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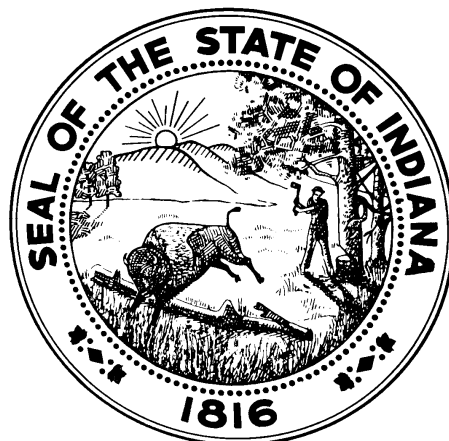
AUDIT REPORT

OF

VINCENNES UNIVERSITY

VINCENNES, INDIANA

July 1, 2007 to June 30, 2008



FILED

04/28/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	3-4
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	5-6
Schedule of Expenditures of Federal Awards.....	7-8
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs.....	10-12
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings.....	13
Corrective Action Plan	14-17
Exit Conference.....	18

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President	Richard E. Helton	07-01-07 to 06-30-09
Vice President for Financial Services and Government Relations	Phillip S. Rath	07-01-07 to 06-30-09
Chairman of the Board of Trustees	Roderick H. Morgan John R. Gaylor	07-01-07 to 12-04-07 12-05-07 to 06-30-09



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AN EQUAL OPPORTUNITY EMPLOYER

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

TO: THE OFFICIALS OF VINCENNES UNIVERSITY, VINCENNES, INDIANA

We have audited the financial statements of Vincennes University (University), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 13, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the University's Board of Trustees, management, 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.

November 13, 2008

STATE BOARD OF ACCOUNTS

State Board of Accounts



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

TO: THE OFFICIALS OF VINCENNES UNIVERSITY, VINCENNES, INDIANA

Compliance

We have audited the compliance of Vincennes University (University) 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 each of its major federal programs for the year ended June 30, 2008. The University'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 each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University'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 University'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 University's compliance with those requirements.

In our opinion, the University complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1.

Internal Control Over Compliance

The management of the University 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 University'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

A control deficiency in a university's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Vincennes University as of and for the year ended June 30, 2008, and have issued our report thereon dated November 13, 2008. 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 respects, in relation to the basic financial statements taken as a whole.

The University's response to the findings identified in our audits is described in the accompanying Summary Schedule of Prior Audit Findings and the Corrective Action Plan sections of the report. We did not audit the University's response and, we express no opinion on it.

This report is intended solely for the information and use of the University's management, Board of Trustees, 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

April 6, 2009

State Board of Accounts

VINCENNES UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Direct Grant		
Student Financial Aid Cluster		
Federal Supplemental Educational Opportunity Grants	84.007	\$ 162,407
Federal Work-Study Program	84.033	170,520
Federal Pell Grant Program	84.063	7,310,403
Academic Competitiveness Grant	84.375	<u>206,070</u>
Total for cluster		<u>7,849,400</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>		
Direct Grant		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		
	16.580	<u>70,645</u>
Total for federal grantor agency		<u>70,645</u>
<u>U.S. DEPARTMENT OF LABOR</u>		
Pass-Through South Central Indiana Workforce Board, Inc.		
Workforce Investment Act (WIA) Cluster		
Region 8		
WIA Adult Program	17.258	570,618
WIA Youth Activities	17.259	983,211
WIA Dislocated Workers	17.260	<u>938,121</u>
Total for program		<u>2,491,950</u>
Pass-Through Grow Southwest Indiana Workforce Board, Inc.		
Workforce Investment Act (WIA) Cluster		
Region 11		
WIA Adult Program	17.258	219,448
WIA Youth Activities	17.259	285,121
WIA Dislocated Workers	17.260	<u>210,051</u>
Total for program		<u>714,620</u>
Total for cluster		<u>3,206,570</u>
Direct Grant		
Mine Health and Safety Grants		
	17.600	<u>232,895</u>
Direct Grant		
Brookwood-Sago Grant		
	17.603	<u>35,637</u>
Pass-Through Indiana Department of Family and Social Services Administration		
Senior Community Service Employment Program		
	17.235	<u>3,221</u>
Pass-Through Indiana Department of Workforce Development		
Work Incentive Grants		
	17.266	<u>74,073</u>
Pass-Through Indiana Department of Workforce Development		
Incentive Grants - WIA Section 503		
	17.267	<u>56,093</u>
Total for federal grantor agency		<u>3,608,489</u>
<u>U.S. DEPARTMENT OF TREASURY</u>		
Pass-Through Indiana Department of Family and Social Services Administration		
Tax Counseling for the Elderly		
	21.006	<u>9,716</u>
Total for federal grantor agency		<u>9,716</u>

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

VINCENNES UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2008
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Direct Grant		
Trio Cluster		
Trio - Student Support Services	84.042	325,918
Trio - Talent Search	84.044	401,800
Trio - Project Aspiree	84.044A	269,964
Trio - Upward Bound	84.047	<u>805,883</u>
Total for cluster		<u>1,803,565</u>
Pass-Through Indiana Department of Education		
Adult Education - Basic Grants to States	84.002	<u>428,688</u>
Pass-Through Indiana Department of Workforce Development		
Career and Technical Education - Basic Grants to States	84.048	<u>691,504</u>
Pass-Through Indiana Department of Workforce Development		
Tech-Prep Education	84.243	<u>83,284</u>
Total for federal grantor agency		<u>3,007,041</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Pass-Through Indiana Department of Family and Social Services Administration		
Aging Cluster		
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	316,210
Special Programs for the Aging - Title III, Part C - Nutritional Services Nutrition Services Incentive Program	93.045	581,714
	93.053	<u>99,033</u>
Total for cluster		<u>996,957</u>
Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	93.042	<u>11,465</u>
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	<u>22,752</u>
National Caregiver Support, Title III, Part E	93.052	<u>177,333</u>
Social Services Block Grant	93.667	<u>336,410</u>
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	<u>67,509</u>
Total for federal grantor agency		<u>1,612,426</u>
<u>U.S. DEPARTMENT OF NATIONAL AND COMMUNITY SERVICE</u>		
Pass-Through Indiana Department of Family and Social Services Administration		
Retired and Senior Volunteer Program	94.002	<u>62,300</u>
Total for federal grantor agency		<u>62,300</u>
Total federal awards expended		<u>\$ 16,220,017</u>

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

VINCENNES UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Vincennes University (University) 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.

II. Federal Family Education Loans

The number of guaranteed loans and total amount for each program for Vincennes University students for the year ended June 30, 2008, were as follows:

<u>Program Title</u>	<u>Number of Loans</u>	<u>Amount</u>
Federal Stafford Student Loans (subsidized)	3,057	\$ 9,432,814
Federal Stafford Student Loans (unsubsidized)	2,720	9,015,986
Parent Loan for Undergraduate Students (PLUS)	638	<u>4,209,986</u>
Total		<u>\$ 22,658,786</u>

VINCENNES UNIVERSITY
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
Significant deficiencies 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
Significant deficiencies 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? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
Various	Student Financial Aid Cluster
Various	Aging Cluster
84.048	Career and Technical Education – Basic Grants to States
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$486,601

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

VINCENNES UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

Finding 2008-1, Reporting

Federal Agency: U.S. Department of Education
Federal Program: Career and Technical Education – Basic Grants to States (Perkins III)
CFDA Number: 84.048
Pass Through: Department of Workforce Development

Vincennes University Career and Technical Education (Perkins III) grant submitted incorrect data via its performance report covering the period July 1, 2007 to June 30, 2008, stating participant numbers and program objectives that could not be supported by existing documentation. The information supplied by the program activity coordinators necessary to substantiate the performance report result was not maintained for audit.

Vincennes University reported in the Career and Technical Education (Perkins III) Final Report for 2007-2008 the following objectives and their associated accomplishments:

1. Developmental/Remedial Mathematics

Objective: Tutoring services will be available six days and five evenings per week during 2007-2008 academic year by mathematic tutors.

Support submitted for verification:
No support submitted for the tutoring services.

Per SBA testing of the FY08 Final Report, records substantiated the credit hours of remedial mathematics instruction during 2007-2008 by mathematics faculty. Multiple requests were made for a substantiation of the tutoring services; however, no support was submitted.

2. Project Lead the Way

Objective One: Enroll at least 130 high school students in Project Lead the Way in five high schools.

Support submitted for verification:
56 students were enrolled in Project Lead the Way in 4 High Schools.

Per SBA testing of the FY08 Final Report, records did not substantiate that the goal of 130 high school students taking part in the Project Lead the Way program. This reporting error was attributed to a change in the Project Lead the Way program coordinator and the lack of knowledge in completing the report.

3. Advanced Manufacturing

Objective One: A.A.S. degrees in Networking, Biomedical, Computer Integrated Manufacturing and Laser will be obtained by 65 students by the end of the academic year 2007-2008.

Objective Two: 95% of these students will be employed by August 31, 2008.

VINCENNES UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Support submitted for verification:

84 students received A.A.S. degrees for 2007-2008.

No verification of employment was completed as of January 28, 2009.

Per SBA testing of the FY08 Final Report, the Advanced Manufacturing program did meet their goals of students with A.A.S. degrees; however, it was reported by Vincennes University that the goal was not met. There was no verification of employment to substantiate the 95% employment rate by Vincennes University.

4. Project EXCEL

Objective One: Vincennes University will provide Project Excel in 80 high schools in 42 counties.

Objective Two: Vincennes University will offer 75 courses through Project Excel.

Support submitted for verification:

Actual Schools in Project EXCEL for FY2008 was 78.

Actual Counties with Project EXCEL for FY2008 was 40.

Actual courses offered through Project EXCEL for FY2008 was 71.

Per our testing of the FY08 Final Report, Vincennes University reported that the goals were met for Project EXCEL; however, in reviewing the supporting documentation the goals were not met.

34CFR74.51(a) states: "Recipients are responsible for managing and monitoring each project, program, subaward, function, or activity supported by the award."

34CFR74.53(b) states: "Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary."

Vincennes University is unable to provide reasonable assurance regarding the reliability of the above FY08 Final Report. Failure to file accurate reports with supporting documentation prevents the federal agencies from monitoring the program in an effective manner.

We recommend that Vincennes University maintain all grant records and supporting documentation for a period of three years from the date of submission of the final expenditure report or from the submission of the annual report as required. We further recommend that Vincennes University implement policies and procedures to ensure that reported data is accurate and complete.



VINCENNES
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Vincennes University

Audit Control Number: No Determination Letter Issued

Finding No. 2007-1, Financial Reporting

Finding No. 2007-2, Cash Management – Noncompliance Reimbursable Grant

Finding No. 2007-3, Questioned Costs – Vocational Education Grant

Auditee Contact Person: Linda Waldroup

Title of Contact Person: Controller

Phone Number: (812) 888-4308

Status of Finding: Complete

Vincennes University understands the importance of reporting and submitting accurate information and is compliant with the reporting requirements in the above findings.

