B35924

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

AUDIT REPORT

OF

IVY TECH COMMUNITY COLLEGE OF INDIANA

INDIANAPOLIS, INDIANA

JULY 1, 2008 TO JUNE 30, 2009

FILED
03/17/2010

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COLLEGE OFFICIALS

Office	Official	Term
President	Thomas J. Snyder	07-01-06 to 06-30-10
Vice President/Treasurer	Robert C. Holmes	01-01-00 to 06-30-10
Chairman of the Board of Trustees	Kaye H. Whitehead	07-01-08 to 06-30-10

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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 IVY TECH COMMUNITY COLLEGE, INDIANAPOLIS, INDIANA

We have audited the financial statements of Ivy Tech Community College, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 13, 2009. 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 Ivy Tech Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ivy Tech Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ivy Tech Community College'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 consider the deficiencies described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be a material weakness in internal control over financial reporting.

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 Ivy Tech Community College'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.

The Ivy Tech Community College's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the Ivy Tech Community College's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS
State Board of Accounts

October 13, 2009

STATE OF INDIANA

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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 THE IVY TECH COMMUNITY COLLEGE, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Ivy Tech Community College (College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The College's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. 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 items 2009-2 through 2009-8.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a College'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. We consider the deficiencies in internal control over compliance described in items 2009-2 through 2009-8 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider items 2009-3 through 2009-8, to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Ivy Tech Community College as of and for the year ended June 30, 2009, and have issued our report thereon dated October 13, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements takes 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 whole.

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

This report is intended solely for the information and use of the College's management, State 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

State Board of Accounts

March 4, 2010

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF EDUCATION			
Direct Grant			
Student Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants	84.007		$ 1,993,739
Federal Work-Study Program	84.033		1,240,249
Federal PELL Grant Program	84.063		102,640,516
Academic Competitiveness Grant	84.375		500,988
Total for cluster			106,375,492
U.S. DEPARTMENT OF LABOR			
Direct Grant			
WIA Pilots, Demonstrations, and Research Projects	17.261		704,370
Direct Grant			
H-1B Job Training Grants	17.268		778,776
Pass-Through Indiana Department of Workforce Development			
WIA Cluster			
WIA Adult Program	17.258		647,427
WIA Youth Activities	17.259		319,708
WIA Dislocated Workers	17.260		415,521
ARRA - WIA Dislocated Workers	17.260		32,668
WIA Pilots, Demonstrations, and Research Projects	17.261		38,979
Total for cluster			1,454,303
Pass-Through Indiana Department of Workforce Development			
H-1B Job Training Grants	17.268		1,289,101
Total for federal grantor agency			4,226,550
NATIONAL SCIENCE FOUNDATION			
Direct Grant			
Education and Human Resources	47.076		389,354
Pass-Through University of Massachusetts Boston			
Computer and Information Science and Engineering	47.070		1,270
Total for federal grantor agency			390,624
U.S. SMALL BUSINESS ADMINISTRATION			
Pass-Through South Central Indiana Small Business Development Center			
Small Business Development Centers	59.037		571,988
U.S. DEPARTMENT OF ENERGY			
Pass-Through Indiana Housing and Community Development Authority			
ARRA - Weatherization Assistance for Low-Income Persons	81.042		217,276

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

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2009
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF EDUCATION			
Direct Grant			
Trio Cluster			
Student Support Services	84.042A		795,920
Talent Search	84.044A		258,472
Total for cluster			1,054,392
Direct Grant			
Fund for the Improvement of Postsecondary Education	84.116		49,432
Direct Grant			
Fund for the Improvement of Education	84.215		42,362
Pass-Through Indiana Commission for Higher Education			
Career and Technical Education - Basic Grants to States	84.048		7,399,344
Improving Teacher Quality State Grants	84.367		24,889
Total for program			7,424,233
Pass-Through Indiana Department of Education			
Career and Technical Education - National Programs	84.051B		57
Tech-Prep Education	84.243		277,633
Total for program			277,690
Total for federal grantor agency			8,823,220
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Grant			
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		120,335
Direct Grant			
Nurse Education, Practice and Retention Grants	93.959		202,120
Pass-Through Indiana Association for the Education of Young Children, Inc			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		4,920
Total for federal grantor agency			327,375
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Pass-Through North Carolina Campus Compact			
Program Development and Innovation Grants	94.007		248
Total federal awards expended			$ 120,957,662

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

IVY TECH COMMUNITY COLLEGE OF INDIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

The purpose of the schedule is to present a summary of those activities of the College for the year ended June 30, 2009, which have been financed by the U.S. Government (federal awards). For purposes of the schedule, federal awards include all federal assistance and procurement relationships entered into directly between the College and the federal government, and subawards from agencies of the State of Indiana, and other entities, made under federal sponsored agreements. Because the schedule presents only a selective portion of the activities of the College, it is not intended to and does not present the financial position of the College. For reporting purposes, federal awards have been classified into two types:

1. Student Financial Aid
2. Other Federal Programs

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

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

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

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended June 30, 2009:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
H-1B Training Grants	17.268	$ 187,177
Education and Human Resources	47.076	48,179
Career and Technical Education – Basic Grants to	84.048	16,092
Totals		$ 251,448

Note 3. Federal Family Education Loans

The number of guaranteed loans and total amounts of each program for the year ended June 30, 2009, were as follows:

Program Title	Number Students	Loans Amounts
Stafford Student Loan Program (Subsidized)	32,227	$ 97,088,547
Stafford Student Loan Program (Unsubsidized)	27,530	105,327,329
Parents Loans for Undergraduate Students (PLUS)	177	889,154
Totals	59,934	$ 203,305,030

This information is not included in the schedule.

Note 4. Other Considerations

There were no federal awards of noncash assistance, no federal loans outstanding, and no amount of insurance in effect for federal programs for the year ending June 30, 2009.

IVY TECH COMMUNITY COLLEGE
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?	yes
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?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	one 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
SFA Cluster	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $3,628,730

Auditee qualified as low-risk auditee?	no

Section II – Financial Statement Findings

FINDING 2009-1, DONATED CAPITAL ASSETS

The compilation and presentation of materially correct financial statements and the related footnotes are the responsibility of management. Adequate internal controls over capital assets should exist to ensure that the financial statements are properly presented in accordance with standards issued by the Governmental Accounting Standards Board, specifically GASB statement 34 paragraph 18.

As a result of the in-depth review of capital assets, the College found a number of donated capital assets not reported on the financial statements issued for fiscal year ended June 30, 2008. These capital assets were not reported in prior years due to a lack of internal controls on recording donated capital assets.

The restatement and reclassification of capital assets is material in nature to the financial statements as a whole. Thus the College restated the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2008.

Management should implement internal controls which provide for adequate recording of capital assets in accordance with standards issued by the Governmental Accounting Standards Board.

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-2, FINAL DETERMINATION LETTER

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

The College received a final audit determination letter from the U.S. Department of Education dated October 22, 2009. The letter specified the actions, if any, to be taken by the College with respect to each of the federal audit findings reported in the 2007-2008 audit report. One such action was the return of funds to the Department of Education and various lenders within 45 days. Funds due to the various lenders totaling $4,514 were not timely remitted. Funds were returned to lenders 40 days late.

34 CFR 668.23 (f) states in part:

"(1) Based on the audit finding and the institution's or third-party servicer's response, the Secretary determines the amount of liability, if any, owed by the institution or servicer and instructs the institution or servicer as to the manner of repayment.

(2) If the Secretary determines that a third-party servicer owes a liability for its administration of an institution's title IV, HEA programs, the servicer must notify each institution under whose contract the servicer owes a liability of that determination. The servicer must also notify every institution that contracts with the servicer for the same service that the Secretary determined that a liability was owed.

(g) *Repayments.* (1) An institution or third-party servicer that must repay funds under the procedures in this section shall repay those funds at the direction of the Secretary within 45 days of the date of the Secretary's notification, unless— (i) The institution or servicer files an appeal under the procedures established in subpart H of this part; or (ii) The Secretary permits a longer repayment period."

Failure to timely remit funds as noted could result in additional penalties and interest due the Department of Education.

The College needs to timely remit all funds due per the final audit determination letter.

FINDING 2009-3, PLUS LOAN DISBURSEMENTS

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling the students that received a PLUS loan disbursement, the sample revealed that one region (Region 8 – Indianapolis, 6 of 20 or 30%) failed to timely disburse loan funds to students. These six students received loan funds from 12 to 101 days after the College received the funds. This error is due to funds not being timely identified and disbursed.

34 CFR 668.167 (b) states in part:

"(1) Except as provided in paragraph (c) of this section, an institution must return FFEL Program funds to a lender if the institution does not disburse those institution to a student or parent for a payment period within—(i) Ten business days following the date the institution receives the funds if the lender provides those funds to the institution by EFT or master check on or after July 1, 1997 but before July 1, 1999; (ii) Three business days following the date the institution receives the funds if the lender provides those funds to the institution by EFT and master check on or after July 1, 1999 . . ."

Not properly disbursing funds could lead to untimely disbursements and improper awarding of additional funds or errors in returns of funds if the student ceases attendance.

The College needs to disburse loan proceeds in a timely manner.

FINDING 2009-4, TIMELINESS OF RETURN OF TITLE IV FUNDS (FALL)

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling the students that withdrew from Ivy Tech classes, the sample revealed that nine of the fourteen regions (Region 1 - Gary, 6 of 18 or 33.33%; Region 2 -South Bend, 3 of 4 or 75%; Region 3 - Fort Wayne, 8 of 8 or 100%; Region 5 - Kokomo, 3 of 14 or 21.43%; Region 6 – Muncie, 3 of 6 or 50%; Region 7 - Terre Haute, 3 of 16 or 18.75%; Region 8 – Indianapolis, 4 of 4 or 100%; Region 10 – Columbus, 4 of 10 or 40.0%; Region 13 – Sellersburg, 7 of 14 or 50.0%) failed to timely remit the amount of title IV funds for which the institution was responsible as they relate to the fall semester. Failure to remit monies timely was due to an untimely review of the students' files to determine overpayments.

34 CFR 668.22 (j)(1) states in part:

"An institution must return the amount of title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (1)(3) of this section."

Not calculating the title IV, HEA grant overpayment can lead to an ineligible student receiving aid.

The College needs to perform timely calculations of overpayments and prevent further occurrences in the delay of returning title IV funds.

2009-5 TIMELINESS OF RETURN OF TITLE IV FUNDS (SPRING)

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling the students that withdrew from Ivy Tech classes, the sample revealed that one of the fourteen regions (Region 3 - Fort Wayne, 2 of 10 or 20%) failed to timely remit the amount of title IV funds for which the institution was responsible as they relate to the spring semester. Failure to remit monies timely was due to an untimely review of the students' files to determine overpayments.

34 CFR 668.22 (j)(1) states in part:

> "An institution must return the amount of title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (1)(3) of this section."

Not calculating the title IV, HEA grant overpayment can lead to an ineligible student receiving aid.

The College needs to perform timely calculation of overpayments and prevent further occurrences in the delay of returning title IV funds.

FINDING 2009-6, TOTAL NUMBER OF DAYS UTILIZED IN RETURN OF TITLE IV FUNDS

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling the students that withdrew from Ivy Tech classes, the sample revealed that one of the fourteen regions (Region 3 – Fort Wayne) failed to accurately calculate the total number of days in the payment period or period of enrollment for the summer term. Failure to accurately calculate the total number of days in the period of enrollment was due to an incorrect end date being utilized.

34 CFR 668.22 (f)(1) states:

"For purposes of paragraph (e)(2)(i) of this section, the percentage of the payment period or period of enrollment completed is determined – (i) in the case of a program that is measured in credit hours, by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date; . . . and (2)(i) The total number of calendar days in a payment period or period of enrollment includes all days within the period, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period."

34 CFR 668.22 (l)(2) states:

"A period of enrollment" is the academic period established by the institution for which the institutional charges are generally assessed (i.e. length of the student's program or academic year)."

Not accurately calculating the total number of days in a period of enrollment can lead to the inaccurate return of title IV funds.

The College needs to accurately calculate the total number of days in a period of enrollment so as to perform return of funds calculations correctly.

FINDING 2009-7, OVERAWARDS

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling the students that received financial aid, the sample revealed that two regions (Region 4 – Lafayette, 8 of 65 or 12.31% and Region 6 – Muncie, 7 of 69 or 10.14%) over awarded financial aid to students. The total dollar amount of the over awards was $9,749.38 and $6,283.12, respectively. This error is a consequence of incorrectly assessing enrollment, cost of attendance, and earned resources therefore resulting in title IV monies being awarded in excess of the student's cost of attendance.

34 CFR 682.604(h) states in part:

"Except as provided under paragraph (i) of this section if before the delivery of any Stafford, SLS or PLUS loan disbursement, the school learns that the borrower will receive or has received financial aid for the period of enrollment for which the loan was made that exceeds the amount of assistance for which the student is eligible, the school shall reduce or eliminate the overaward. . . ."

34 CFR 673.5(a) states in part:

"(1) An institution may only award or disburse a Federal Perkins loan or and FSEOG to a student if that loan or the FSEOG, combined with the other resources the student receives, does not exceed the student's financial need. (2) An institution may only award FWS employment to a student if the award, combined with other resources the student receives, does not exceed the student's financial need."

Cost of attendance for a student is the estimate of that student's educational expenses and the basis for awarding aid. Exceeding a student's cost of attendance causes a student to receive aid over their allowable costs. Aid awarded in excess of a student's educational needs, or an over award, may need to be repaid.

The College needs to properly calculate the amount of assistance for which the student is eligible and reduce or eliminate any over award.

FINDING 2009-8, ACADEMIC COMPETITIVENESS GRANT AWARDS

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: 84.375
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling students that received ACG funds, it was noted that 48 of 583 or 8.23% of the awards were incorrectly disbursed. The total dollar amount of incorrect awards was $18,000. The errors noted included: not being enrolled on a full time basis, not completing a rigorous secondary school program, and not being enrolled in an eligible program. Failure to accurately disburse aid can lead to ineligible students receiving aid and becoming over awarded.

34 CFR 691.15 states in part:

"(a) A student who meets the requirements of 34 CFR part 668, Subpart C, is eligible to receive an ACG or a National SMART Grant if the student—(1) Is a U.S. citizen;(2) Is receiving a Federal Pell Grant disbursement in the same award year; and (3) Is enrolled full-time. (b) ACG Program. (1) A student is eligible to receive an ACG if the student—(i) Meets the eligibility requirements in paragraph (a) of this section;(ii) For the first academic year of his or her eligible program—(A) Has received a high school diploma or, for a home-schooled student, a high school diploma or the certification of completion of a secondary school education by the cognizant authority; (B) Has successfully completed after January 1, 2006, as determined by the institution, a rigorous secondary school program of study recognized by the Secretary under § 691.16; and (C) Has not previously been enrolled as a regular student in an eligible program while—(1) Enrolled in high school; and (2) Being at or below the age of compulsory school attendance . . ."

Not properly disbursing ACG funds to eligible students can lead to students being over awarded.

