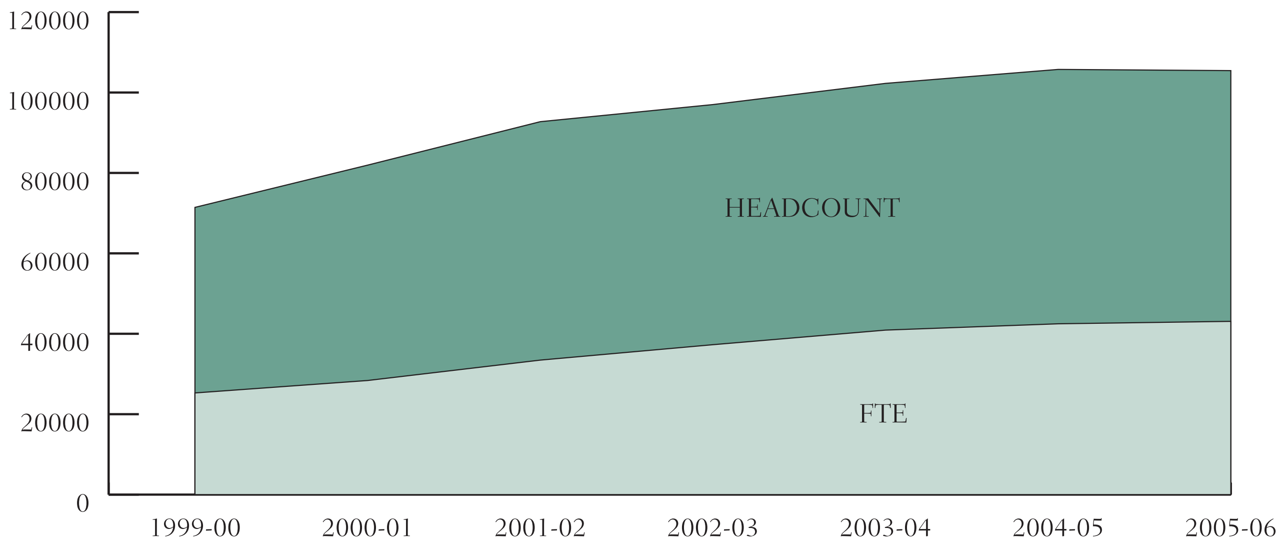
Effective July 1, 2005, legislation passed by the 2005 General Assembly and signed by Governor Mitch Daniels, designated Ivy Tech as the State's community college system. The legislation reinforced the college's leadership role in educating the State's workforce and broadened the institution's mission in providing general education and transfer opportunities. Over the past year Ivy Tech faculty and staff have developed new programs and worked closely with State Government on economic development initiatives. As the new community college mission is implemented the College will provide a wider array of academic programs, more distance education opportunities, and increased transfer options.

In addition in 2005-06 the College adopted Strategic Plan 2010. This plan has overarching goals of 50% increases in Associate Degrees, Technical Certificates, industry certifications, and successful transfers by 2010. In addition the plan calls for a 30% increase in enrollment to a total of 175,000 students by 2010. With specific metrics that focus on important outcomes, the strategic plan will guide Ivy Tech for the next several years. Because 93% of Ivy Tech graduates stay in Indiana after completing college, successfully meeting the goals will have a significant impact on increasing the percentage of Hoosiers holding college degrees.

A final factor likely to impact future periods include the continued investment of the State in new Ivy Tech campuses and academic facilities. In 2005-06 new facilities were completed in Valparaiso, Richmond, and Evansville. New construction or renovations are underway in Richmond (Phase II), and Evansville (Phase II). In addition, the 2005-07 biennial budget included bonding authorization for new academic facilities, and/or major renovation projects in Marion, Madison, and Valparaiso (Phase II). The bonds for these projects were sold in July 2006 and construction began about the same time. These new facilities will further enhance the mission of the institution.

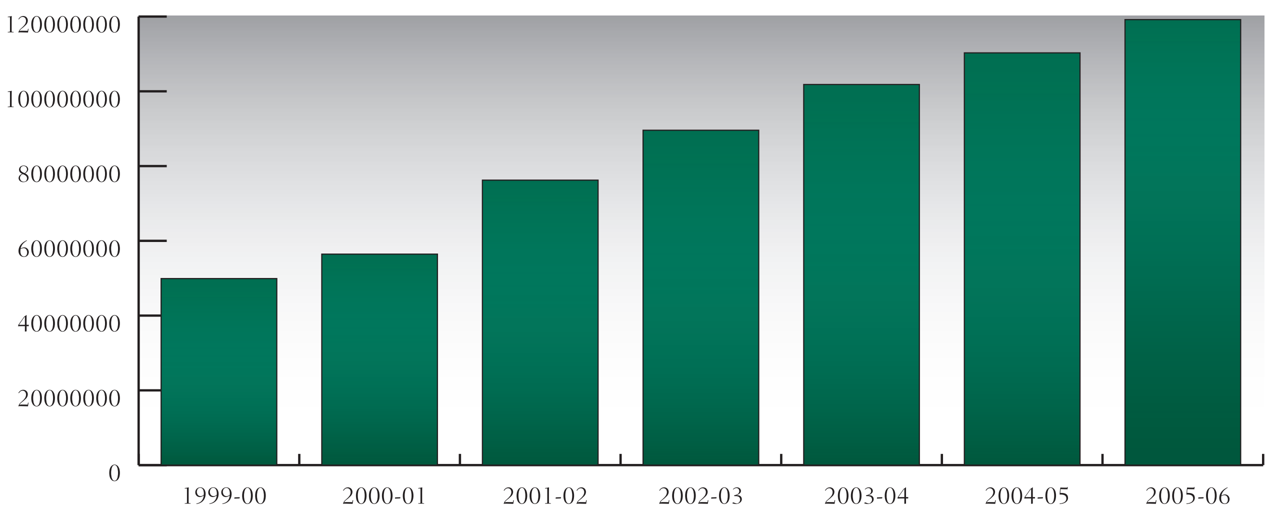
In conclusion, the College's financial position remains strong as we become an even more important component of the State's educational and economic development efforts.

Annualized Student Enrollment Trend



Since 1999-00 Unduplicated Headcount Enrollment has grown by 47.6%
while FTE Enrollment has grown by 70.4%

Gross Student Fee Revenue



Gross Student Fee Revenue has increased 139% since 1999-2000.

Authorized Facilities

During the 2005 General Assembly, the College received bonding authority for the 2005-07 biennium totaling $60,159,000 for the Valparaiso Phase II project, the Madison Campus Expansion Project, and the Marion New Campus Project. In addition, the College will receive cash appropriations totaling $4,050,000 for the Fort Wayne Technology Center Architectural and Engineering Project, the Greencastle Campus Expansion Planning Project, the Logansport Campus Planning Project, and the Fort Wayne Public Safety Training Center Lease. During 2005-06 the three bonding authority projects were approved by the State Budget Committee and Governor. Subsequent to June 30, 2006 the bonds to fund these projects were sold. In addition, the Greencastle Campus Expansion Planning Project and the Fort Wayne Public Safety Training Center Lease were also approved by the State Budget Committee and Governor. However, the State Budget Agency has only released $85,000 of the $250,000 that was appropriated for Greencastle. In September 2006 the State Budget Committee and Governor authorized the College to proceed with the Logansport Campus Planning Project and the Fort Wayne Technology Center Architectural and Engineering Project.