Follow up was made by our office to the Department of Education on February 5, 2009 as to the issuance of a determination letter for the above findings. The Department of Education communicated to us that the 06-07 findings did not warrant a determination letter since the findings were not significant.



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Finding 2008-1

**Federal Agency: U.S. Department of Education
Federal Program: Career and Technical Education – Basic Grants to States
CFDA Number: 84.048
Pass Through: Indiana Department of Workforce Development**

Vincennes University Career and Technical Education grant submitted incorrect data via its performance report covering the period July 1, 2007 to June 30, 2008, stating participant numbers and program objectives that could not be supported by existing documentation. The information supplied by the program activity coordinators necessary to substantiate the performance report result was not maintained for audit.

Vincennes University reported in the Career and Technical Education Final Report for 2007-2008 the following objectives and their associated accomplishments:

1. Developmental / Remedial Mathematics

Objective: Tutoring services will be available six days and five evenings per week during 2007/2008 academic year by mathematic tutors.

Support submitted for verification:

No support submitted for the tutoring services.

Per SBA testing of the FY08 Final Report, records substantiated the credit hours of remedial mathematics instruction during 2007/2008 by mathematics faculty. Multiple requests were made for a substantiation of the tutoring services however, no support was submitted.

Response:

In order to correct this process for FY 2008/2009, the Perkins Grant coordinator will meet with each project coordinator to thoroughly instruct them on the process of the Final Report. The Final Report will not be submitted to the DWD until all back-up for measurable outcomes is provided with each Final Report. This will provide the necessary documentation for future audits.

2. Project Lead the Way

Objective One: Enroll at least 130 high school students in Project Lead the Way in five high schools.

Support submitted for verification:

56 students were enrolled in Project Lead the Way in 4 High Schools.

Per SBA testing of the FY08 Final Report, records did not substantiate that the goal of 130 high school students taking part in the Project Lead the Way program. This reporting error was attributed to a change in the Project Lead the Way program coordinator and the lack of knowledge in completing the report.

Response: The Final Report submitted for Project Lead the Way indicated that there were no changes from inception of the grant to the end of the grant. The outcomes were to be as follows:

Enroll at least 130 high school students in Project Lead the Way in five separate high schools.

At that time, the original project coordinator of Project Lead the Way left the University. The Final Report was submitted by a new project coordinator that did not understand the reporting process. Therefore, the Final Report was submitted incorrectly. Although there were five high schools involved in Project Lead the Way, only 56 students participated.

In order to correct this process for FY 2008/2009, the Perkins Grant coordinator will meet with each project coordinator to thoroughly instruct them on the process of the Final Report. The Final Report will not be submitted to the DWD until all back-up for measurable outcomes is provided with each Final Report. This will provide the necessary documentation for future audits.

3. Advanced Manufacturing

Objective One: A.A.S. degrees in Networking, Biomedical, Computer Integrated Manufacturing and Laser will be obtained by 65 students by the end of the academic year 2007/2008.

Objective Two: 95% of these students will be employed by August 31, 2008.

Support submitted for verification:

84 students received A.A.S. degrees for 2007/2008.

No verification of employment was completed as of 1/28/09.

Per SBA testing of the FY08 Final Report, the Advanced Manufacturing program did meet their goals of students with A.A.S. degrees, however, it was reported by Vincennes University that the goal was not met. There was no verification of employment to substantiate the 95% employment rate by Vincennes University.

Response:

The Final Report submitted for Advanced Manufacturing provided information that included the areas of Networking, Biomedical, Computer Integrated Manufacturing (CIM) and Laser. According to the Perkins Guidelines, the following information was to be measured and outcomes recorded:

- A.A.S. degrees in Networking, Biomedical, Computer Integrated Technology, Computer Numeric Control and Laser will be obtained by 65 students by the end of the academic year 2007/2008.*
- 95% of these students will be employed by August 31, 2008.*

Computer Numeric Control or CNC was not included on the final report due to a misunderstanding of what was to be included in the report. When backup information was asked to be provided for auditing purposes the CNC portion was submitted by both the Director of Institutional Research and by the Department Chair of Machine Trades. The results were some conflicting numbers. The main reason for these discrepancies is due to the fact that each

department will pull numbers from different sources according to each individuals understanding of what is required.

Due to a change in personnel the office of Career Placement was not able to obtain the 2007-2008 Occupational Graduate Study that it normally does much earlier in the year. It was not completed until February 25, 2009. Therefore, the final report did not reflect these outcomes.

In order to correct this process for FY 2008/2009, the Perkins Grant coordinator will meet with each project coordinator to thoroughly instruct them on the process of the Final Report. The Final Report will not be submitted to the DWD until all back-up for measurable outcomes is provided with each Final Report. This will provide the necessary documentation for future audits.

4. Project EXCEL

Objective One: Vincennes University will provide Project Excel in 80 high schools in 42 counties.

Objective Two: Vincennes University will offer 75 courses through Project Excel.

Support submitted for verification:

Actual Schools in Project EXCEL for FY2008 was 78.

Actual Counties with Project EXCEL for FY2008 was 40.

Actual courses offered through Project EXCEL for FY2008 was 71.

Per our testing of the FY08 Final Report, Vincennes University reported that the goals were met for Project EXCEL; however in reviewing the supporting documentation the goals were not met.

Response:

During the FY 2007/2008 of Perkins Grant activity, two project coordinators left Vincennes University and were replaced by others. When the FY 2007/2008 Perkins Grant Final Reports were due, the new project coordinator provided the required information. Unfortunately, the new coordinator was not given the proper instruction by the Grant coordinator on how to prepare the Final Report.

There was a break down in communication due to the fact that there was a change in project coordinator. To prevent this from happening again, the Grant coordinator will meet with all project coordinators prior to the completion of the Final Report to provide instruction on how the Final Report is to be completed. This will be added to the internal controls.

34CFR74.51(a) states: (a) "Recipients are responsible for managing and monitoring each project, program, subaward, function, or activity supported by the award".

34CFR74.53(b) states: (b) "Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary."

Vincennes University is unable to provide reasonable assurance regarding the reliability of the above FY08 Final Report. Failure to file accurate reports with supporting documentation prevents the federal agencies from monitoring the program in an effective manner.

We recommend that Vincennes University maintain all grant records and supporting documentation for a period of three years from the date of submission of the final expenditure report or from the submission of the annual report as required. We further recommend that Vincennes University implement policies and procedures to ensure that reported data is accurate and complete.

VINCENNES UNIVERSITY
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2009, with Phillip S. Rath, Vice President for Financial Services and Government Relations; Linda Waldroup, Controller; Tim Eaton, Budget Director; Conya Wampler, Director of Accounting; Diana Marmaduke, Staff Accountant; Dr. Ronald M. Davis, Provost; and Mike Richards, Business and Industry South Director.



Vincennes University Financial Report 2007-2008

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VINCENNES UNIVERSITY | 1002 NORTH FIRST STREET | VINCENNES, IN 47591

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VISION — Vincennes University is a premier learning institution, widely recognized for leadership in innovation and delivery of successful educational experiences. A broad range of program offerings and a commitment to superior service ensure the University's role as an important link in Indiana's economic and cultural vitality. VU is a diverse community whose members all share responsibility for supporting the University mission and are respected for their contribution.

MISSION — Vincennes University, Indiana's first college, is the State's premier transfer institution and leader in innovative career programming. The VU community ensures educational access, delivers proven associate and baccalaureate programs, and offers cultural opportunities and community services in a diverse, student-centered, collegiate environment.

Vincennes University

Financial Report for 2007 - 2008

TABLE OF CONTENTS

Treasurer's Report	3
Independent Auditors' Report	4
Management's Discussion and Analysis	5
Statement of Net Assets	13
Component Unit - Statement of Financial Position	14
Statement of Revenues, Expenses and Changes in Net Assets	15
Component Unit - Statement of Activity	16
Component Unit - Statement of Changes in Net Assets	17
Statement of Cash Flows	18
Notes to Financial Statements	20
Board of Trustees and University Officers	33



Affordable

Quality



Education



Vincennes University

Financial Report for 2007 - 2008

TREASURER'S REPORT

In an era that requires a markedly different skill set to succeed in the workplace, Vincennes University remains committed to providing access to affordable higher education while delivering the highest quality services for the ever changing needs of both traditional and non-traditional students, business and industry, and the greater community at large.

Vincennes University is pleased to report an increase in enrollment during this academic year, which also includes enrollment in its new baccalaureate degree programs. These increases can be attributed to the availability of new academic programming, such as Mining Technology, and the continued demand by Hoosiers, statewide, to seek out educational opportunities that lead to rewarding careers.

The campus continues to improve facilities and infrastructure including a \$2 million state-of-the-art renovation of the McCormick Science Center Chemistry Laboratory. The State Center for Applied Technology is nearing completion, which will enable Vincennes University to continue meeting the training needs of businesses and industries throughout the State. Additionally, the University is proud to have completed a \$10 million renovation of George Rogers Clark Residence Hall, which opened in the fall semester of 2008. This facility offers students an enhanced residential living experience, complete with two-bedroom suites, a compact kitchen, and a comfortable living area.

The University deeply appreciates the support of the Indiana General Assembly. Looking ahead, Vincennes University will be breaking ground on the Gibson County Advanced Manufacturing and Logistics Center in Fort Branch, which includes the potential to develop a fully operational technology park that provides additional training, education, and services to manufacturers throughout Indiana's southwestern industrial corridor. Vincennes University's Jasper Campus will continue to grow with the addition of the Jasper Center for Applied Technology and Advanced Manufacturing, which will serve the training and education needs of employees and employers throughout south central Indiana. Plans for the development of a multicultural center are moving forward and major marketing efforts are being planned to raise the necessary capital to construct this cutting-edge facility on the Vincennes Campus.

I am pleased to present the 2007-2008 Vincennes University Financial Report for the fiscal year ended June 30, 2008. This report is a complete and permanent record of the financial status of Vincennes University for the period stated.

Respectfully submitted,



Phillip S. Rath
Vice President for Financial Services and Government Relations



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To: The Officials of Vincennes University, Vincennes Indiana

We have audited the accompanying basic financial statements of Vincennes University, a component unit of the State of Indiana, as of and for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of the University'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 University 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 Vincennes University, as of June 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2008, on our consideration of Vincennes University'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
November 13, 2008

STATE BOARD OF ACCOUNTS
State Board of Accounts

Vincennes University

Management's Discussion & Analysis

INTRODUCTION

Vincennes University is proud to present its financial statements for fiscal year 2008. The following discussion and analysis provides an overview of the financial position and activities of Vincennes University (the "University") for the year ended June 30, 2008 with comparative information for the year ended June 30, 2007. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

One of the first two-year colleges in America, Vincennes University is also Indiana's oldest college. Currently, the University is a comprehensive public institution of higher learning with approximately 9,000 students. The University offers a broad range of degrees, including its recent addition of baccalaureate programs. These degrees include Bachelor of Science degrees in Health Care Management, Homeland Security and Public Safety, Education-Science Concentration, Education –Special Education, Education – Math Concentration, Nursing, and Technology. Vincennes University has a statewide mission and is a state-supported university. Major extension sites are located in Jasper and Indianapolis, Indiana. The University also offers over 400 courses through its Distance Education program and at twelve military sites across the United States. The University is accredited by the North Central Association of Colleges and Schools.