The College needs to implement controls to ensure accurate awarding of ACG funds to eligible students.

Ivy Tech Community College
Summary Schedule of Prior Audit Findings

FINDING NO. 2008-1 Return of Title IV Funds Not Completed
Original SBA Audit Report Number: B34199
Audit Contact Person: Ben Burton
Title of Contact Person: Chief Financial Student Resources Officer
Phone Number: (317) 921-4712

Status of Finding:
The College received a Final Determination Letter (FDL) dated October 22, 2009 from the Department of Education (ED) for the year ending June 30, 2008; Audit Control Number (ACN):05-2008-91149. In accordance with the aforementioned FDL all required corrective action has been taken by the College; thus consistent with OMB Circular A-133 section .315 (b), this finding is considered closed.

FINDING NO. 2008-2 Timeliness of Return of Title IV Funds
Original SBA Audit Report Number: B34199
Audit Contact Person: Ben Burton
Title of Contact Person: Chief Financial Student Resources Officer
Phone Number: (317) 921-4712

Status of Finding:
The College received a Final Determination Letter (FDL) dated October 22, 2009 from the Department of Education (ED) for the year ending June 30, 2008; Audit Control Number (ACN):05-2008-91149. In accordance with the aforementioned FDL all required corrective action has been taken by the College; thus consistent with OMB Circular A-133 section .315 (b), this finding is considered closed.

FINDING NO. 2008-3 Missing or Incorrect Support for Return of Title IV Assistance
Original SBA Audit Report Number: B34199
Audit Contact Person: Ben Burton
Title of Contact Person: Chief Financial Student Resources Officer
Phone Number: (317) 921-4712

Status of Finding:
The College received a Final Determination Letter (FDL) dated October 22, 2009 from the Department of Education (ED) for the year ending June 30, 2008; Audit Control Number (ACN):05-2008-91149. In accordance with the aforementioned FDL all required corrective action has been taken by the College; thus consistent with OMB Circular A-133 section .315 (b), this finding is considered closed.

FINDING NO. 2008-4 Student Financial Aid - Overawards
Original SBA Audit Report Number: B34199
Audit Contact Person: Ben Burton
Title of Contact Person: Chief Financial Student Resources Officer
Phone Number: (317) 921-4712

Status of Finding:
The College received a Final Determination Letter (FDL) dated October 22, 2009 from the Department of Education (ED) for the year ending June 30, 2008; Audit Control Number (ACN):05-2008-91149. In accordance with the aforementioned FDL all required corrective action has been taken by the College; thus consistent with OMB Circular A-133 section .315 (b), this finding is considered closed.

IVY TECH COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II - Financial Statement Findings

2009-1: RESTATEMENT OF THE FINANCIAL STATEMENTS

The compilation and presentation of materially correct financial statements and the related footnotes are the responsibility of management. Adequate internal controls over capital assets should exist to ensure the financial statements are properly presented in accordance with standards issued by the Governmental Accounting Standards Board, specifically GASB Statement 34 paragraph 18.

As a result of an in-depth review of capital assets, the College found a number of donated capital assets not reported on the financial statements issued for the fiscal year ended June 30, 2008. These capital assets were not reported in prior years due to a lack of internal controls over the recording of donated assets.

The restatement of capital assets is material in nature to the financial statements as a whole. Thus the College restated the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2008.

Management should implement internal controls which provide for adequate recording of capital assets in accordance with standards issued by the Governmental Accounting Standards Board.

Response:

The College agrees with the finding. During a normal review, the College identified a number of donated capital assets that were not reported in the appropriate fiscal year thus requiring a restatement of prior period balances. The College has instituted an additional control that should identify any material donated Capital Asset within the year of the donation.

Section III – Federal Award Findings and Questioned Costs

2009-2: FINAL DETERMINATION LETTER

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

The College received a final audit determination letter from the U.S. Department of Education dated October 22, 2009. The letter specified the actions, if any, to be taken by the College with respect to each of the federal audit findings reported in the 2007-2008 audit report. One such action was the return of funds to the Department of Education and various lenders within 45 days. Funds due to the various lenders totaling $4,514 were not timely remitted. Funds were returned to lenders 40 days late.

34 CFR 668.23 (f) states in part..."(1) Based on the audit finding and the institution's or third-party servicer's response, the Secretary determines the amount of liability, if any, owed by the institution or servicer and instructs the institution or servicer as to the manner of repayment.
(2) If the Secretary determines that a third-party servicer owes a liability for its administration of an institution's title IV, HEA programs, the servicer must notify each institution under whose contract the servicer owes a liability of that determination. The servicer must also notify every institution that contracts with the servicer for the same service that the Secretary determined that a liability was owed.
(g) *Repayments.* (1) An institution or third-party servicer that must repay funds under the procedures in this section shall repay those funds at the direction of the Secretary within 45 days of the date of the Secretary's notification, unless— (i) The institution or servicer files an appeal under the procedures established in subpart H of this part; or (ii) The Secretary permits a longer repayment period."

Failure to timely remit funds as noted could result in additional penalties and interest due the Department of Education.

The College needs to timely remit all funds due per the final audit determination letter.

Response:

The College agrees with the finding. The total amount from the final audit determination letter was for approximately $8,879, with $4,365 being owed to the Department of Education and $4,514 being owed to various lenders. The College paid the Department of Education within the timeframe required. However, because of the small dollar amount due each lender it was difficult to obtain the W9 tax form, which is required by the College prior to disbursement to any vendor. After it was determined that the payments were late, the College waived the W9 requirement and issued the payment to the lenders. The College has adjusted the W9 policy to assure that in the future the College will abide by any Federal Audit payment timelines.

2009-3 PLUS LOAN DISBURSEMENTS
Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling the students that received a PLUS loan disbursement, the sample revealed that one region (Region 8 – Indianapolis, 6 of 20 or 30%) failed to timely disburse loan funds to students. These six students received loan funds from 12 to 101 days after the College received the funds. This error is due to funds not being timely identified and disbursed.

34 CFR 668.167 (b) states in part: "(1) Except as provided in paragraph (c) of this section, an institution must return FFEL Program funds to a lender if the institution does not disburse those institution to a student or parent for a payment period within—(i) Ten business days following the date the institution receives the funds if the lender provides those funds to the institution by EFT or master check on or after July 1, 1997 but before July 1, 1999; (ii) Three business days following the date the institution receives the funds if the lender provides those funds to the institution by EFT and master check on or after July 1, 1999..."

Not properly disbursing funds could lead to untimely disbursements and improper awarding of additional funds or errors in returns of funds if the student ceases attendance.

The College needs to disburse loan proceeds in a timely manner.

Response:

As pointed out in the audit finding, this issue was identified as occurring at only one of our fourteen regions. The College recognizes the importance of issuing loan funds within the federally prescribed timeframe. In order to help prevent future instances of non-compliance, an aging report of loan funds has been developed and is now being reviewed by an individual located in our central operations. It is important to remember the audit period consisted of the first term after implementation of our new enterprise-wide software.

2009-4: TIMELINESS OF RETURN OF TITLE IV FUNDS (FALL)

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling the students that withdrew from Ivy Tech classes, the sample revealed that nine of the fourteen regions (Region 1 - Gary, 6 of 18 or 33.33%; Region 2 -South Bend, 3 of 4 or 75%; Region 3 - Fort Wayne, 8 of 8 or 100%; Region 5 - Kokomo, 3 of 14 or 21.43%; Region 6 – Muncie, 3 of 6 or 50%; Region 7 - Terre Haute, 3 of 16 or 18.75%; Region 8 – Indianapolis, 4 of 4 or 100%; Region 10 – Columbus, 4 of 10 or 40.0%; Region 13 – Sellersburg, 7 of 14 or 50.0%) failed to timely remit the amount of title IV funds for which the institution was responsible as they relate to the fall semester. Failure to remit monies timely was due to an untimely review of the students' files to determine overpayments.

34 CFR 668.22 (j)(1) states in part: "An institution must return the amount of title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (1)(3) of this section."

Not calculating the title IV, HEA grant overpayment can lead to an ineligible student receiving aid.

The College needs to perform timely calculations of overpayments and prevent further occurrences in the delay of returning title IV funds.

Response:

Fall 2008 term was the College's first term on a new computer system. Although adequately tested, the first term after implementation did present some challenges for financial aid; specifically the return of title IV refund process. As noted in the findings, on a system-wide basis the issue of timeliness of the refund was primarily contained to the fall term. Prior to spring term, new reports were developed that helped to eliminate this issue. Additionally, the College has centralized this function in hopes to eliminate future issues of non-compliance.

2009-5 TIMELINESS OF RETURN OF TITLE IV FUNDS (SPRING)

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling the students that withdrew from Ivy Tech classes, the sample revealed that one of the fourteen regions (Region 3 - Fort Wayne, 2 of 10 or 20%) failed to timely remit the amount of title IV funds for which the institution was responsible as they relate to the spring semester. Failure to remit monies timely was due to an untimely review of the students' files to determine overpayments.

34 CFR 668.22 (j)(1) states in part: "An institution must return the amount of title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (1)(3) of this section."

Not calculating the title IV, HEA grant overpayment can lead to an ineligible student receiving aid.

The College needs to perform timely calculation of overpayments and prevent further occurrences in the delay of returning title IV funds.

Response:

Unlike the fall 2008 term, this issue was contained to one of our fourteen regions. Staff have been apprised of the issue. As outlined above, the return of Title IV funds process has been centralized with hopes of eliminating future issues of non-compliance.

2009-6: TOTAL NUMBER OF DAYS UTILIZED IN RETURN OF TITLE IV FUNDS

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling the students that withdrew from Ivy Tech classes, the sample revealed that one of the fourteen regions (Region 3 – Fort Wayne) failed to accurately calculate the total number of days in the payment period or period of enrollment for the summer term. Failure to accurately calculate the total number of days in the period of enrollment was due to an incorrect end date being utilized.

34 CFR 668.22 (f)(1) states: "For purposes of paragraph (e)(2)(i) of this section, the percentage of the payment period or period of enrollment completed is determined – (i) in the case of a program that is measured in credit hours, by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date;... and (2)(i) The total number of calendar days in a payment period or period of enrollment includes all days within the period, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period."

34 CFR 668.22 (l)(2) states: "A period of enrollment" is the academic period established by the institution for which the institutional charges are generally assessed (i.e. length of the student's program or academic year)."

Not accurately calculating the total number of days in a period of enrollment can lead to the inaccurate return of title IV funds.

The college needs to accurately calculate the total number of days in a period of enrollment so as to perform return of funds calculations correctly.

Response:

As outlined in the finding, this issue was isolated to one campus. It appears the financial aid office overstated the number of days in the term by two days. As this issue only occurred at one of our fourteen regions, we believe this issue to be isolated in nature. The College does understand the two days in question could have a minor impact on the calculation and will review all calculations and make any necessary adjustments to the refund amounts.

2009-7 OVERAWARDS

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling the students that received financial aid, the sample revealed that two regions (Region 4 – Lafayette, 8 of 65 or 12.31% and Region 6 – Muncie, 7 of 69 or 10.14%) over awarded financial aid to students. The total dollar amount of the over awards was $9,749.38 and $7,123.24 respectively. This error is a consequence of incorrectly assessing enrollment, cost of attendance, and earned resources therefore resulting in title IV monies being awarded in excess of the student's cost of attendance.

34 CFR 682.604(h) states in part: "Except as provided under paragraph (i) of this section if before the delivery of any Stafford, SLS or PLUS loan disbursement, the school learns that the borrower will receive or has received financial aid for the period of enrollment for which the loan was made that exceeds the amount of assistance for which the student is eligible, the school shall reduce or eliminate the overaward...."

34 CFR 673.5(a) states in part: "(1) An institution may only award or disburse a Federal Perkins loan or and FSEOG to a student if that loan or the FSEOG, combined with the other resources the student receives, does not exceed the student's financial need. (2) An institution may only award FWS employment to a student if the award, combined with other resources the student receives, does not exceed the student's financial need."

Cost of attendance for a student is the estimate of that student's educational expenses and the basis for awarding aid. Exceeding a student's cost of attendance causes a student to receive aid over their allowable costs. Aid awarded in excess of a student's educational needs, or an over award, may need to be repaid.

The College needs to properly calculate the amount of assistance for which the student is eligible and reduce or eliminate any over award.

Response:

The College recognizes the importance of accurate budgeting in the awarding of campus based aid programs. Although it does not excuse the aforementioned calculation errors, it is important to recognize that for Region 04 Lafayette the overawarded amount represents .045% of the total Title IV awards issued for that region. For Region 06 Muncie, the overawarded amount represents .029% of the total Title IV awards issued for that region. Given these errors were isolated to just two of our fourteen campuses, we are confident this is not a wide-spread problem at the College. Additional training has occurred at both locations and additional oversight has been assigned from our central operations. A mid-year review of the 2009-10 awards will occur to help ensure the training sessions were successful.

2009-8 ACADEMIC COMPETITIVENESS GRANT AWARDS

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: 84.375
Pass-through Entity: N/A
Federal Award Number: N/A

When sampling students that received ACG funds, it was noted that 48 of 583 or 8.23% of the awards were incorrectly disbursed. The total dollar amount of incorrect awards was $18,000. The errors noted included not being enrolled on a full time basis, not completing a rigorous secondary school program, and not being enrolled in an eligible program. Failure to accurately disburse aid can lead to ineligible students receiving aid and becoming over award.

34 CFR 691.15 states in part....."(a) A student who meets the requirements of 34 CFR part 668, Subpart C, is eligible to receive an ACG or a National SMART Grant if the student—(1) Is a U.S. citizen;(2) Is receiving a Federal Pell Grant disbursement in the same award year; and (3) Is enrolled full-time. (b) ACG Program. (1) A student is eligible to receive an ACG if the student—(i) Meets the eligibility requirements in paragraph (a) of this section;(ii) For the first academic year of his or her eligible program—(A) Has received a high school diploma or, for a home-schooled student, a high school diploma or the certification of completion of a secondary school education by the cognizant authority; (B) Has successfully completed after January 1, 2006, as determined by the institution, a rigorous secondary school program of study recognized by the Secretary under § 691.16; and (C) Has not previously been enrolled as a regular student in an eligible program while—(1) Enrolled in high school; and (2) Being at or below the age of compulsory school attendance...

Not properly disbursing ACG funds to eligible students can lead to students being over awarded.

Controls should be put into place to ensure accurate awarding of ACG funds to eligible students.

Response:

Effective for the 2009-10 award year, a new internal control was implemented to help ensure students did satisfy the rigorous high school diploma requirement. The College now receives high school rigor information via a data load from the State Student Assistance Commission of Indiana. Additionally, a new system flag was established in the state-wide financial aid awarding system that requires manual intervention and review of eligibility prior to the disbursement of ACG funds. We feel confident these two additional safeguards will strengthen the College's compliance with federal regulations on this issue and help to eliminate this audit issue.