IVY TECH COMMUNITY COLLEGE OF INDIANA

STATEMENT OF NET ASSETS • JUNE 30, 2006

WITH COMPARATIVE FIGURES AT JUNE 30, 2005

ASSETS	FY 2006	FY 2005
Current Assets		
Cash and Cash Equivalents	$46,089,004	$39,772,314
Short Term Investments	26,000,000	14,800,000
Accounts Receivable	40,106,994	38,718,263
Allowance for Bad Debt	(3,012,428)	-
Inventories	6,155,528	5,948,405
Deposit With Trustee	8,972,800	34,570,173
Prepaid Expenses	9,436,785	9,268,667
Total Current Assets	**133,748,683**	**143,077,822**
Noncurrent Assets		
Long-Term Investments	1,000,000	6,000,000
Deposit With Trustee	-	6,127,819
Accounts Receivable	6,065,552	10,711,028
Capital Assets, Net	307,050,189	268,836,105
Total Noncurrent Assets	314,115,741	291,674,952
TOTAL ASSETS	**447,864,424**	**434,752,774**
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	7,798,798	11,329,670
Compensated Absences	5,798,914	5,145,803
Deposits Held in Custody for Others	4,320,628	3,839,003
Deferred Revenue	10,365,247	8,512,838
Current Portion of Debt Obligation	8,367,167	7,532,292
Total Current Liabilities	36,650,754	36,359,606
Non Current Liabilities		
Compensated Absences	2,603,750	2,328,420
Long Term Debt and other Obligations	164,290,063	171,091,079
Total NonCurrent Liabilities	166,893,813	173,419,499
TOTAL LIABILITIES	**203,544,567**	**209,779,105**
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	137,155,522	84,520,726
Restricted:		
Expendable		
Capital Projects	11,405,925	56,903,344
Debt Service	4,163,109	3,496,325
Endowment	51,867	1,140,134
Unrestricted	91,543,434	78,913,140
TOTAL NET ASSETS	**$244,319,857**	**$224,973,669**

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

Statements of Assets, Liabilities and Fund Balances-Modified Cash Basis

June 30, 2006 and 2005

ASSETS	2006	Restated 2005
Cash	$ 7,806,038	$ 5,519,013
Investments	33,897,222	32,543,242
Property and Equipment held for lease	10,415,956	8,017,696
Transferred Assets Held in Community Foundations	850,597	849,380
TOTAL ASSETS	52,969,813	46,929,331
LIABILITIES		
Notes Payable	5,226,164	3,197,553
Annuity Payment liability	132,540	95,752
Total Liabilities	5,358,704	3,293,305
FUND BALANCES		
Unrestricted	4,035,912	3,693,665
Restricted		
Expendable	28,775,651	29,523,570
Nonexpendable	14,799,546	10,418,791
Total Restricted	43,575,197	39,942,361
Total Fund Balances	47,611,109	43,636,026
TOTAL LIABILITIES AND FUND BALANCES	$52,969,813	$46,929,331

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2006 WITH COMPARATIVE FIGURES AT JUNE 30, 2005

REVENUES	FY 2006	FY 2005
Operating Revenues		
Student Tuition and Fees	$119,182,478	$110,286,620
Scholarship Allowances	(28,148,406)	(29,205,235)
Net Student Tuition and Fees	91,034,072	81,081,385
Federal Grants and Contracts	66,497,118	67,343,349
State and Local Grants and Contracts	28,786,058	26,636,165
Nongovernmental Grants and Contracts	9,009,015	13,069,339
Sales and Services of Educational Departments	111,939	274,079
Auxiliary Enterprises	27,573,736	25,238,224
Scholarship Allowances	(3,651,212)	(4,150,941)
Net Auxiliary Enterprises	23,922,524	21,087,283
Other Operating Revenues	4,893,668	4,309,449
TOTAL OPERATING REVENUES	**224,254,394**	**213,801,049**
EXPENSES		
Operating Expenses		
Salaries and Wages	144,661,385	136,653,728
Benefits	43,281,950	39,547,865
Scholarships and Fellowships	51,451,738	50,916,193
Utilities	5,701,975	4,491,488
Supplies and Other Services	91,927,809	85,394,817
Depreciation	14,675,872	14,785,390
Amortization of Deferred Loss on Refunding	316,692	246,163
TOTAL OPERATING EXPENSES	**352,017,421**	**332,035,644**
Operating Income (Loss)	(127,763,027)	(118,234,595)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	150,453,484	138,792,446
Investment Income	4,791,601	2,591,141
Interest on Capital Asset-Related Debt	(6,874,959)	(4,923,008)
Endowment Transfer	(1,098,223)	-
Student Government Support	(618,602)	(604,154)
NET NONOPERATING REVENUES	**146,653,301**	**135,856,425**
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	$18,890,274	17,621,830
Capital Appropriations	455,914	368,413
Total Other Revenues	455,914	368,413
Increase in Net Assets Before Change in Accounting Policy	19,346,188	17,990,243
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY		
Assets Under Capitalization Level	0	(6,698,943)
INCREASE IN NET ASSETS	**19,346,188**	**11,291,300**
Net Assets - Beginning of Year	224,973,669	213,682,369
Net Assets - End of Year	$244,319,857	$224,973,669

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

Statements of Revenues, Expenses And Changes in Fund Balances-Modified Cash Basis