The University is committed to an open admission policy and recognizes that promoting individual growth and development must be its primary consideration. Furthermore, the University believes it must play a key role in programs of community development, cultural enrichment, and services appropriate to a post-secondary educational institution.

Using The Financial Statements

The University's financial report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. These financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented for aggregate operations which include the Vincennes University Foundation, Incorporated.





STATEMENT OF NET ASSETS

The Statement of Net Assets presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University. The difference between total assets and total liabilities--net assets--is one indicator of the current financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summarization of the University's assets, liabilities, and net assets at June 30, 2008, with comparative data for 2007, is as follows:

Statement of Net Assets		
	<i>2008</i>	<i>2007</i>
	<i>(in thousands)</i>	<i>(in thousands)</i>
Current Assets	\$ 63,843	\$ 70,083
Non-current Assets		
Investments	63,340	42,642
Capital Assets, net	139,331	126,844
Other	2,073	1,846
<i>Total Assets</i>	<i>268,587</i>	<i>241,415</i>
Current Liabilities	31,525	16,059
Non-current Liabilities	52,950	58,535
<i>Total Liabilities</i>	<i>84,475</i>	<i>74,594</i>
Net Assets	\$ 184,112	\$ 166,821

The University's financial position remained strong at June 30, 2008, with assets of \$269 million and liabilities of \$84.5 million. This financial health reflects the prudent utilization of its financial resources, including careful cost controls, management of its endowments, conservative utilization of debt, and adherence to its long-range capital plan for the maintenance and replacement of the physical plant.

Current assets consist primarily of cash, short-term investments, and accounts receivable. Accounts Receivable includes sponsored programs, student loans, and student receivable for tuition, and room and board. Total current assets decreased \$6.2 million to \$64 million. During fiscal 2008, the University maximized investment returns by moving \$10.7 million from short-term investments to long-term investments. The University also received \$1.1 million from the state for capital appropriations.

Non-current assets increased \$33.4 million from the previous year. As previously mentioned, the majority of this increase resulted from a shift in the investment portfolio. The \$12.5 million increase in capital assets includes the construction in progress for the State Center for Applied Technology, the Clark Hall Renovation, and McCormick Science Center Lab Renovations. The University's contribution toward the Other Postemployment Benefit (OPEB) obligation was in excess of the annual required contribution resulting in a net asset of \$1.16 million.

Current liabilities consist primarily of accounts payable, accrued compensation, and accrued vacation liability. Total current liabilities increased \$15.5 million to \$31.5 million. The majority of this increase is related to the interim financing of \$13 million until the University can issue bonds for the State Center for Applied Technology, the Clark Hall Renovation and McCormick Science Center Lab Renovations. The current portion of bonds payable due within one year is \$3.2 million.

The majority of non-current liabilities totaling \$53 million represent bonds payable net of bond discount. These bonds were issued to finance construction of three student residence halls, the student union, and seven academic buildings. Student fees and dormitory revenues secured these bonds. More detailed information concerning the University's long-term debt is presented in the Notes to the Financial Statements.

Net Assets

Net assets represent the residual interest in the University's assets after liabilities are deducted. The University's net assets at June 30, 2008, with comparative data for 2007, is summarized as follows:

Summary of Net Assets		
	2008 <i>(in thousands)</i>	2007 <i>(in thousands)</i>
Invested in Capital Assets, Net of Related Debt	\$ 71,235	\$ 66,814
<i>Restricted:</i>		
Non-expendable	2,380	2,355
Expendable	13,225	13,748
<i>Unrestricted:</i>		
Designated - Capital & Other	10,681	8,360
Designated - Quasi Endowment	24,590	22,833
General Operations	34,336	27,804
Auxiliary	27,665	24,907
Total Net Assets	\$ 184,112	\$ 166,821

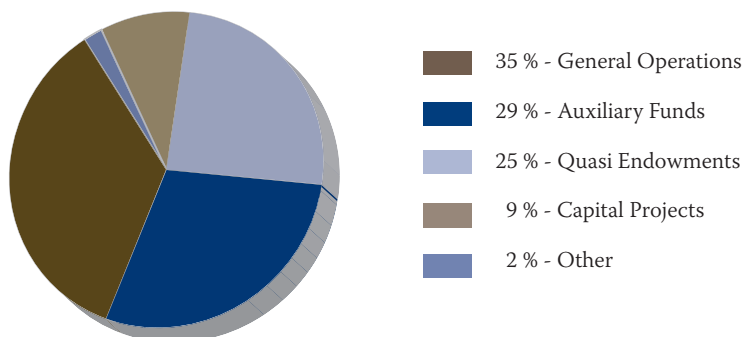
Net assets, Invested in capital assets, net of related debt represent the institution's equity in property, plant and equipment net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets - nonexpendable primarily include the University's permanent endowment funds. The corpus of these resources is only available for investment purposes. Restricted net assets - expendable are subject to externally imposed restrictions governing their use. This category of net assets includes funds restricted for capital projects, external loan funds, and scholarship funds.

Unrestricted net assets are not subject to externally imposed stipulations. However, many of the University's unrestricted net assets have been designated or reserved for specific purposes such as auxiliaries, quasi endowment, dormitory reserves, and repair and replacement reserves for capital and infrastructure. Unrestricted net assets include board designated quasi endowment funds of \$24.6 million. All income and gain derived from these quasi-endowment funds are used for the purpose of funding various designated University activities. General Operation's net assets increased \$6.5 million which is attributable to the positive operations during the fiscal year. Auxiliary net assets increased approximately \$2.8 million from the previous year which a portion is attributable to the 5 percent increase in housing rates.

The following graph shows the percentage breakdown of unrestricted net assets of \$97.3 million by designation:

Unrestricted Net Assets





STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses and Changes in Net Assets presents the operating results of the University, as well as the non-operating revenues and expenses. Governmental appropriations, while budgeted for operations, are considered non-operating revenues as defined by GASB Statement No. 35. A summary of the Statement of Revenues, Expenses and Changes in Net Assets for the years ending June 30, 2008 and 2007 is as follows:

Statement of Revenues, Expenses, and Changes in Net Assets		
	2008 <i>(in thousands)</i>	<i>Reclassified</i> 2007 <i>(in thousands)</i>
Operating Revenues:		
Tuition and Fees, net	\$ 24,459	\$ 22,541
Auxiliary, net	15,156	14,420
Grant and Contracts	15,654	14,449
Other	557	409
<i>Total Operating Revenue</i>	<i>55,826</i>	<i>51,819</i>
Operating Expenses		
	99,761	94,342
<i>Net Operating Income (loss)</i>	<i>(43,935)</i>	<i>(42,523)</i>
Non-Operating Revenues (Expenses):		
Governmental Appropriations	43,196	40,526
Federal and State Student Aid	11,540	9,689
Gifts (including endowment and capital)	594	604
Investment Income	6,234	5,335
Gain (Loss) on Disposition of Capital Assets	(29)	(93)
Other Income and Expense	(2,368)	(2,685)
<i>Total Non-Operating Revenue</i>	<i>59,167</i>	<i>53,376</i>
Capital Appropriations	1,136	2,004
Special—Gain on Disposal of Assets June 08 Flood	516	-
Special—Recovery for Noncapital Supplies and Materials	407	-
Increase in Net Assets	17,291	12,857
<i>Net Assets – Beginning of Year</i>	<i>166,821</i>	<i>153,964</i>
Net Assets – End of Year	\$ 184,112	\$ 166,821

Revenues

Operating revenues increased 7.7 percent to \$56 million from the prior year. The changes in revenue are as follows:

- Tuition and fees, net of scholarship allowances and bad debt, increased 8.5 percent from the prior year which was largely attributable to the increase in enrollment and the student fee rates increasing 5.9 percent.
- Auxiliary revenues primarily consist of student housing, bookstores, student activities, and workshops. Net auxiliary revenues increased 5.1 percent with housing rates increasing 5 percent from the prior year.
- The University received the approximate percentages in grants and contracts: 53 percent from federal agencies, 16 percent from state agencies, and 31 percent from nongovernmental agencies.

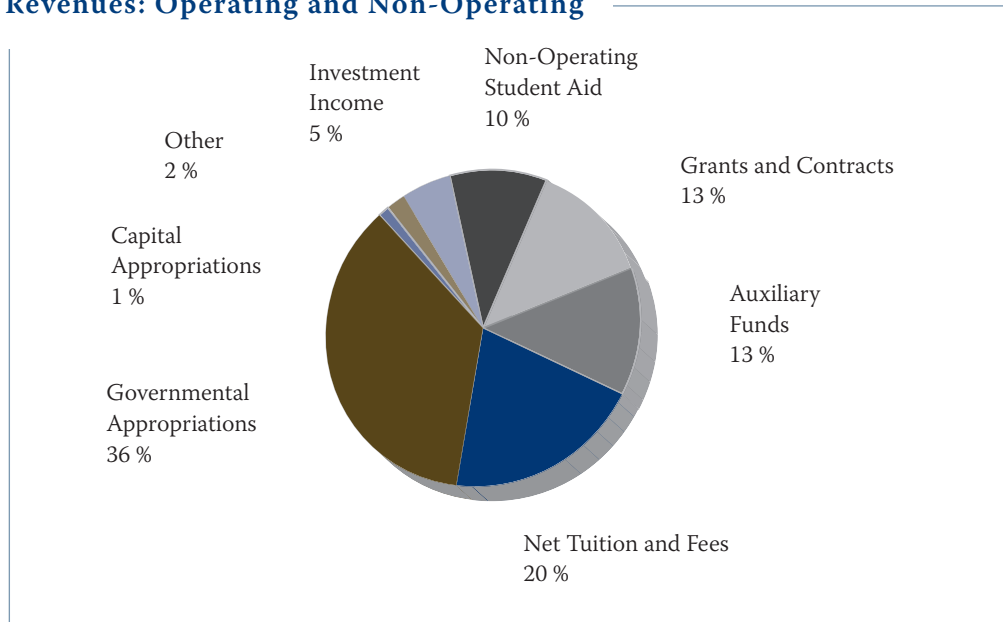
Non-operating revenue increased \$5.79 million from \$53 million for the fiscal year ending June 30, 2008. The activity includes the following:

- The University received an increase of \$2.7 million in total governmental appropriations from the prior year.
- Federal and State Student Aid increased \$1.8 million to \$11.5 million. This increase is largely attributable to the amount of Pell aid awarded with the increase in enrollment.

Special items were recognized for the flood which occurred on June 9, 2008. More detailed information concerning these gains can be referenced in the Notes to the Financial Statements.