IVY TECH COMMUNITY COLLEGE
EXIT CONFERENCE

The contents of this report were discussed on March 4, 2010, with Thomas J. Snyder, President; Donald S. Doucette, Senior Vice President and Provost; Jeffrey A. Terp, Vice President of Engagement; Robert C. Holmes, Vice President of Finance/Treasurer; Ben Burton, Chief Financial Student Resources Officer; Mark Husk, Assistant Treasurer; Jason Thompson, Interim Director of Internal Audit; and David Findley, Chairman of the Audit Committee.

IVY TECH COMMUNITY COLLEGE OF INDIANA

2008-09 FINANCIAL REPORT

Ivy Tech Community College of Indiana

2008-09 FINANCIAL REPORT

Supplementary Schedules

Dear Friends of Ivy Tech:

On behalf of the Trustees of Ivy Tech Community College, I am pleased to present the College's 2008-2009 Financial Report.

As evidenced by this document, 2008-09 was a positive year for the College. Chancellors, administrators and finance directors across the system have been conscientious in controlling expenditures and stretching available resources to ensure optimal quality and efficiencies statewide. The College continues to regard the funding it receives as a public trust and believes there is no better return on investment in Indiana.

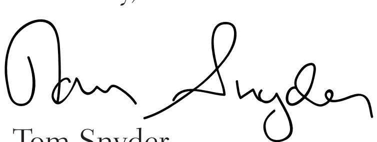
More than 130,000 students annually choose Ivy Tech as their gateway to higher education or path to immediate career advancement. Enrollment this fall has continued to set records, fueled by Ivy Tech's affordability, transferable credits, supportive learning environment, and nimble response to workforce needs. Ivy Tech has been able to accommodate the growth with funding from state appropriations combined with cost savings and efficiencies.

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

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

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

Sincerely,



Tom Snyder

October 6, 2009

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

On behalf of all those individuals responsible for the financial stewardship of College resources, I am pleased to present the Ivy Tech Community College Annual Financial Report for the year ended June 30, 2009.

The report has been prepared in conformance with authoritative reporting standards and guidelines for colleges and universities. This report utilizes Governmental Accounting Standards Board Statement No. 35, Basic Financial Statement and Management's Discussion and Analysis for Public Colleges and Universities. An analysis is included which compares 2008-09 figures with the prior year.

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

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

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

Respectfully submitted,

Robert C. Holmes
Vice President for Finance/Treasurer

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of Ivy Tech Community College, a component unit of the State of Indiana, as of and for the years ended June 30. 2009 and 2008. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component unit of the College as discussed in Note 1, which represents 100% afthe assets and revenues of the discretely presented component unit. The financial statements of this component unit were audited by another auditor whose report thereon has been furnished to us and our opinion, insofar as it relates to this unit, is based upon the report of the other auditor.

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

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Ivy Tech Community College, as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2009, on our consideration of Ivy Tech Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit. This report will be issued in the College's Single Audit report prepared in accordance with OMB Circular A-133.

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

State Board of Accounts

STATE BOARD OF ACCOUNTS

October 13, 2009

Management's Discussion and Analysis

This section of Ivy Tech Community College's annual financial report presents a discussion and analysis of the financial performance of the College for the fiscal year ended June 30, 2009, along with comparative data for the year ending June 30, 2008. The management's discussion and analysis provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements and note disclosures. The management's discussion and analysis is designed to focus on current activities, significant changes, and currently known facts. The financial statements, notes, and this discussion are the responsibility of management.

Using this Annual Report

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

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

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

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

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

41.5% GROWTH OF NET ASSETS SINCE 2003

AA- BOND RATING

33.3 M GROWTH OF NET NON-OPERATING REVENUES

Financial Highlights

Ivy Tech Community College's financial position continues to be strong, with an increase in net assets of $24.9 million or 9.0% for the fiscal year ending on June 30, 2009. This continues a trend of solid financial performance that began several years ago. Since 2003-04, net assets have grown from $213.7 million to $302.3 million, an increase of 41.5%. Unrestricted net assets also grew significantly from $107.1 million in 2007-08 to $121.1 million in 2008-09 (a 13.0% increase).

Total operating revenues for 2008-09 were $170.9 million, a decrease of 4.2% resulting from the contracting out of the College's bookstores. Operating revenue associated with the bookstore decreased from $34.8 million to $7.1 million. As noted below, Supplies and Other Services expenses also decreased. Excluding the bookstore change, operating revenues increased by $20.2 million. Much of this increase was a result of the College's growing enrollment. While final figures are not yet in, both total credit headcount enrollment and full time equivalent (FTE) enrollment set new records. This led to a $30.2 million (20.1%) increase in gross student fees and a $13.4 million (11.5%) increase in net fees despite increasing student fee rates by only 3.9%.

Net non-operating revenues grew from $268.3 million in 2007-08 to $301.5 million in 2008-09, an increase of $33.3 million (12.4%). The primary component of this category, State Appropriations, totaled $182.9 million in 2008-09 as compared to $175.4 million in 2007-08. This is an increase of 4.2%. The College is grateful to the State of Indiana for its support in these difficult economic times. The funding of debt service costs for new academic facilities is particularly critical for a rapidly growing institution. It is also important to note that the State repaid the last of the funds that it had previously withheld from Ivy Tech and the other higher education institutions beginning in the 2001-03 biennium. The College had previously received repayments in 2007-08 and 2006-07. Additionally, it should be noted that federal and state governmental grants and contracts increased by $29.1 million or 31.0% from the previous year. Finally, while investment income dropped by $790,000 in 2008-09, this was a result of falling interest rates. Cash and investments grew significantly and the College did not lose any principal or interest income as a result of the credit market difficulties during the past fiscal year.

Operating expenses were $450.7 million for fiscal year 2009, an increase of $13.5 million (3.1%) over 2007-08. This change was driven by increased costs related to serving the College's growing enrollment. The largest single component of operating expenses, Salaries and Wages, grew by $19.2 million (11.0%). An increase of $11.9 million (18.6%) for Scholarships and Fellowships also contributed to the rise. Supplies and Other Services decreased by $19.2 million. This was primarily a result of contracting for bookstore services. Other savings in this category occurred through the College's increased emphasis on standardized purchasing for items such as personal computers, business insurance, and telecommunications services. It should also be noted that benefit costs decreased slightly, primarily due to savings from the College's self insurance for health and dental care. Finally, the College's three and one half year implementation of a new enterprise resource planning software system is nearing completion. The finance, student, and human resource modules are all currently live. Implementation of a new workforce and economic development system is expected to be completed in 2009-10.

In the capital area, in fall 2008 the College began offering classes in new academic buildings in Madison, Marion, and Valparaiso. In addition, following approval by the State Budget Committee and Governor, construction began in 2008-09 on new academic buildings in Ft. Wayne, Logansport, and Greencastle. The completion of these projects will reduce overcrowding and significantly improve academic space in these communities. The Series L bonds that are financing the construction of these projects were sold in early 2008-09. In conjunction with this bond issue, Standard and Poor's increased the College's bond rating from "A+" with a "positive" outlook to "AA-" with a "stable" outlook. At the same time Fitch Ratings reaffirmed its "AA-" ratings and continued with a "stable" outlook.

CONDENSED STATEMENT OF NET ASSETS

June 30	2009	2008 Restated	Percent Change
Current assets	$160,074,246	$110,973,048	44.2
Noncurrent assets	463,518,011	438,426,543	5.7
Total assets	623,592,257	549,399,591	13.5
Current liabilities	67,205,300	68,096,015	-1.3
Noncurrent liabilities	254,062,337	203,926,959	24.6
Total liabilities	321,267,637	272,022,974	18.1
Net assets			
Invested in capital assets, net of related debt	158,280,684	147,195,180	7.5
Restricted	22,951,550	23,066,044	-0.5
Unrestricted	121,092,386	107,115,393	13.0
Total net assets	**$302,324,620**	**$277,376,617**	**9.0**

Assets

Current Assets

Cash and cash equivalents are comprised of cash (in banks and on hand) and investments with maturity dates of 0-90 days as of June 30, 2009. Short-term investments include those with maturity dates of 91-365 days. The College's policy is to invest available cash balances in both short and long-term instruments. Cash and cash equivalents increased 169.8% from 2007-08 and short-term investments decreased 8.6%. The cash and cash equivalents increased substantially, due to various reasons including, collection of a large accounts receivable from the State of Indiana, converting bookstore credit memos into cash, receiving over $7 million in bookstore commissions, shortening the maturity dates of investments because of long-term interest rate reductions, and the College's increase in tuition and fees related to its enrollment growth. Short term investments decreased mainly due to shortening the length of maturities.

Accounts receivable are related, but not limited to, student and contract tuition and fees, grants, and financial aid. Accounting standards typically require the establishment of an allowance for bad debt in the Statement of Net Assets to reflect receivables that are likely to be uncollectible. Net accounts receivable were nearly unchanged even with student enrollment increases. This was mainly due to the collection of bookstore credit memos.

The deposits with trustee are $22.1 million, which is a 238.1% increase due to a bond sale, it is anticipated that it will all be used within 2009-10. The deposits with trustee are attributable to the Series L construction projects for Fort Wayne, Logansport, and Greencastle in the amount of $18.5 million.

The remaining balance is mainly attributed to Series K Valparaiso Phase II, Marion Phase I, and Madison Phase I.

Prepaid expenses are payments made in the current or a previous fiscal year, and for which we have not realized the full value of through fiscal year 2008-09. The prepaid balance at June 30, 2009 includes, among other items, payments of debt principal and interest totaling $17.8 million. Overall current assets increased by $49.1 million which was due mainly to an increase in cash and cash equivalents and deposits with trustee.

Noncurrent Assets

Long-term investments decreased by $6.1 million from the previous year. This was primarily due to shortening investment maturities because of long-term interest rate reductions. Noncurrent accounts receivable represents future income related to the lease of the rights to operate the College's bookstore. Capital assets include land, buildings, infrastructure, equipment, deferred losses on debt refunding, and construction work in progress. Noncurrent assets increased by $25.1 million or a 5.7% increase from the previous year.

OUTSTANDING DEBT AT YEAR END

	6/30/2009	6/30/2008	Increase (Decrease)	Percent Change
Leases, notes, and bonds payable:				
Revenue bonds payable:				
Series E student fee bonds	$ -	$6,540,000	$(6,540,000)	-100.0%
Series G student fee bonds	27,335,000	30,050,000	(2,715,000)	-9.0%
Series H student fee bonds	37,935,000	40,305,000	(2,370,000)	-5.9%
Series I student fee bonds	35,230,000	36,820,000	(1,590,000)	-4.3%
Series J student fee bonds	9,245,000	9,245,000	-	0.0%
Series K student fee bonds	56,775,000	58,760,000	(1,985,000)	-3.4%
Series L student fee bonds	62,595,000	-	62,595,000	100.0%
Total bonds payable	229,115,000	181,720,000	47,395,000	26.1%
Premium on bonds - H,I,J,K & L	7,000,017	5,912,596	1,087,421	18.4%
Lease Obligations	14,047,518	13,453,020	594,498	4.4%
Notes Payable	6,806,000	17,135,000	(10,329,000)	-60.3%
Total leases, notes, and bonds payable	**$256,968,535**	**$218,220,616**	**$38,747,919**	**17.8%**

LIABILITIES

Current Liabilities

Current liabilities will be paid in one year or less from the date of the Statement of Net Assets. Accounts payable and accrued liabilities increased by $3.6 million due mainly to a general increase in accounts payable throughout the College. Compensated absences ($7.5 million) are the amounts due to employees for earned but unpaid vacation/special holidays and accrued sick leave payout. Deposits held in custody for others are monies held by the College for payroll withholdings ($5.0 million), and student clubs ($1.7 million). Deferred revenue represents monies received in the current year for services, tuition and fees, future revenue related to the lease of the College bookstores, or goods to be provided by the College in a future period. Deferred Revenue remained relatively unchanged with a 2.6% increase. The Current portion of debt obligation is the portion of the College's long-term debt which is payable within the next fiscal year. This category decreased by $6.7 million due to a bank loan that was paid off at the November 3, 2008 maturity. The loan was refinanced with proceeds from the series L Bond Issue. Overall, current liabilities decreased by 1.3%. This was primarily due to the large decrease in the current portion of debt obligation.

Noncurrent Liabilities

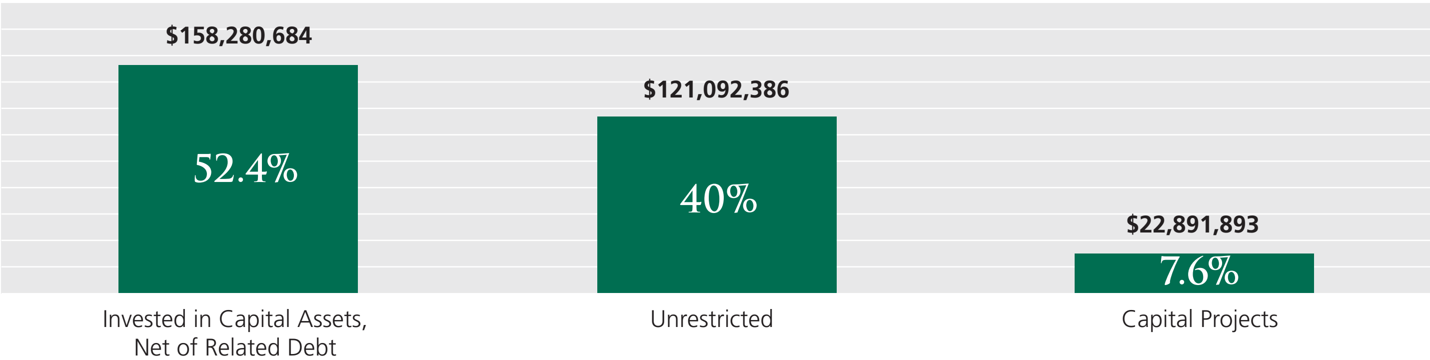
Noncurrent liabilities will be paid one year or later from the date of the Statement of Net Assets. The College's noncurrent liabilities include compensated absences, notes and bonds payable, and other post employment benefits. Noncurrent liabilities increased by $50.1 million mainly due to an increase of ($45.4 million) in long-term debt and other obligations and an increase in Other Post Employment Benefits ($3.1 million). The increase in long-term debt and other obligations was primarily due to the issuance of the Series L bonds. The Governmental Accounting Standards Board (GASB) Statement 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions became effective for the College last year.

It should be noted that due to a change in accounting policies the entire amount included in other post employment benefits is now categorized as noncurrent instead of recognizing a noncurrent and current portion. This change has been made to the prior year as well for comparison purposes.

Net Assets

Net assets represent the difference between the College's assets and liabilities. The classification "invested in capital assets, net of related debt" (which includes building and equipment less depreciation, land owned by the College, and construction work in progress) increased by 7.5% over the prior year. This was due to the Series L construction projects beginning in fiscal year 2008-09. The restricted "capital projects" classification decreased by .5% from the prior year. This was due to capitalizing a few small projects during the fiscal year. Overall net assets increased in fiscal year 2008-09 by $24.9 million or 9.0%. The net assets are comprised of Invested in Capital Assets of 52.4%, Unrestricted of 40.0%, and Capital Projects of 7.6%.