Years Ended June 30, 2006 and 2005

REVENUE, GAINS AND SUPPORT	2006 Unrestricted	2006 Restricted	2006 Total	Restated 2005 Unrestricted	Restated 2005 Restricted	Restated 2005 Total
Contributions						
Expendable	$37,062	$9,725,980	$9,763,042	$727,532	$19,717,133	$20,444,665
Nonexpendable		3,749,989	3,749,989		676,039	676,039
Non-cash	1,508,079		1,508,079			
Investment Income	$1,106,416	1,100,837	2,207,253	472,008	440,197	912,205
Lease Income		1,600	1,600		1,600	1,600
Vending Income	207,545	249,559	457,104	221,777	271,168	492,945
Special events income, net of expenses of $63,293 in 2006 and $64,291 in 2005		36,670	36,670		24,861	24,861
Grant Revenue		328,608	328,608		304,755	304,755
Royalties		49,858	49,858		51,348	51,348
Real Estate Rental Income	690,387		690,387	412,794		412,794
Realized Gain on Sale of Property				117,153		117,153
Change in value of split-interest agreements					77,503	77,503
Miscellaneous Revenue	4,440	93,845	98,285	15,724	77,772	93,496
Total Revenue, Gains and Support	3,553,929	15,336,946	18,890,875	1,966,988	21,642,376	23,609,364
EXPENSES						
Financial Aid to students	287	1,490,493	1,490,780	1,500	1,469,641	1,471,141
Instructional Supplies and equipment		5,702,007	5,702,007		5,014,781	5,014,781
Faculty and Staff Development	21	90,010	90,031		35,412	35,412
Employee Recognition	6,953	23,745	30,698	5,748	23,323	29,071
Special Programs	14,500	3,964,843	3,979,343	13,500	1,972,392	1,985,892
Community Outreach/Promotional Expense	80,493	171,960	252,453	97,705	203,372	301,077
Donations to Ivy Tech Community College	2,168,349	179,610	2,347,959	81,036	198,554	279,590
Annuity Obligations		4,290	4,290		4,115	4,115
Real Estate Rental Expense	550,741		550,741	219,571		219,571
Other Real Estate Expenses		31,897	31,897		1,607	1,607
Total College Assistance Program Expense	2,821,344	11,658,855	14,480,199	419,060	8,923,197	9,342,257
Administrative Expenses	360,692	7,162	367,854	321,001	7,657	328,658
Fundraising Expenses	*29,646*	*38,093*	*67,739*	*11,386*	*19,071*	*30,457*
Total Expenses	*3,211,682*	*11,704,110*	*14,915,792*	*751,447*	*8,949,925*	*9,701,372*
EXCESS OF REVENUE OVER EXPENSES BEFORE TRANSFERS	342,247	3,632,836	3,975,083	1,215,541	12,692,451	13,907,992
Interest expense on borrowings from restricted fund				(6,837)	6,837	
EXCESS OF REVENUE OVER EXPENSES	342,247	3,632,836	3,975,083	1,208,704	12,699,288	13,907,992
FUND BALANCES						
Beginning of Year	3,693,665	39,942,361	43,636,026	2,484,961	27,243,073	29,728,034
End of Year	$ 4,035,912	$43,575,197	$47,611,109	$3,693,665	$39,942,361	$43,636,026

See accompanying notes on page 23.

IVY TECH COMMUNITY COLLEGE

Statement of Cash Flows For the Year Ended June 30, 2006

WITH COMPARATIVE FIGURES AT JUNE 30, 2005

CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	FY 2006	Restated FY 2005
Tuition and Fees	$ 120,555,366	$108,955,267
Gifts, Grants, and Contracts	104,086,001	105,813,362
Auxiliary Enterprises	28,449,303	24,715,084
Sales and Services of Educational Departments	111,939	274,079
Payments to Suppliers	(105,805,784)	(89,438,383)
Payments to or on Behalf of Employees	(186,961,490)	(175,404,775)
Payments to Students	(79,532,386)	(80,121,428)
Other Receipts (Payments)	4,827,588	4,326,613
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(114,269,463)	(100,880,181)
CASH FLOWS FROM (FOR) NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	150,453,484	137,874,649
Receipts from Stafford Loan Proceeds	92,022,212	73,674,275
Payments from Stafford Loan Proceeds to Students/Financial Institutions	(92,204,103)	(72,652,484)
Other Nonoperating Receipts (Payments)	(1,256,003)	(559,191)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	149,015,590	138,337,249
CASH FLOW FROM (FOR) CAPITAL & RELATED FINANCING ACTIVITIES		
Capital Appropriations	840,412	168,121
Deposit With Trustee	37,463,968	(22,744,286)
Other Debt Service Fees	(16,981)	(18,076)
Proceeds from Issuance of Capital Debt	-	50,497,973
Purchase of Capital Assets	(50,906,956)	(51,509,607)
Principal Paid on Capital-Related Debt	(7,483,475)	(7,587,157)
Interest Paid on Capital-Related Debt	(6,874,959)	(4,923,008)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	(26,977,991)	(36,116,040)
CASH FLOW FROM (FOR) INVESTING ACTIVITIES		
Purchase of Investments	(27,000,000)	(59,891,478)
Proceeds from Sales and Maturities of Investments	20,800,000	58,393,652
Income on Investments	4,748,554	2,316,012
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,451,446)	818,186
Net Increase in Cash	6,316,690	2,159,214
Cash and Cash Equivalents – Beginning of Year	39,772,314	37,613,100
Cash and Cash Equivalents – End of Year	46,089,004	39,772,314
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	(127,763,027)	(118,234,595)
Adjustments to reconcile net operating expenses		
Depreciation	14,675,872	14,785,390
Amortization	316,692	246,163
Allowance for Bad Debt	3,012,428	-
Changes in Assets and Liabilities:		
Accounts Receivable	(2,839,738)	(2,387,071)
Inventories	(207,123)	(1,284,077)
Prepaid Expense	(19,853)	7,098
Accounts Payable and Accrued Liabilities	(4,225,565)	6,055,706
Compensated Absences	928,441	713,967
Deferred Revenue	1,852,410	(782,762)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$(114,269,463)	$(100,880,181)

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

IVY TECH COMMUNITY COLLEGE NOTES TO FINANCIAL STATEMENTS
June 30, 2006

I. Summary of Significant Accounting Policies

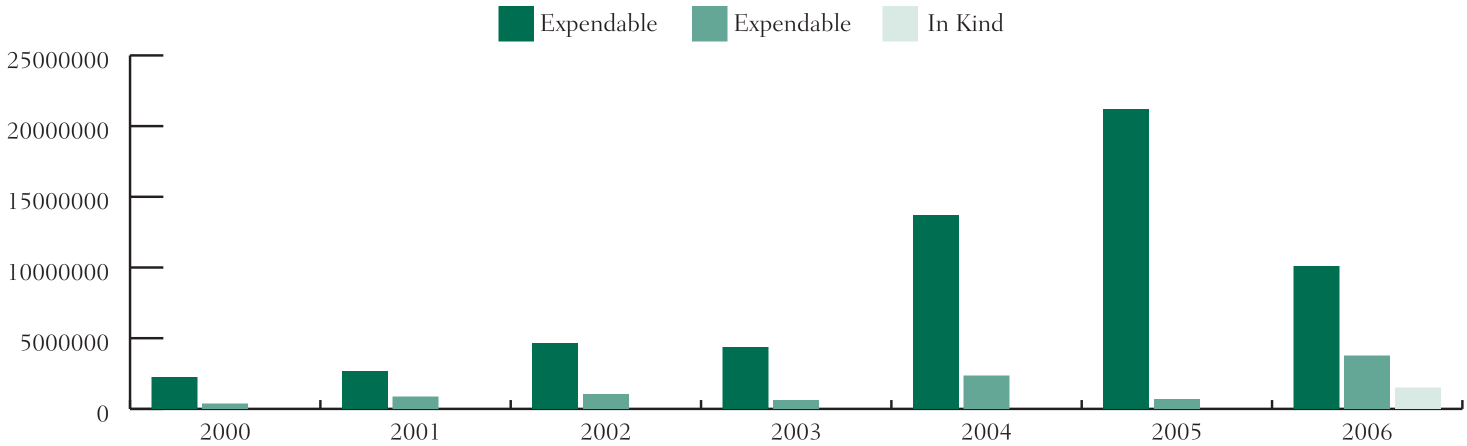
A. General Information

Ivy Tech Community College of Indiana is a statewide open-access, community college that provides residents of Indiana with professional, technical, transfer, and lifelong education for successful careers, personal development, and citizenship. Through its affordable, quality educational programs and services, the College strengthens Indiana's economy and enhances its cultural development. The Indiana General Assembly (by IC 20-12-61-2) established Ivy Tech State College in 1963. In 2005 the General Assembly adopted Senate Bill 296 which broadened the institution's mission to include serving as the state's community college system. Ivy Tech's official name changed to "Ivy Tech Community College of Indiana". Ivy Tech is governed by a board of trustees, composed of fourteen (14) members, appointed by the governor. Each member of the state board must have knowledge or experience in one (1) or more of the following areas; manufacturing; commerce; labor; agriculture; state and regional economic development needs; or Indiana's educational delivery system. At least one (1) trustee must reside in each College region. Appointments are made for three (3) year terms, on a staggered basis. Ivy Tech Community College has fourteen main regional sites located across the State of Indiana. The President's office and other statewide administrative offices are located in Indianapolis, Indiana.

