IVY TECH COMMUNITY COLLEGE

FINANCIAL REPORT

2016-2017


2016

IVY TECH
COMMUNITY COLLEGE OF INDIANA

2016-17 FINANCIAL REPORT

TABLE OF CONTENTS

DEAR FRIENDS OF IVY TECH,

On behalf of the Trustees of Ivy Tech Community College of Indiana, I am pleased to present the College's 2016-17 Financial Report.

As evidenced by this report, Ivy Tech continues to remain fiscally strong thanks to the work of College leadership, faculty, and staff in increasing efficiencies and reducing expenditures. The College is grateful for support received from State appropriations, donor contributions, grants, contracts, and student fees and is committed to maximizing those resources.

Most importantly, this report reflects the College's commitment to prepare students for gainful employment and upward mobility in high valued fields. We are growing ever closer to releasing our new strategic plan in January of 2018 with a goal of increasing the number of graduates to 50,000 students a year and ensuring our programs are aligned to meet the needs of employers.

We look forward to your continued input and support in positioning students for success in Indiana's and the global economy.

Respectfully,

Sue Ellspermann, PhD
President, Ivy Tech Community College

PRESIDENT

Dr. Susan Ellspermann

STATE BOARD OF TRUSTEES

October 25, 2017

TO THE PRESIDENT AND STATE BOARD OF TRUSTEES OF IVY TECH COMMUNITY COLLEGE OF INDIANA:

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

On behalf of all those individuals responsible for the financial stewardship of College resources, I am pleased to present the Ivy Tech Community College of Indiana Annual Financial Report for the year ended June 30, 2017.

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 the College's financial position for the fiscal years ended June 30, 2017 and 2016 with comparative information for fiscal year 2015.

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.

Respectfully submitted,

Emily Styron
Vice President, Finance
Chief Procurement Officer

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the financial statements of the business-type activities and the discretely presented component unit of Ivy Tech Community College of Indiana (College), a component unit of the State of Indiana, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof and for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The President's Letter, State Board of Trustees, Management Letter, Schedules of Annual Bond Requirements for Outstanding Debts, Schedule of Student Financial Aid Expenditures, and Five Year Trend in Student Enrollment are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The President's Letter, State Board of Trustees, Management Letter, Schedules of Annual Bond Requirements for Outstanding Debts, Schedule of Student Financial Aid Expenditures, and Five Year Trend in Student Enrollment have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this information.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 25, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of Ivy Tech Community College of Indiana's (Ivy Tech) annual financial report presents a discussion and analysis of the financial performance of the College for the fiscal year ending June 30, 2017 and 2016 along with comparative data for the year ending June 30, 2015. 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 (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, an Amendment of GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. The financial statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole.

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

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

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

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

Financial Highlights

In return for providing the resources necessary for the operations of the College, Ivy Tech's students and the taxpayers of Indiana demand careful stewardship of State appropriations, student fees, grants and contracts, donor contributions, and other funds. This Annual Financial Report for the 2016-17 fiscal year reflects that commitment.

Overall, the College's financial position continues to be strong. During fiscal year 2016-17, the College's net position increased by a total of $39.2 million or 6.2% compared to the previous year. During the last five years, the College's net position has grown from $509.5 million to $676.2 million, an increase of 32.7%. Unrestricted net position also grew in 2016-17 by $20.4 million or 6.1%. Unrestricted net position has grown from $273.2 million to $351.7 million, a 28.7% increase in five years. This performance has allowed the College to continue to fully fund internally designated funds to offset liabilities for accrued vacation, sick leave, defined benefit pension, and other post-employment benefits (OPEB) while also maintaining reserves for operations, self-insurance, repair and rehabilitation and technology related infrastructure.

Overall, noncurrent liabilities decreased by $27.3 million due to the $28.6 million reduction on principal payments on bonds payable and a $673 thousand decline in net pension liability, off-setting increases of $1.5 million in other post-employment benefits and $405 thousand in compensated absences

Operating revenue decreased in 2016-17 by 5.2%. FTE enrollment modestly declined compared to 2015-16 resulting in gross tuition and fee revenue declining by 4.7% compared to 2015-16. Scholarship allowance declined by 9.2%. The net effect was a 1.7% decrease in net tuition revenue. Nonoperating revenues declined 3.7% primarily due to a decrease in the number of Federal Pell grant recipients. State appropriations were 3.0% higher than the previous year.

Operating expenses totaled $531.6 million, a decrease of 3.3% compared to 2015-16. This decline was primarily attributable to a decrease in scholarship expense of $12.6 million and a decrease in supplies and other services of $6.2 million.

Condensed Statement of Net Position

June 30	2017	2016	2015
Current assets	$194,758,438	$216,270,394	$218,552,907
Noncurrent assets			
Capital assets, net	610,269,702	619,569,500	609,476,710
Other noncurrent assets	258,752,014	246,957,417	209,218,410
Total assets	**1,063,780,154**	**1,082,797,311**	**1,037,248,027**
Deferred outflows of resources	**7,856,302**	**8,795,049**	**3,290,674**
Current liabilities	82,598,307	114,293,149	84,546,098
Noncurrent liabilities	308,482,978	335,775,585	354,096,897
Total liabilities	**391,081,285**	**450,068,734**	**438,642,995**
Deferred inflows of resources	**4,371,158**	**4,529,091**	**3,898,572**
Net position			
Net investment in capital assets	316,907,188	289,604,409	261,339,454
Restricted	7,584,988	16,057,486	29,177,915
Unrestricted	351,691,837	331,332,640	307,479,765
Total net position	**$676,184,013**	**$636,994,535**	**$597,997,134**

Assets

CURRENT ASSETS

Current assets are comprised of cash, cash equivalents which are primarily investments with maturity dates of 0-90 days at date of purchase as of June 30, 2017, and other assets that can be converted into cash within one year from the date of the Statement of Net Position. Overall, current assets decreased by $21.5 million or 9.9% in 2017 compared to a $2.3 million or 1.0% decrease in 2016 and a $10.4 million or 4.5% decrease in 2015. This decrease in current assets in 2016-17 is due primarily to the reductions in cash with fiscal agent and net account receivable. This was offset by an increase in short-term investments.

Cash and cash equivalents decreased by $2.9 million or 4.1%. Short-term investments increased $20.6 million or 39.7%, which include those investments with maturity dates of 91-365 days as of June 30, 2017. These changes are the result of portfolio rebalancing in the first quarter of 2017 and market opportunity changes throughout the year.

Cash with fiscal agent is primarily attributable to the cash held for the annual debt principal and interest payment due on July 1 of the new fiscal year. In 2017, this category decreased by $31.1 million or 53.5% due to the release of proceeds from the Series T bond issue for the refunding of the Series K bonds on July 1, 2016.

Accounts receivable are related, but not limited to, student and contract tuition and fees, grants, and financial aid. Accounting standards typically require the establishment of an allowance for doubtful accounts in the Statement of Net Position to reflect receivables that are likely to be uncollectible. The College policy is that all accounts receivable greater than one year old are to be written off unless payments are currently being made. The net accounts receivable decreased from the previous year by $8.1 million or 23.9% due primarily to the collection of fiscal year 2015-16 State financial aid receivables of $8.0 million. A change in the College's reconciling process and earlier submission to the State in fiscal year 2016-17 resulted in receiving spring term funds prior to the close of the 2016-17 fiscal year.

Prepaid expenses are payments made in the current or a previous fiscal year of which the full value has not been realized during fiscal year 2016-17. This category increased by $21 thousand or 2.3%.

NONCURRENT ASSETS

Noncurrent assets are assets not expected to be converted into cash within one year from the date of the Statement of Net Position. Noncurrent assets increased by $2.5 million or .3% in 2017 compared to a $47.8 million or 5.8% increase in 2016 and a $50.6 million or 6.6% increase in 2015.

In 2017, long-term investments increased by $11.8 million or 4.8% from the previous year. This increase is due to a restructuring from cash and cash equivalents investments in the first quarter of 2017.

Net capital assets decreased $9.3 million or 1.5% primarily due to the increase in accumulated depreciation related to the three large construction projects completed in 2015-16 and the completion of the Hamilton County project.

Deferred Outflows of Resources

Deferred outflows of resources represent consumption of resources applicable to a future reporting period. Deferred outflows decreased $939 thousand or 10.7% due to the change in deferred outflows related to pensions as required by GASB Statement No. 68 and GASB Statement No. 71. Additional information about this item can be found in Note IX, section B.

Liabilities

CURRENT LIABILITIES

Current liabilities are obligations that are due within one year from the date of the Statement of Net Position and will require the use of a current asset or will create another current liability. This category decreased by $31.7 million or 27.7% in 2017 compared to a $29.7 million or 35.2% increase in 2016 and a $9.7 million or 10.3% decrease in 2015. The net change in current liabilities is largely due to the change in the current portion of debt from the release of the proceeds from the Series T bond issue for the refunding of the Series K bonds on July 1, 2016.

Accounts payable and accrued liabilities decreased by $3.0 million or 10.3% in fiscal year 2017. The primary reason for the change was a $3.6 million decrease in payables related to the college's bookstore vendor.

Unearned revenue represents monies received in the current year for services, tuition and fees, or goods to be provided by the College in a future period and not applicable with GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Unearned revenue increased $349 thousand or 3.0% as compared to the prior year as deferred summer revenue increased $1.2 million due primiarly to the recognition of $921 thousand of deferred summer technology and internet based distance education fees. This increase was offset by a reduction of $877 thousand in unearned revenue from restricted grants and contracts.

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 $29.1 million or 50.7% due to the release of the proceeds from the Series T bond issue for the refunding of Series K on July 1, 2016.

NONCURRENT LIABILITIES

Noncurrent liabilities will be paid one year or later from the date of the Statement of Net Position. The College's noncurrent liabilities include compensated absences, long-term debt and other obligations, other post-employment benefits, and beginning in fiscal year 2014-15, net pension liability. Implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* required the recognition of net pension liability for defined benefit pension plans.

Overall, noncurrent liabilities decreased by $27.3 million or 8.1% in 2017, compared to a $18.3 million or 5.2% decrease in 2016 and a $21.4 million or 5.7% decrease in 2015. Since 2015, noncurrent liabilities have decreased by $45.6 million or 12.9% due to the reduction in long-term debt.

The 2017 change in noncurrent liabilities was due primarily to a $28.6 million decrease in long-term debt from the principal payments on bonds payable with an off-setting increase of $1.5 million in other post-employment benefits and a $404 thousand increase in compensated absences. The actuarially determined net pension liability deceased $673 thousand.