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund the University for the year ended June 30, 2008:

Revenues: Operating and Non-Operating



Expenses

A comparative of the University's expenses for the years ending June 30, 2008 and 2007 is as follows:

Expense by Natural Object		
	2008 (in thousands)	Reclassified 2007 (in thousands)
<i>Operating:</i>		
Salaries and Benefits	\$ 57,891	\$ 55,818
Supplies and Services	29,551	27,519
Depreciation	6,980	6,669
Scholarships and Fellowships	5,339	4,336
Total Operating Expense	99,761	94,342
<i>Non-Operating:</i>		
Interest and Other	2,398	2,778
Total Expenses	\$ 102,159	\$ 97,120

Operating expenses were \$99.8 million for the fiscal year ending June 30, 2008. Changes in the major expenses categories are as follows:

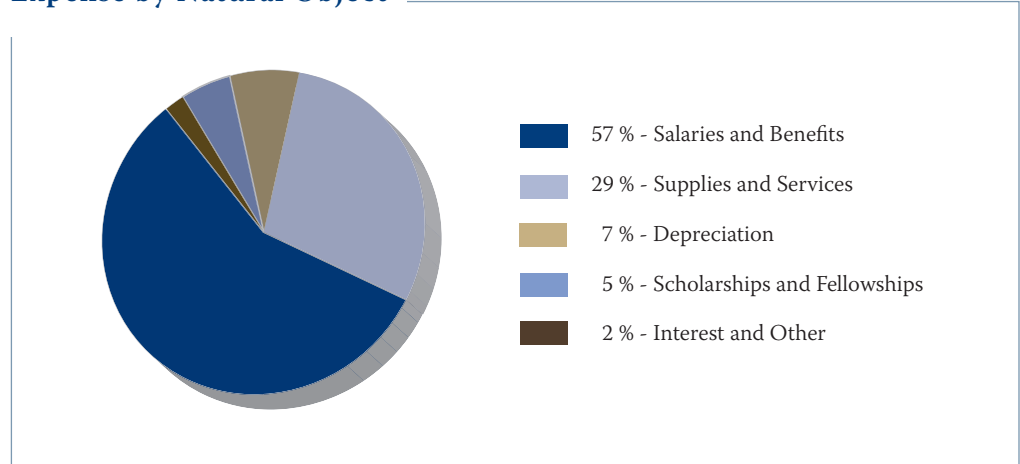
- Total salaries and benefits comprised approximately 57 percent of total expenses. Overall salaries increased 6 percent from the prior year while benefits decreased 4 percent from the prior year. The benefit decrease was related to the establishment of the Other Postemployment Benefit Asset as required by GASB 45 for fiscal year 2008. Refer to Note 4 for information regarding the OPEB asset and the OPEB costs.
- Total supplies and expenses increased 7 percent to \$29.6 million from the previous year. This increase is related to an approximate \$640,000 increase in the marketing expense, a special initiative by the Board of Trustees. The University also had an approximate 3 percent or \$850,000 inflationary increase in supply and maintenance costs and a 7 percent or \$200,000 inflationary increase in utility costs. The remaining increase is attributable to the increase in enrollment.



The University continues to make cost containment an ongoing effort for all related supply and service expenditures.

The following is a graphic illustration of total expenses by object:

Expense by Natural Object



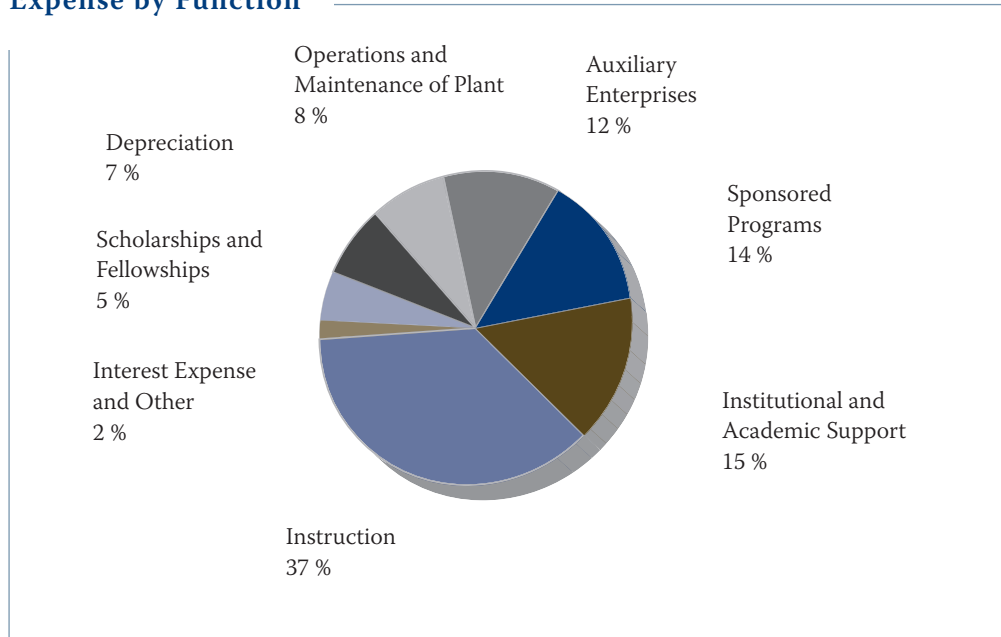
In addition to their natural (object) classification, it is also informative to review operating expenses by function. A comparative of the University's expenses by functional classification for the year ended June 30, 2008 and 2007 is as follows:

Expense by Function		
	<i>2008</i> <i>(in thousands)</i>	<i>Reclassified</i> <i>2007</i> <i>(in thousands)</i>
<i>Operating:</i>		
Instruction	\$ 37,855	\$ 36,256
Sponsored Programs	13,720	13,378
Institutional & Academic Support	15,129	14,061
Auxiliary Enterprises	12,127	11,630
Operations & Maintenance of Plant	8,611	8,012
Depreciation	6,980	6,669
Scholarships and Fellowships	5,339	4,336
Total Operating Expense	99,761	94,342
<i>Non-Operating:</i>		
Interest and Other Expenses	2,398	2,778
Total Expenses	\$ 102,159	\$ 97,120

Major changes were comprised of the following:

- Instruction and institutional support experienced operating increases from the prior year and these increases were predominately related to the increase in salaries and benefits costs.
- Scholarships and fellowships had a \$1 million increase compared to the previous year. As mentioned beforehand, this increase was related to the increase in the awarded Pell aid.

Expense by Function



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the University's financial results by reporting the major sources and uses of cash. Cash received from operations primarily consists of student tuition, sponsored programs and auxiliary revenues. Significant sources of cash provided by non-capital financing activities, as defined by GASB, include state appropriations and gifts used to fund operating activities. For higher education institutions, these cash inflows are critical to funding the operations of the University.

A comparative of the Statement of Cash Flows for the years ended June 30, 2008 and 2007 is as follows:

Statement of Cash Flows		
	<i>2008</i>	<i>Reclassified</i>
	<i>(in thousands)</i>	<i>2007</i>
		<i>(in thousands)</i>
Cash Received from Operations	\$ 54,311	\$ 52,601
Cash Expended for Operations	(91,223)	(87,858)
<i>Net Cash used in Operating Activities</i>	<i>(36,912)</i>	<i>(35,257)</i>
Net Cash Provided by Non-Capital Financing Activities	54,986	50,120
Net Cash Provided by (used in) Investing Activities	(4,408)	6,921
Net Cash Used in Capital and Related Financing Activities	(12,055)	(11,162)
<i>Net Increase in Cash and Cash Equivalents</i>	<i>1,611</i>	<i>10,622</i>
Cash & Cash Equivalents – Beginning of Year	21,379	10,757
Cash & Cash Equivalents – End of Year	\$ 22,990	\$ 21,379

The University's Cash and Cash Equivalents increased \$1.6 million from the previous year. The increase in the cash and cash equivalents was primarily related to positive operations and investment returns.



ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The economic condition of Vincennes University is closely tied to that of the State of Indiana. State appropriations are the largest source of funding for the University. The specific fiscal impact on higher education in the State of Indiana is always uncertain because of its dependency on the economy. Vincennes University's low tuition cost continues to make the institution one of the best values in the State of Indiana offering a quality education with a residential experience.

The University continues to adhere to its long-range plans for upgrading and adding new facilities for instruction. Financing in the amount \$19 million for the construction of the State Center for Applied Technology, renovation of the 260-bed George Rogers Clark Residence Hall, and the McCormick Science Center lab renovation is still in progress.

Plans are moving forward to provide Advanced Manufacturing facilities in Gibson County and at the Vincennes University Jasper campus in Dubois County. These facilities will provide the State of Indiana with premier technological training centers located in the heart of an expanding industry and population base. The Jasper facility, an \$8.8 million, 50,000 square foot facility, will also provide the opportunity to bring many of the Vincennes University technical programs, currently offered only on the Vincennes campus, to the Jasper campus. The University plans to issue bonds to fund the Jasper facility. The Gibson facility will be funded in part by a \$5 million cash appropriation by the State of Indiana.

The University also obtained approval from the Indiana General Assembly to construct a \$5 million multicultural center. This center will be dedicated to the empowerment of students through the creation and integration of unique opportunities that celebrate the rich diversity offered by our minority and international students.

The University is committed to retaining and attracting an outstanding faculty and staff. The double-digit increases in health care and prescription drug costs are a concern as the costs of the University's health benefits have increased dramatically over the past several years. Increasing costs for insurance, volatile utility costs, repair and maintenance of campus facilities and replacing equipment with current technology are also significant cost pressures facing the university.

As management wrestles with today's uncertain economic factors, the University's prudent use of resources, cost-containment efforts, and development of other sources of revenue will strengthen the institution; and will ensure that it is well positioned to take advantage of the next upturn in the business cycle.