Ivy Tech Foundation (the Foundation) was incorporated on June 9, 1969, under the Indiana Foundations and Holding Companies Act of 1921 as a corporation organized exclusively for charitable, educational and scientific purposes. The Foundation, whose principal activity is to promote educational, scientific and charitable purposes in connection with or at the request of Ivy Tech Community College (the College), commenced its financial activities with the receipt of various unrestricted contributions in October 1970 and provided $14.5 million to assist the College during fiscal year 2005-06. The Foundation currently operates under the Indiana Nonprofit Corporations Law of 1971 as amended, which is codified as IC 23-17. As required by the Governmental Accounting Standards Board (GASB) number 39, the audited financial statements of the Foundation are discretely presented with the College's financial statements. The Foundation's fiscal year reporting period is from July 1 through June 30. It is important to note for comparison purposes that the Foundation's statements are prepared using the modified cash basis of accounting, while the College uses the accrual basis of accounting. The modified cash basis differs from the cash basis primarily because the Foundation reflects investments and property and equipment purchased as assets on its Statements of Assets, Liabilities, and Fund Balances. Additionally, the Foundation reports notes payable for the purchase of property and annuities payable as liabilities in its Statements of Assets, Liabilities and Fund Balances. Gains and losses on investments are recorded when realized. In addition to receiving cash contributions, the Foundation receives non-cash contributions including gifts of real estate. Effective July 1, 2004 the Foundation's policy is to record securities and real estate donations at their fair market value on the date of donation. Prior to July 1, 2004, the Foundation did not recognize such contributions until the date of sale. Therefore the Foundation financial statements reflect a restatement of prior year figures. The Foundation believes that modified cash-basis statements present the financial information in a more meaningful manner than accrual-basis statements and, accordingly is continuing its policy of presenting its financial statements on the modified cash basis of accounting. Further information regarding the Foundation may be obtained at Ivy Tech Foundation, 50 West Fall Creek Parkway Drive North, Indianapolis, IN 46208-5752.

Charitable contributions to the Foundation continue to increase, as illustrated by the following graph. The large increase in fiscal year 2004-05 was due to receipt of a Lilly grant of $12.5 million. Contributions are mainly used to assist students with scholarships and the College in fulfilling its mission through technology acquisition, faculty and staff development, capital projects and funding for innovative ventures.

IVY TECH FOUNDATION CONTRIBUTIONS



With the implementation of Governmental Accounting Standards Boards (GASB) Statement No. 35, Ivy Tech Community College is considered a special purpose government. The College has elected to report as a business type activity using proprietary fund accounting and financial reporting model. The College is considered to be a component unit of the State of Indiana. As such there is a close relationship between the College and the State of Indiana. The College receives appropriations, program approvals and grants from the State.

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

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

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

The College's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Eliminations have been made to prevent the double counting of internal activities.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounting standards typically require the establishment of an allowance for bad debt in the Statement of Net Assets to reflect receivables that are likely to be uncollectible. In previous years Ivy Tech's bad debt write off was not significant enough to warrant the establishment of an allowance. Uncollectible receivables were expensed when they were determined to be uncollectible. However, bad debt write offs have been increasing in recent years requiring us to establish an allowance for bad debt in the amount of $3 million in the fiscal year 2005-06 Statement of Net Assets. Because this is the first year to record the allowance, there is a one time acceleration of expense in fiscal year 2005-06. The College has expensed bad debt due to receivables from prior years which were deemed uncollectible and the College recorded an expense when the allowance for bad debt against current receivables was established.

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

C. Capital Assets Accounting Policy Disclosure

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

College capital equipment and facilities are depreciated on a "Straight Line" basis dividing the cost of the asset by the appropriate useful life. Building improvements are depreciated over the remaining life of the facilities to which they pertain. Leasehold improvements are depreciated over the remaining life of the asset for capital leases and over the remaining life of the lease for operating leases.

Land Improvements	10 years
Buildings	40 years
Building Improvements	Remaining life of the building
Furniture, fixtures, and equipment	3-8 years
Library Books and Materials	5 years

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

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

D. Prepaid Assets

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

1.	Bond principal and interest payments	$8,981,361
2.	Advance payments to health insurance providers	$ 454,034
3.	Other	$ 1,389

II. Accrual of Loss Contingency

The College has one pending litigation matter in a state court and five cases before administrative law agencies: two Equal Employment Opportunity Commission matters, two Indiana Civil Rights Commission matters, and one Department of Education matter. In the opinion of management, an unfavorable outcome in these matters will not have a material adverse affect on the balance sheet of the institution. Management is currently unable to assess the probability of an unfavorable outcome.

III. Lease Obligations

The College has entered into certain operating leases for facilities, office furniture and equipment, vehicles, computing equipment, etc. Many of these leases require payments in excess of one year from the date of initiation. The schedule on page 43 provides the minimum future annual payments for those leases, which were in effect on June 30, 2006.

III. Lease Obligations (Continued)

The College has several lease obligations with Ivy Tech Foundation, Inc. which were determined to meet the requirements necessary to be recognized as capital leases. Long-term debt of $9.5 million and capital assets, net of $8.9 million are reflected in the College's Statement of Net Assets for these capital leases.

IV. Investments

Investment policies, as set forth by the State Board of Trustees, authorize Certificates of Deposits to be established not longer than five years. The bank must be insured by Public Deposit Insurance Fund (PDIF) or Federal Deposit Insured Fund (FDIC). One bank's deposits must not exceed thirty percent (30%) of the College's total investment portfolio, and the total invested must not be more than fifty percent (50%) of the combined capital, surplus, and undivided profits of that bank. US Government Treasury Bills, Notes, Bonds and Agencies maturity dates cannot exceed five years or more. Repurchase Agreement's maximum maturity allowed is thirteen (13) days. Bankers' Acceptances cannot exceed one million dollars ($1,000,000) and have a maturity date longer than one hundred eighty days (180). Commercial Paper's maximum maturity is two hundred seventy (270) days, must be rated at least A-1 or P-1 by the bond rating agencies, may not exceed fifty (50%) of the College total investments, no more than one million ($1,000,000) or ten percent (10%) of the College's total investment, whichever is less, may be in vested in any one company at one time, and no more than twenty five percent (25%) of the total Commercial Paper portfolio may be invested in a single industry. Money Market Accounts are limited to funds with assets totaling at least two hundred fifty million ($250,000,000) or funds managed by Indiana banks insured by Public Deposit Insurance fund (PDIF). All investments are unrated at June 30, 2006.