In accordance with the appropriate accounting guidance, the entire amount of post-employment benefits is considered a long-term liability.

OUTSTANDING DEBT AT YEAR END

Leases, Notes, and Bonds Payable	6/30/2017	6/30/2016	6/30/2015
Revenue Bonds Payable:			
Series H student fee bonds	$11,200,000	$11,200,000	$11,200,000
Series J student fee bonds	9,245,000	9,245,000	9,245,000
Series K student fee bonds	-	33,085,000	33,085,000
Series L student fee bonds	29,640,000	32,575,000	35,390,000
Series N student fee bonds	62,515,000	66,450,000	70,290,000
Series O student fee bonds	9,200,000	9,200,000	9,200,000
Series P student fee bonds	25,120,000	26,135,000	29,645,000
Series Q student fee bonds	2,785,000	5,640,000	8,450,000
Series R student fee bonds	55,815,000	60,670,000	65,320,000
Series S student fee bonds	2,290,000	4,570,000	6,840,000
Series T student fee bonds	27,410,000	27,730,000	-
Total bonds payable	**235,220,000**	**286,500,000**	**278,665,000**
Premium on bonds—H, J, K, L , P, R, T	12,990,911	14,428,238	12,005,094
Lease obligations	31,709,434	35,371,320	41,312,420
Notes payable	4,457,349	5,714,517	2,446,899
Total leases, notes, and bonds payable	**$284,377,694**	**$342,014,075**	**$334,429,413**

Deferred Inflows of Resources

Deferred inflows of resources represent acquisition of resources applicable to a future reporting period as required by GASB Statement No.68 and GASB Statement No. 71. Deferred inflows related to pensions totaled $4.4 million, a decrease of $158 thousand or 3.5% from fiscal year 2015-16. Additional information about this item can be found in Note IX, section B.

Net Position

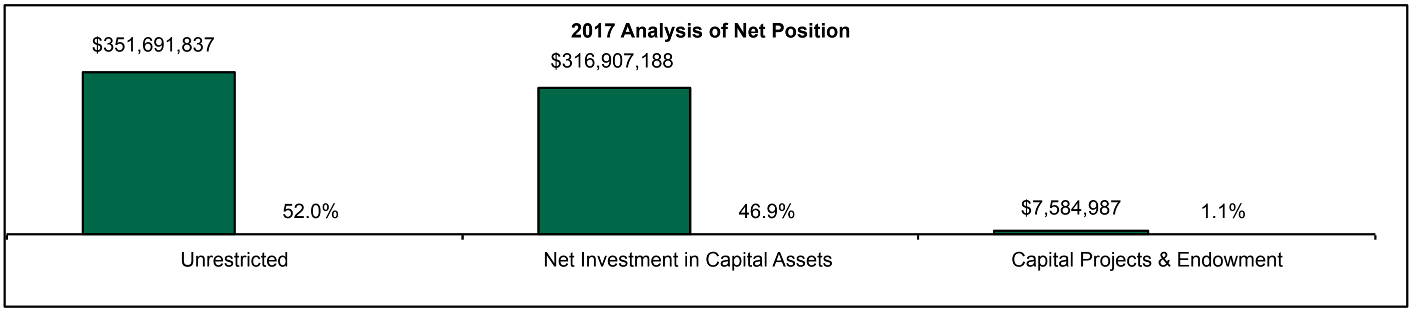
Net position represents the difference between the College's assets and liabilities. Net position increased $39.2 million or 6.2% in 2017 compared to an increase of $39.0 million or 6.5% in 2016 and an increase of $66.8 million or 12.6.% in 2015.

The classification "net investment in capital assets," which includes building and equipment less depreciation, land owned by the College, and construction work in progress, increased by $27.3 million or 9.4% compared to the prior year. This increase was mainly due to the capitalization of the Hamilton County project as well as other repair and rehabilitation projects.

The restricted "capital projects" classification decreased by $8.5 million or 53.0% from the prior year. This decrease was primarily due to the decrease in recorded construction in progress after capitalizing the Hamilton County construction project.

Unrestricted net position increased by $20.4 million or 6.1% due primarily to reductions in total operating expenses of $18.3 million.

The net position is comprised of 52.0% unrestricted net position, 46.9% net investment in capital assets, and 1.1% capital projects and endowments.



Internally Designated Reserves of Unrestricted Funds

The College ended the fiscal year with an unrestricted net position balance of $351.7 million, an increase of $20.4 million or 6.1% as compared to a $23.9 million or 7.8% increase in 2016 and a $34.4 million or 12.6% increase in 2015. The following provides additional information concerning the allocation of the Unrestricted Net Position.

Description	FY 2017 Amount	FY 2016 Amount	FY 2015 Amount
Self-insurance	$12,309,231	$9,487,732	$9,804,974
Bookstore commissions	45,374,312	44,211,937	40,034,256
Economic development revolving loan	5,787,000	5,787,000	5,787,000
Student accounts receivable	11,670,312	12,733,645	15,243,365
Insurance stabilization	910,133	909,951	909,435
Parking lot repair and replacement	4,286,741	4,384,181	4,271,965
Compensated absences reserve	16,662,068	16,272,478	15,065,110
Other post-employment benefits	25,514,773	23,982,614	22,569,718
Pension accounting	16,727,780	16,727,780	16,727,780
Enterprise software enhancements	3,302,889	3,302,889	3,302,889
Unclaimed property	2,630,245	2,628,303	2,665,644
Student loan fund	44,735	45,038	65,881
Institutional R&R reserve	21,202,219	22,922,628	20,000,531
Operating budget	185,269,399	167,936,464	151,031,217
Total	**$351,691,837**	**$331,332,640**	**$307,479,765**

The College administers health insurance for all benefits eligible employees. Under the self-insurance plan, claims are paid directly by the College in the month incurred. A reserve in the amount of $12.3 million represents the excess of employer contribution over claims expense.

The College bookstores are leased to Follett Higher Education Group, Inc. The College maintains a reserve from the commissions to be used for various one-time expenditure needs. Expenditures from this reserve are approved by the Senior Vice President, Chief Financial Officer.

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

The College does not recognize certain student accounts receivable balances for budget purposes. After they have been collected, they are recognized for budgetary purposes and therefore available for expenditure. These funds are held in the Student Accounts Receivable reserve.

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

The parking lot repair and replacement reserve is funded with a College designated portion of student fee collections. Currently seventy-five cents ($0.75) per student credit hour is designated to assist the funding of repairing, maintaining, and providing new parking lots throughout the College. The amount listed is the available cash balance for this reserve as of June 30, 2017.

The compensated absences reserve was established to offset the College's compensated absences liability. The total amount of unrestricted monies set aside is equal to the total liability of $16.7 million. This benefit is discussed in more detail in the Notes to the Financial Statements, page 46. The amount listed is the available cash balance for this reserve as of June 30, 2017.

The other post-employment benefits (OPEB) cash reserve was established in fiscal year 2005-06 to offset the College's other post-employment benefit liability. This reserve was established in advance of the reporting requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. An actuarial estimate was obtained by the College as of June 30, 2017. As a result of this estimate, the College reported an OPEB liability in the amount of $25.5 million as of June 30, 2017. This cash reserve is equal to the corresponding liability. The amount listed is the available cash balance for this reserve as of June 30, 2017.

Pension accounting cash reserve was established in fiscal year 2014-15 to offset the College's net pension liability. GASB Statement No. 68 required the recognition of net pension liability for defined benefit pension plans. An actuarial estimate was provided to the College from the Public Employees' Retirement Fund with a measurement date of June 30, 2016. As a result of this estimate, the College maintained a cash reserve of $16.7 million in fiscal year 2016-17. This was $216 thousand greater than the net pension liability plus deferred inflows related to pensions less deferred outflows related to pensions.

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

Prior to the repeal of Indiana Code Title 4, Article 10, Chapter 10 in July 2014, the College maintained unclaimed property which consisted of 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. As of June 30, 2017, checks that have not been cashed are now reported and remitted to the State's Unclaimed Property division in accordance with the dormancy periods outlined in the State's unclaimed property laws.

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

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

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

Capital Assets, Net, At Year-End

	2017	2016	2015
Construction work in progress	$11,008,641	$22,238,899	$71,406,957
Land	33,566,492	31,607,504	31,013,803
Land improvements and infrastructure	11,916,071	11,923,158	13,141,202
Buildings	527,304,242	527,212,907	471,369,257
Furniture, fixtures, and equipment	26,016,963	26,090,636	21,960,934
Library materials	457,293	496,396	584,557
Totals	**$610,269,702**	**$619,569,500**	**$609,476,710**

During fiscal year 2016-17, net capital assets decreased by $9.3 million or 1.5% compared to a $10.1 million or 1.7% increase in 2016 and a $44.9 million or 8.0% increase in 2015. The change in 2016-17 is mainly due to the increase in accumulated depreciation related to the three large construction projects completed in 2015-16 and the completion of the Hamilton County campus.

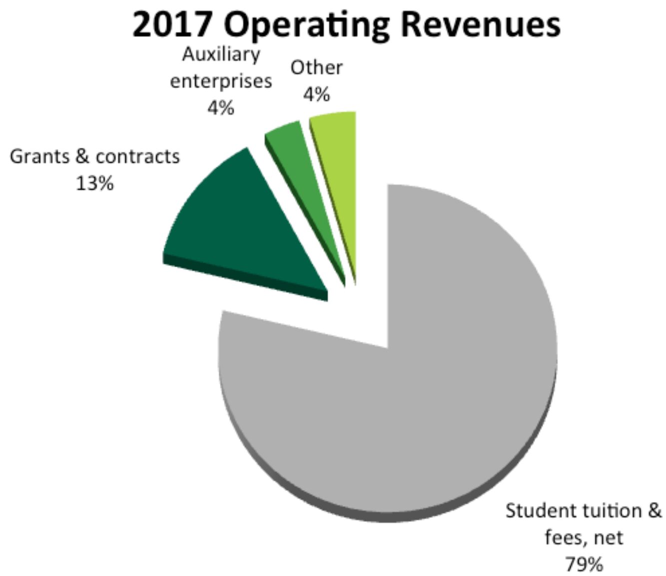
Condensed Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30	2017	2016	2015
Operating revenues	$165,867,457	$174,988,088	$166,570,733
Operating expenses	(531,598,649)	(549,933,555)	(557,483,578)
Total operating losses	(365,731,192)	(374,945,467)	(390,912,845)
Nonoperating revenues	405,602,748	421,242,808	448,585,396
Non-operating expenses	(10,800,608)	(12,385,968)	(9,778,476)
Income before other revenues, expenses, gains, or losses	29,070,948	33,911,373	47,894,075
Other revenues	10,118,530	5,086,028	18,891,633
Increase in net position	39,189,478	38,997,401	66,785,708
Net position, beginning of year	636,994,535	597,997,134	531,211,426
Net position, end of year	**$676,184,013**	**$636,994,535**	**$597,997,134**

Revenues

OPERATING REVENUES

Total operating revenues for 2017 decreased $9.1 million or 5.2% compared to a $8.4 million or 5.1% increase in 2016 and a $15.3 million or 8.4% decrease in 2015. The following chart and analysis illustrate the 2016-17 operating revenues.