Vincennes University — Statement of Net Assets

As of June 30, 2008 and June 30, 2007

Assets	2008	2007
Current Assets		
Cash and Cash Equivalents	\$ 22,990,371	\$ 21,378,520
Short-Term Investments	29,481,614	39,404,756
Funds held with Bond Trustee	11,699	68,332
Appropriation Receivable from State	902,111	902,111
Accounts Receivable (Less Allowance of \$3,408,230 in 2008 and \$ 3,050,371 in 2007)	7,872,885	5,268,711
Current Portion of Notes Receivable	329,126	310,490
Inventories	1,575,108	1,810,200
Accrued Interest Income	541,419	674,255
Prepaid Expenses	138,215	265,546
<i>Total Current Assets</i>	<i>63,842,548</i>	<i>70,082,921</i>
Non-current Assets		
Funds held with Bond Trustee for Debt Service	255,165	248,644
Investments	63,340,009	42,642,275
Appropriation Receivable from State	-	902,111
Notes Receivable	661,982	695,674
OPEB Asset	1,156,985	-
Capital Assets, Net of Accumulated Depreciation	139,331,110	126,843,937
<i>Total Non-current Assets</i>	<i>204,745,251</i>	<i>171,332,641</i>
Total Assets	\$ 268,587,799	\$ 241,415,562
Liabilities		
Current Liabilities		
Accounts Payable	\$ 5,523,177	\$ 2,220,504
Capital Lease Payable	43,106	38,975
Accrued Payroll and Deductions Payable	5,084,566	5,896,887
Accrued Vacation Liability	1,278,136	1,298,737
Deferred Revenue	1,662,437	2,276,713
Accrued Interest on Debt	240,845	294,580
Bonds Payable	3,245,000	2,595,000
Loans Payable	13,000,000	-
Deposits	197,949	213,934
Deposits Held in Custody for Others	209,535	198,048
Other Liabilities	1,040,379	1,025,981
<i>Total Current Liabilities</i>	<i>31,525,130</i>	<i>16,059,359</i>
Non-current Liabilities		
Capital Lease Payable	19,283	62,389
Bonds Payable (Net of Unamortized Bond Premium (Discount) of \$ 384,631 in 2008 and \$ 451,232 in 2007)	51,814,631	57,356,232
Advances from Federal Government	1,116,332	1,116,332
<i>Total Non-current Liabilities</i>	<i>52,950,246</i>	<i>58,534,953</i>
<i>Total Liabilities</i>	<i>84,475,376</i>	<i>74,594,312</i>
Net Assets		
Invested in Capital Assets, Net of Related Debt	71,235,109	66,813,738
Restricted for Non-expendable:		
Scholarships & Instruction	2,379,586	2,355,216
Restricted for Expendable:		
Capital Projects	10,731,998	11,447,972
Loan Funds	501,970	487,771
Scholarships & Instruction	1,991,194	1,811,830
Unrestricted	97,272,566	83,904,723
<i>Total Net Assets</i>	<i>184,112,423</i>	<i>166,821,250</i>
Total Liabilities and Net Assets	\$ 268,587,799	\$ 241,415,562

Vincennes University Foundation, Inc.

Component Unit - Statement of Financial Position

As of June 30, 2008 with comparative figures for 2007

Assets	<i>JUNE 30</i> 2008	<i>JUNE 30</i> 2007	Liabilities and Fund Balances	<i>JUNE 30</i> 2008	<i>JUNE 30</i> 2007
<u>Unrestricted Funds</u>					
Cash	\$ 42,235	\$ 55,095	Accounts Payable	\$ 15,551	\$ 11,439
Amount Due from Agency Funds	316,603	249,043	Vacation Payable	9,971	9,649
Other Accounts Receivable	0	5,705	Deferred Income Other	2,475	16,575
Accrued Interest	8,927	7,901	Due VU General Fund	110,238	43,304
Investments	1,867,923	1,847,626	Funds Held in Trust	0	56,508
Pledge Receivable	0	6,162			
Equipment	19,785	10,757			
Accum. Deprec.					
- Equipment	(8,032)	(6,950)	Net Assets	2,395,358	4,475,327
Prepaid Expense	7,731	2,994			
Property	278,421	2,434,469			
<i>Total Unrestricted Funds</i>	\$ 2,533,593	\$ 4,612,802	<i>Total Unrestricted Funds</i>	\$ 2,533,593	\$ 4,612,802
<u>Current Restricted Fund</u>					
Accrued Interest	\$ 29,564	\$ 29,151	Accounts Payable	\$ 1,322	\$ 1,061
Investments	17,205,792	14,661,105	Due to Unrestricted	55,669	65,315
Other Accounts Receivable	1,000	4,760	Funds Held in Trust	15,277,045	12,099,736
Pledge Receivable	0	642,206	Deferred Income Other	50,078	32,560
Prepaid Expense	345	0	Net Assets	1,852,587	3,138,550
<i>Total Current Restricted Funds</i>	\$ 17,236,701	\$ 15,337,222	<i>Total Current Restricted Funds</i>	\$ 17,236,701	\$ 15,337,222
<u>Endowment Funds</u>					
Accrued Interest	\$ 92,260	\$ 80,019	Accounts Payable	\$ 1,547	\$ 4,886
Investments	19,561,231	19,352,995	Due VU General Fund	2,251	586
Other accounts Receivable	0	480	Due to Unrestricted	260,935	183,728
			Annuity Payable	14,876	23,039
			Net Assets	19,373,882	19,221,255
<i>Total Endowment Funds</i>	\$ 19,653,491	\$ 19,433,494	<i>Total Endowment Funds</i>	\$ 19,653,491	\$ 19,433,494
<i>TOTAL ASSETS</i>	\$ 39,423,785	\$ 39,383,518	<i>TOTAL LIABILITIES & FUND BALANCE</i>	\$ 39,423,785	\$ 39,383,518

Vincennes University

Statement of Revenues, Expenses & Changes in Net Assets

For the Year Ended June 30, 2008 and June 30, 2007

	2008	2007 <i>*Reclassified</i>
Operating Revenues		
Student Tuition & Fees	\$ 30,593,560	\$ 27,896,701
Scholarship Allowance - Tuition & Fees	(6,134,637)	(5,356,134)
Grants and Contracts	15,654,373	14,449,283
Auxiliary Enterprises	17,368,439	16,462,671
Scholarship Allowance - Auxiliary Enterprises	(2,212,301)	(2,042,626)
Other Revenues	556,583	408,686
<i>Total Operating Revenues</i>	<i>55,826,017</i>	<i>51,818,581</i>
Operating Expenses		
Salaries and Wages	43,671,718	40,999,541
Benefits	14,219,445	14,818,750
Scholarships and Fellowships	5,338,784	4,335,781
Supplies and Other Services	27,960,990	26,145,918
Equipment	1,590,221	1,372,471
Depreciation	6,979,915	6,669,142
<i>Total Operating Expenses</i>	<i>99,761,073</i>	<i>94,341,603</i>
<i>Operating Income (Loss)</i>	<i>(43,935,056)</i>	<i>(42,523,022)</i>
Non-operating Revenues (Expenses)		
Governmental Appropriations	43,196,198	40,525,974
Federal and State Student Aid	11,540,218	9,688,846
Gifts and Bequests	593,814	604,370
Investment Income	4,226,487	3,954,606
Endowment Income	2,008,359	1,380,433
Gain (Loss) on Disposition of Capital Assets	(29,499)	(92,610)
Interest & Other Costs on Capital Asset-Related Debt	(2,294,486)	(2,512,247)
Other Non-operating Revenues (Expenses)	(74,219)	(172,838)
<i>Total Non-operating Revenues (Expenses)</i>	<i>59,166,872</i>	<i>53,376,534</i>
<i>Income Before Other Revenues, Expenses, Gains or Losses</i>	<i>15,231,816</i>	<i>10,853,512</i>
Other Revenues, Expenses, Gains or Losses		
Capital Appropriations	1,136,484	2,004,200
Special—Gain on Disposal of Assets—June 2008 Flood	516,287	-
Special—Recovery for Non Capital Supplies and Equipment—June 2008 Flood	406,586	-
<i>Increase in Net Assets</i>	<i>17,291,173</i>	<i>12,857,712</i>
Net Assets – Beginning of Year	166,821,250	153,963,538
Net Assets – End of Year	\$ 184,112,423	\$ 166,821,250

* See Note 13 in the Notes to Financial Statements

Vincennes University Foundation, Inc.

Component Unit - Statement of Activity

For the Year ending June 30, 2008 with comparative figures for 2007

Support and Revenue	<i>Unrestricted</i>	<i>Current Restricted</i>	<i>Endowment</i>	<i>Total 2008</i>	<i>Total 2007</i>
Contributions	\$ 1,165,412	\$ 269,743	\$ 121,229	\$ 1,556,384	\$ 2,625,886
Phone-a-thon	20,912	0	0	20,912	17,374
Other Income	29,006	110,080	2	139,088	117,859
Investment Income	126,521	102,711	1,070,508	1,299,740	1,947,827
Unrealized Gain (Loss) on Investments	(107,498)	36,046	(1,222,073)	(1,293,525)	422,613
Administrative Income	243,826	0	0	243,826	241,334
Alumni Development	40,000	0	0	40,000	40,000
Alumni Income & Community Series	48,388	94,982	0	143,370	111,160
Total Support and Revenue	\$ 1,566,567	\$ 613,562	\$ (30,334)	\$ 2,149,795	\$ 5,524,053
Expenses					
Foundation Office	\$ 304,118	\$ 0	\$ 0	\$ 304,118	\$ 375,179
Depreciation Expense	2,764	0	0	2,764	1,176
Annual Giving Program	83,419	0	0	83,419	95,018
Planned Giving Program	5,012	0	0	5,012	7,587
Major Gifts Program	30	0	0	30	0
Real Estate Program	530	0	0	530	459
Development Support	53,078	0	0	53,078	56,416
Community Relations	48,042	0	0	48,042	53,552
Mini-Grants	17,612	0	0	17,612	23,052
Special Projects	36,247	0	0	36,247	41,129
Red Skelton Center Fund	2,975,830	0	0	2,975,830	1,230
Brickyard Golf	11,019	0	0	11,019	18,868
Special Projects (DC Agenda)	36,136	0	0	36,136	35,036
Scholarships	2,025	166,119	395,365	563,509	480,205
Investment Expenses	6,166	8,475	60,197	74,838	69,173
Other Expenses	0	593,897	178,004	771,901	568,742
Administrative Fees	0	64,535	179,292	243,827	241,334
Alumni Expenses & Community Series	48,540	86,648	0	135,188	86,238
Total Expenses	\$ 3,630,568	\$ 919,674	\$ 812,858	\$ 5,363,100	\$ 2,154,394
Increase (Decrease) in Net Assets	\$ (2,064,001)	\$ (306,112)	\$ (843,192)	\$ (3,213,305)	\$ 3,369,659

Vincennes University Foundation, Inc.