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

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

Types of investments held by the College's Foundation, a component unit, are authorized by the Foundation's Board of Trustees. They include a broader selection of investments including domestic equities, Certificates of Deposit, Money Market Accounts, interest bearing demand deposits insured by FDIC, US Government Notes, Bills, Bonds, Agencies, Commercial Paper and donated real and personal property.

Investments held in the name of the College at June 30, 2006 consist of the following:

			Investment Maturities (Years)	
Investment Type	**Rating**	**Fair Market Value**	**Less Than 1**	**1-2**
Deposits:				
Certificate of Deposits	N/A	$70,500,000	$70,500,000	$ -
Investments:				
US Government Agencies Securities	N/A	5,918,760	4,955,630	963,130
Money Market	N/A	7,021,178	7,021,178	-
Total		$83,439,938	$82,476,808	$963,130

A. Credit Risk

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

IV. Investments (Continued)

B. Interest Rate Risk

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

C. Concentration of Credit Risk

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

The financial institutions that hold five (5%) or more of the College's investments at June 30, 2006 are listed below:

Institutions	Cost	Percent of Total Invested
Huntington Capital Corp	$25,000,000	29.93%
Lake City Bank	25,000,000	29.93%
First Federal Savings	9,000,000	10.78%
Irwin Union Bank	8,500,000	10.18%
First Indiana Bank	7,000,000	8.38%
Federated Investors	6,776,980	8.11%

D. Foreign Currency Risk

The College does not hold foreign currency.

E. Custodial Credit Risk

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

V. Line Of Credit

The College has a line of credit in the amount of $3,000,000 with an Indiana financial institution. The College can draw against this agreement to meet certain working capital provisions. As of June 30, 2006, the College had not drawn against this line of credit.

VI. Post-Employment Benefits

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

In addition, all employees who retire between the age of 55 and 65, and whose combined age and years of continuous benefit-eligible service equal at least 75, may elect to remain in the College group medical and dental programs. Those who meet the above requirements and remain in the programs pay only 20% of the full premium expense. The College pays the remaining 80% of the premium, and the expenditure is recognized when paid. During fiscal year 2005-06, expenditures of $343,631 were recognized for 49 employees who participated in the post-retirement health and dental care program.

To enable employees to have paid time off as needed, College policy provides for the accrual of sick leave and vacation time for benefits-eligible employees. The College will pay to each eligible full-time employee a benefit at retirement equal to 50% of the employee's unused sick leave accrual up to 100 days. An employee is eligible for this benefit if he is at least 55 years old and his age plus years of service equal 75 or more at retirement. There is no maximum age limit. Accrued benefit for Sick leave is $2.9 million.

VII. Accrued Vacation and Special Holiday

Accrued time for vacation vests to a maximum. That maximum is equal to the amount accrued during the preceding 18 months. Unused vacation time is paid out upon termination regardless of age or years of service. The computed College liability for accumulated unused vacation pay as of June 30, 2006 is $4.7 million.

Because the College does not observe certain legal holidays available to employees of other Indiana state agencies, the College offers benefits-eligible Administrative and Support staff employees one Special Holiday per calendar quarter. Depending on the employees regular work schedule, an employee may accrue up to 8 hours per quarter. The maximum that may be accrued is 56 hours. Once an employee's accrual reaches 56 hours, no more hours are accrued until some are used. Beginning in fiscal year 2003-04, College policy was established to pay out unused accrued Special Holiday hours upon termination of an employee. As of June 30, 2006 this liability was $870,922.

VIII. Retirement Plans

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

A. Teachers Insurance Annuity Association/ College Retirement Equities Fund

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

The participation date for eligible employees is determined by their personnel position classification. Members of TIAA and CREF may elect to allocate contributions to their account under several options. The allocation may be designated in whole or prescribed ratios to the fixed-dollar fund (TIAA) or to a diversified common stock fund(s) (CREF). During the fiscal year ended June 30, 2006, Ivy Tech Community College paid $10,836,331 to TIAA/CREF, representing $72,242,205 in total salaries.

On June 30, 2006, there were 1,365 employees participating in this retirement program. Further information may be obtained from TIAA/CREF by contacting them at 730 3rd Avenue, New York, New York 10017-3206.

VIII. Retirement Plans (Continued)

B. American United Life Retirement Option

In fiscal year 2002 the Ivy Tech State Board of Trustees approved the addition of new options to the College's retirement plan offerings. The adoption of these options creates a greater opportunity for employees to diversify their investments. The new retirement plan, American United Life Insurance Company (AUL), was added as an alternate direct vendor to receive College contributions to the Defined Contribution Retirement Annuity (RA) plan for eligible faculty and administrative employees. The Plan became effective on October 1, 2002; employees must choose between TIAA/CREF and AUL. During fiscal year ended June 30, 2006, Ivy Tech Community College paid $800,758 to AUL, representing $5,338,384 in total salaries. On June 30, 2006, there were 85 employees participating in this retirement program. Further information may be obtained from AUL by contacting them at One American Square, P.O. Box 368, Indianapolis, IN 46206-0368.

C. Public Employees' Retirement Fund

1. Plan Description

Ivy Tech Community College contributes to the Public Employees' Retirement Fund (PERF), a defined benefit pension plan for certain employees of the State of Indiana. Full-time non-exempt employees are eligible to participate in the defined benefit plan. On June 30, 2006, 782 employees of Ivy Tech Community College were members of this retirement plan. State statutes (IC 5-10.2 and 5-10.3) govern most require ments of the system and give Ivy Tech authority to contribute to the plan.

The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions set by state statute at three percent of compensation, plus the interest credited to the member's account. Ivy Tech Community College has elected to make the contributions on behalf of the eligible members. The College contributed $597,483 to individual employee annuity accounts in the Indiana Public Employees' Retirement Fund (PERF) for the year ended June 30, 2006.

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

2. Funding Policy and Annual Pension Cost

The Board of Trustees of PERF establishes the contribution requirements of plan members. Ivy Tech Community College's annual pension cost for the 2006 fiscal year and related information, as provided by the actuary is presented in this note. The amount of retirement costs associated with the employee share, $597,483, is not included in the following information.