TUITION AND FEES

Student tuition and fees, which include all fees assessed for educational purposes, decreased by $10.3 million or 4.7% mainly due to a reduction in enrollment. Scholarship discounts and allowances represent the difference between the stated fee rates and the amount that is paid by third party payers. The vast majority of the scholarship discounts are paid to the College in the form of Federal and State student financial aid. The scholarship discounts decreased $8.1 million or 9.2% compared to fiscal year 2016 due to a reduction in resources provided as financial aid. The reduction was attributed to a decrease in enrollment and a decline in the number of degree seeking students receiving financial aid.

GRANTS AND CONTRACTS

Grants and contracts include restricted revenues made available by federal, state, local, and nongovernmental grants and contracts. As outlined on the chart below, Federal sources decreased $273 thousand or 9.0% due to a decrease in federal grant spending. State and local sources increased by $664 thousand or 5.2% mainly due to an unexpected third allocation of Perkins funding late in the fiscal year. Nongovernmental sources decreased $2.6 million or 30.9% due to a decline in spending as activities funded by nongovernmental grants, contracts, and agreements neared completion. In total, revenue from grants and contracts decreased by 9.2%.

	2017	2016	2015
Federal grants and contracts	$2,756,738	$3,029,844	$2,025,256
State and local grants and contracts	13,532,770	12,868,810	12,505,519
Nongovernmental grants and contracts	5,908,380	8,555,640	8,065,841
	$22,197,888	**$24,454,294**	**$22,596,616**

Auxiliary Enterprises

Auxiliary enterprises are intended to be self-supporting and supplement the operations of the College. The total auxiliary enterprise revenue was $5.8 million. The primary revenue source is the commission on bookstore sales. This category decreased by $4.2 million or 42.1% in 2016-17 primarily due to the 2015-16 recognition of the remaining $3.6 million of unamortized payments received from Follett for the lease of the College's bookstores in fiscal year 2008. The reduction of bookstore sales commission accounted for $520 thousand of the decrease.

Operating Expenses

Total operating expenses decreased by $18.3 million or 3.3% in 2017 compared to a $7.6 million or 1.4% decrease in 2016 and a $46.2 million or 7.7% decrease in 2015. The decrease in operating expenses in 2015 was primarily due to the $27.4 million reduction in personnel costs as a result of the Early Retirement Incentive Plan (ERIP) in 2014 and from the reduction of $18.9 million in scholarships and fellowships expenses. In 2017, the $12.6 million decrease in scholarships and fellowships expense and the $6.2 million decrease in supplies and other services accounted for the majority of the reduction in total operating expenses. Changes to operating expenses during 2017 are noted below.

COMPENSATION

Salary and wages expense decreased by $355 thousand or .1% and benefits expense decreased $1.1 million or 1.4%. Surplus self-insurance contributions was the primary factor for the reduction in benefit expenses in fiscal year 2016-17.

SCHOLARSHIPS AND FELLOWSHIPS

Scholarships and fellowships decreased $12.6 million or 15.0% in 2016-17 due to a reduction in enrollment and the number of degree seeking students receiving Federal financial aid.

UTILITIES

Utilities increased $349 thousand or 3.2% compared to 2015-16.

SUPPLIES AND OTHER SERVICES

Supplies and other services decreased $6.2 million or 5.9% due to reductions in discretionary spending.

DEPRECIATION

Depreciation expense increased by $1.5 million or 5.0% in 2017 mainly due to the addition of the three large construction projects completed in 2015-16 and the completion of the Hamilton County project.

AMORTIZATION OF DEFERRED LOSS ON REFUNDING

Amortization of deferred loss on refunding did not change.

Nonoperating Revenue and Expense

This category consists of State and Federal appropriations, investment income, interest on capital asset-related debt, governmental grants and contracts, gifts and student government support.

Nonoperating revenues decreased $15.6 million or 3.7% in 2017, compared to a $27.3 million or 6.1% decrease in 2016, and a decrease of $21.3 million or 4.5% in 2015. The major factor for the declines in nonoperating revenues is attributed to Federal and State financial aid revenues which have declined by $60.0 million or 29.0 % since 2015.

In fiscal year 2016-17, Federal grants and contracts totaled $118.2 million, a reduction of $19.8 million or 14.3% from the previous year. State aid awards decreased by $1.2 million or 4.1% from the previous year. The reduction in both Federal and State awards are due to the decline in enrollment and a reduction of degree-seeking students receiving financial aid.

State appropriations increased by $7.3 million or 3.0%. Investment income decreased by $2.4 million or 45.1%. This decrease can be attributed to lower returns on the investment portfolio due to market conditions.

Gift revenue of $495 thousand was recognized in fiscal year 2017.

Nonoperating expenses decreased $1.6 million or 12.8% during fiscal year 2017 due to the reduction of interest expense on capital asset related debt.

OTHER REVENUES, EXPENSES, GAINS, OR LOSSES

Total other revenues, expenses, gains, or losses consist of capital gifts, grants, gains (losses) from the sale of capital assets, and capital appropriations. In total, this category increased by $5.0 million in 2017, compared to a $13.8 million decrease in 2016 and $15.8 million increase in 2015.

In fiscal year 2017, capital appropriations remained unchanged at $4.0 million. Capital gifts, grants and gains/ (losses) from sale of capital assets increased $5.0 million due primarily to the recognition of $6.1 million in capital gifts received from the Ivy Tech Foundation. The two largest gifts received were for on-going construction projects at the Bloomington campus for $2.5 million and $1.1 million for the Anderson campus.

Statement of Cash Flows

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

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

Condensed Statement of Cash Flows

Year Ended June 30	2017	2016	2015
Cash provided (used) by:			
Operating activities	($324,932,972)	($335,879,702)	($384,675,136)
Noncapital financing activities	401,040,507	418,254,709	441,110,845
Capital and related financing activities	(49,540,851)	(56,780,645)	(39,019,298)
Investing activities	(29,476,956)	(38,963,517)	14,375,163
Net increase (decrease) in cash	**(2,910,272)**	**(13,369,155)**	**31,791,574**
Cash and cash equivalents, beginning of the year	71,359,066	84,728,221	52,936,647
Cash and cash equivalents, end of the year	**$68,448,794**	**$71,359,066**	**$84,728,221**

For the College's financial statement purposes, cash and cash equivalents are comprised of cash (in banks and on hand) and investments with maturity dates of 0-90 days at date of purchase as of June 30, 2017. Cash and cash equivalents decreased by 4.1% this fiscal year. This change is primarily due to portfolio rebalancing based on market opportunities.

Cash used for operating activities decreased $10.9 million in 2017 compared to a $48.8 million decrease from 2015 to 2016. The reduction in payments to students and the reduction in payments to suppliers accounted for the largest decrease in operating outflows in both 2017 and 2016.

Cash provided from noncapital financing activities decreased by $17.2 million in 2017 compared to a $22.9 million decrease in 2016. The largest decline in cash was from Federal and State scholarships and grants and from Direct Federal loan proceeds.

Cash used for capital and related financing activities decreased $7.2 million in 2017 compared to a $17.8 million increase from 2015 to 2016. The largest decrease on the use of cash in 2017 was for principal payments on capital debt.

Cash used for investing activities decreased $9.5 million in 2017 compared to a $53.3 million increase in cash used from 2015 to 2016. Purchase of investments exceeded proceeds from sales and maturities of investments in 2017.

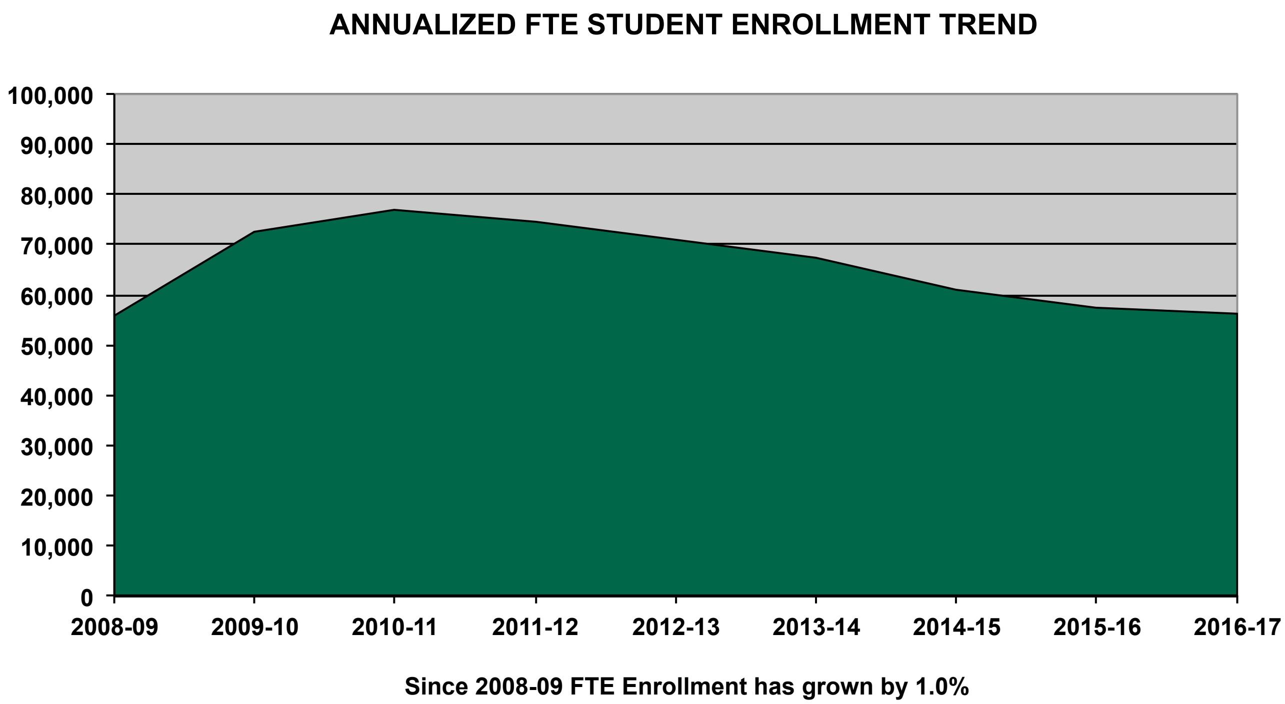
According to the authoritative guidance from the GASB, State appropriations and Federal and State financial aid proceeds are to be shown as a non-capital financing activity and not as cash provided by operating activities. This resulted in showing more cash being used for operating activities than cash being provided.