Component Unit - Statement of Changes in Net Assets

For the Year ending June 30, 2008 with comparative figures for 2007

	<i>Unrestricted</i>	<i>Current Restricted</i>	<i>Endowment</i>	<i>Total 2008</i>	<i>Total 2007</i>
Net Assets Beginning of Year	\$ 4,475,327	\$ 3,138,550	\$ 19,221,255	\$ 26,835,132	\$ 23,465,473
Increase (Decrease) in Net Assets	\$ (2,064,001)	\$ (306,112)	\$ (843,192)	\$ (3,213,305)	\$ 3,369,659
Net Assets Adjustments:					
Additions	8,607	283,900	1,003,018	1,295,525	387,544
Deductions	(24,575)	(1,263,751)	(7,199)	(1,295,525)	(387,544)
Total Change for Year	\$ (2,079,969)	\$ (1,285,963)	\$ 152,627	\$ (3,213,305)	\$ 3,369,659
Net Assets, End of Year	\$ 2,395,358	\$ 1,852,587	\$ 19,373,882	\$ 23,621,827	\$ 26,835,132

Vincennes University

Statement of Cash Flows

For the Year Ended June 30, 2008 and June 30, 2007

	2008	2007 <i>Reclassified</i>
Cash Flows from (for) Operating Activities		
Tuition and Fees	\$ 23,644,375	\$ 23,466,649
Grants and Contracts	15,094,993	14,408,772
Payments to Suppliers	(25,834,148)	(28,143,628)
Payments to Employees	(43,607,600)	(40,849,677)
Payments for Benefits	(16,273,469)	(14,298,784)
Payments for Scholarships and Fellowships	(5,338,784)	(4,335,781)
Loans Issued to Students	(169,000)	(230,408)
Collection of Loans to Students	184,056	199,651
Auxiliary Enterprises	15,091,384	14,158,974
Other Receipts	295,986	367,052
<i>Net Cash Used in Operating Activities</i>	<i>(36,912,207)</i>	<i>(35,257,180)</i>
Cash Flows from (for) Non-capital Financing Activities		
Governmental Appropriations	43,196,198	40,525,974
Gifts and Grants for Other than Capital Purposes	11,789,836	9,723,215
Gifts and Grants Transferred	-	(129,096)
<i>Net Cash Provided by Non-capital Financing Activities</i>	<i>54,986,034</i>	<i>50,120,093</i>
Cash Flows from (for) Capital and Related Financing Activities		
Proceeds from Capital Debt	13,000,000	-
Capital Appropriations	2,038,595	3,194,230
Capital Grants and Gifts Received	200,000	441,253
Proceeds from Sale of Capital Assets	8,291	1,908
Purchases of Capital Assets and Construction	(20,064,018)	(9,106,519)
Bond Reserve Cash Returned (Deposited)	50,112	177,685
Principal Paid on Capital Lease	(38,975)	(35,240)
Principal Paid on Capital Debt	(4,825,000)	(3,220,000)
Interest Paid on Capital Debt & Capital Lease	(2,424,067)	(2,615,122)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<i>(12,055,062)</i>	<i>(11,161,805)</i>
Cash Flows from (for) Investing Activities		
Proceeds from Sales and Maturities of Investments	77,247,086	82,720,640
Investment Income	5,539,815	5,132,484
Purchase of Investments	(87,193,815)	(80,932,657)
<i>Net Cash Provided by (Used in) Investing Activities</i>	<i>(4,406,914)</i>	<i>6,920,467</i>
<i>Net Increase in Cash</i>	<i>1,611,851</i>	<i>10,621,575</i>
Cash and Cash Equivalents – Beginning of Year	21,378,520	10,756,945
Cash and Cash Equivalents – End of Year	\$ 22,990,371	\$ 21,378,520

Vincennes University

Statement of Cash Flows

For the Year Ended June 30, 2008 and June 30, 2007

	2008	2007 <i>Reclassified</i>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	\$ (43,935,056)	\$ (42,523,022)
<i>Adjustments to Reconcile Operating Loss to to Net Cash Used in Operating Activities:</i>		
Depreciation Expenses	6,979,915	6,669,142
<i>Changes in Assets and Liabilities:</i>		
Receivables, Net	(2,604,174)	725,397
Inventories	235,092	(36,723)
Other Assets	127,331	(35,632)
Student Loans	15,056	(30,757)
OPEB Assest	(1,156,985)	-
Accounts Payable and Accrued Liabilities	2,456,662	43,480
<i>Deferred Revenue</i>	(630,261)	(140,623)
<i>Gifts in Kind</i>	19,280	25,653
<i>Cash Flows Reported in Other Categories:</i>		
Proceeds from Sale of Capital Assets & Auxiliary Enterprise	(1,894)	(1,908)
Insurance Recovery	1,535,776	-
Capital Lease Payments	48,220	47,813
Other Non-Operating Revenues (Expenses)	(1,169)	-
Net Cash Used in Operating Activities	\$ (36,912,207)	\$ (35,257,180)



Vincennes University

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Vincennes University is an institution of higher education and is considered to be a component unit of the State of Indiana. The University is governed by a Board of Trustees as established by Indiana Code 23-13-18. The Board of Trustees of the University consists of ten trustees appointed by the Governor of the State. One of the trustees must be a resident of Knox County, one must be an alumnus of Vincennes University, and one must be a full-time student of the university during the term. There are also four ex-officio members of the board: the president of the University, the superintendent of the Vincennes Community School Corporation, the superintendent of the South Knox School Corporation, and the superintendent of the North Knox School Corporation. The University is included in the State's financial statements as a discrete component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

During the year ended June 30, 2004, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity* to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the University.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Vincennes University Foundation, Inc.

The Vincennes University Foundation, Inc. is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of Vincennes University and the University's financial statements include discrete presentation of the Foundation by displaying the Foundation's audited financial statements in their original formats. The total amount the Foundation contributed to the University for scholarships, grants, capital projects and equipment for the year ending June 30, 2008, was \$1,356,930 and for the year ending June 30, 2007, was \$1,110,482. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Vincennes University Foundation, Inc. is a private not-for-profit organization that reports its financial results according to Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the University's notes to the financial statements.

Financial statements for the Foundation can be obtained by calling the Vincennes University Foundation, Inc. at 812-888-4510.

Financial Statement Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. As a component unit of the State of Indiana, the University is also required to adopt GASB Statement No. 34 and Statement No. 35. The financial statement presentation required by GASB Statement No. 34 and Statement No. 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows. It replaces the fund-group perspective previously required.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant intra-agency transactions have been eliminated.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

Cash Equivalents

For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

The University accounts for its investments at fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The majority of each group resides in the State of Indiana. Accounts receivable also include amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

Inventories are carried at the lower of cost or market value on either the first-in, first-out ("FIFO") basis or the average cost basis.

Non-current Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other non-current assets, are classified as non-current assets in the Statement of Net Assets.





Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$500 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Infrastructure costs are minimal and included in the cost of Building and Improvements. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, and 3 to 10 years for equipment.

Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Liabilities for compensated absences are recorded for vacation leave for eligible employees based on actual earned amount. This accrual includes employer share of social security and medicare taxes and contributions to pension plans. The maximum number of days an employee may be paid upon termination of employment remains limited to the number of days which can be earned in 12 months. The liability and expense incurred are recorded at year-end as accrued vacation payable in the Statement of Net Assets and as a component of salary and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

Non-current Liabilities

Non-current liabilities consist of principal amounts of a lease obligation and revenue bonds payable with a contractual maturity of greater than one year.

Net Assets

The University's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University's total investment in capital assets net of outstanding debt obligations related to those capital assets.

Restricted net assets -non-expendable: Non-expendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted net assets -expendable: Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the University and may be designated for specific purposes by action of management or the Board of Trustees. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. Substantially all unrestricted net assets are designated for academic programs and initiatives, and general operations of the University.

Income Taxes

The University, as a political subdivision of the State of Indiana, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Classification of Revenues

The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues — Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) grants and contracts, and (4) interest on institutional student loans. Since the University's mission is to play a key role in programs of community development, cultural enrichment and services appropriate to a post-secondary educational institution, most grants and contracts are considered operating.

Non-operating revenues — Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations, most federal and state student aid and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Component Unit

The Vincennes University Foundation, Inc. maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets — Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets — Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

Unrestricted Net Assets — Net assets not subject to donor-imposed restrictions.

Revenues are recorded when earned. Contributions, including promises to give, are recognized as revenue in the period received at their fair values. Promises to give, or pledges, must be unconditional and legally enforceable to be recognized.

Expenses are recognized when incurred.

Investments in marketable securities are stated at fair market value.



NOTE 2 — CASH AND INVESTMENTS

Cash and investments as of June 30, 2008, are stated at market value. Indiana statutes authorize the University to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposits, repurchase agreements, savings and money market accounts, and negotiable order of withdrawal accounts. Cash deposits are insured by agencies of the federal government up to \$100,000. Amounts over \$100,000 are covered by the Indiana Public Depository Fund, which covers all public funds held in approved depositories. The total amount held in checking and money market accounts at various banks at June 30, 2008, equaled \$23,744,459.

Quasi-endowment funds are managed by the trust departments of three major regional banks. These funds are invested in accordance with the policies set by the Finance Committee of the Board of Trustees. Other endowment funds held in trust consist of U. S. Treasury and U.S. Government Agency obligations, tax exempt municipal bonds, savings accounts, and certificates of deposit.

As of June 30, 2008, the University had the following investments:

<i>Investment Type</i>	<i>Market Value</i>	<i>Less than 1 Year</i>	<i>Maturity 1-5 Years</i>	<i>Maturity 6-10 Years</i>
Certificate of Deposits	\$ 20,869,078	\$ 15,869,078	\$ 5,000,000	\$ -
U.S. Treasury Notes	3,048,275	706,524	1,188,071	1,153,680
U.S. Government Agencies	68,631,464	12,906,012	51,919,200	3,806,252
Mutual Funds	272,807	-	272,807	-
Total	\$ 92,821,624	\$ 29,481,614	\$ 58,380,078	\$ 4,959,932

Credit Risk — As a means of managing credit risk, University investment policy limits investments to A1 (Standard & Poor's) or P1 (Moody's). If a rating change occurs which disqualifies a security that is already present in the University portfolio, it must be sold within 30 days of the discovery, unless it matures within six months of the rating change. At June 30, 2008, the University is in compliance with its credit risk policy for all investments.

Concentration of Credit Risk — The University places no limit on the amount that can be invested in any one issuer. More than 5 percent of the University's investments are in Certificate of Deposits, U.S. Treasury Bonds and U.S. Government Agencies. These investments are 22.48%, 3.28% and 73.94% respectively, of the University's total investments.

Interest Rate Risk — The risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy does not address exposure to fair value losses arising from changes in interest rates, but the investment objective is to obtain the highest revenue while maintaining safety and insuring adequate liquidity for institutional needs. To that end, management maintains a larger percentage (45% at year end) of investments in cash, cash equivalents, and short term investments to be in a position to take advantage of the best rates in a timely fashion as well as sustaining adequate cash flow for operating needs.

Custodial Credit Risk — For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. University investment policy does not limit the value of investments that may be held by an outside party. Of the University's investments, \$3,048,275 of the U.S. Treasury Notes, \$12,575,905 of the U.S. Government Agencies, and \$272,807 of the Mutual Funds are held by the counterparty, a trust department, or an agent not in the University's name.

Foreign Currency Risk — The risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University does not hold any foreign currency-denominated investments.

NOTE 3 — INVENTORIES

Inventories are stated at the lower of cost or market value. Inventories are primarily comprised of the following:

Bookstores	\$ 1,077,208
Commercial Repair - Aviation	136,487
Aviation Tech Center	160,131

NOTE 4 — OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Vincennes University Healthcare Plan is a single-employer defined benefit healthcare plan administered by Anthem. The University provides medical, dental and life insurance benefits to eligible retirees and their spouses. Vincennes University's Board of Trustees has the authority to establish and amend benefit provisions.