PERF

Annual Required Contribution	$721,221	Increase (Decrease) in Net Pension Obligation	$8,147
Interest on Net Pension Obligation	(80,711)	Net Pension Obligation, Beginning of Year	(1,113,262)
Adjustment to Annual Required Contribution	91,977	Net Pension Obligation, End of Year	(1,105,115)
Annual Pension Cost-Employers Share Only	732,487		
Contributions Made – Employers Share Only	$724,340		

College Contributions, Includes a 3% Member Savings Annuity: 8.00%
Plan Members: 761
Actuarial Valuation Date: 6/30/05
Actuarial Cost Method: Entry Age
Cost-of-Living Adjustments: 2%
Amortization Method: Level Percentage of Projected Payroll, Closed

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

Three Year Trend Information

PERF

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/03	$882,965	106%	($766,641)
06/30/04	652,884	153%	(1,113,262)
06/30/05	732,487	99%	(1,105,115)

Schedules of Funding Process
Public Employees Retirement Fund

Actuarial Valuation Date	Actualrial Value of Assets	Actuarial Accrued Liability	Excess of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	Excess (Unfunded) AAL%
07/01/03	$14,565,495	$13,032,186	$1,533,309	111.77%	$17,248,306	8.89%
07/01/04	13,466,436	12,668,220	798,216	106.30%	16,693,279	4.78%
07/01/05	15,195,527	15,503,797	(308,270)	98.01%	17,831,760	(1.73%)

D. Federal Social Security Act

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

IX. Capital Assets

Property, buildings, and equipment are stated at cost on the date of acquisition or at fair market value at the time of donation. Assets used by the College, which are subject to capital lease obligations, are recorded at the net present value of the minimum lease payments of the asset at inception of the lease. The College has adopted the provisions of Statement of Financial Accounting Standards No. 93, which requires the recording of depreciation on long-lived tangible assets.

Capital asset activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$17,797,758	$640,263	$ -	18,438,021
Construction work in progress	55,958,161	24,498,676	42,057,431	38,399,406
Land improvements and infrastructure	9,155,885	313,138	521,090	8,947,933
Buildings	246,707,134	63,463,227	2,173,796	307,996,565
Furniture, fixtures, and equipment	47,650,177	6,232,057	5,002,019	48,880,215
Library materials	1,767,002	93,332	57,949	1,802,385
Total	379,036,117	95,240,693	49,812,285	424,464,525
Less accumulated depreciation:				
Land improvements and infrastructure	5,856,625	546,108	504,435	5,898,298
Buildings	68,437,285	7,870,631	1,089,888	75,218,028
Furniture, fixtures, and equipment	34,310,335	7,404,646	7,078,882	34,636,099
Library materials	1,595,767	119,949	53,805	1,661,911
Total accumulated depreciation	110,200,012	15,941,334	8,727,010	117,414,336
Capital assets, net	$268,836,105	$79,299,359	$41,085,275	$ 307,050,189

Construction Work In Progress

The following table presents the construction projects in process as of June 30, 2006.

Valparaiso – Region 01 Planning / Construction	$ 2,624,443
Valparaiso – Region 01 Construction Phase I	13,936,022
Valparaiso – Region 01 Construction Phase II	161,449
Portage – Region 01 Planning	104
Ft Wayne – Region 03 A&E	104,920
Logansport – Region 05 Planning	119,993
Marion – Region 06 A&E	251,244
Marion – Region 06 Construction	1,053,075
Greencastle – Region 07 Planning	161,738
Indianapolis – Region 08 Fairbanks Renovation	5,433,790
Indianapolis – Region 08 Glick NMC Renovation	813,440
Richmond – Region 09 Construction Phase II	6,366,123
Madison – Region 11 Planning	841,394
Madison – Region 11 Construction	367,961
Various Repair & Rehabilitation & Parking Lot Projects	849,309
Integrated Information System (IIS)	5,314,401
Total Construction Work In Progress	$ 38,399,406

X. Long Term Liabilities

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Leases, Notes and Bonds Payable:					
Lease Obligations	$7,941,872	$2,044,938	$527,605	$9,459,205	$363,692
Notes Payable	19,720,000	–	525,000	19,195,000	750,000
Revenue bonds payable:					
Series D student fee bonds	1,125,000	–	1,125,000	–	–
Bond yield 5.75% - 6.60%					
Series E student fee bonds	9,495,000	–	935,000	8,560,000	985,000
Bond yield 4.55% - 5.35%					
Series G student fee bonds	38,245,000	–	2,320,000	35,925,000	2,420,000
Bond yield 1.93% - 4.93%					
Series H student fee bonds	47,065,000	–	2,200,000	44,865,000	2,250,000
Bond Yield 1.32%-4.01%					
Series I student fee bonds	39,650,000	–	–	39,650,000	1,220,000
Bond Yield 2.3% - 4.55%					
Series J student fee bonds	9,245,000	–	–	9,245,000	–
Bond Yield 4.25% - 4.47%					
Total bonds payable	144,825,000	–	6,580,000	138,245,000	6,875,000
Premium on Bonds-Series H, I, J	6,136,500	–	378,475	5,758,025	378,475
Total leases, notes, & bonds payable	178,623,372	2,044,938	8,011,080	172,657,230	8,367,167
Other liabilities:					
Compensated absences	7,474,223	6,388,252	5,459,811	8,402,664	5,798,914
Total other liabilities	7,474,223	6,388,252	5,459,811	8,402,664	5,798,914
Total long-term liabilities	$186,097,595	$8,433,190	$13,470,891	$181,059,894	$14,166,081

A. Notes Payable

The College has issued interim financing notes as a means of providing funds for acquisition and/or construction of facilities as more fully described below. On July 1, 2005 interim financing agreements totaling $19,720,000 were outstanding. During 2005-06, the College reduced the outstanding principal on notes by $525,000 which was $275,000 greater than the scheduled payment of $250,000, leaving a principal balance of $19,195,000 on June 30, 2006.

X. Long Term Liabilities (Continued)

Location	Balance 06-30-05	Principal Paid 2005-06	New Debt 2005-06	Balance 6-30-06
Lafayette	$8,720,000	$525,000	$ -	$8,195,000
Indianapolis	11,000,000	-	-	11,000,000
Totals	$19,720,000	$525,000	$ -	$19,195,000

Indianapolis. In October 2003, the College entered into an interim financing agreement in the amount of $11,000,000 with a maturity of November 3, 2008 for the acquisition and partial renovation of the Fairbanks Center in Lawrence, Indiana. The interest rate is fixed at 3.48% per annum for the entire term of the loan. The interest expense is paid quarterly. The College will make principal payments of $500,000 on November 1, 2006 and $518,000 on November 1, 2007.

Ivy Tech Community College
Fairbanks Center, Lawrence - $11,000,000 Original Loan Amount
Schedule Of Annual Requirements For Principal And Interest

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2007	$500,000	$379,368	$879,368	$ 10,500,000
2008	518,000	362,377	880,377	9,982,000
2009	9,982,000	179,476	10,161,476	$ -
Totals	$11,000,000	$921,221	$11,921,221	

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

Lafayette Phase III. In December 2001, the College entered into an interim financing agreement in the amount of $9,580,000 with a maturity of January 20, 2007, for the completion of a major campus expansion and renovation in Lafayette, Indiana. Upon maturity the loan will be refinanced by the issuance of permanent financing or additional junior lien financing or repaid from student fees. Under the terms of the loan agreement, the College has the option and has elected to divide the total amount borrowed into "a maximum of two (2) LIBOR Rate Amounts." The College has the option to select interest periods of one, three, six, or twelve months. The interest selection is made at the expiration of each interest period. As of June 30, 2006, the College has selected (1) a LIBOR rate amount of $3,615,000 with an interest period of one month, and (2) a LIBOR rate amount of $4,580,000 with an interest period of twelve months. The interest rates applicable to such LIBOR rate amounts are 4.16% and 3.81% respectively. The formula for calculating the respective interest rates for any period is the result of the following calculation:

((LIBOR rate + .75%) ÷ 1.55) + .22%

Under terms of the loan agreement, the College is required to make a principal payment of not less than $250,000 annually, beginning December 20, 2003. Because the loan is at variable rates, the future interest expenses cannot be determined until the beginning of each interest period.