Factors Impacting Future Periods

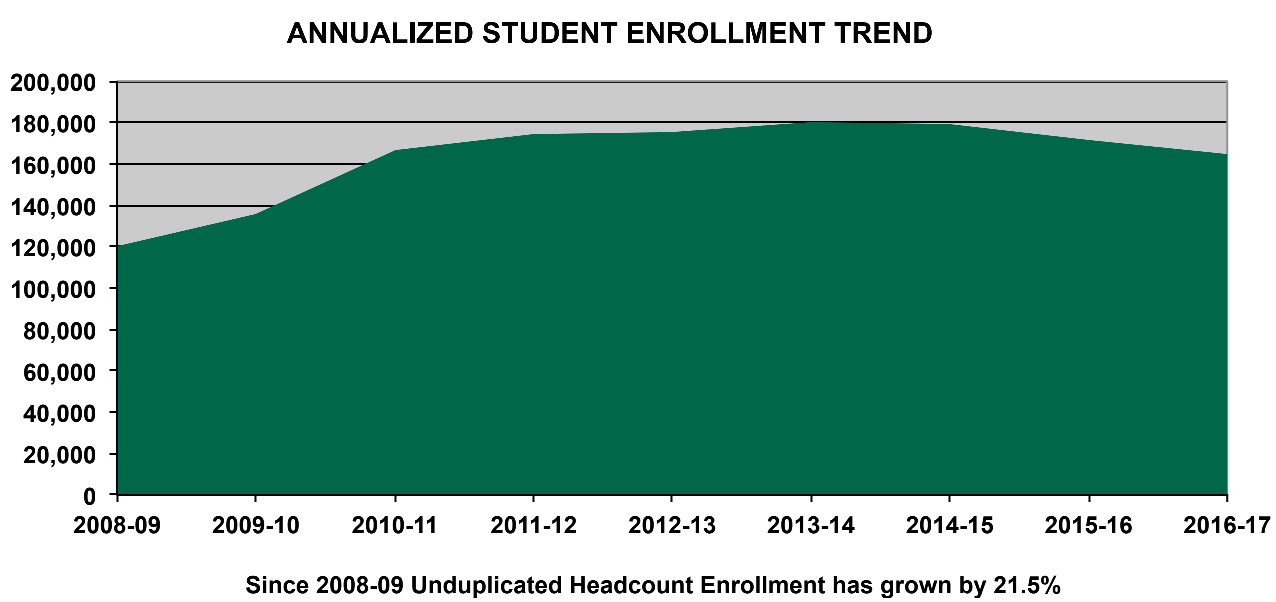
Ivy Tech is well positioned to continue to serve the educational and training needs of Hoosiers. The College is in sound financial shape. Net position continues to grow and the College consistently operates with a positive operating margin. Key financial ratios are strong as evidenced by the Higher Learning Commission's financial ratios. Both Standard and Poor's and Fitch Ratings maintain an 'AA' bond rating for the College's long-term debt.

State of Indiana general fund revenues increased 3.1% compared to the prior year. The state's largest source of revenue – sales and use taxes – grew 3.7% vs. fiscal year 2016. Individual income tax revenue increased 4.2%. The State ended fiscal year 2016-17 with a combined balance of $1.8 billion and a $42 million operating surplus, a 2% increase compared to the prior year. The most recent economic and revenue forecast (April 2017) projects revenue growth of 2.8% in fiscal year 2018. The most recent projection from the Indiana State Budget Agency projects a $118 million operating surplus for the State of Indiana in 2017-18 and combined balances of $1.9 million. For fiscal year 2017-18, the College has targeted a significant portion of increased tuition revenues and state operating funds toward improving student outcome; recruitment and retention, enhancing workforce alignment and increasing the number of credentials and degrees awarded. The College continues to post strong results under Indiana's performance funding formula which is used to allocate operating funds to the state's public universities and colleges. Based on this formula, the College's state operating appropriation is set to increase 3.6% in 2017-18.

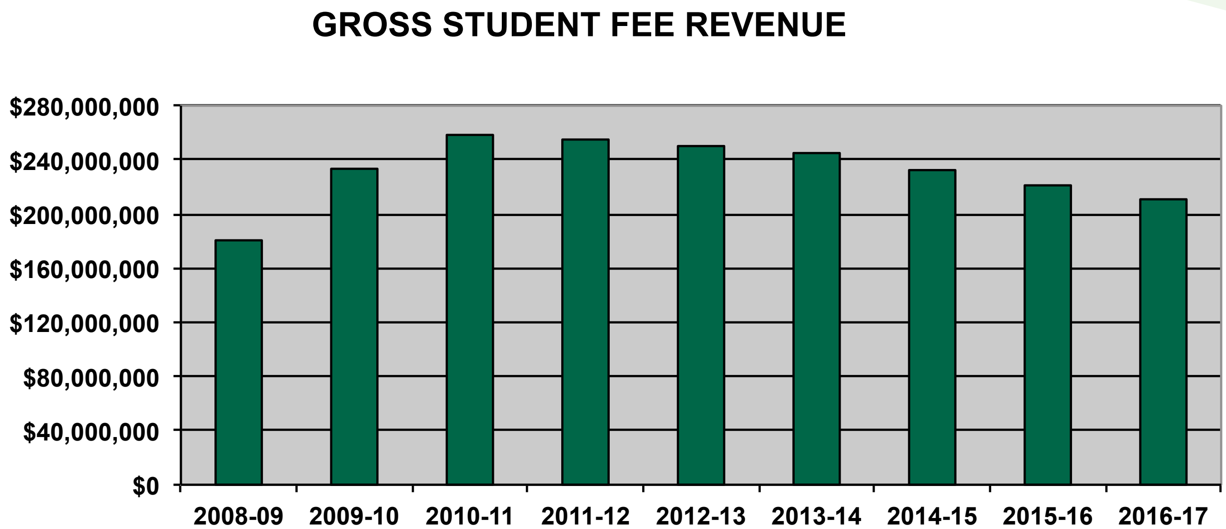
Enrollment at Ivy Tech declined in 2016-17, reflecting a continuation of the modest declines for the College in prior years, and consistent with national trends for community colleges. As reflected in the College's Statement of Revenues, Expenses and Changes in Net Position, this contributed to a modest decline in gross tuition revenue. Historical annual unduplicated headcount and FTE are reflected in the following charts.



- Note: the annualized FTE number for the fiscal year 2016-17 is an estimate as of the publishing of these financial statements.



- Note: the annualized Headcount number for the fiscal year 2016-17 is an estimate as of the publishing of these financial statements.



Gross Student Fee Revenue has increased 17% since 2008-2009.

Authorized Facilities

In the 2017 General Assembly, the College received a capital bonding allocation of $78.9 million and cash appropriations of $3.0 million for capital renovations. Projects receiving bonding include Kokomo $40.2 million and Muncie $37.7 million. In addition, the College received a cash appropriation of $3.0 million for Fort Wayne Harshman Hall. Prior to proceeding with any of these projects, the College must receive further authorization from the Commission for Higher Education, the State Budget Committee, and the Governor. Construction on these projects is expected to start in the spring of 2018. We anticipate issuing tax exempt fee replacement bonds in fiscal year 2018-19 for the total $78.9 million pursuant to authority granted in HEA 1001-2017.

Ivy Tech Community College of Indiana
Statement of Net Position

June 30, 2017 With Comparative Figures at June 30, 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$68,448,794	$71,359,066
Cash with fiscal agent	27,060,200	58,163,326
Short-term investments	72,449,934	51,850,976
Accounts receivable	30,922,782	41,497,215
Allowance for doubtful accounts	(5,067,825)	(7,539,332)
Inventories	16,318	31,651
Prepaid expenses	928,235	907,492
Total current assets	**194,758,438**	**216,270,394**
Noncurrent assets		
Long-term investments	258,752,014	246,957,417
Capital assets, net	610,269,702	619,569,500
Total noncurrent assets	**869,021,716**	**866,526,917**
TOTAL ASSETS	**1,063,780,154**	**1,082,797,311**
Deferred outflows of resources		
Deferred outflows related to pension	7,856,302	8,578,049
Loss on refunding	-	217,000
Total deferred outflows of resources	**7,856,302**	**8,795,049**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	26,248,504	29,258,250
Compensated absences	9,844,283	9,859,146
Deposits held in custody for others	6,405,729	6,344,676
Unearned revenue	11,875,223	11,526,665
Current portion of debt obligation	28,224,568	57,304,412
Total current liabilities	**82,598,307**	**114,293,149**
Noncurrent liabilities		
Compensated absences	6,817,785	6,413,331
Long-term debt and other obligations	256,153,126	284,709,662
Other post-employment benefits	25,514,773	23,982,614
Net pension liability	19,997,294	20,669,978
Total noncurrent liabilities	**308,482,978**	**335,775,585**
TOTAL LIABILITIES	**391,081,285**	**450,068,734**
Deferred inflows of resources		
Deferred inflows related to pension	**4,371,158**	**4,529,091**
NET POSITION		
Net investment in capital assets	316,907,188	289,604,409
Restricted for: Capital projects	7,521,210	15,993,721
Restricted for: Endowment	63,778	63,765
Unrestricted	351,691,837	331,332,640
TOTAL NET POSITION	**$676,184,013**	**$636,994,535**