2009 ANALYSIS OF NET ASSETS



Internally Designated Reserves of Unrestricted Funds

The College ended the fiscal year with an unrestricted net asset balance of $121 million, an increase of $14.0 million, or 13.0% as compared to the prior fiscal year. The following provides additional information concerning the allocation of the unrestricted net assets.

Description	FY 2009 Amount	FY 2008 Amount
Self-Insurance	$3,834,695	
Bookstores	23,462,218	23,083,392
Economic Development Revolving Loan	5,280,000	4,918,333
Student Accounts Receivable	12,535,859	4,903,696
Insurance Stabilization	3,234,830	3,120,655
Debt Service Cash Flow Reserve	6,373,841	5,792,107
Parking Lot Repair and Replacement	3,342,437	3,484,706
Compensated Absences Reserve	9,094,865	7,085,586
Other Post Employment Benefits	6,370,659	5,119,675
Technology Acquisition	-	17,027
Payroll Reserve	1,762,091	1,084,191
Enterprise Software Replacement	494,337	3,209,218
Lawrenceburg Financial Aid	14,684	36,160
Unclaimed Property	1,284,609	1,069,978
Student Loan Fund	66,458	53,860
Operating Budget	43,940,803	44,136,809
Total	**$121,092,386**	**$107,115,393**

This year, the college began to administer health insurance for all benefits eligible employees. Under the self-insurance plan, claims are paid directly by the college in the month incurred. A reserve in the amount of $3,834,695 represents the excess of employer contribution over claims expense.

The College previously operated bookstores at twelve of its fourteen regional campuses. Effective June 30, 2008, all College bookstores have been leased to Follett Higher Education Group, Inc. Any outstanding bookstore activity has been reported in 2008-09 operating funds.

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

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

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

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

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

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

The Other Post Employment Benefits cash reserve was established in fiscal year 2005-06 to offset the College's other post employment benefit liability. This reserve was established in advance of the reporting requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The reporting requirements of GASB 45 are applicable to the College at fiscal year ended June 30, 2009. An actuarial estimate was obtained by the College as of June 30, 2009. As a result of this estimate, the College reported an OPEB expense and corresponding liability in the amount of $3.1 million for 2008-09.

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

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

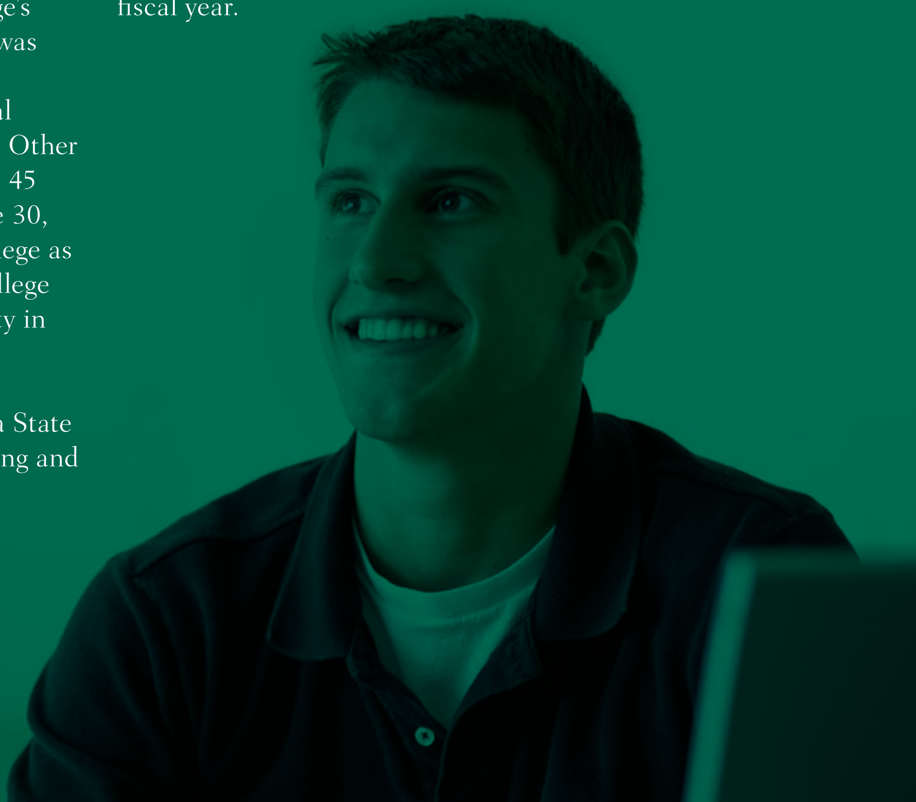
The enterprise software replacement reserve has been established to assist the College in replacing the enterprise-wide software programs. The current enterprise software programs are outdated and implementation of the new Banner software system is currently underway.

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

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

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

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



CAPITAL ASSETS, NET, AT YEAR-END

		Restated		
	6/30/2009	6/30/2008	Increase (Decrease)	Percent Change
Construction Work In Progress	$40,822,961	$10,600,615	$30,222,346	285.1%
Land, Improvements, and Infrastructure	30,162,936	27,619,212	2,543,724	9.2%
Buildings	313,485,375	316,777,117	(3,291,742)	-1.0%
Furniture, fixtures, and equipment	21,753,353	20,171,724	1,581,629	7.8%
Library materials	411,592	253,185	158,407	62.6%
Totals	**$406,636,217**	**$375,421,853**	**$31,214,364**	**8.3%**

During fiscal year 2008-09 net capital assets increased by $31.2 million or 8.3%. The major changes were from the recording of on-going construction costs for the Fort Wayne project of $16.8 million, the Logansport project of $9.3 million and the Greencastle project of $6.3 million. In addition, the College capitalized $1.7 million for the College Administrative Software project.

The College's credit rating as assigned in 2008-09 by Standard and Poor's and Fitch was AA- with a stable outlook.

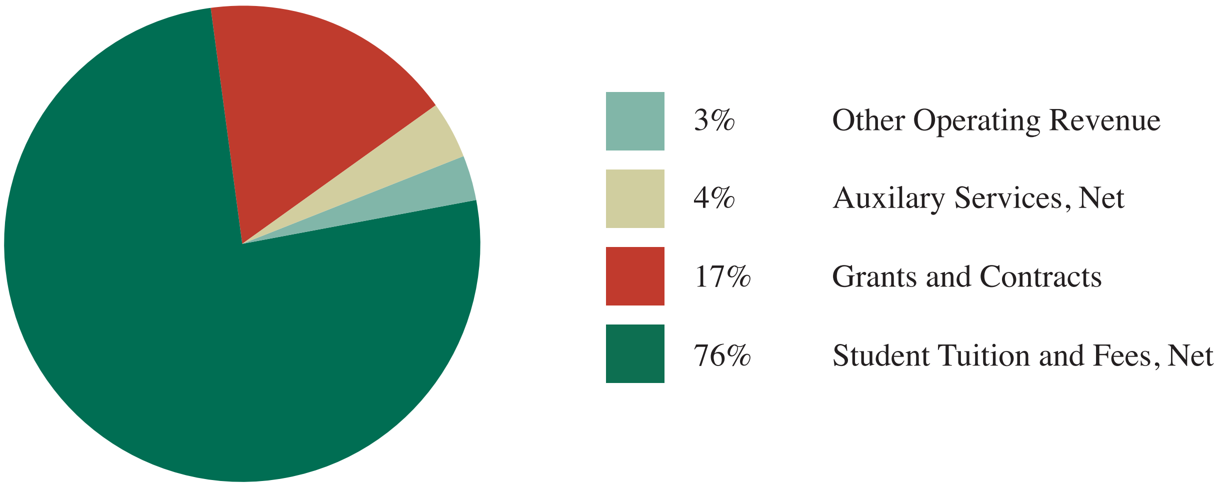
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year Ended June 30	2009	Restated 2008	Percent Change
Operating revenue			
Tuition and fees, net	$130,156,839	$116,704,447	11.5
Grants and contracts	29,123,427	19,985,771	46.0
Auxiliary services, net	7,089,830	34,809,725	(80.0)
Other	4,508,909	6,887,683	(35.0)
Total operating revenue	170,879,004	178,387,625	(4.0)
Operating expense	450,667,922	437,155,323	3.0
Operating income (loss)	(279,788,918)	(258,767,698)	8.0
Nonoperating revenue (expense)			
State appropriations	182,888,129	175,441,003	4.2
Governmental Grants and Contracts	122,920,656	93,780,608	31.0
Other nonoperating revenue (expense)	(4,260,585)	(959,441)	344.1
Net nonoperating revenue	301,548,199	268,262,170	12.0
Income before other revenue, expenses, gains, or losses	21,759,281	9,494,474	129.2
Capital appropriations/Gifts	3,188,723	1,087,000	193.4
Total increase in net assets	24,948,003	10,581,472	135.8
Cumulative Effect of Error Correction		8,124,584	
Net assets			
Net assets - beginning of year	277,376,617	258,670,561	7.2
Net assets - end of year	**$302,324,620**	**$277,376,617**	**9.0**

Revenues

Operating Revenues

Total operating revenues for fiscal year 2008-09 were $171 million, representing a 4.2% decrease compared to the prior year. The following chart and analysis illustrate the details.



Tuition and Fees

Student tuition and fees include all fees assessed for educational purposes. Scholarship discounts and allowances represent the difference between the stated fee rates and the amount that is paid by the students and/or third party payers. The vast majority of the scholarship discounts is paid to the College in the form of Federal and State student financial aid. Net student fee revenue shows an 11.5% increase over 2007-08 due to a full-time equivalent enrollment increase of 10%, student fee increases of 3.9%, increases in incidental fees, and increases in non-credit instruction.

Grants and Contracts

Grants and contracts include restricted revenues made available by federal, state, local, and nongovernmental grants and contracts. In total, this revenue increased 45.7% from 2007-08. Federal sources increased 30.3%, state sources increased 99.1%, and private sources decreased 0.5%. The increase in State funding is due to the College receiving large grants from the State such as, the degree credit program and becoming the regional service provider for Work One at the Terre Haute campus as well as a general increase in funding from the State.

Auxiliary Enterprises

Auxiliary enterprises are intended to be self-supporting and supplement the operations of the College. The total auxiliary enterprise revenue was $7.1 million. The primary revenue source is the commission on sales of items sold by Follette Higher Education Group, Inc.

Operating Expenses

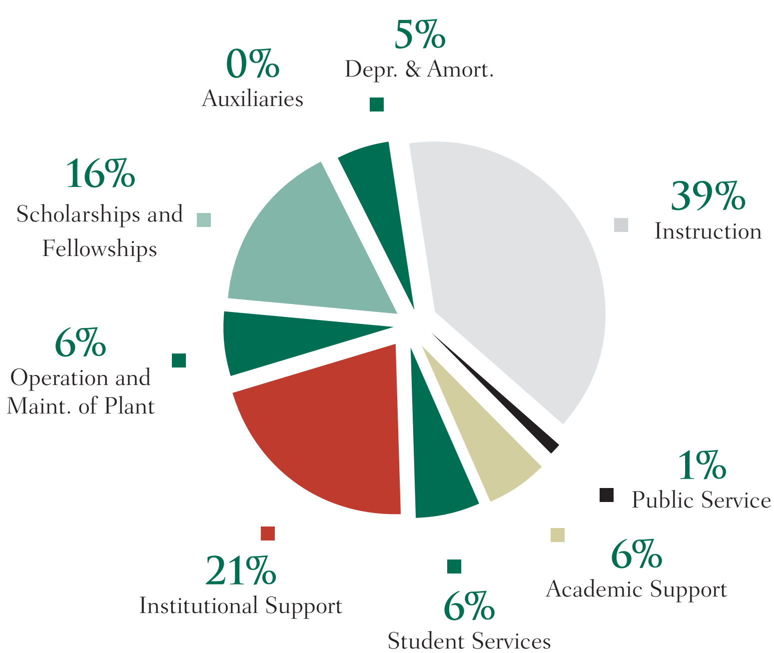
The operating expenses are presented on the financial statements using natural classifications: salaries and wages, benefits, scholarships and fellowships, utilities, supplies and other services, and depreciation. The following schedule shows expenses based on College functional categories.

EXPENSES BY FUNCTION

	2008-09	Restated 2007-08
Instruction	$177,942,885	$157,057,310
Public service	3,775,192	2,087,844
Academic support	29,063,386	26,323,244
Student services	27,854,640	23,362,048
Institutional support	94,559,697	86,381,322
Operation and maintenance of plant	25,956,882	24,413,854
Scholarships and fellowships	71,085,109	63,822,228
Auxiliaries	-	34,545,553
Depreciation and Amortization	20,430,129	19,161,920
Total	**$450,667,922**	**$437,155,323**

As a percentage of total expenses, operation and maintenance and academic support remained relatively flat as a percentage of the total. All other categories increased slightly as compared to prior year.

2009 FUNCTIONAL EXPENSES



Non-Operating Revenue And Expense

The State of Indiana provides appropriations based on a biennial budget for higher education. The College recognized $182.9 million of State Appropriations for fiscal year 2008-09. This is an increase of 4.2% from the previous year. Investment income, which is the earnings from pooled cash and plant investments, decreased from 2007-08 by $790 thousand. Interest expense on capital asset-related debt is the interest paid on bond debt and interim financing. Student government support is the College's designated amount to support student government.

Other Revenues, Expenses, Gains, or Losses

Capital Gifts, Grants and Appropriations increased by $2.1 million, due to receiving donated capital assets.

Statement of Cash Flows

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

- an entity's ability to generate future net cash flows
- its ability to meet its obligations as they come due
- its need for external financing

CONDENSED STATEMENT OF CASH FLOWS

Year Ended June 30	2009	Restated 2008
Cash provided (used) by:		
Operating activities	$(246,534,098)	$(232,094,634)
Non-capital financing activities	295,375,617	283,323,364
Capital and related financing activities	(28,064,681)	(42,825,855)
Investing activities	10,997,113	(34,219,171)
Net increase (decrease) in cash	31,773,951	(25,816,321)
Cash and cash equivalents, beginning of the year	18,710,124	44,526,445
Cash and cash equivalents, end of the year	**$50,484,075**	**$18,710,124**

For the College's financial statement purposes, cash and cash equivalents includes cash plus investments with maturity dates less than 90 days. Cash and cash equivalents increased by 169.8% this fiscal year.

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

Factors Impacting Future Periods

2008-09 was a difficult year economically across the country and around the world. Financial markets were strained unlike any time since the Great Depression. Several banks failed, stock markets plunged, and for a period of time, credit market activity nearly came to a standstill. Manufacturing production slowed and unemployment grew. As a state heavily dependent on manufacturing, Indiana suffered along with the rest of the nation. State tax revenues dropped by nearly a billion dollars from 2007-08 and Indiana commissioned revenue forecast updates in December, April, and May to try to develop realistic revenue targets.