Funding Policy

The contribution requirements of plan members for the Vincennes University Healthcare Plan are established by the University. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined by the actuarial study. For the fiscal year ended June 30, 2008, the University contributed \$5,004,477 to the plan, including \$1,533,137 for current premiums (approximately 72% of total premiums) (and an additional \$3,471,340 to prefund benefits). Plan members receiving benefits contributed approximately \$570,000, or approximately 28% of the total premiums, through their required contribution of \$610 per month for retiree-only coverage, and \$1,198 per month for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 3,847,492
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
<i>Annual OPEB cost (expense)</i>	<u>\$ 3,847,492</u>
Contributions made	<u>(5,004,477)</u>
<i>Increase (Decrease) in net OPEB obligation</i>	<u>\$ (1,156,985)</u>
Net OPEB obligation - beginning of year	-
<i>Net OPEB obligation (asset) - end of year</i>	<u>\$ (1,156,985)</u>

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

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
6/30/08	\$ 3,847,492	130%	\$ (1,156,985)
6/30/07 ****	-	-	-
6/30/06 ****	-	-	-

**** FY 2008 is the first year to record OPEB cost.

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plan was 33.2% funded. The actuarial accrued liability for benefits was \$46,044,519, and the actuarial value of assets was \$15,277,045, resulting in an unfunded actuarial accrued liability (UAAL) of \$30,767,474. The covered payroll (annual payroll of active employees covered by the plan) was \$35,264,531, and the ratio of the UAAL to covered payroll was 87.2%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts





determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

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

In the June 30, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer’s own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% for health and 4% for dental initially, reduced by decrements to an ultimate rate of 4.5% after 10 years for health and 3% after 5 years for dental. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2008, was 30 years (open amortization).

**Required Supplementary Information
Schedule of Funding Progress
for Retiree Medical, Dental and Life Insurance Plan**

Actuarial value of plan assets	\$ 15,277,045
Actuarial accrued liability (AAL)	(46,044,519)
Excess of assets over (unfunded) AAL	\$ (30,767,474)
Funded ratio (actuarial value of plan assets/AAL)	33%
Covered payroll (active plan members)	\$ 35,264,531
Excess (unfunded) AAL as a percentage of covered payroll	(87)%

NOTE 5 — SCHOLARSHIPS AND INSTRUCTION

The endowment funds are classified under net assets as Restricted for Scholarship & Instruction. They include both expendable and non-expendable funds. Itemized below are the total endowment funds having a fund balance greater than \$11,000. All other endowments have been pooled.

Shircliff Memorial Scholarship	\$ 38,227
Printing Industry	86,263
Zella Young Memorial Scholarship	165,095
Harry Watts Memorial Scholarship	16,906
Jean McCarthy Memorial Scholarship	16,867
Robert Forbes Memorial Scholarship	12,801
Shircliff Endowment Fund	217,462
Risley Endowment Fund	73,850
Shircliff Life Income	106,191
Lyons Life Income	25,403
Opal C Ramsey Fund	3,088,418
Mable Kuebler Trust	268,422
Estelle Emison Scholarship	29,498
The Adler and Susan Lyons Endowment	24,620
All Others	72,239
Total	\$ 4,242,262

NOTE 6 — CAPITAL ASSETS

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<i>Capital Assets not being depreciated:</i>					
Land	\$ 12,983,627	\$ 983,563	\$ -	\$ -	\$ 13,967,190
Construction in Progress	2,259,203	16,363,523	42,218	(166,916)	18,413,592
Total Capital Assets not being depreciated	15,242,830	17,347,086	42,218	(166,916)	32,280,782
<i>Capital Assets being depreciated:</i>					
Building & Improvements	152,026,430	223,668	573,699	-	151,676,399
Equipment	37,825,814	2,663,897	1,605,178	166,916	39,051,449
Total Capital Assets being depreciated	189,852,244	2,887,565	2,178,877	166,916	190,727,848
<i>Less Accumulated Depreciation for:</i>					
Building & Improvements	50,790,570	3,659,525	-	-	54,450,095
Equipment	27,460,567	3,249,276	1,382,418	-	29,327,425
Total Accumulated Depreciation	78,251,137	6,908,801	1,382,418	-	83,777,520
Total Capital Assets, being depreciated, net	111,601,107	(4,021,236)	796,459	166,916	106,950,328
Capital Assets, net	\$ 126,843,937	\$ 13,325,850	\$ 838,677	\$ -	\$ 139,331,110

NOTE 7 — PENSION PLANS

A. Public Employees' Retirement Fund

Plan Description

Vincennes University contributes to the Public Employees' Retirement Fund (PERF), a defined benefit pension plan. The Public Employees' Retirement Fund (PERF) is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time support staff employees are eligible to participate in the defined benefit plan. Professional staff hired prior to July 1, 2003 may continue to participate. Professional staff hired after this date are eligible for participation in a retirement income plan with Teachers Insurance and Annuity Association (TIAA) as described below.

State statutes (IC 5-10.2 and 5-10.3) give the University authority to contribute to the plan and govern most requirements of the system. 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 3% of compensation, plus the interest credited to the member's account. The employer has elected to make the contributions on behalf of the member.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That 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.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. On June 30, 2008, 406 employees were covered by PERF and total wages were \$13,986,430. The University's contribution to the plan for the year ending June 30, 2008 was \$1,300,194. Related information provided by the actuary is presented in this note.

	PERF
Annual Required Contribution.....	\$ 804,923
Interest on Net Pension Obligation.....	\$ (71,424)
Adjustment to Annual Required Contribution.....	\$ 81,394
Annual Pension Cost.....	\$ 814,893
Contributions Made.....	\$ 740,013
Increase (Decrease) in Net Pension Obligation.....	\$ 74,880
Net Pension Obligation, Beginning of Year.....	\$ (985,164)
Net Pension Obligation, End of Year.....	\$ (910,284)

Contribution Rates:	PERF
University.....	6.3%
Contributed for Plan Members.....	3%
Actuarial Valuation Date.....	7/1/2006
Actuarial Cost Method.....	Entry Age Normal Cost
Amortization Method.....	Level Dollar Open Over 30 Years
Remaining Amortization Period.....	Over 30 Years
Asset Valuation Method.....	75% of Expected Actuarial Value Plus 25% of Market Value

Actuarial Assumptions:	PERF
Investment Rate of Return.....	7.25%
Projected Future Salary Increase Total.....	Based on PERF Experience in 1995-2000
Cost-of-Living Adjustments.....	1%

Three Year Trend Information			
	<i>Annual Pension Cost</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation</i>
<i>Year Ending</i>			
6/30/2005	\$ 461,682	113%	\$ (870,625)
6/30/2006	\$ 498,348	123%	\$ (985,164)
6/30/2007	\$ 814,893	91%	\$ (910,284)

Required Supplementary Information						
Schedules of Funding Progress Public Employees Retirement Fund						
<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets*</i> (a)	<i>Actuarial Accrued Liability (AAL)</i> (b)	<i>Excess of Assets Over (Unfunded) AAL (a-b)</i>	<i>Funded Ratio (a/b)</i>	<i>Actual Covered Payroll (c)</i>	<i>Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)</i>
7/1/2005	**	**	**	**	**	**
7/1/2006	\$ 21,869,630	\$ 22,280,461	\$ (410,831)	98.00 %	\$ 13,290,486	(3)%
7/1/2007	\$ 24,060,523	\$ 23,662,210	\$ 398,313	102.00 %	\$ 13,163,209	3 %

* Determined to be equal to the same percent of accrued liability as all non retired State members.
 ** PERF corrected allocation percentages for the valuation dated 7/01/2006. The valuation for 7/01/2005 was not restated

B. Teachers' Retirement Fund

Plan Description

The University contributes to the Teachers' Retirement Fund (TRF), a defined benefit pension plan. The Teachers' Retirement Fund (TRF) is a cost-sharing, multiple employer public retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in the Teachers' Retirement Fund (TRF). Full-time faculty hired after July 1, 2003, are eligible for participation in a retirement income plan with Teachers Insurance and Annuity Association (TIAA) as described below. State statute (IC 20-12) gives the University authority to contribute and govern most requirements of the system. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the members' annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The University has elected to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing the Teachers' Retirement Fund, 150 W. Market Street, Indianapolis, IN 46204, or by calling (317) 232-3860.

Funding Policy and Annual Pension Costs

The University is to contribute at an actuarially determined rate. The University has elected to contribute the employer and employee share of required contributions, currently 7.25 percent and 3 percent of covered wages. On June 30, 2008, 171 employees were covered by TRF and total wages were \$14,417,583. The University's contribution to the plan for the fiscal years ending June 30, 2008, 2007 and 2006 were \$549,684, \$564,148 and \$577,512, respectively. All required contributions were made by the University for each of the fiscal years.

C. TIAA/CREF

Faculty and professional staff hired prior to June 30, 2003, and having five or more years of continued employment are eligible to participate in a retirement income plan with Teachers Insurance and Annuity Association (TIAA). This is a defined contribution plan under IRC 403(b). Full-time faculty and professional staff hired after July 1, 2003, become eligible for the plan at the date of employment. There is no contribution to PERF or TRF for those employees covered under this policy. The University contributes 12% of covered wages for the new plan. An agreement between the University and TIAA is approved by the University Board of Trustees. On June 30, 2008, 473 employees were covered by TIAA/CREF and total wages were \$ 25,906,048. During 2007/08, Vincennes University contributed \$1,854,076 to TIAA/CREF on the employees behalf.

TIAA/CREF issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 730 3rd Avenue, New York, NY 10017-3206.

NOTE 8 — FUNCTIONAL STATEMENT

Operating expenses by functional classification are summarized as follows:

	<i>Salaries and Benefits</i>	<i>Scholarships and Fellowships</i>	<i>Supplies and Other Services</i>	<i>Equipment</i>	<i>Depreciation</i>	<i>Total</i>
Instruction	\$ 32,450,140	\$ -	\$ 5,104,424	\$ 301,095	\$ -	\$ 37,855,659
Sponsored Programs	7,147,132	-	6,245,826	326,787	-	13,719,745
Libraries	1,286,802	-	375,981	197,473	-	1,860,256
Community Services	373,889	-	66,841	-	-	440,730
Student Services	3,252,934	-	1,711,930	18,012	-	4,982,876
Operation & Maintenance of Plant	4,058,924	-	4,108,298	443,529	-	8,610,751
Institutional Support	5,508,497	-	2,078,319	258,988	-	7,845,804
Depreciation	-	-	-	-	6,979,915	6,979,915
Auxiliary Enterprises	3,812,845	-	8,269,371	44,337	-	12,126,553
Student Aid Expense	-	5,338,784	-	-	-	5,338,784
Total Operating Expenses	\$ 57,891,163	\$ 5,338,784	\$ 27,960,990	\$ 1,590,221	\$ 6,979,915	\$ 99,761,073

NOTE 9 — CAPITAL LEASE OBLIGATION

Capital Lease Payable consists of a lease-purchase agreement between Vincennes University and Xerox Corporation for a Docutech Printer. The present value of the minimum lease payments of \$185,624. was recorded as equipment.