IVY TECH COMMUNITY COLLEGE
LAFAYETTE PHASE III INTERIM FINANCING AGREEMENT –
$9,580,000 ORIGINAL LOAN AMOUNT
SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2007	$8,195,000	$319,682	$8,514,682	$0
Totals	$8,195,000	$319,682	$8,514,682	

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

B. Refunded Bond Issues

In prior years, the College defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the College's financial statements. At June 30, 2006, $23,395,000 of bonds outstanding is considered defeased.

C. Premium On Bonds

The June 30, 2005 Premium on Bonds of $6,136,500 is the remaining balance from the sale of Series H Student Fee Bonds. The ending balance of $5,758,025 is being amortized over the remaining life of the related bonds.

D. Bond Schedules

IVY TECH COMMUNITY COLLEGE
SERIES E OF 1997, ADVANCED REFUNDING SERIES G OF 2002, SERIES H OF 2003, SERIES I AND SERIES J OF 2005
SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2007	$6,875,000.00	$6,175,393.00	$13,050,393.00	$131,370,000.00
2008	8,410,000.00	5,887,668.00	14,297,668.00	122,960,000.00
2009	7,760,000.00	5,570,955.50	13,330,955.50	115,200,000.00
2010	8,095,000.00	5,242,024.75	13,337,024.75	107,105,000.00
2011	8,460,000.00	4,872,942.38	13,332,942.38	98,645,000.00
2012-2016	43,765,000.00	18,129,224.13	61,894,224.13	63,340,000.00
2017-2021	35,970,000.00	8,415,946.25	44,385,946.25	27,370,000.00
2022-2026	15,380,000.00	2,658,583.75	18,038,583.75	11,990,000.00
2027	3,530,000.00	80,307.50	3,610,307.50	$0.00
Totals	$138,245,000.00	$57,033,045.26	$195,278,045.26	

XI. Property Subject To Capital Leases

The College has several lease obligations with Ivy Tech Foundation, Inc, which were determined to meet the requirements necessary to be recognized as capital leases; thus requiring the recognition of long-term debt and capital assets on the College's Statement of Net Assets. Ivy Tech Foundation, Inc. believes these leases are operating leases and that they own the property and therefore reports the assets in their financial statements. Therefore, the Foundation also shows these assets in their Statements of Assets, Liabilities, and Fund Balance (Buildings at $5.9 million, and Land at $4.9 million) 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.

IVY TECH COMMUNITY COLLEGE

AUXILIARY ENTERPRISE BOOKSTORE COMPARATIVE STATEMENT OF NET ASSETS

JUNE 30, 2006 and JUNE 30, 2005

ASSETS	FY 2006	FY 2005
Current Assets		
Cash	$12,692,374	$10,374,963
Accounts Receivable	2,159,984	2,165,929
Allowance for Bad Debt	(578,404)	-
Credit Memos	489,890	781,127
Inventory	6,152,923	5,948,405
Total Assets	20,916,767	19,270,424
LIABILITIES		
Current Liabilities		
Wages Payable	55,803	50,785
Indiana Sales Tax Payable	225	(2)
Accounts Payable	427,488	690,997
Total Liabilities	483,516	741,780
NET ASSETS		
Unrestricted		
Total Net Assets	$20,433,251	$18,528,644

IVY TECH COMMUNITY COLLEGE

AUXILIARY ENTERPRISE BOOKSTORE COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

JUNE 30, 2006 and JUNE 30, 2005

	FY 2006		FY 2005	
Operating Revenues:				
Sales	$27,847,042		$25,484,376	
Cost of Goods Sold:				
Beginning Inventory	5,948,405		4,664,328	
Add:				
Purchases	24,373,708		23,302,105	
Freight-in	466,714		391,264	
Less:				
Vendor Returns	(4,157,984)		(3,586,152)	
Total Available for Sale	26,630,843		24,771,545	
Less: Ending Inventory	6,152,923		5,948,405	
Cost of Goods Sold	20,477,920	73.537%	18,823,140	73.861%
Gross Margin on Sales	7,369,122	26.463%	6,661,236	26.139%
Operating Expenses:				
Salaries and Wages	1,610,313		1,542,813	
Benefits	521,711		458,001	
Operating Overhead	147,725		113,266	
Uncollected Std Fee	1,177,996		453,540	
Capital DP Equipment	10,551		191,208	
Other Expenses	973,429		669,849	
Total Operating Expenses	4,441,725	15.950%	3,428,678	13.454%
Changes in Operating Income	2,927,397	10.512%	3,232,558	12.684%
Net Assets-beginning of the year	18,528,644		16,086,556	
Less Transfers	(1,022,789)		(790,470)	
Net Assets-end of the year	$20,433,252		$18,528,644	

IVY TECH COMMUNITY COLLEGE

SOUTH BEND SERIES E OF 1997

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

ORIGINAL ISSUE $16,260,000

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

IVY TECH COMMUNITY COLLEGE

SERIES G

ADVANCE REFUNDING OF SERIES D AND F

(FT. WAYNE, BLOOMINGTON, LAFAYETTE PHASE I)