Despite this economic background, the State of Indiana's 2008-09 Combined Statement of Estimated Unappropriated Reserve showed that total reserves grew from $1.382 billion at the end of 2007-08 to $1.419 billion in 2008-09. With the significant loss of tax revenues, the State was able to maintain and actually modestly increase reserves by limiting expenditures. Nearly all functions of government faced budget cuts and higher education was no exception. Ivy Tech Community College reverted $9.0 million of state appropriations in 2008-09. This reversion consisted of a 1% cut in operating appropriations for all colleges and universities, loss of repair and rehabilitation funds (R & R), and a delay in the release of capital projects which led to a reversion of fee replacement (debt service) funds. Despite these cuts, total state appropriations to Ivy Tech grew by $7.4 million during this fiscal year. In addition, the State repaid the final portion of the one month payment delay first withheld from colleges and universities in the 2001-03 biennium. For Ivy Tech Community College, this final payment amounted to $3.1 million.

With a difficult economic environment facing Hoosiers, enrollment at Ivy Tech soared to another all-time record. Once again, both headcount and fulltime equivalent (FTE) enrollment grew in all regions across the State. Preliminary estimates from the College's Office of Institutional Research indicate total credit enrollment at 134,922 students, an increase of 12%. Fulltime equivalent enrollment is estimated to total 54,667, an increase of 10%, when final count is completed. 2008-09 marks the thirteenth consecutive year that the College's FTE enrollment has grown. This led to a student fee revenue increase of $30.3 million (20%) despite a fee rate increase that was the lowest of the seven Indiana public higher education institutions. Summer 2009 and preliminary reports for the 2009 fall semester show this growth accelerating.

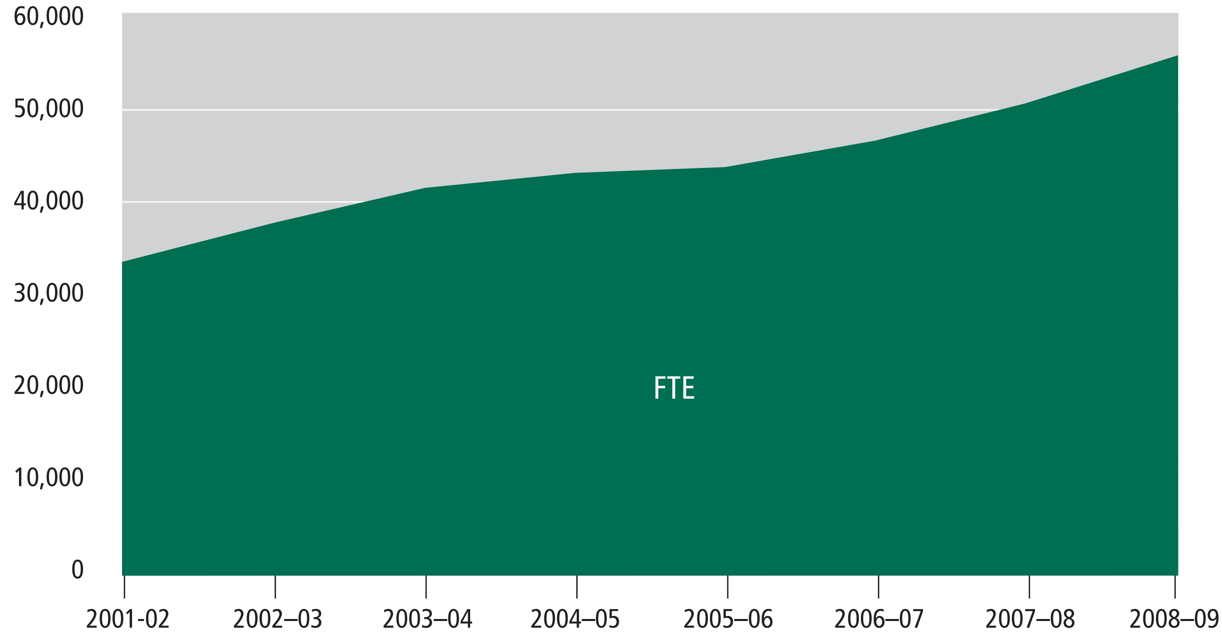
After a long and difficult legislative session, on June 30th the General Assembly adopted the 2009-11 biennial budget. General operating funding for Ivy Tech increased by $2.0 million to $164.4 million in the first year of the biennium and is scheduled to grow by $11.4 million to $175.8 million in 2010-11. Importantly, the Ivy Tech operating funds appropriation does not include federal stimulus funding. Thus all operating appropriations become part of the College's base budget rather than being considered one-time funds. This will be beneficial as future state budgets are developed.

Many of the College's capital needs were addressed in the 2009-11 budget as well. Federal stimulus funds were used to make up for the 2008-09 one percent cut in operating appropriations and the forced reversion of R & R funds. The State Budget Agency has issued guidelines specifying that these funds be used for R & R needs in 2009-10. Stimulus funds were also used to fund R & R for the 2009-11 biennium as well. In addition, the General Assembly provided bonding authority for Warsaw ($10.1 million), Anderson ($20 million), Bloomington ($20 million), Gary ($20 million), as well as an additional ($4.0 million) for the Elkhart project that had been previously approved by the General Assembly and State Budget Committee.

At the time of this writing, the College is nearing completion of new capital projects in Fort Wayne, Logansport, and Greencastle. In addition, Ivy Tech is preparing to issue bonds to finance new construction projects in Sellersburg ($20 million), Elkhart ($19.5 million), Warsaw ($10.1 million), and Indianapolis ($39.5 million). The addition of these new facilities will further enhance the College's ability to serve the educational needs of Hoosiers.

In conclusion, Ivy Tech Community College's financial position continues to be strong. The College looks forward to working with the citizens and businesses of Indiana to provide an educated workforce.

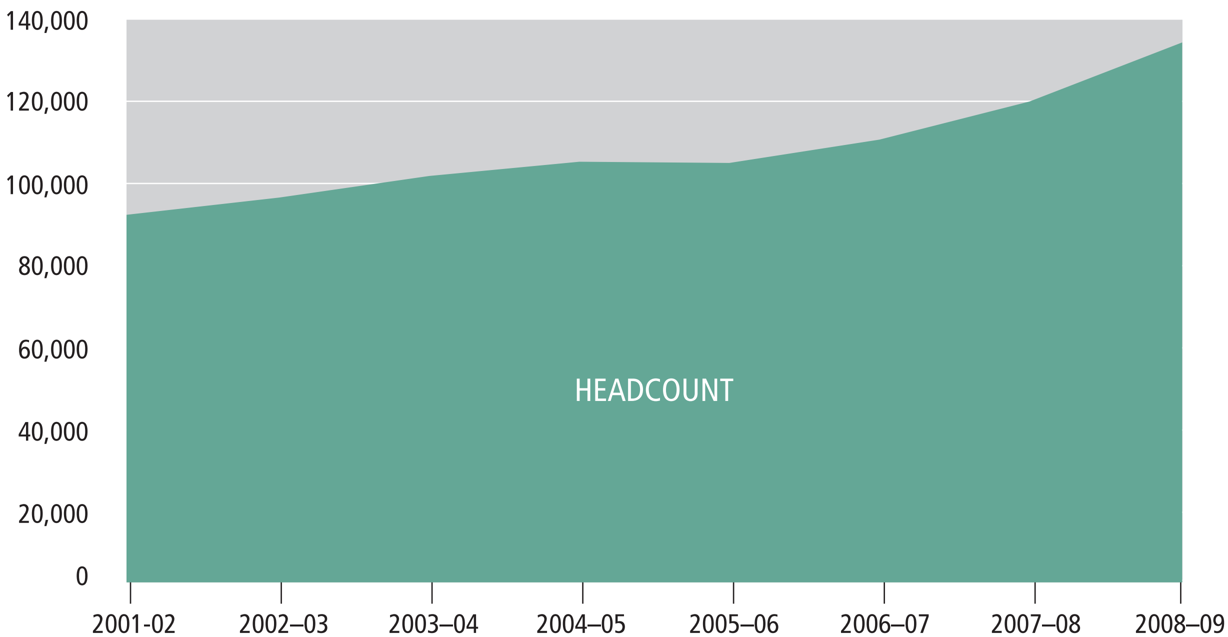
ANNUALIZED STUDENT ENROLLMENT TREND



Since 2001-2002 FTE Enrollment has grown by 63.4%.

*Note: the annualized FTE number for the 2008-09 fiscal year is an estimate as of the publishing of these financial statements.

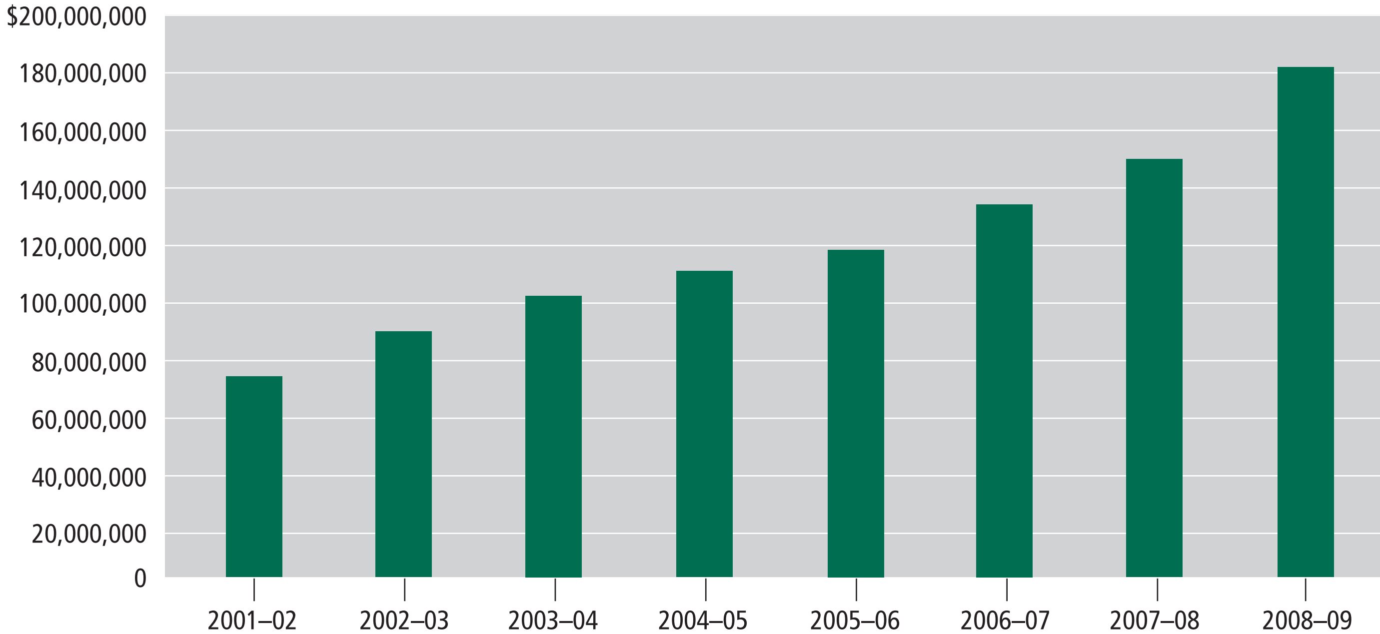
ANNUALIZED STUDENT ENROLLMENT TREND



Since 2001-02 Unduplicated Headcount Enrollment has grown by 45.5%.

*Note: the annualized Headcount number for the 2008-09 fiscal year is an estimate as of the publishing of these financial statements.

GROSS STUDENT FEE REVENUE



Gross Student Fee Revenue has increased 137% since 2001-2002.

Authorized Facilities

During the 2009 General Assembly, the College received bonding authority totaling $74.1 million. Projects receiving bonding authority include Warsaw ($10.1 million), Anderson ($20 million), Bloomington ($20 million), Gary ($20 million) and Elkhart supplemental funding ($4 million). As of October 2009, the State Budget Committee has approved the release of the Warsaw project and the Elkhart supplemental funding project along with the Sellersburg, Elkhart, and a portion of the Indianapolis projects authorized by the 2007 General Assembly. The only remaining projects being pursued by the College that were authorized by the 2007 General Assembly but not yet released, include a portion of the Indianapolis project and planning funds for Muncie/Anderson and Bloomington. Prior to proceeding with any of the remaining 2007 or 2009 authorized projects, the College must receive further authorization from the Commission for Higher Education, the State Budget Committee, and the Governor. Consequently, the timing for the financing and construction of these projects is not known at this time.

IVY TECH COMMUNITY COLLEGE

STATEMENT OF NET ASSETS

June 30, 2009 With Comparative Figures At June 30, 2008

ASSETS	FY 2009	Restated FY 2008
Current Assets		
Cash and Cash Equivalents	$50,484,075	$18,710,124
Short Term Investments	16,000,000	17,509,060
Accounts Receivable	57,246,666	57,746,711
Allowance for Bad Debt	(4,056,951)	(4,058,578)
Deposit with Trustee	22,144,523	6,550,200
Prepaid Expenses	18,255,933	14,515,531
Total Current Assets	**$160,074,246**	**$110,973,048**
Noncurrent Assets		
Long-Term Investments	52,881,794	59,004,690
Accounts Receivable	4,000,000	4,000,000
Capital Assets, Net	406,636,217	375,421,853
Total Noncurrent Assets	463,518,011	438,426,543
TOTAL ASSETS	**623,592,257**	**549,399,591**
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	16,595,111	13,009,046
Compensated Absences	7,482,224	6,935,100
Deposits Held in Custody for Others	6,690,442	5,581,035
Deferred Revenue	22,001,746	21,450,570
Current Portion of Debt Obligation	14,435,777	21,120,264
Total Current Liabilities	67,205,300	68,096,015
Noncurrent Liabilities		
Compensated Absences	5,226,050	3,619,173
Long Term Debt and other Obligations	242,532,761	197,100,352
Other Post Employment Benefits	6,303,526	3,207,434
Total Noncurrent Liabilities	254,062,337	203,926,959
TOTAL LIABILITIES	**321,267,637**	**272,022,974**
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	158,280,684	147,195,180
Restricted:		
Expendable		
Capital Projects	22,891,893	23,008,492
Endowment	59,657	57,552
Unrestricted	121,092,386	107,115,393
TOTAL NET ASSETS	**$302,324,620**	**$277,376,617**

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

IVY TECH FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES-MODIFIED CASH BASIS

June 30, 2009 and 2008

ASSETS	2009	Restated 2008
Cash	$1,614,474	$ 4,364,631
Investments	42,088,542	37,017,650
Tax sale certificates	68,032	
Property and Equipment held for lease	15,016,984	16,371,380
Transferred Assets Held in Community Foundations	852,856	852,856
TOTAL ASSETS	59,640,888	58,606,517
LIABILITIES		
Notes Payable	5,686,982	5,903,292
Line of Credit	1,098,763	
Annuity Payment liability	127,754	132,059
Total Liabilities	6,913,499	6,035,351
FUND BALANCES		
Unrestricted	9,943,545	11,768,758
Restricted:		
Expendable	25,392,774	22,702,153
Nonexpendable	17,391,070	18,100,255
Total Restricted	42,783,844	40,802,408
Total Fund Balances	52,727,389	52,571,166
TOTAL LIABILITIES AND FUND BALANCES	$59,640,888	$58,606,517

See accompanying notes.