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

Ivy Tech Foundation, Inc.
Consolidated Statement of Financial Position
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and equivalents	$6,520,756	$8,729,014
Investments	16,721,652	15,291,756
Pledges receivable	9,404,543	11,525,742
Prepaid expenses and other assets	970,614	805,283
Property and equipment, net	52,947,283	69,468,266
Receivable from related party	1,167,801	3,450,404
Net investment in direct financing lease with related party	5,881,644	6,034,157
Note receivable from bank	23,510,509	23,510,509
Beneficial interest in trusts	209,880	185,322
Assets restricted for permanent endowment	31,513,630	31,600,589
Agency funds-Intersection Connection	-	5,647,405
TOTAL ASSETS	**$148,848,312**	**$176,248,447**
LIABILITIES		
Accounts payable and accrued expenses	$1,537,474	$1,386,702
Accounts payable— related party	838,501	2,824,106
Lines of credit borrowings	2,712,407	2,454,968
Interest rate swap liability	248,195	395,428
Notes payable and capital lease obligation	47,108,516	56,650,845
Other liabilities	369,794	382,566
Agency funds — Intersection Connection	-	5,647,405
TOTAL LIABILITIES	**52,814,887**	**69,742,020**
NET ASSETS		
Unrestricted	7,984,330	10,353,433
Restricted:		
Temporarily restricted	56,535,465	64,552,405
Permanently restricted	31,513,630	31,600,589
Total restricted	88,049,095	96,152,994
TOTAL NET ASSETS	**96,033,425**	**106,506,427**
TOTAL LIABILITIES AND NET ASSETS	**$148,848,312**	**$176,248,447**

See accompanying notes

Ivy Tech Community College of Indiana
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017 With Comparative Figures at June 30, 2016

	2017	2016
REVENUES		
Operating Revenues		
Student tuition and fees	$210,876,978	$221,184,594
Scholarship allowances	(80,319,394)	(88,435,703)
Net student tuition and fees	130,557,584	132,748,891
Federal grants and contracts	2,756,738	3,029,844
State and local grants and contracts	13,532,770	12,868,810
Nongovernmental grants and contracts	5,908,380	8,555,640
Sales and services of educational departments	1,970,774	1,698,851
Auxiliary enterprises	5,824,883	10,065,782
Other operating revenues	5,316,328	6,020,270
TOTAL OPERATING REVENUES	**165,867,457**	**174,988,088**
EXPENSES		
Operating Expenses		
Salaries and wages	238,665,227	239,020,725
Benefits	77,430,881	78,491,196
Scholarships and fellowships	71,364,259	83,943,030
Utilities	11,378,956	11,030,357
Supplies and other services	99,912,711	106,149,898
Depreciation	32,629,615	31,081,349
Amortization of deferred loss on refunding	217,000	217,000
TOTAL OPERATING EXPENSES	**531,598,649**	**549,933,555**
Operating income (loss)	(365,731,192)	(374,945,467)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	254,383,944	247,064,144
Federal appropriations	1,189,496	1,252,386
Investment income	2,909,708	5,301,016
Interest on capital asset-related debt	(10,146,503)	(11,679,910)
Governmental grants and contracts-federal	118,182,006	137,958,208
Governmental grants and contracts-state	28,442,329	29,667,054
Gifts	495,265	-
Student government support	(654,105)	(706,058)
NET NONOPERATING REVENUES	**394,802,140**	**408,856,840**
Income (loss) before other revenues, expenses, gains, or losses	29,070,948	33,911,373
Capital gifts, grants and gain from sale of capital assets	6,071,332	1,038,830
Capital appropriations	4,047,198	4,047,198
Total other revenues, expenses, gains or losses	**10,118,530**	**5,086,028**
INCREASE IN NET POSITION	**39,189,478**	**38,997,401**
Net position—beginning of year	636,994,535	597,997,134
Net position—end of year	**$676,184,013**	**$636,994,535**

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

Ivy Tech Foundation, Inc.
Consolidated Statements of Activities
Years Ended June 30, 2017 and 2016

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS AND SUPPORT				
Contributions:				
Cash and pledges	$1,145,450	$3,153,194	$720,843	$5,019,487
College assistance for property	-	-	-	-
Non-cash	-	3,085,787	-	3,085,787
Grant revenue	-	1,209,982	-	1,209,982
Total contributions	1,145,450	7,448,963	720,843	9,315,256
In-kind contributed operational services	3,472,593			3,472,593
Investment income (loss)	1,795,760	3,226,987	67,616	5,090,363
Vending and royalty income	687,308	-	-	687,308
Special events income, net of expenses of $628,188 in 2017 and $466,724 in 2016	61,924	401,404	6,038	469,366
Real estate rental income	2,525,048	-	-	2,525,048
Uncollectible pledges	-	(77,216)	(7,650)	(84,866)
Miscellaneous revenue	548	36,559	-	37,107
	9,688,631	11,036,697	786,847	21,512,175
Net assets released from restrictions	19,927,443	(19,927,443)	-	-
Reclassification of donor intent	-	873,806	(873,806)	-
Total Revenue, Gains and Support	**29,616,074**	**(8,016,940)**	**(86,959)**	**21,512,175**
EXPENSES				
Financial aid to students	4,108,634	-	-	4,108,634
Building improvements, supplies and equipment	3,632,758	-	-	3,632,758
Faculty and staff development	103,887	-	-	103,887
Special programs	2,620,699	-	-	2,620,699
Community outreach/promotional expense	1,071,100	-	-	1,071,100
Donations to Ivy Tech Community College	287,586	-	-	287,586
Donated property to Ivy Tech Community College	8,210,137	-	-	8,210,137
In-kind expense	1,985,167	-	-	1,985,167
Real estate rental expenses	5,446,128	-	-	5,446,128
Other program expenses	64,970	-	-	64,970
Total College Assistance Program expenses	27,531,066	-	-	27,531,066
Administrative expenses	1,435,143	-	-	1,435,143
Fundraising expenses	3,166,201	-	-	3,166,201
Total Expenses	**32,132,410**	**-**	**-**	**32,132,410**
INCREASE (DECREASE) IN NET ASSETS BEFORE LOSS ON INTEREST RATE SWAPS	(2,516,336)	(8,016,940)	(86,959)	(10,620,235)
Gain (loss) on interest rate swaps	147,233	-	-	147,233
INCREASE (DECREASE) IN NET ASSETS	**(2,369,103)**	**(8,016,940)**	**(86,959)**	**(10,473,002)**
NET ASSETS				
Beginning of Year	10,353,433	64,552,405	31,600,589	106,506,427
End of Year	**$7,984,330**	**$56,535,465**	**$31,513,630**	**$96,033,425**

See accompanying notes

	2016 Unrestricted	2016 Temporarily Restricted	2016 Permanently Restricted	2016 Total
REVENUE, GAINS AND SUPPORT				
Contributions:				
Cash and pledges	$830,733	$8,737,953	$800,561	$10,369,247
College assistance for property		$3,222,353		3,222,353
Non-cash	-	2,071,396	-	2,071,396
Grant revenue	-	3,146,532	-	3,146,532
Total contributions	830,733	17,178,234	800,561	18,809,528
In-kind contributed operational services	3,202,436			3,202,436
Investment income (loss)	587,246	(465,913)	(38,384)	82,949
Vending and royalty income	802,856	702	-	803,558
Special events income, net of expenses of $466,724 in 2016 and $559,175 in 2015	80,914	391,530	22,061	494,505
Real estate rental income	3,274,067	29,797	-	3,303,864
Uncollectible pledges	(1,045)	(23,075)		(24,120)
Miscellaneous revenue	58,787	15,045	-	73,832
	8,835,994	17,126,320	784,238	26,746,552
Net assets released from restrictions	18,763,342	(18,763,342)	-	-
Reclassification of donor intent	-	142,440	(142,440)	-
Total Revenue, Gains and Support	**27,599,336**	**(1,494,582)**	**641,798**	**26,746,552**
EXPENSES				
Financial aid to students	3,590,408	-	-	3,590,408
Building improvements, supplies and equipment	6,069,364	-	-	6,069,364
Faculty and staff development	86,584	-	-	86,584
Special programs	3,055,021	-	-	3,055,021
Community outreach/promotional expense	1,223,590	-	-	1,223,590
Donations to Ivy Tech Community College	293,689	-	-	293,689
Donated property to Ivy Tech Community College	346,915	-	-	346,915
In-kind expenses	1,463,846	-	-	1,463,846
Real estate rental expenses	5,952,550	-	-	5,952,550
Other program expenses	77,591	-	-	77,591
Total College Assistance Program expenses	22,159,558	-	-	22,159,558
Administrative expenses	1,397,227	-	-	1,397,227
Fundraising expenses	2,858,257	-	-	2,858,257
Total Expenses	**26,415,042**	**-**	**-**	**26,415,042**
INCREASE (DECREASE) IN NET ASSETS BEFORE GAIN (LOSS) ON INTEREST RATE SWAPS	1,184,294	(1,494,582)	641,798	331,510
Loss on interest rate swaps	(134,349)	-	-	(134,349)
INCREASE (DECREASE) IN NET ASSETS	**1,049,945**	**(1,494,582)**	**641,798**	**197,161**
NET ASSETS				
Beginning of Year	9,303,488	66,046,987	30,958,791	106,309,266
End of Year	**$10,353,433**	**$64,552,405**	**$31,600,589**	**$106,506,427**

See accompanying notes

Ivy Tech Community College of Indiana
Statement of Cash Flows
For the Year Ended June 30, 2017 With Comparative Figures at June 30, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$133,513,038	$128,491,599
Gifts, grants and contracts	27,681,463	33,824,517
Auxiliary enterprises	5,687,096	10,238,919
Sales and services of educational departments	1,970,774	1,698,851
Payments to suppliers	(112,902,962)	(118,234,950)
Payments to or on behalf of employees	(314,834,450)	(313,975,878)
Payments to students	(71,364,259)	(83,943,030)
Other receipts (payments)	5,316,328	6,020,270
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**(324,932,972)**	**(335,879,702)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal and state scholarships & grants	146,624,335	167,625,262
State appropriations	254,383,944	251,152,938
Receipts from direct federal loan proceeds	80,822,027	94,299,087
Payments from direct federal loan proceeds to students/financial institutions	(80,698,390)	(94,116,520)
Gifts	495,265	
Other nonoperating receipts (payments)	(586,674)	(706,058)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	**401,040,507**	**418,254,709**
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital/federal appropriations	5,236,694	5,299,584
Capital grants/gifts	4,861,997	
Deposit with trustee	228,297	13,454,081
Proceeds from issuance of capital debt	-	31,950,472
Purchase of capital assets	(22,187,912)	(31,636,082)
Proceeds from sale of capital assets	-	448,201
Principal paid on capital-related debt	(25,999,053)	(63,260,912)
Interest paid on capital-related debt	(11,680,874)	(13,035,989)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(49,540,851)**	**(56,780,645)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(35,000,000)	(50,000,000)
Proceeds from sales and maturities of investments	2,606,445	4,876,154
Income on investments	2,916,599	6,160,329
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	**(29,476,956)**	**(38,963,517)**
Net increase (decrease) in cash	(2,910,272)	(13,369,155)
Cash and cash equivalents–beginning of year	71,359,066	84,728,221
Cash and cash equivalents–end of year	**$68,448,794**	**$71,359,066**

RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2017	2016
Net Operating Income (Loss)	(365,731,192)	(374,945,467)
Adjustments to reconcile net operating expenses to cash used by operating activities:		
Depreciation	32,629,615	31,081,349
Deferred ouflow–amortization of the loss on refunding	217,000	217,000
Deferred outflow–pension	721,746	(5,721,375)
Deferred inflow–pension	(157,934)	630,519
Allowance for doubtful accounts	2,471,507	2,082,126
CHANGES IN ASSETS AND LIABILITIES:		
Accounts receivable	5,396,231	8,012,238
Cash with fiscal agent	(124,891)	156,659
Prepaid expense	(20,742)	(728,162)
Inventories	15,333	(16,634)
Accounts payable and accrued liabilities	(415,110)	2,128,756
Net pension liability	(672,684)	4,984,096
Compensated absences	389,591	1,207,367
Unearned revenue	348,558	(4,968,174)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**($324,932,972)**	**($335,879,702)**
SIGNIFICANT NONCASH TRANSACTIONS		
Donated assets	1,256,017	601,287
Unrealized gain/(loss) on investments	(1,404,763)	1,767,961
Capital leases	-	6,350,000
Notes payable	-	4,776,072
Loss on sale of capital assets	-	(3,401,827)
Gain on early payoff of capital leases	-	3,865,669

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

Ivy Tech Foundation, Inc.
Consolidated Statement of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
OPERATING ACTIVITIES		
Increase in net assets	$(10,473,002)	$ 197,161
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation of property and equipment	3,350,303	3,576,252
Amortization of debt issuance costs	63,999	12,844
Gain on sales of property and equipment	25,043	(55,000)
Net realized and unrealized gains (loss) on investments	(3,577,829)	1,436,147
In-kind contribution of property	(1,060,000)	(346,915)
Contribution of property to Ivy Tech Community College	8,210,137	346,915
Gain (loss) on interest rate swap	(147,233)	134,349
Decrease in value of beneficial interest in trusts	(92,174)	57,497
(Increase) decrease in certain operating assets:		
Pledges receivable	2,121,199	(2,200,303)
Prepaid expenses and other assets	(165,331)	(162,054)
Receivable from related party	3,222,353	(3,222,353)
Increase (decrease) in certain operating liabilities:		
Accounts payable and accrued expenses	150,772	(174,269)
Accounts payable—related party	(1,985,605)	1,550,338
Contributions restricted for long-term purposes	(786,847)	(784,238)
Net cash provided (used) by operating activities	**(1,144,215)**	**366,371**
INVESTING ACTIVITIES		
Proceeds from note receivable from related party	33,000	33,000
Purchases of property and equipment	-	(24,972)
Proceeds from sales of property and equipment	5,022,750	226,100
Proceeds from direct financing lease with related party	152,513	256,122
Purchases of investments	(6,412,445)	(14,208,881)
Sales and maturities of investments	8,723,342	9,023,677
Net cash provided (used) by investing activities	**7,519,160**	**(4,694,954)**
FINANCING ACTIVITIES		
Net borrowings on lines of credit	257,439	(314,606)
Payments on notes payable	(9,325,062)	(1,549,324)
Payments on capital lease obligations	(281,266)	(265,124)
Net change in other liabilities	(12,772)	(12,139)
Proceeds from contributions restricted for long-term purposes:		
Investment in permanently restricted endowment	778,458	4,696,648
Net cash provided (used) by financing activities	**(8,583,203)**	**2,555,455**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	**(2,208,258)**	**(1,773,128)**
CASH AND EQUIVALENTS		
Beginning of Year	8,729,014	10,502,142
End of Year	**$6,520,756**	**$8,729,014**

See accompanying notes

IVY TECH FOUNDATION, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED) YEARS ENDED JUNE 30, 2017 AND 2016		
SUPPLEMENTAL DISCLOSURES	**2017**	**2016**
Interest paid	$ 1,104,032	$ 1,376,220
Noncash investing and financing activities:		
In-kind contribution of property	1,060,000	346,915
Contribution of property to Ivy Tech Community College	8,210,137	346,915
Receivable from related party related to property sale	972,750	

See accompanying notes

IVY TECH COMMUNITY COLLEGE OF INDIANA NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

I. Summary of Significant Accounting Policies

A. GENERAL INFORMATION

Ivy Tech Community College of Indiana (Ivy Tech) prepares Indiana residents to learn, live, and work in a diverse and globally competitive environment by delivering professional, technical, transfer, and lifelong education. Through its affordable, open-access educational and training programs, the College enhances the development of Indiana's citizens and communities and strengthens its economy. The Indiana General Assembly through 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 14 members, appointed by the governor. Each member of the state board must have knowledge or experience in one 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 trustee must reside in each College region. Appointments are made for three year terms on a staggered basis. Ivy Tech has 14 main regional sites located across the State of Indiana. The President's office and other statewide administrative offices are located in Indianapolis, Indiana.

Ivy Tech Foundation (the Foundation) was incorporated on June 9, 1969, under The Indiana Foundations and Holding Companies Act of 1921 as a corporation organized exclusively for charitable, educational and scientific purposes. The Foundation, whose principal activity is to promote educational, scientific and charitable purposes in connection with or at the request of Ivy Tech Community College (the College), commenced its financial activities with the receipt of various unrestricted contributions in October 1970 and recorded $27.5 million of expenditures assisting the College during fiscal year 2016-17. 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 GASB Statement No. 39 *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61 *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, the audited financial statements of the Foundation are discretely presented with the College's financial statements. The Foundation's fiscal year reporting period is from July 1 through June 30. Further information regarding the Foundation may be obtained at Ivy Tech Foundation; 50 West Fall Creek Parkway Drive North, Indianapolis, IN 46208-5752 or http://ivytech.edu/giving.

With the implementation of GASB Statement No. 35 *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, Ivy Tech 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. 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 and 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 Statements No. 34 and 35:

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

There were several new GASB statements that were effective for the fiscal year 2016-17. The new standards were reviewed and required changes were incorporated. Specifically GASB Statement No. 82 *Pension Issues—An Amendment of GASB Statements No. 67, No. 68, and No. 73* was implemented. The implementation of GASB Statement No. 82 required covered payroll be presented. Previously, in accordance with GASB Statements No. 67 & 68, covered employee payroll was presented. The College updated the disclosures within the Retirement Plans Note IX.

B. BASIS OF ACCOUNTING, MEASUREMENT FOCUS, AND FINANCIAL STATEMENT PRESENTATION

The College's financial statements have been prepared in accordance with generally accepted accounting principles accepted in the United States of America, as prescribed by the GASB. The College follows all applicable GASB pronouncements. The College's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Eliminations have been made to prevent the double counting of internal activities.

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

The College utilizes the accounting standard of the establishment of an allowance for doubtful accounts in the Statement of Net Position to reflect receivables that are likely to be uncollectible.

C. OPERATING AND NONOPERATING REVENUES AND EXPENSES

Operating revenues are generated by the primary activities of the College and 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, State appropriations and gifts are components of nonoperating income. Operating expenses are incurred in carrying out the College's day-to-day activities, and consist of salaries and wages, fringe benefits, scholarships and fellowships, utilities, supplies and other services, depreciation, and the amortization of deferred loss on refunding. Nonoperating expenses consist of interest on capital asset related debt and student government support.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of cash (in banks and on hand) and investments with maturity dates of 0-90 days at date of purchase as of June 30, 2017.

E. INVESTMENTS

Investments are valued at fair value using the 3 levels of measuring fair value in accordance with the GASB Statement No. 72.

F. PREPAID EXPENSES

Prepaid expenses are payments made in the current or a previous fiscal year, which the College has not realized the full value of through fiscal year 2016-17.

G. INVENTORIES

Inventories are valued at cost.

H. DEFERRED OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position by the College that is applicable to a future reporting period and is reported in a separate section in the Statement of Net Position. Recognition of deferred outflows of resources is limited to those instances identified by the GASB in authoritative pronouncements. The deferred outflow of resources consists of resources related to the College's defined benefit pension plan.

I. COMPENSATED ABSENCES

Liabilities for compensated absences are recorded for eligible employees' vacation time and for employees meeting eligibility criteria, sick leave as of June 30, 2017. Accrued time for vacation and sick leave vests to a maximum and 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 sick leave maximum is equal to 1,056 hours. Unused sick leave is paid out upon retirement only if the employee's age is a least fifty-five years and their age plus years of service equal seventy-five or more. Employees eligible for this benefit are paid at a rate of one-half the accumulated time up to an accumulated maximum of 100 days.

J. NET PENSION LIABILITY AND RELATED ITEMS

The College participates in the State of Indiana's Public Employee Retirement Fund (PERF) for full-time support employees hired prior to July 1, 2014. Net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense are reported based on the College's allocation provided by PERF and reported in conformance with GASB Statement No. 68.

K. DEFERRED INFLOW OF RESOURCES

A deferred inflow of resources is the acquisition of net position by the College that is applicable to a future reporting period and is reported in a separate section in the Statement of Net Position. Recognition of deferred inflows of resources is limited to those instances identified by the GASB in authoritative pronouncements. The deferred inflow of resources consists of resources related to the College's defined benefit pension plan.

L. CAPITAL ASSETS ACCOUNTING POLICY DISCLOSURE

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

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

Land improvements	10 years
Buildings	40 years
Building improvements	Remaining life of the building
Furniture, fixtures, and equipment	3-8 years
Library books and materials	5 years

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

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

II. Accrual of Loss Contingency

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

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

The College has two (2) active matters in litigation; one (1) in County Superior Court, and one (1) in United States District Court. The College also has two (2) matters with the United States Department of Education and five (5) 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 leases for facilities, office furniture and equipment, vehicles, and computing equipment. Many of these leases require payments in excess of one year from the date of initiation. In addition to other capital leases, the College has multiple lease obligations with Ivy Tech Foundation, Inc., meeting the requirements necessary to be recognized as capital leases and are reflected in the College's Statement of Net Position. The cost of facilities and equipment held under capital leases totaled $48,335,720 and $56,971,407 as of June 30, 2017 and 2016, respectively. Accumulated amortization of leased facilities and equipment totaled $7,965,696 and $7,469,209 at June 30, 2017 and 2016, respectively.