SCHEDULE OF ANNUAL REQUIREMENT FOR PRINCIPAL AND INTEREST

ORIGINAL ISSUE - $46,370,000

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

IVY TECH COMMUNITY COLLEGE

SERIES H

RICHMOND PHASE I, EVANSVILLE, VALPARAISO, TERRE HAUTE
SCHEDULE OF ANNUAL REQUIREMENT FOR PRINCIPAL AND INTEREST

ORIGINAL ISSUE - $47,065,000

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

IVY TECH COMMUNITY COLLEGE

SERIES I

EVANSVILLE, VALPARAISO, MADISON, AND PORTAGE

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

ORIGINAL ISSUE - $39,650,000

Year Ending June 30	Principal	Interest	Total	Oustanding Principal Balance
2007	$1,220,000.00	$1,640,220.00	$2,860,220.00	$38,430,000.00
2008	1,610,000.00	1,600,820.00	3,210,820.00	36,820,000.00
2009	1,590,000.00	1,552,820.00	3,142,820.00	35,230,000.00
2010	1,655,000.00	1,487,595.00	3,142,595.00	33,575,000.00
2011	1,740,000.00	1,402,720.00	3,142,720.00	31,835,000.00
2012	1,820,000.00	1,327,370.00	3,147,370.00	30,015,000.00
2013	1,885,000.00	1,257,820.00	3,142,820.00	28,130,000.00
2014	1,965,000.00	1,180,820.00	3,145,820.00	26,165,000.00
2015	2,055,000.00	1,090,145.00	3,145,145.00	24,110,000.00
2016	2,160,000.00	984,770.00	3,144,770.00	21,950,000.00
2017	2,260,000.00	883,875.00	3,143,875.00	19,690,000.00
2018	2,355,000.00	788,113.75	3,143,113.75	17,335,000.00
2019	2,455,000.00	691,375.00	3,146,375.00	14,880,000.00
2020	2,555,000.00	592,402.50	3,147,402.50	12,325,000.00
2021	2,660,000.00	486,722.50	3,146,772.50	9,665,000.00
2022	0.00	432,242.50	432,242.50	9,665,000.00
2023	0.00	432,242.50	432,242.50	9,665,000.00
2024	0.00	432,242.50	432,242.50	9,665,000.00
2025	2,760,000.00	371,522.50	3,131,522.50	6,905,000.00
2026	3,375,000.00	235,708.75	3,610,708.75	3,530,000.00
2027	3,530,000.00	80,307.50	3,610,307.50	$ 0.00
	$39,650,000.00	$18,951,905.00	$58,601,905.00	

IVY TECH COMMUNITY COLLEGE

SERIES J

RICHMOND AND MARION

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

ORIGINAL ISSUE - $9,245,000

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

IVY TECH COMMUNITY COLLEGE

SERIES E OF 1997, ADVANCED REFUNDING SERIES G OF 2002, SERIES H OF 2003, SERIES I AND SERIES J OF 2005 (1)

SCHEDULE OF ANNUAL REQUIREMENT FOR PRINCIPAL AND INTEREST

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2007	$6,875,000.00	$6,175,393.00	$13,050,393.00	$131,370,000.00
2008	8,410,000.00	5,887,668.00	14,297,668.00	122,960,000.00
2009	7,760,000.00	5,570,955.50	13,330,955.50	115,200,000.00
2010	8,095,000.00	5,242,024.75	13,337,024.75	107,105,000.00
2011	8,460,000.00	4,872,942.38	13,332,942.38	98,645,000.00
2012	8,865,000.00	4,474,235.63	13,339,235.63	89,780,000.00
2013	9,285,000.00	4,043,588.75	13,328,588.75	80,495,000.00
2014	8,855,000.00	3,616,451.75	12,471,451.75	71,640,000.00
2015	8,745,000.00	3,201,420.00	11,946,420.00	62,895,000.00
2016	8,015,000.00	2,793,528.00	10,808,528.00	54,880,000.00
2017	8,405,000.00	2,399,270.00	10,804,270.00	46,475,000.00
2018	8,695,000.00	1,995,488.75	10,690,488.75	37,780,000.00
2019	6,235,000.00	1,642,400.00	7,877,400.00	31,545,000.00
2020	6,540,000.00	1,339,596.25	7,879,596.25	25,005,000.00
2021	6,095,000.00	1,039,191.25	7,134,191.25	18,910,000.00
2022	2,780,000.00	824,992.50	3,604,992.50	16,130,000.00
2023	2,925,000.00	682,367.50	3,607,367.50	13,205,000.00
2024	3,075,000.00	532,367.50	3,607,367.50	10,130,000.00
2025	3,225,000.00	383,147.50	3,608,147.50	6,905,000.00
2026	3,375,000.00	235,708.75	3,610,708.75	3,530,000.00
2027	3,530,000.00	80,307.50	3,610,307.50	$0.00
Totals	$138,245,000.00	$57,033,045.26	$195,278,045.26	

(1) Series E Bonds Principal Debt of $7,575,000.00.
Advanced Refunding Series G Bonds Principal Debt of $33,505,000.00.
Series H Bonds Principal Debt of $42,615,000.00.
Series I Bonds Principal Debt of $38,430,000.00.
Series J Bonds Principal Debt of $6,170,000.00.

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF FUTURE MINIMUM PAYMENTS ON OPERATING LEASES

JUNE 30, 2006

	2006-07	2007-08	2008-09	2009-10	2011 and Beyond
Facilities	$2,999,258	$1,660,981	$653,384	$89,214	-
Office Furniture and Equipment	374,266	201,102	127,221	42,284	$ 978
Total	$3,373,524	$1,862,083	$780,605	$131,498	$ 978

SCHEDULE OF STUDENT FINANCIAL AID EXPENDITURES

FOR YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE FIGURES AT JUNE 30, 2005

	Current Unrestricted	Current Restricted	06/30/06 Total	06/30/05 Total
Workstudy (1)	$437,053	$1,314,573	$1,751,626	$1,833,716
Scholarship/Fellowship(2)	-	62,576,982	62,576,982	63,486,803
Grants (3)	576,494	10,721,670	11,298,164	10,783,100
Fee Remissions	3,488,686	-	3,488,686	3,162,532
Administrative Allowance (4)	348,117	-	348,117	332,215
Total Financial Aid Expenses	$4,850,350	$74,613,225	$79,463,575	$79,598,366

(1) The $437,052 is comprised of the institutional share of both the Federal and State College Workstudy Programs in the amount of $429,638 and $7,414 respectfully. The prior year institutional share for the Federal and State Programs were $456,571 and $6,863 respectfully.

(2) The amount of $62,576,982 includes $60,729,774 of Pell Grants as compared to $61,862,961 for the prior year. The College has no choice in determining the recipients for the Pell Grant Program.

(3) The $576,494 represents the College share of the Supplemental Educational Opportunity Grant (SEOG Match).

(4) Administrative allowance is made up of $81,304 Federal Work-Study, $158,890 Pell, and $107,923 Federal Supplemental Educational Opportunity Grant (FSEOG).

IVY TECH COMMUNITY COLLEGE

FIVE YEAR TREND IN STUDENT ENROLLMENT

	----------Actual----------				Estimate
	2001-02	**2002-03**	**2003-04**	**2004-05**	**2005-06**
Credit Student - Full Time	24,015	24,310	24,715	32,007	33,012
Part Time	69,461	73,165	77,557	73,756	72,436
Total	93,476	97,475	102,272	105,763	105,448
FTE	33,768	37,787	40,913	42,426	43,088
Non-Credit Students	20,668	18,702	21,250	23,424	20,275

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.

Note

On October 5, 2004 Governor Joseph Kernan announced that the partnership between Ivy Tech State College and Vincennes University will be dissolved and Ivy Tech will have sole responsibility for providing a community college curriculum at all 23 of its campuses. The change is to be fully implemented by Fall Semester of the 2005-06 academic year. This initiative has subsequently been approved by both institutions' Boards of Trustees, by the Community College Policy Committee, and by both the Legislative Council and the State Budget Committee.

As a result, fiscal years 2001-02, and 2002-03 credit student data has been updated to include enrollments previously credited to Vincennes University as part of the original community college initiative. To ensure more accurate annual comparisons, Ivy Tech official enrollment records are being changed to include the enrollment previously credited to Vincennes University.

IVY TECH
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