IVY TECH COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year Ended June 30, 2009 With Comparative Figures At June 30, 2008

REVENUES	2009	Restated 2008
Operating Revenues		
Student Tuition and Fees	$180,580,246	$150,324,860
Scholarship Allowances	(50,423,407)	(33,620,413)
Net Student Tuition and Fees	130,156,839	116,704,447
Federal Grants and Contracts	3,313,569	2,543,755
State and Local Grants and Contracts	16,900,421	8,489,705
Nongovernmental Grants and Contracts	8,909,437	8,952,311
Sales and Services of Educational Departments	91,968	134,110
Auxiliary Enterprises	7,089,830	39,169,250
Scholarship Allowances	-	(4,359,526)
Net Auxiliary Enterprises	7,089,830	34,809,725
Other Operating Revenues	4,416,941	6,753,573
TOTAL OPERATING REVENUES	**170,879,004**	**178,387,625**
EXPENSES		
Operating Expenses		
Salaries and Wages	194,093,043	174,858,943
Benefits	55,458,922	55,740,508
Scholarships and Fellowships	75,710,112	63,822,228
Utilities	8,162,621	7,547,276
Supplies and Other Services	96,812,819	116,024,448
Depreciation	20,065,288	18,844,249
Amortization of Deferred Loss on Refunding	365,117	317,671
TOTAL OPERATING EXPENSES	**450,667,922**	**437,155,323**
Operating Loss	(279,788,918)	(258,767,698)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	182,888,129	175,441,003
Investment Income	5,164,948	5,954,744
Interest on Capital Asset-Related Debt	(8,587,714)	(6,194,866)
Governmental Grants and Contracts—Federal	106,511,128	79,872,292
Governmental Grants and Contracts—State	16,409,528	13,908,316
Student Government Support	(837,819)	(719,319)
NET NONOPERATING REVENUES	**301,548,199**	**268,262,170**
Income (Loss) Before Other Revenues, Expenses,		
Gains, or Losses	21,759,281	9,494,474
Other Revenues		
Capital Gifts and Grants	2,188,723	87,000
Capital Appropriations	1,000,000	1,000,000
Total Other Revenues	3,188,723	1,087,000
INCREASE IN NET ASSETS Before Cumulative Effect of Error Correction	**24,948,003**	**10,581,472**
Net Assets — Beginning of Year	277,376,617	258,670,561
Prior Period Adjustment to Net Assets Cumulative Effect of Error Correction(s)	-	**8,124,584**
Adjusted Net Asset — Beginning of Year	277,376,617	266,795,145
Net Assets — End of Year	**$302,324,620**	**$277,376,617**

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

IVY TECH FOUNDATION, INC.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES MODIFIED CASH BASIS

Years Ended June 30, 2009 and 2008

REVENUE, GAINS AND SUPPORT	Unrestricted	2009 Restricted	Total	Unrestricted	Restated 2008 Restricted	Total
Contributions						
Expendable	$30,319	$4,803,013	$4,833,332	$18,315	$5,734,250	$5,752,565
Nonexpendable		907,320	907,320		644,021	644,021
Non-cash	1,075,000		1,075,000	1,020,000		1,020,000
Investment Income (Loss)	(32,772)	(1,133,955)	(1,166,727)	1,190,162	1,178,875	2,369,037
Vending Income	261,344	319,420	580,764	227,023	277,515	504,538
Special events income, net of expenses of $155,901 in 2009 and $115,158 in 2008		(27,470)	(27,470)		(18,457)	(18,457)
Grant Revenue		4,797,332	4,797,332		542,430	542,430
Royalties		29,579	29,579		56,815	56,815
Real Estate Rental Income	887,546	63,722	951,268	837,908		837,908
Realized Gain on Sale of Property	20,258		20,258	(955)		(955)
Change in value of split-interest agreements						
Miscellaneous Revenue	-	17,176	17,176	-	14,459	14,459
	2,241,695	9,776,137	12,017,832	3,292,453	8,429,908	11,722,361
Net assets released from restrictions	(79,629)	79,629	-	1,044,854	(1,044,854)	-
Total Revenue, Gains and Support	2,162,066	9,855,766	12,017,832	4,337,307	7,385,054	11,722,361
EXPENSES						
Financial Aid to students		1,747,114	1,747,114		1,986,820	1,986,820
Instructional Supplies and equipment		1,227,810	1,227,810		819,348	819,348
Faculty and Staff Development	691	42,153	42,844	980	73,386	74,366
Employee Recognition	15,578	24,521	40,099	11,399	15,411	26,810
Special Programs	1,044	3,646,877	3,647,921		2,863,815	2,863,815
Community Outreach/Promotional Expense	245,372	302,459	547,831	115,265	243,168	358,433
Donations to Ivy Tech Community College	90,839	181,711	272,550	71,188	185,529	256,717
Donated Land to Ivy Tech	2,266,822	610,000	2,876,822			
Annuity Obligations		4,890	4,890		5,104	5,104
Real Estate Rental Expenses	862,580		862,580	715,560		715,560
Miscellaneous Expenses	4,382		4,382	66,188		66,188
Other Real Estate Expenses		11,800	11,800		127,523	127,523
Total College Assistance Program Expenses	3,487,308	7,799,335	11,286,643	980,580	6,320,104	7,300,684
Administrative Expenses	467,908	14,008	481,916	453,300	6,590	459,890
Fundraising Expenses	32,063	60,987	93,050	40,020	47,904	87,924
Total Expenses	3,987,279	7,874,330	11,861,609	1,473,900	6,374,598	7,848,498
EXCESS OF REVENUE OVER EXPENSES	(1,825,213)	1,981,436	156,223	2,863,407	1,010,456	3,873,863
FUND BALANCES						
Beginning of Year	11,768,758	40,802,408	52,571,166	8,905,351	39,791,952	48,697,303
End of Year	**$9,943,545**	**$42,783,844**	**$52,727,389**	**$11,768,758**	**$40,802,408**	**$52,571,166**

See accompanying notes.

IVY TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2009 With Comparative Figures At June 30, 2008

CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	FY 2009	Restated FY 2008
Tuition and Fees	$133,778,696	$119,872,778
Gifts, Grants, and Contracts	29,585,201	20,131,536
Auxiliary Enterprises	19,724,710	16,766,029
Sales and Services of Educational Departments	91,967	180,190
Payments to Suppliers	(103,692,404)	(111,607,805)
Payments to or on Behalf of Employees	(256,907,236)	(223,399,213)
Payments to Students	(71,876,226)	(60,065,679)
Other Receipts (Payments)	2,761,194	6,027,530
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**(246,534,098)**	**(232,094,634)**
CASH FLOWS FROM (FOR) NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	186,499,003	178,109,754
Receipts from Stafford Loan Proceeds	134,023,976	134,022,108
Payments from Stafford Loan Proceeds to Students/Financial Institutions	(132,837,203)	(133,531,871)
Other Nonoperating Receipts (Payments)	107,689,841	104,723,373
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	**295,375,617**	**283,323,364**
CASH FLOW FROM (FOR) CAPITAL & RELATED FINANCING ACTIVITIES		
Capital Appropriations	355,861	1,449,040
Deposit With Trustee	(18,567,454)	26,039,311
Proceeds from Issuance of Capital Debt	65,095,000	-
Purchase of Capital Assets	(48,022,164)	(52,635,286)
Principal Paid on Capital-Related Debt	(18,212,900)	(11,383,595)
Interest Paid on Capital-Related Debt	(8,713,024)	(6,295,325)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	**(28,064,681)**	**(42,825,855)**
CASH FLOW FROM (FOR) INVESTING ACTIVITIES		
Purchase of Investments	(68,880,000)	(76,500,000)
Proceeds from Sales and Maturities of Investments	76,500,000	36,970,800
Income on Investments	3,377,113	5,310,029
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	**10,997,113**	**(34,219,171)**
Net Increase in Cash	31,773,951	(25,816,321)
Cash and Cash Equivalents – Beginning of Year	18,710,124	44,526,445
Cash and Cash Equivalents – End of Year	**50,484,075**	**18,710,124**
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	(279,788,918)	(258,767,697)
Adjustments to reconcile net operating expenses		
Depreciation Note F	20,065,288	18,844,248
Amortization	343,493	317,671
Allowance for Bad Debt	52,851	554,963
Changes in Assets and Liabilities:		
Accounts Receivable	2,601,082	(14,523,563)
Inventories	-	7,595,830
Prepaid Expense	(11,519)	(165,788)
Accounts Payable and Accrued Liabilities	(3,626,946)	9,387,247
Compensated Absences	2,154,003	1,162,618
Deferred Revenue	11,676,568	3,499,837
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**$(246,534,098)**	**$(232,094,634)**

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

IVY TECH COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

I. Summary of Significant Accounting Policies

A. General Information

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

Ivy Tech Foundation (the Foundation) was incorporated on June 9, 1969, under the Indiana Foundations and Holding Companies Act of 1921 as a corporation organized exclusively for charitable, educational and scientific purposes. The Foundation, whose principal activity is to promote educational, scientific and charitable purposes in connection with or at the request of Ivy Tech Community College (the College), commenced its financial activities with the receipt of various unrestricted contributions in October 1970 and provided $11.3 million to assist the College during fiscal year 2008-09. The Foundation currently operates under the Indiana Nonprofit Corporations Law of 1971 as amended, which is codified as IC 23-17. As required by the Governmental Accounting Standards Board (GASB) number 39, the audited financial statements of the Foundation are discretely presented with the College's financial statements. The Foundation's fiscal year reporting period is from July 1 through June 30. It is important to note for comparison purposes that the Foundation's statements are prepared using the modified cash basis of accounting, while the College uses the accrual basis of accounting. The modified cash basis differs from the cash basis primarily because the Foundation reflects investments and property and equipment purchased as assets on its Statements of Assets, Liabilities, and Fund Balances. Additionally, the Foundation reports notes payable for the purchase of property and annuities payable as liabilities in its Statements of Assets, Liabilities and Fund Balances. Gains and losses on investments are recorded when realized. In addition to receiving cash contributions, the Foundation receives non-cash contributions including gifts of real estate.

The Foundation believes that modified cash-basis statements present the financial information in a more meaningful manner than accrual-basis statements and, accordingly is continuing its policy of presenting its financial statements on the modified cash basis of accounting. Further information regarding the Foundation may be obtained at Ivy Tech Foundation, 50 West Fall Creek Parkway Drive North, Indianapolis, IN 46208-5752 or http://ivytech.edu/giving.

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

As such there is a close relationship between the College and the State of Indiana. The College receives appropriations, program approvals and grants from the State.

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

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

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

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

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

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

Operating revenues of the College consist of tuition and fees, non-financial aid grants and contracts, sales and services of educational activities and bookstore commission revenues. Transactions related to financial aid grants, capital and related financing activities, non-capital financing activities, investing activities, and State appropriations are components of non-operating income.

C. Capital Assets Accounting Policy Disclosure

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

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

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

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

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

D. Prepaid Assets

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

1. Bond principal and interest payments	$ 17,782,939
2. Advance payments to health insurance providers	$ 335,976
3. Other	$ 137,018

II. Accrual of Loss Contingency

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

III. Lease Obligations

The College has entered into certain operating leases for facilities, office furniture and equipment, vehicles, computing equipment, etc. Many of these leases require payments in excess of one year from the date of initiation. The schedule on page 46 provides the minimum future annual payments for those leases, which were in effect on June 30, 2009.

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

IV. Investments

Investment policies, as set forth by the State Board of Trustees, authorize Certificates of Deposits to be established not longer than five years. The bank must be insured by Public Deposit Insurance Fund (PDIF) or Federal Deposit Insured Fund (FDIC). In February 2009, the College's State Board of Trustees approved a new investment policy which states that Certificates of Deposit and/or interest-bearing deposit accounts to one bank must not exceed twenty percent (20%) of the College's total investment portfolio at time of purchase; the previous policy stated that it should not exceed thirty percent (30%) of the College's total investment portfolio. In addition, the total invested must not be more than fifty percent (50%) of the combined capital, surplus, and undivided profits of the bank. US Government Treasury Bills, Notes, Bonds and Agencies maturity dates cannot exceed five years or more. Repurchase Agreement's maximum maturity allowed is fourteen (14) days. Commercial Paper's maximum maturity is two hundred seventy (270) days, must be rated at least A-1 or P-1 by the bond rating agencies, may not exceed fifty percent (50%) of the College total investments, no more than one million ($1,000,000) or ten percent (10%) of the College's total investment, whichever is less, may be invested in any one company at one time, and no more than twenty five percent (25%) of the total Commercial Paper portfolio may be invested in a single industry. Money Market Accounts are limited to funds with assets totaling at least one billion ($1,000,000,000) or funds managed by Indiana banks insured by Public Deposit Insurance fund (PDIF). All investments are unrated at June 30, 2009.

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

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

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

Investments held in the name of the College at June 30, 2009 consist of the following:

Investment Type	Rating	Fair Market Value	Investment Maturities (Years) Less Than 1	1-2	More Than 2
Deposits:	N/A				
Certificate of Deposits		$100,500,000	$33,000,000	$16,000,000	$51,500,000
Investment:					
US Government Agencies Securities	N/A	1,381,794			1,380,000
Money Market	N/A	31,957,449	31,957,449		
Total		$133,839,243	$64,957,449	$16,000,000	$52,880,000

A. Credit Risk

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

B. Interest Rate Risk

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

C. Concentration of Credit Risk

In the allocation of assets, diversification of investments among asset classes that are not similarly affected by economic, political or social developments is a highly desirable objective of credit risk. Thus to avoid undue risk concentrations in any single asset class or investment category, the College's policy requires that Certificates of Deposit at any one bank do not exceed twenty percent (20%) of the College's total investment portfolio at the time of investment, the amount invested must not be more than fifty percent (50%) of the combined capital, surplus, and undivided profits of that bank, as determined from its last published report of condition, Commercial Paper may not exceed fifty percent (50%) of total investments, no more than one million ($1,000,000) or ten percent (10%) of the College's total investment, whichever is less, may be invested in any one company at one time, and no more than twenty-five percent (25%) of the total Commercial Paper portfolio may be invested in a single industry.

The financial institutions that hold five percent (5%) or more of the College's investments at June 30, 2009 are listed below:

Institutions	Cost	Percent of Total Invested
Federated Investors	$31,116,949	23.25%
National City Bank	26,212,311	19.58%
Lake City Bank	26,000,000	19.43%
Key Bank	13,000,000	9.71%
Fifth Third Bank	12,000,000	8.97%

D. Foreign Currency Risk

The College does not hold foreign currency.

E. Custodial Credit Risk

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

V. Line Of Credit

The College has a line of credit in the amount of $3,000,000 with an Indiana financial institution. The College can draw against this agreement to meet certain working capital provisions. As of June 30, 2009, the College had not drawn against this line of credit.

VI. Post-Employment Benefits

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

In addition, all employees who retire between the age of 55 and 65, and whose combined age and years of continuous benefit-eligible service equal at least 75, may elect to remain in the College group medical and dental programs. Those who meet the above requirements and remain in the programs pay only 20% of the full premium expense. The College pays the remaining 80% of the premium, and the expenditure is recognized when paid. During fiscal year 2008-09, expenditures of $427,404 were recognized for 68 employees who participated in the post-retirement health and dental care program.