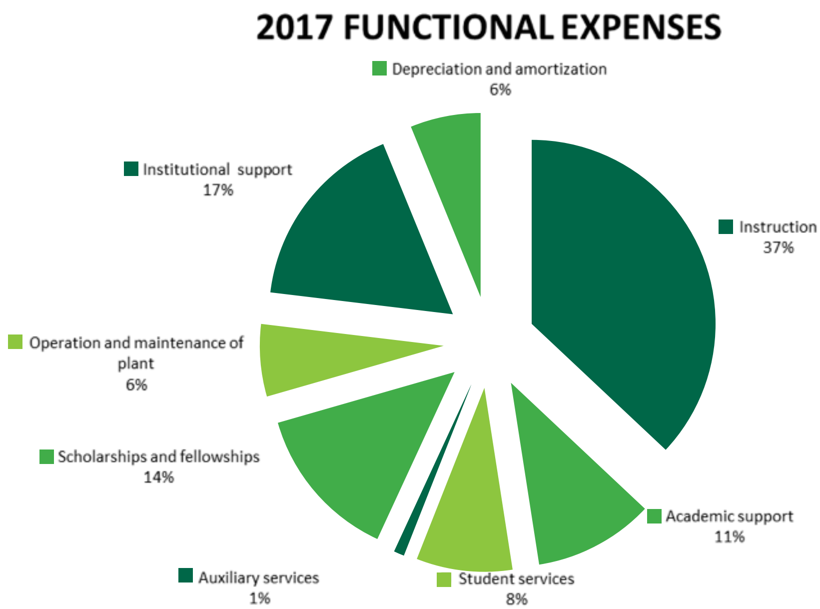
Scheduled lease payments for the years ending June 30 are as follows:

	Capital	Operating
2018	$ 4,171,034	$ 2,018,741
2019	4,169,231	1,804,158
2020	4,169,967	873,587
2021	4,026,397	706,047
2022	3,280,303	488,708
2023-2027	9,645,154	897,252
2028-2032	6,907,144	30,000
2033-2037	1,142,248	30,000
2038-2042	749,700	30,000
2043-2047	662,235	25,000
Total future minimum payments	38,923,413	$6,903,493
Less: Interest	(7,213,979)	
Total Principal payments outstanding	**$31,709,434**	

IV. Operating Expenses

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

Expenses by Function	Salaries & wages	Benefits	Scholar-ships	Utilities	Supplies & other services	Depreciation & amortization	2017 TOTAL	2016 TOTAL
Academic support	$32,825,700	$11,259,581	$143,278	$1,639	$11,717,184		$55,947,382	$51,996,283
Auxiliary services	414,993	97,033		323,501	3,988,227		4,823,754	4,695,315
Depreciation						$32,846,615	32,846,615	31,298,349
Institutional support	42,882,250	15,692,253		149	31,160,927		89,735,579	94,761,023
Instruction	129,471,175	37,671,762		164,455	29,045,976		196,353,368	195,406,949
Operations & maintenance of plant	7,807,100	3,200,493		10,889,211	11,794,665		33,691,469	41,488,388
Public services	431,890	134,123			370,878		936,891	1,060,215
Scholarships & fellowships	1,209,405	60,522	71,146,007		38,125		72,454,059	85,110,188
Student services	23,622,715	9,315,114	74,973		11,796,730		44,809,531	44,116,845
Total	$238,665,227	$77,430,881	$71,364,259	$11,378,956	$99,912,711	$32,846,615	$531,598,649	$549,933,555



As a percentage of total expenses, academic support increased 2%, instruction increased 1% while operation and maintenance of plant decreased 2% and scholarships and fellowships decreased 1%. All other functional expense categories did not change from the prior year. In fiscal year 2016, scholarships and fellowships decreased 5%, instructional increased 2%, academic support and student services did not change and the other functional expense categories had increases of 1%.

V. Natural Gas Procurement

Ivy Tech has entered into contracts to centralize the purchasing of natural gas through fixed and variable rate contracts. The contract period is October 1, 2016 through September 30, 2018. This allows the College to generate cost savings by protecting against increases in the market price of natural gas. In the event the College uses a higher volume than stated in the contract, market price is paid for the amount of the increase. If the quantity used is less than the amount stated in the contract, the remaining volume is sold.

VI. Investments

Indiana Code Title 21, Article 21, Chapter 3, Section .3 provides authorization for investment activity. IC 30-4-3.5 (Indiana Prudent Investor Act) requires the State Board of Trustees to act "as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution." The trustees have the responsibility to assure the assets are prudently invested in a manner consistent with the College's investment policy. The Board has delegated the day-to-day responsibilities for overseeing the investment program to the Sr. Vice President, Chief Financial Officer.

The College's current investment policy was approved by the Board of Trustees in August 2013 and revised in December 2015. The overall investment allocation is designed in accordance with the College's Investment Philosophy and Objectives, and the portfolio shall maintain a prudently diversified investment portfolio. The investment structure is divided into liquidity tiers to provide for income maximization while meeting the daily liquidity requirements of the College.

Authorized investments include certificates of deposit, interest-bearing deposit accounts, U.S. Government Treasury securities, U.S. Government agency securities, repurchase agreements, commercial paper, money market accounts, investment grade corporate bonds and notes, municipal bonds, and asset and mortgage backed securities.

A. FAIR VALUE MEASUREMENT

As mentioned previously, the mission of Ivy Tech is to prepare Indiana residents to learn, live, and work in a diverse and globally competitive environment by delivering professional, technical, transfer, and lifelong education. Ivy Tech's investment portfolio is a source of funds for current and future operations of the College. GASB Statement No. 72, *Fair Value Measurement & Application*, states that investments must be measured at fair value.

There are 3 levels of measuring fair value. Level 1 consists of quoted prices for identical assets or liabilities in an active market at the measurement date. Level 2 are prices other than those included within Level 1 that are observable, directly or indirectly, and consist of quoted prices for similar assets or liabilities in active or non-active markets. Level 3 are significant, unobservable inputs.

The market approach valuation technique was used. Publicly traded assets are valued in accordance with market quotation and valuation services provided by the College's investment custodian. Assets are that not publicly traded are valued based on other external sources or valuations provided by the College's investment custodian. The following chart provides the methodology and hierarchy level for each type of the College's assets.

Asset Type	Source(s)	Methodology	Hierarchy Level
Money Market Mutual Funds	Not applicable	$1 per share	2
Commercial Paper-Discounted	U.S. Bank Pricing Unit	Matrix pricing	2
U.S. Treasury Obligations	FT Interactive Data, Standard & Poor's, or Bloomberg	Institutional bond quotes	1
U.S. Government Agency Obligations	FT Interactive Data, Standard & Poor's, or Bloomberg	Institutional bond quotes	2
U.S. Government Agency Mortgage-Backed Pools	FT Interactive Data, Standard & Poor's, or Bloomberg	Mortgage-backed securities pricing	2
Government Agency REMICS	FT Interactive Data, Standard & Poor's, or Bloomberg	Collateralized mortgage obligation source	2
Corporate Bonds	FT Interactive Data, Standard & Poor's, or Bloomberg	Institutional bond quotes	2
Corporate Paydown Securities	FT Interactive Data, Standard & Poor's, or Bloomberg	Collateralized mortgage obligation source	2
Municipal Bonds	Standard & Poor's, FT Interactive Data, or Bloomberg	Evaluations based on various market and industry inputs	2
Foreign Bonds	FT Interactive Data—Extel Financial Ltd, Standard & Poor's, or Bloomberg	Evaluations based on various market factors	2

As of June 30, 2017, the difference between book value and fair value of the College's investment portfolio resulted in a decrease of $1,404,763. Based on the criteria outlined by GASB Statement No. 72, the breakdown by level of the College's investment portfolio is as follows:

	Fair Value	Level 1	Level 2	Level 3	Cash & Accrual
Demand deposits	$59,629,831	$ -	$ -	$ -	$59,629,831
Certificates of Deposit	5,000,000	-	-	-	5,000,000
Investment manager cash & cash equivalents	8,489,597	1,199,652	7,285,469	-	4,476
U.S. Treasury & agencies	59,910,903	50,835,524	8,959,340	-	116,039
Agency backed mortgages	28,539,057	386,901	28,090,752	-	61,404
Corporate bonds & notes	132,599,054	-	131,736,022	-	863,032
Structured securities	69,191,998	-	69,096,165	-	95,833
Foreign bonds (in U.S. Dollars)	23,537,853	-	23,417,532	-	120,321
Municipal bonds	12,423,082	-	12,335,419	-	87,663
Total	**$399,321,375**	**$52,422,077**	**$280,920,698**	**-**	**$65,978,600**

Separately issued financial statements are not available for the College's investment portfolio. The College's investments are included in the cash and equivalents and investments lines of the Asset section in the Statement of Net Position.

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 and its investment managers manage its exposure to interest rate risk is by limiting maturities and ensuring the total portfolio is properly diversified among shorter term and longer term investments.

Information about the sensitivity of the fair values of the College's investments to market interest rate fluctuations is provided by the following table showing the distribution of Ivy Tech's investments by maturity:

	Fair Value	<1 year	1-5 years	6-10 years	More than 10 years
Demand deposits	$59,629,831	$59,629,831	$ -	$ -	$ -
Certificates of Deposit	5,000,000	5,000,000	-	-	-
Investment manager cash & cash equivalents	8,489,597	8,489,597	-	-	-
U.S. Treasury & agencies	59,910,903	18,803,738	41,107,165	-	-
Agency backed mortgages	28,539,057	3,935,281	12,616,713	6,836,318	5,150,745
Corporate bonds & notes	132,599,054	33,438,498	99,160,556	-	-
Structured securities	69,191,998	476,846	42,770,867	4,666,106	21,278,179
Foreign bonds (in U.S. Dollars)	23,537,853	5,987,605	17,550,248	-	-
Municipal bonds	12,423,082	4,807,966	7,578,019	37,097	-
Total	**$399,321,375**	**$140,569,362**	**$220,783,568**	**$11,539,521**	**$26,428,924**

C. CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is addressed in the College's Investment Policy. The College's Investment Policy requires that all commercial paper investments have a Standard and Poor's rating of A-2 or better or a Moody's Investors Service rating of P-2. At least 85% of corporate bonds and notes, at time of purchase, must have a quality rating no less than Baa3 or BBB. At least 85% of municipal bonds, at time of purchase, must have a credit quality rating of no less than Baa3 or BBB. Asset and mortgage backed securities must be rated at least AA at time of purchase. At June 30, 2017, College investments had debt securities with associated credit ratings based on Moody's Investors Service as shown below.