Future minimum payments required under the capital lease and the net present value of the future payments are as follows:

<i>Year ending June 30</i>	<i>Principal</i>	<i>Interest</i>	<i>Minimum Payments</i>
2009	\$ 43,106	\$ 4,349	\$ 47,455
2010	19,283	490	19,773
Total Minimum Lease Payments	\$ 62,389	\$ 4,839	\$ 67,228

NOTE 10 — LOANS PAYABLE

In May 2008, the University entered into a \$19,000,000 promissory note for the interim financing of multiple projects: Renovation of Clark Residence Hall, Construction of the State Center for Applied Technology, and Renovation of McCormick Science Laboratory. The outstanding principal and all accrued unpaid interest is due May 8, 2009. The interest rate is variable based on London Interbank Offered Rate (LIBOR) and is adjusted and paid on a monthly basis. The current interest rate at June 30, 2008 was 2.9481%. As of June 30, 2008, the University had drawn \$13,000,000 of the maximum principal amount.

NOTE 11 — LONG TERM DEBT

Long-term debt activity for the year ended June 30, 2008, is summarized as follows:

	<i>Interest Rate</i>	<i>Amount Issued</i>	<i>Amount Retired 2007-2008</i>	<i>Amount Outstanding June 30, 2008</i>	<i>Amount Due Within One Year</i>
Housing & Dining of 1983 Series A	3.000%	\$ 5,000,000	\$ 140,000	\$ 2,660,000	\$ 140,000
Student Fee Revenue Bonds of 1997 Series E	4.854%	25,535,000	1,635,000	6,430,000	2,250,000
Auxiliary Facilities System Revenue Bonds of 2006	4.126%	13,440,000	675,000	11,910,000	705,000
Variable Rate Demand Student Fee Bonds Series F	<i>Cannot exceed 10%</i>	9,045,000	610,000	7,345,000	-
Variable Rate Demand Student Fee Bonds Series G	<i>Cannot exceed 10%</i>	23,895,000	1,620,000	21,930,000	-
Student Fee Bonds Series H	4.373%	4,545,000	145,000	4,400,000	150,000
<i>Total Bonds Payable</i>			<i>\$ 4,825,000</i>	<i>\$ 54,675,000</i>	<i>\$ 3,245,000</i>
Unamortized Bond (Discount)				384,631	
Due Within One Year				(3,245,000)	
Total Long Term Liabilities				\$ 51,814,631	

Debt obligations are generally callable by the University, bear interest at fixed and variable rates ranging from 3% to 10%, and mature at various dates through 2027. The Series F and Series G bonds are variable rate demand bonds. The University is paying monthly interest on \$7,345,000 and \$21,930,000 at the current interest rate of 1.58% at June 30, 2008. These variable rate demand student fee bonds mature on October 1, 2022, and October 1, 2024, respectively. Maturities and interest on bonds payable for the next five years, and in the next five year periods are as follows:

	<i>Principal</i>	<i>Interest</i>
2009	\$ 3,245,000	\$ 1,543,708
2010	2,625,000	1,408,971
2011	2,745,000	1,286,983
2012	1,560,000	1,176,333
2013	1,620,000	1,110,158
2014-2018	6,560,000	4,656,715
2019-2023	13,105,000	3,059,182
2024-2027	23,215,000	567,667
<i>Total</i>	<i>\$ 54,675,000</i>	<i>\$ 14,809,717</i>

Bonds Secured by Dormitory Revenues

The following bonds are secured by Dormitory Revenues of \$11,471,690.

The Housing and Dining Revenue Bonds of 1983 Series A, issued June 1983 by the Board of Trustees to fund construction for residential building of Vigo Hall. The Auxiliary Facilities System Revenue Bonds of 2006, issued in February 2006 by the Board of Trustees to refund the University's outstanding 1989, 1991 and 1996 series bonds for the construction of Vanderburgh and Godare Residence Halls.

Bonds Secured by Student Fees

The following bonds are secured by student fees of \$30,593,560.

The Student Fee Revenue Bonds of 1997, issued in December 1997 by the Board of Trustees to refund the University's outstanding Student Fee Bonds, Series A, Series B, Series C and Series D.

The Variable Rate Demand Student Fee Bonds, Series F were issued in March 2002 for the construction of Phase II of the Technology Building. The total proceeds from the issue including bond issuance costs was \$9,045,000. The Series F Bonds bear interest at a daily rate, weekly rate, long term rate, or fixed rate. When the Bonds are in the daily or weekly rate mode, the interest rate is determined by the Remarketing Agent at the lowest rate of interest which, in its judgment, will cause the Bonds to have a market value equal to the principal amount plus accrued interest. In no event will the interest rate exceed 10%. As of June 30, 2008, the weekly rate was 1.58%.

The Vincennes University Variable Rate Demand Student Fee Bonds, Series G, were issued on October 14, 2004. The proceeds were used to fund construction of a performing arts center and a student sport facility. The total proceeds from the issue including bond issuance costs was \$23,895,000. Of this

amount, \$16,000,000 was used to fund construction of the Red Skelton Performing Arts Center and \$7,000,000 was used to fund construction of the P. E. Recreational Sports Facility. The Series G Bonds bear interest at a daily rate, weekly rate, long term rate, or fixed rate. When the Bonds are in the daily or weekly rate mode, the interest rate is determined by the Remarketing Agent at the lowest rate of interest which, in its judgment, will cause the Bonds to have a market value equal to the principal amount plus accrued interest. As of June 30, 2008, the weekly rate was 1.58%.

The Vincennes University Student Fee Bonds, Series H, were issued on February 7, 2006, in the aggregate original principal amount of \$4,545,000. They bear interest at fixed rates as stated in the maturity schedule. The net interest cost is 4.373%. The proceeds were used to fund construction of an academic building on the Jasper Campus. This building houses additional classroom space to meet the increasing enrollment of students at the Vincennes campus in Jasper. The facility provides additional quality instruction space for several departments including: Business and Technology, Humanities and Social Sciences, Math and Science and Continuing Education. It also provides new computer laboratory rooms.

Funds held with Bond Trustee

Current Funds Expected to be Depleted Within a Year	
Student Fee Bonds Series F	\$ 1,379
Student Fee Bonds Series G	1,653
Student Fee Bonds Series H	116
Other B & I Accounts	8,551
Total Current Assets	\$ 11,699
Non-Current Fund	
H & D Bonds of 1983 A & B Vigo Hall	255,165
Total Funds held with Bond Trustee	\$ 266,864

NOTE 12 — SPECIAL ITEMS—IMPAIRMENT LOSSES AND INSURANCE RECOVERIES

On June 9, 2008, the University's property located in Westport, Illinois was physically damaged by flood waters. The John Deere and Diesel programs were located at this site. The University's commercial carrier covered \$1 million of the damage with an excess policy to cover the remaining damage. The total estimated replacement cost is \$1.8 million. The University plans to renovate this site during Fiscal Year 2009 and begin offering the John Deere and Diesel programs at this location for the 2009 fall term. The University does not consider this event unusual in nature, but does consider it infrequent in occurrence, as defined by APB Opinion 30. The special items were reported as follows in the FY08 financials:

Impairment Losses/Recoveries – Capital Assets

Impairment Losses – Capital Assets	\$ (612,902)
Insurance Recovery	<u>1,129,189</u>
Gain on Disposal of Capital Assets	\$ 516,287

Losses/Recoveries – Noncapital Assets

Recovery for Noncapital supplies and equipment	\$ 406,586
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NOTE 13 — RECLASSIFICATION OF PRIOR YEAR

Revenues

Effective July 1, 2007, the University started classifying Pell, SEOG, ACG and State Scholarships as non-operating revenue rather than operating revenue. The reclassification was made due to a change in the interpretation of GASB Statement No 34.

Expenses

Effective July 1, 2007, the University also started classifying bad debt expenses as a contra-revenue rather than an operating expense. The reclassification was made due to a change in the interpretation of GASB Statement No 34.

The 2006-2007 data presented in these financials have been reclassified for comparison purposes.





NOTE 14 — ACCOUNTS RECEIVABLE

Accounts receivable are primarily comprised of the following:

Student Receivables - Tuition	\$ 5,281,979
Auxiliaries	2,353,564
Sponsored Programs	1,292,387
Other	2,353,185
<u>Total</u>	<u>11,281,115</u>
Allowance for Doubtful Accounts	(3,408,230)
<u>Total</u>	<u>\$ 7,872,885</u>

Capital appropriation receivable from the State consists of the following:

Current Portion of Receivable	\$ 902,111
Non-current Portion of Receivable	-
<u>Total</u>	<u>\$ 902,111</u>

NOTE 15 — RISK MANAGEMENT

The University is exposed to various risks of loss: torts, theft, damage or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; health and other medical benefits provided to employees and their dependents. The University handles these risks of loss through combinations of risk retention and commercial insurance. For building and contents, the risk retention is \$25,000 per incident. General liability, commercial crime, aviation, worker's compensation, commercial automobile, and medical malpractice are all handled through fully insured commercial policies.

For health benefits, the University has an insured self-funded arrangement. The University retains the risk for medical benefits up to a stop loss provision of \$325,000 per member. There is a liability for incurred but unpaid claims which is reported as Other Liabilities on the Statement of Net Assets. This liability is estimated to be \$801,252 for the fiscal year 2007-2008 and \$719,371 for the fiscal year 2006-2007.

Changes in the total reported self-insured health, dental and drug benefit liability during the year ending June 30, 2008 were as follows:

Balance, beginning of year	\$ 719,371
Claims incurred	7,420,303
Claim payments	(7,338,422)
<u>Balance, end of year</u>	<u>\$ 801,252</u>

NOTE 16 — SUBSEQUENT EVENTS

Vincennes University continues to adhere to its long-range plans for upgrading and adding new facilities for instruction. Financing in the amount of \$19 million for the construction of the State Center for Applied Technology on the Vincennes campus, the renovation of the 260-bed George Rogers Clark Residence Hall, and the McCormick Science Center laboratory renovation is in progress.

Plans are moving forward to provide Advanced Manufacturing facilities in Gibson County and at the Vincennes University Jasper campus in Dubois County. These facilities will provide the State of Indiana with premier technological training centers located in the heart of an expanding industry and population base. The Jasper facility, an \$8.8 million, 50,000 square foot facility, will also provide the opportunity to bring many of the Vincennes University technical programs, currently offered only on the Vincennes campus, to the Jasper area. The University plans to issue bonds to fund the Jasper facility. The Gibson facility will be funded in part by a \$5 million cash appropriation by the State of Indiana.

Vincennes University also obtained approval by the Indiana General Assembly to construct a \$5 million multicultural center on the Vincennes campus. This center will be dedicated to the empowerment of students through the creation and integration of unique opportunities that celebrate the rich diversity offered by our minority and international students.

Vincennes University

Financial Report for 2007 - 2008



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