To enable employees to have paid time off as needed, College policy provides for the accrual of sick leave and vacation time for benefits-eligible employees. The College will pay to each eligible full-time employee a benefit at retirement equal to 50% of the employee's unused sick leave accrual up to 100 days. An employee is eligible for this benefit if he is at least 55 years old and his age plus years of service equal 75 or more at retirement. There is no maximum age limit. Accrued benefit for Sick leave is $4.6 million.

Annual OPEB Cost and Net OPEB Obligation

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

IVY TECH COMMUNITY COLLEGE

JULY 1, 2008 TO JUNE 30, 2009

Annual required contribution	$3,502,486
Interest on net OPEB obligation	160,372
Less adjustment to annual required contribution	139,361
Annual OPEB cost	3,523,496
Less contributions made	427,404
Increase (decrease) in net OPEB obligation	3,096,092
Net OPEB obligation, beginning of year	3,207,434
Net OPEB obligation, end of year	$6,303,526

The College's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06-30-07	$ -	N/A	$ N/A
06-30-08	3,568,508	10%	3,207,434
06-30-09	3,523,496	12.2%	6,303,526

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $28,158,243, and the actuarial value of assets was $0.00 resulting in an unfunded actuarial accrued liability (UAAL) of $28,158,243.

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

Schedule of Funding Progress	July 1, 2008	July 1,2007	July 1, 2006
1. Actuarial Value of Assets	$ 0	$ 0	N/A
2. Accrued Liability	28,158,243	28,693,409	N/A
3. Unfunded Accrued Liability			
(UAL) (2. – 1.)	28,158,243	28,693,409	N/A
4. Funded Ratio (1. / 2.)	0.0%	0.0%	N/A
5. Covered Payroll	N/A	N/A	N/A
6. UAL as a Percentage of Covered			
Payroll (3. / 5.)	N/A	N/A	N/A

Actuarial Methods and Assumption

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

In the June 30, 2009 actuarial valuation, the Unit Credit actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), which is the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by 1% decrements to an ultimate rate of 5% after 5 years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was 29 years.

VII. Self Insurance

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

At June 30, the unpaid claim liability for the dental plan was actuarially estimated at $71,808. In addition, the unpaid claim liability for the medical plan was $2,520,000. The medical plan unpaid claim liability is an estimate based upon Anthem's experience with standard claim payment lag time and a projected number of claims in lag.

A reserve (the excess of employer share over claims paid) was recognized in the amount of $3.8 million.

VIII. Accrued Vacation

Accrued time for vacation vests to a maximum. That maximum is equal to the amount accrued during the preceding 18 months. Unused vacation time is paid out upon termination regardless of age or years of service. The computed College current portion of the liability for accumulated unused vacation pay as of June 30, 2009 is $7.0 million.

IX. Retirement Plans

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

A. Teachers Insurance Annuity Association/College Retirement Equities Fund

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

The participation date for eligible employees is determined by their personnel position classification. Members of TIAA and CREF may elect to allocate contributions to their account under several options. The allocation may be designated in whole or prescribed ratios to the fixed-dollar fund (TIAA) or to a diversified common stock fund(s) (CREF). During the fiscal year ended June 30, 2009, Ivy Tech Community College paid $13.7 million to TIAA/CREF, representing $91.2 million in total salaries.

On June 30, 2009, there were 1,565 employees participating in this retirement program. Further information may be obtained from TIAA/CREF by contacting them at 730 3rd Avenue, New York, New York 10017-3206.

B. American United Life Retirement Option

In fiscal year 2002 the Ivy Tech State Board of Trustees approved the addition of new options to the College's retirement plan offerings. The adoption of these options creates a greater opportunity for employees to diversify their investments. The new retirement plan, American United Life Insurance Company (AUL), was added as an alternate direct vendor to receive College contributions to the Defined Contribution Retirement Annuity (RA) plan for eligible faculty and administrative employees. The Plan became effective on October 1, 2002; employees must choose between TIAA/CREF and AUL. During fiscal year ended June 30, 2009, Ivy Tech Community College paid $1.4 million to AUL, representing $9.1 million in total salaries. On June 30, 2009, there were 138 employees participating in this retirement program. Further information may be obtained from AUL by contacting them at One American Square, P.O. Box 368, Indianapolis, IN 46206-0368.

C. Public Employees' Retirement Fund

1. Plan Description

Ivy Tech Community College contributes to the Public Employees' Retirement Fund (PERF), a defined benefit pension plan for certain employees of the State of Indiana. Full-time non-exempt employees are eligible to participate in the defined benefit plan. On June 30, 2009, 837 employees of Ivy Tech Community College were members of this retirement plan. State statutes (IC 5-10.2 and 5-10.3) govern most requirements of the system and give Ivy Tech authority to contribute to the plan.

The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions set by state statute at three percent of compensation, plus the interest credited to the member's account. Ivy Tech Community College has elected to make the contributions on behalf of the eligible members. The College contributed $724 thousand to individual employee annuity accounts in the Indiana Public Employees' Retirement Fund (PERF) for the year ended June 30, 2009.

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

2. Funding Policy and Annual Pension Cost

The Board of Trustees of PERF establishes the contribution requirements of plan members. Ivy Tech Community College's annual pension cost for the 2009 fiscal year and related information, as provided by the actuary is presented in this note. The amount of retirement costs associated with the employee share, $724 thousand, is not included in the following information.

IVY TECH COMMUNITY COLLEGE

PERF

Annual Required Contribution	$1,178,495	Increase (Decrease) in Net Pension Obligation	$(203,683)
Interest on Net Pension Obligation	(73,281)	Net Pension Obligation, Beginning of Year	(1,010,770)
Adjustment to Annual Required Contribution	83,509	Net Pension Obligation, End of Year	$(1,214,453)
Annual Pension Cost-Employers Share Only	1,188,723		
Contributions Made – Employers Share Only	$1,392,406		

College Contributions: 9.3%	Cost-of-Living Adjustments: 2%
Total College Contributions Includes a 3% Member Share	Asset Valuation Method: 75% of expected actuarial value plus 25% of market value
Plan Members: 837	Investment Rate of Return: 7.25%
Actuarial Valuation Date: 07/01/08	Projected Future Salary Increases: Total 5%
Actuarial Cost Method: Entry Age	Attributed to Inflation: 4%
Amortization Method: Level Percentage of Projected Payroll, Closed	Attributed to Merit/Seniority: 1%
Amortization Period (from date): 07/01/97	Remaining Amortization Period: 30 Years

IVY TECH COMMUNITY COLLEGE

THREE YEAR TREND INFORMATION (PERF)

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/06	964,388	93%	(1,036,181)
06/30/07	1,136,742	98%	(1,010,770)
06/30/08	1,188,723	99%	(1,214,453)

IVY TECH COMMUNITY COLLEGE

SCHEDULES OF FUNDING PROCESS PUBLIC EMPLOYEES RETIREMENT FUND

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Excess of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	Excess (Unfunded) AAL %
07/01/06	18,573,945	18,922,865	(348,920)	98.2%	18,596,192	(1.88%)
07/01/07	21,057,068	20,708,476	348,592	101.7%	19,898,143	0.00%
07/01/08	22,274,898	22,675,033	(400,135)	98.2%	21,460,382	(1.90%)

D. Federal Social Security Act

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

X. Capital Assets

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

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$23,743,830	$1,870,000	$87,557	$25,526,273
Construction work in progress	10,600,615	36,296,648	6,074,302	40,822,961
Land improvements and infrastructure	10,696,174	1,405,272	54,470	12,046,976
Buildings	404,689,380	13,953,634	149,158	418,493,856
Furniture, fixtures, and equipment	60,825,966	7,607,865	1,507,657	66,926,174
Library materials	1,982,961	233,857	-	2,216,818
Total	512,538,926	61,367,276	7,873,144	566,033,058
Less accumulated depreciation:				
Land improvements and infrastructure	6,820,792	643,991	54,470	7,410,313
Buildings	91,563,223	13,472,530	27,272	105,008,481
Furniture, fixtures, and equipment	40,654,242	5,813,092	1,294,513	45,172,821
Library materials	1,729,776	75,450	-	1,805,226
Total accumulated depreciation	140,768,033	20,005,063	1,376,255	159,396,841
Capital assets, net	**$371,770,893**	**$41,362,213**	**$6,496,889**	**$406,636,217**

Construction Work In Progress

The following table presents the construction projects in process as of June 30, 2009.

Portage – Region 01 Planning	275,104
Fort Wayne Technology	2,701,198
Logansport Planning	306,248
Greencastle Construction	161,738
Fall Creek Expansion	1,534,732
Fort Wayne Series L	16,866,755
Capitalized Interest – Fort Wayne	228,736
Logansport Series L	9,327,864
Capitalized Interest – Logansport	152,259
Greencastle Series L	6,351,533
Capitalized Interest – Greencastle	73,224
Agriculture Storage Building	14,775
Anderson Planning	5,261
Multi Modal Federal	313,950
Multi Modal Local	65,891
A&E Planning/Expansion	323,142
Various Repair & Rehabilitation & Parking Lot Projects	2,120,551
Total Construction Work In Progress	**$ 40,822,961**

XI. Long Term Liabilities

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Leases, notes, and bonds payable:					
Lease Obligations	$13,453,020	$1,749,779	$1,155,281	$14,047,518	$811,875
Notes Payable	17,135,000	60,000	10,389,000	6,806,000	561,000
Revenue bonds payable:					
Series E student fee bonds	6,540,000	-	6,540,000	-	-
Bond yield 4.55% - 5.35%					
Series G student fee bonds	30,050,000	-	2,715,000	27,335,000	2,845,000
Bond yield 1.93% - 4.93%					
Series H student fee bonds	40,305,000	-	2,370,000	37,935,000	2,450,000
Bond Yield 1.32% - 3.96%					
Series I student fee bonds	36,820,000	-	1,590,000	35,230,000	1,655,000
Bond Yield 2.3% - 4.55%					
Series J student fee bonds	9,245,000	-	-	9,245,000	-
Bond Yield 4.25% - 4.47%					
Series K student fee bonds	58,760,000	-	1,985,000	56,775,000	2,075,000
Bond Yield 3.76% - 4.74%					
Series L student fee bonds	-	65,095,000	2,500,000	62,595,000	3,525,000
Bond Yield 2.0% - 4.85%					
Total bonds payable	181,720,000	65,095,000	17,700,000	229,115,000	12,550,000

Premium on Bonds-Series H, I, J,K,L	5,912,596	1,600,322	512,900	7,000,017	512,902
Total leases, notes, & bonds payable	218,220,616	68,505,101	29,757,181	256,968,535	14,435,777
Other liabilities:					
Compensated absences	10,554,272	9,004,495	6,850,494	12,708,273	7,482,224
Other post employment benefits	3,207,434	3,096,092	-	6,303,526	-
Total other liabilities	13,761,706	12,100,587	6,850,494	19,011,799	7,482,224
Total long-term liabilities	**$231,982,322**	**$80,605,688**	**$$36,607,675**	**$275,980,334**	**$21,918,001**

A. Notes Payable

The College has issued interim financing notes as a means of providing funds for acquisition and/or construction of facilities as more fully described below. On July 1, 2008 interim financing agreements totaling $17,135,000 were outstanding. During 2008-09, the College made principal payments totaling $521,000 on the Lafayette Phase III loan. In addition, the $9,868,000 principal balance of the Indianapolis loan was repaid from proceeds of the Series L Bond issue. The June 30, 2009 principal balance was $6,746,000.

Location	Balance 6-30-08	Principal Paid 2008-09	New Debt 2008-09	Balance 6-30-09
Lafayette	$7,267,000	$521,000	$ -	$6,746,000
Indianapolis	9,868,000	9,868,000	-	0
Totals	**$17,135,000**	**$10,389,000**	**$ -**	**$6,746,000**

Indianapolis. In October 2003, the College entered into an interim financing agreement in the amount of $11,000,000 with a maturity of November 3, 2008, for the acquisition and partial renovation of the Fairbanks Center in Lawrence, Indiana. At maturity, the loan was refinanced with proceeds from the Series L Bond Issue.

Lafayette Phase III. In January 2007, the College entered into an interim financing agreement in the amount of $7,960,000 with a maturity of January 5, 2012, for the refinancing of a major campus expansion and renovation in Lafayette, Indiana. Upon maturity the loan will be refinanced by the issuance of permanent financing or additional junior lien financing or repaid from student fees. Under the terms of the loan agreement, the College pays a fixed interest rate of 3.75% per annum for the entire term of the loan. The interest expense is paid semi-annually. The College will make principal payments annually according to the following schedule.

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

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

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2010	541,000	252,975	793,975	6,205,000
2011	561,000	232,688	793,688	5,644,000
2012	5,644,000	125,814	5,769,814	
Totals	**$6,746,000**	**$611,477**	**$7,357,477**	

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

B. Refunded Bond Issues

In prior years, the College defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the College's financial statements. At June 30, 2009, $20,520,000 of bonds outstanding is considered defeased.

C. Premium On Bonds

The June 30, 2008 Premium on Bonds of $5.9 million was the remaining balance from the sale of Series H, I, J, & K Student Fee Bonds. The ending balance at June 30, 2009 of $7.0 million includes the remaining balance from Series H, I, J, K and the sale of Series L Student Fee Bonds. It is being amortized over the remaining life of the related bonds.

D. Bond Schedules

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

SERIES E OF 1997, ADVANCED REFUNDING SERIES G OF 2002,
SERIES H OF 2003, SERIES I and SERIES J OF 2005, SERIES K OF 2007, SERIES L OF 2009.

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2010	12,550,000.00	10,207,734.76	22,757,734.76	216,565,000.00
2011	13,075,000.00	9,684,754.26	22,759,754.26	203,490,000.00
2012	13,625,000.00	9,137,816.26	22,762,816.26	189,865,000.00
2013	14,190,000.00	8,554,966.26	22,744,966.26	175,675,000.00
2014	13,930,000.00	7,955,091.76	21,885,091.76	161,745,000.00
2015-2019	69,040,000.00	30,325,375.55	99,365,375.55	92,705,000.00
2020-2024	55,570,000.00	15,141,381.30	70,711,381.30	37,135,000.00
2025-2028	37,135,000.00	3,043,035.66	40,178,035.66	0.00
Totals	**$229,115,000.00**	**$94,050,155.81**	**$323,165,155.81**	

XII. Property Subject To Capital Leases

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

XIII. Restatement of Prior Year Balances – Note Disclosure

2007-08 Financial Statements were restated to recognize land subsequently recorded in the amount of $4,316,468, buildings in the amount of $3,826,702, and depreciation in the amount of $60,225. The chart below illustrates the cumulative effect of the change on the Statement of Net Assets and the Statement of Revenue, Expenses and Changes in Net Assets.

STATEMENT OF NET ASSETS

Category	FY 08 Balance	Adjustments	Restated FY 08
Assets			
Land	19,427,362	4,316,468	23,743,830
Buildings	404,513,638	3,826,702	408,340,340
All Other Categories	84,105,716	-	84,105,716
Total	508,046,716	8,143,170	516,189,886
Accumulated Depreciation			
Buildings	91,502,998	60,225	91,563,223
All Other Categories	49,204,810	-	49,204,810
Total	140,707,808	60,225	140,768,033
Catpital Assets Net	**$367,338,908**	**$8,082,945**	**$375,421,853**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Category	Balance	Adjustment	Restated Balance
Expenses			
Depreciation FY 06-07	$18,784,024	18,587	$18,802,611
Depreciation FY 07-08	$18,802,611	41,638	$18,844,249

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

South Bend Series E Of 1997
Original Issue $16,260,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2009	1,085,000.00	166,305.00	1,251,305.00	0.00

Principal balance of $5,455,000 refunded as part of the Series L Bond Issue of 2009.

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

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF ANNUAL REQUIREMENT FOR PRINCIPAL AND INTEREST

Series G Advance Refunding Of Series D And F (Ft. Wayne, Bloomington, Lafayette Phase I)
Original Issue - $46,370,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2009	2,715,000.00	1,350,813.00	4,065,813.00	27,335,000.00
2010	2,845,000.00	1,222,481.00	4,067,481.00	24,490,000.00
2011	2,975,000.00	1,095,088.00	4,070,088.00	21,515,000.00
2012	3,120,000.00	950,150.00	4,070,150.00	18,395,000.00
2013	3,275,000.00	790,275.00	4,065,275.00	15,120,000.00
2014	3,435,000.00	631,113.00	4,066,113.00	11,685,000.00
2015	3,600,000.00	471,025.00	4,071,025.00	8,085,000.00
2016	2,605,000.00	327,008.00	2,932,008.00	5,480,000.00
2017	2,730,000.00	200,270.00	2,930,270.00	2,750,000.00
2018	2,750,000.00	67,375.00	2,817,375.00	0.00
Totals	**$30,050,000.00**	**$7,105,598.00**	**$37,155,598.00**	

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF ANNUAL REQUIREMENT FOR PRINCIPAL AND INTEREST

Series H Richmond Phase I, Evansville, Valparaiso, Terre Haute
Original Issue - $47,065,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2009	2,370,000.00	1,899,587.50	4,269,587.50	37,935,000.00
2010	2,450,000.00	1,820,250.00	4,270,250.00	35,485,000.00
2011	2,545,000.00	1,722,600.00	4,267,600.00	32,940,000.00
2012	2,660,000.00	1,606,850.00	4,266,850.00	30,280,000.00
2013	2,795,000.00	1,472,125.00	4,267,125.00	27,485,000.00
2014	2,940,000.00	1,328,750.00	4,268,750.00	24,545,000.00
2015	3,090,000.00	1,178,000.00	4,268,000.00	21,455,000.00
2016	3,250,000.00	1,019,500.00	4,269,500.00	18,205,000.00
2017	3,415,000.00	852,875.00	4,267,875.00	14,790,000.00
2018	3,590,000.00	677,750.00	4,267,750.00	11,200,000.00
2019	3,780,000.00	488,775.00	4,268,775.00	7,420,000.00
2020	3,985,000.00	284,943.75	4,269,943.75	3,435,000.00
2021	3,435,000.00	90,168.75	3,525,168.75	0.00
Totals	**$40,305,000.00**	**$14,442,175.00**	**$54,747,175.00**	

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

Series I Evansville, Valparaiso, Madison, and Portage

Original Issue - $39,650,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2009	1,590,000.00	1,552,820.00	3,142,820.00	35,230,000.00
2010	1,655,000.00	1,487,595.00	3,142,595.00	33,575,000.00
2011	1,740,000.00	1,402,720.00	3,142,720.00	31,835,000.00
2012	1,820,000.00	1,327,370.00	3,147,370.00	30,015,000.00
2013	1,885,000.00	1,257,820.00	3,142,820.00	28,130,000.00
2014	1,965,000.00	1,180,820.00	3,145,820.00	26,165,000.00
2015	2,055,000.00	1,090,145.00	3,145,145.00	24,110,000.00
2016	2,160,000.00	984,770.00	3,144,770.00	21,950,000.00
2017	2,260,000.00	883,875.00	3,143,875.00	19,690,000.00
2018	2,355,000.00	788,113.75	3,143,113.75	17,335,000.00
2019	2,455,000.00	691,375.00	3,146,375.00	14,880,000.00
2020	2,555,000.00	592,402.50	3,147,402.50	12,325,000.00
2021	2,660,000.00	486,772.50	3,146,772.50	9,665,000.00
2022	0.00	432,242.50	432,242.50	9,665,000.00
2023	0.00	432,242.50	432,242.50	9,665,000.00
2024	0.00	432,242.50	432,242.50	9,665,000.00
2025	2,760,000.00	371,522.50	3,131,522.50	6,905,000.00
2026	3,375,000.00	235,708.75	3,610,708.75	3,530,000.00
2027	3,530,000.00	80,307.50	3,610,307.50	0.00
Totals	**$36,820,000.00**	**$15,710,865.00**	**$52,530,865.00**	

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

Series J Richmond and Marion
Original Issue - $9,245,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2009	0.00	462,250.00	462,250.00	9,245,000.00
2010	0.00	462,250.00	462,250.00	9,245,000.00
2011	0.00	462,250.00	462,250.00	9,245,000.00
2012	0.00	462,250.00	462,250.00	9,245,000.00
2013	0.00	462,250.00	462,250.00	9,245,000.00
2014	0.00	462,250.00	462,250.00	9,245,000.00
2015	0.00	462,250.00	462,250.00	9,245,000.00
2016	0.00	462,250.00	462,250.00	9,245,000.00
2017	0.00	462,250.00	462,250.00	9,245,000.00
2018	0.00	462,250.00	462,250.00	9,245,000.00
2019	0.00	462,250.00	462,250.00	9,245,000.00
2020	0.00	462,250.00	462,250.00	9,245,000.00
2021	0.00	462,250.00	462,250.00	9,245,000.00
2022	2,780,000.00	392,750.00	3,172,750.00	6,465,000.00
2023	2,925,000.00	250,125.00	3,175,125.00	3,540,000.00
2024	3,075,000.00	100,125.00	3,175,125.00	465,000.00
2025	465,000.00	11,625.00	476,625.00	0.00
Totals	**$9,245,000.00**	**$6,763,875.00**	**$16,008,875.00**	

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

Series K Valparaiso Phase II, Marion Construction and Madison Construction

Original Issue - $60,670,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2009	1,985,000.00	2,720,827.50	4,705,827.50	56,775,000.00
2010	2,075,000.00	2,634,440.00	4,709,440.00	54,700,000.00
2011	2,170,000.00	2,538,927.50	4,708,927.50	52,530,000.00
2012	2,270,000.00	2,439,027.50	4,709,027.50	50,260,000.00
2013	2,370,000.00	2,334,627.50	4,704,627.50	47,890,000.00
2014	2,480,000.00	2,225,502.50	4,705,502.50	45,410,000.00
2015	2,590,000.00	2,117,902.50	4,707,902.50	42,820,000.00
2016	2,695,000.00	2,012,202.50	4,707,202.50	40,125,000.00
2017	2,820,000.00	1,887,802.50	4,707,802.50	37,305,000.00
2018	2,965,000.00	1,743,177.50	4,708,177.50	34,340,000.00
2019	3,115,000.00	1,591,177.50	4,706,177.50	31,225,000.00
2020	3,275,000.00	1,431,427.50	4,706,427.50	27,950,000.00
2021	3,435,000.00	1,270,982.50	4,705,982.50	24,515,000.00
2022	3,600,000.00	1,107,812.50	4,707,812.50	20,915,000.00
2023	3,780,000.00	928,712.50	4,708,712.50	17,135,000.00
2024	3,970,000.00	737,462.50	4,707,462.50	13,165,000.00
2025	4,170,000.00	536,462.50	4,706,462.50	8,995,000.00
2026	4,390,000.00	319,718.75	4,709,718.75	4,605,000.00
2027	4,605,000.00	103,612.50	4,708,612.50	0.00
Totals	**$58,760,000.00**	**$30,681,806.25**	**$89,441,806.25**	

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

Series L Fort Wayne, Logansport and Greencastle Projects; Fairbanks Refinancing and Series E Refunding
Original Issue - $65,095,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2009	2,500,000.00	859,899.73	3,359,899.73	62,595,000.00
2010	3,525,000.00	2,580,718.76	6,105,718.76	59,070,000.00
2011	3,645,000.00	2,463,168.76	6,108,168.76	55,425,000.00
2012	3,755,000.00	2,352,168.76	6,107,168.76	51,670,000.00
2013	3,865,000.00	2,237,868.76	6,102,868.76	47,805,000.00
2014	3,110,000.00	2,126,656.26	5,236,656.26	44,695,000.00
2015	2,715,000.00	2,025,906.26	4,740,906.26	41,980,000.00
2016	2,815,000.00	1,922,093.76	4,737,093.76	39,165,000.00
2017	2,935,000.00	1,807,093.76	4,742,093.76	36,230,000.00
2018	3,070,000.00	1,671,643.76	4,741,643.76	33,160,000.00
2019	3,225,000.00	1,514,268.76	4,739,268.76	29,935,000.00
2020	3,375,000.00	1,366,143.76	4,741,143.76	26,560,000.00
2021	3,530,000.00	1,210,393.76	4,740,393.76	23,030,000.00
2022	3,210,000.00	1,041,893.76	4,251,893.76	19,820,000.00
2023	2,915,000.00	888,768.76	3,803,768.76	16,905,000.00
2024	3,065,000.00	739,268.76	3,804,268.76	13,840,000.00
2025	3,215,000.00	590,306.26	3,805,306.26	10,625,000.00
2026	3,370,000.00	435,825.01	3,805,825.01	7,255,000.00
2027	3,540,000.00	267,393.76	3,807,393.76	3,715,000.00
2028	3,715,000.00	90,553.13	3,805,553.13	0.00
Totals	**$65,095,000.00**	**$28,192,034.29**	**$93,287,034.29**	

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST

SERIES E OF 1997, ADVANCED REFUNDING SERIES G OF 2002, SERIES H OF 2003,
SERIES I AND SERIES J OF 2005, SERIES K OF 2007 AND SERIES L OF 2009

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2009	12,245,000.00	9,012,502.73	21,257,502.73	229,115,000.00
2010	12,550,000.00	10,207,734.76	22,757,734.76	216,565,000.00
2011	13,075,000.00	9,684,754.26	22,759,754.26	203,490,000.00
2012	13,625,000.00	9,137,816.26	22,762,816.26	189,865,000.00
2013	14,190,000.00	8,554,966.26	22,744,966.26	175,675,000.00
2014	13,930,000.00	7,955,091.76	21,885,091.76	161,745,000.00
2015	14,050,000.00	7,345,228.76	21,395,228.76	147,695,000.00
2016	13,525,000.00	6,727,824.26	20,252,824.26	134,170,000.00
2017	14,160,000.00	6,094,166.26	20,254,166.26	120,010,000.00
2018	14,730,000.00	5,410,310.01	20,140,310.01	105,280,000.00
2019	12,575,000.00	4,747,846.26	17,322,846.26	92,705,000.00
2020	13,190,000.00	4,137,167.51	17,327,167.51	79,515,000.00
2021	13,060,000.00	3,520,567.51	16,580,567.51	66,455,000.00
2022	9,590,000.00	2,974,698.76	12,564,698.76	56,865,000.00
2023	9,620,000.00	2,499,848.76	12,119,848.76	47,245,000.00
2024	10,110,000.00	2,009,098.76	12,119,098.76	37,135,000.00
2025	10,610,000.00	1,509,916.26	12,119,916.26	26,525,000.00
2026	11,135,000.00	991,252.51	12,126,252.51	15,390,000.00
2027	11,675,000.00	451,313.76	12,126,313.76	3,715,000.00
2028	3,715,000.00	90,553.13	3,805,553.13	0.00
Totals	**$241,360,000.00**	**$103,062,658.54**	**$344,422,658.54**	

IVY TECH COMMUNITY COLLEGE

SCHEDULE OF FUTURE MINIMUM PAYMENTS ON OPERATING LEASES

June 30, 2009

	2009-10	2010-11	2011-12	2012-13	2014 and Beyond
Facilities	$4,323,259	$2,853,675	$2,003,493	$1,456,928	$ 8,452,000
Office furniture and Equipment	199,258	89,426	34,004	2,371	-
Total	**$4,522,517**	**$2,943,101**	**$2,037,497**	**$1,459,299**	**$8,452,000**

SCHEDULE OF STUDENT FINANCIAL AID EXPENDITURES FOR YEAR ENDED JUNE 30, 2009

With Comparative Figures At June 30, 2008

	Current Unrestricted	Current Restricted	06/30/09 Total	06/30/08 Total
Workstudy (1)	$451,251	$1,242,212	$1,693,463	$1,492,787
Scholarship/Fellowship (2)	-	105,425,604	105,425,604	78,792,629
Grants (3)	669,131	16,810,408	17,479,539	14,905,209
Fee Remissions	4,450,267	-	4,450,267	4,178,091
Administrative Allowance (4)	397,570	-	397,570	370,445
Total Financial Aid Expenses	**$5,968,219**	**$123,478,224**	**$129,446,443**	**$99,739,161**

(1) The $451,251 is comprised of the institutional share of both the Federal and State College Workstudy Programs in the amount of $449,288 and $1,963 respectfully. The prior year institutional share for the Federal and State Programs were $379,723 and $2,275 respectfully.

(2) The amount of $105,425,604 includes $102,640,516 of Pell Grants as compared to $76,308,704 for the prior year. The College has no choice in determining the recipients for the Pell Grant Program.

(3) The $669,131 represents the College share of the Supplemental Educational Opportunity Grant (SEOG Match).

(4) Administrative allowance is made up of $76,030 Federal Work-Study, $198,194 Pell, and $123,346 Federal Supplemental Educational Opportunity Grant (FSEOG).

IVY TECH COMMUNITY COLLEGE

FIVE YEAR TREND IN STUDENT ENROLLMENT

	Actual				
	2004-05	2005-06	2006-07	2007-08	2008-09*
Credit Student - Full Time	32,007	32,988	35,804	40,033	40,477
Part Time	73,756	71,720	75,339	80,414	94,445
Total	105,763	104,708	111,143	120,447	134,922
FTE	42,426	42,975	45,857	49,752	54,667
Non-Credit Students	23,424	20,275	20,630	23,918	26,681

*Estimated

Credit Students

The above information reports students on an "unduplicated" basis for Full Time, Part Time, and the Total categories. FTE reports these students on a "full-time equivalent" basis. For purposes of student count, the above full time data includes individuals who enrolled in 12 or more credit hours for a single term, or 24 or more credit hours for two or more terms.

Non-Credit Students

The above information for non-credit students represents total unduplicated non-credit registrations during the fiscal year. This includes custom training courses as well as open enrollment in both professional development and personal enrichment courses.

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