	Fair Value	AAA	Aa and A*	Baa	Ba and B**	MIG	Cash and Short Term Liquid Investments	Not Rated
Demand deposits	$59,629,831	$ -	$ -	$ -	$ -	$ -	$59,629,831	$ -
Certificates of Deposit	5,000,000	-	-	-	-	-	-	5,000,000
Investment manager cash & cash equivalents	8,489,597	1,202,155	-	-	-	-	7,287,442	-
U.S. Treasury & agencies	59,910,903	59,264,355	-	-	-	-	-	646,548
Agency backed mortgages	28,539,057	1,931,385	-	-	-	-	-	26,607,672
Corporate bonds & notes	132,599,054	2,323,733	74,787,135	48,039,714	4,180,633	-	-	3,267,839
Structured securities	69,191,998	45,091,985	622,232	-	-	-	-	23,477,781
Foreign bonds (in U.S. Dollars)	23,537,853	1,882,794	16,052,144	5,129,733	172,966	-	-	300,216
Municipal bonds	12,423,082	211,857	7,016,957	145,927	-	512,065	-	4,536,276
Total	**$399,321,375**	**$111,908,264**	**$98,478,468**	**$53,315,374**	**$4,353,599**	**$512,065**	**$66,917,273**	**$63,836,332**
As a percentage of total portfolio	-	28.0%	24.7%	13.4%	1.1%	0.1%	16.8%	16.0%

*Aa and A is comprised of $19,174,658 in Aa.
**Ba and B is comprised of $2,012,715 in Ba

D. 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. Commercial paper may not exceed sixty-five percent (65%) of total investments, and 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. No more than twenty-five percent (25%) of the total commercial paper portfolio may be invested in a single industry. Corporate bonds and commercial paper shall not exceed sixty-five percent (65%) of the College's total investment portfolio, and no security of an individual corporate bond or note issuer shall exceed five percent (5%) of the College's total investment portfolio. Municipal bonds shall not exceed twenty-five percent (25%) of the College's investment portfolio, and no security of a municipal bond issuer shall exceed five percent (5%) of the College's total investment portfolio. Combined exposure to non-Government sectors, including commercial paper, corporates, municipal bonds, mortgage-backed, commercial mortgage-backed and asset-backed securities, shall not exceed eighty-five percent (85%) of the College's total investment portfolio.

The financial institutions that hold five percent (5%) or more of the College's investments at June 30, 2017:

Name of Institution	Amount	Percentage
Lake City Bank	$59,629,831	14.9%

E. CUSTODIAL CREDIT RISK

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The College manages custodial credit risk through the types of investments that are allowed by the Investment Policy. As of June 30, 2017, Ivy Tech deposits with financial institutions held in uncollateralized accounts are insured up to $250,000 by the FDIC and in excess of $250,000 by the Indiana Public Deposits Insurance Fund. Certificates of Deposits, totaling $5,000,000 are also covered under the Indiana Public Deposits Insurance Fund, as they were invested in financial institutions on the approved list of depositories for the Public Deposits Insurance Fund.

F. FOREIGN CURRENCY RISK

As of June 30, 2017, all of the College's accounts are in U.S. dollars and not exposed to foreign currency risk.

G. ENDOWMENT AND FOUNDATION INVESTMENTS

The College's policy regarding the Endowment investments are the same as the College's investment policy, unless restricted by the Endowment Trustee. The College has two quasi-endowments, valued at $11,739 and $52,038, which are reported as restricted for endowment in the Statement of Net Position. Decisions regarding spending are made by the Board of Trustees and authority may be delegated to the Senior Vice President, Chief Financial Officer. Investment income was not spent during FY17.

Types of investments held by the College's Foundation, a component unit, are authorized by the Foundation's Board of Trustees. They include a broader selection of investments including domestic equities, international equities, corporate bonds, mutual funds, certain types of alternative investments (hedge funds, REITS, commodities), certificates of deposit, money market accounts, interest bearing demand deposits insured by FDIC, commercial paper, donated real and personal property, and U.S. Government notes, bills, bonds, and agencies.

VII. Post-Employment Benefits

All employees who retire between the age of fifty-five (55) and up to but not including sixty-five (65) with ten (10) years of benefits-eligible service with the College, or at the age of sixty-five (65) or later with five (5) years of benefits-eligible service with the College may continue participation in College group medical and/or dental benefits. For pre-Medicare coverage, the retiree pays 100% of the premium cost of an active employee. The College subsidizes the difference between the retiree premium cost and active premium cost. The expenditure is accrued and recognized under the terms of GASB Statement No. 45. The College does not subsidize the cost of retiree coverage for Medicare eligible retirees.

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

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The College's annual other post-employment 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 GASB Statement No. 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:

July 1, 2016 to June 30, 2017	
Annual required contribution	$3,383,931
Interest on net OPEB obligation	1,199,131
Adjustment to annual required contribution	(1,042,030)
Annual OPEB cost	3,541,032
Contributions made	(2,008,872)
Increase (decrease) in net OPEB obligation	1,532,160
Net OPEB obligation, beginning of year	23,982,613
Net OPEB obligation, end of year	**$25,514,773**

The College's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06-30-15	3,093,341	46.9%	22,569,718
06-30-16	3,455,474	59.1%	23,982,613
06-30-17	3,541,032	56.7%	25,514,773

FUNDED STATUS AND FUNDING PROGRESS

As of June 30, 2017, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $35,300,803, and the actuarial value of assets was $0.00 resulting in an unfunded actuarial accrued liability (UAAL) of $35,300,803.

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 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, 2016
1. Actuarial value of assets	$-
2. Accrued liability	35,300,803
3. Unfunded accrued liability (UAL) (2.–1.)	35,300,803
4. Funded ratio (1. / 2.)	0.0%
5. Covered payroll	N/A
6. UAL as a percentage of covered payroll (3. / 5.)	N/A

ACTUARIAL METHODS AND ASSUMPTION

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

In the June 30, 2017 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 investment 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, 2017, was 21 years.

VIII. Risk Management

The College is exposed to various risks of loss, including torts, theft, damage or destruction of assets, errors or omissions, job-related illness or injuries to employees, and healthcare claims on behalf of employees and their eligible dependents. The College manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds.

The College transfers risk through the purchase of the following insurance policies: Property, with a $1,000,000,000 policy limit and $100,000 retention for damage to buildings and building contents; General Liability, with a $1,000,000 per occurrence limit, $3,000,000 general aggregate limit, and a $150,000 retention; Educators' Legal Liability, with a $25,000,000 per claim limit and $25,000,000 annual aggregate; Licensed Professional Liability, with a $1,000,000 per claim limit, $3,000,000 annual aggregate limit, and $10,000 retention; Auto Liability, with a $1,000,000 combined single limit; Foreign Liability, with a $1,000,000 per occurrence limit, a $2,000,000 annual aggregate for products/completed operations, and a $5,000,000 general aggregate; Umbrella Liability, with a $25,000,000 per occurrence limit; Crime, with a $1,000,000 per loss limit and a $25,000 retention; Fiduciary Liability with a $2,000,000 limit for all claims; Cyber Liability, with a $5,000,000 aggregate limit and $100,000 retention; Foreign Travel Accident & Sickness with a $250,000 per person benefit to cover student, staff and guest travelers; and Student Accident, with a $3,000 per injury/illness limit. The College also provides access to a healthcare insurance plan with a $1,000,000 maximum limit for international students.

The College is self-funded for the first $500,000 for each Worker's Compensation claim with the exception of pole climbing, which requires a $1,000,000 retention. Worker's Compensation claims above these amounts are covered by commercial insurance and are subject to statutory limits. The College has additional Worker's Compensation coverage for out-of-state claims through commercial insurance and are subject to statutory limits.

The College did not have a significant reduction in insurance coverage from coverage in the prior year. Additionally the College did not have any settlements exceeding insurance coverage for any of the prior three years.

The College has two healthcare plans for full-time benefit eligible employees. Additionally, the College has two healthcare plans for retirees not eligible for Medicare. All employee/retiree plans are self-funded.

At June 30, 2017 the unpaid claim liability was actuarially determined to be $3.2 million for the medical plan and $65 thousand for the dental plan. The medical plan unpaid claim liability is estimated based upon Anthem's experience with standard claim payment lag time and a projected number of claims in lag. Additionally, the unpaid liability includes $1.6 million of medical and $55 thousand of dental expense incurred in June and not paid until July.

Changes in the balance of claims liabilities are as follows:

	FY 2016–17	FY 2015–16
Unpaid claims, 7/01	$2,690,431	$2,177,455
Claims incurred	36,188,621	36,762,515
Claims paid	(35,588,942)	(36,249,539)
Unpaid claims, 6/30	**$3,290,110**	**$2,690,431**

A reserve (the excess of employer share over claims paid) was recognized in the amount of $12.3 million.

IX. Retirement Plans

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

The College sponsors a defined contribution plan under section 403(b) of the Internal Revenue Code for full-time faculty, administrative staff, and, for full-time support employees and eligible part-time support employees hired on or after July 1, 2014. The College also participates in the State of Indiana's defined-benefit pension plan for full-time support employees hired prior to July 1, 2014. The College also sponsors a defined contribution plan under section 457(b) of the Internal Revenue Code in which all employees are eligible to participate. Additionally, the College sponsors a defined contribution plan under section 401(a) for certain eligible employees of the College. This plan is a governmental plan as defined under section 414(d) and section 3(32) of the Employee Retirement Income Security Act of 1974. As part of this plan, the College adopted the Qualified Excess Benefit Arrangement (QEBA) under section 415(m) (3). The sole purpose of the Arrangement is to provide for contributions that would have been made to the 401(a) plan absent the limitations of section 415(c).

The College provided retirement plan coverage to 3,079 and 2,962 active employees as of June 30, 2017, and June 30, 2016, respectively.

A. IVY TECH COMMUNITY COLLEGE OF INDIANA DEFINED CONTRIBUTION RETIREMENT PLAN

Full-time faculty, administrative staff, full-time support employees hired after July 1, 2014 and eligible part-time support employees are eligible to receive a nonelective contribution to the defined contribution retirement plan sponsored by the College. The College contributes a fixed percentage of compensation on behalf of each eligible employee to the plan. The participation date for eligible employees is determined by their personnel position classification. The employee immediately vests, upon eligibility and participation in the plan.

During the fiscal year ending June 30, 2017, the College remitted $20.8 million to Transamerica, representing $145.3 million in total salaries. There were $246 in forfeitures recognized by the College during the reporting period, and there are no assets held in a trust as defined in GASB Statement No. 73. On June 30, 2017, there were 2,561 employees participating in the defined contribution retirement plan.

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

B. PUBLIC EMPLOYEES' RETIREMENT FUND

Plan Description

The Indiana Public Retirement System (INPRS) administers nine pension trust funds including eight defined benefit retirement plans and one defined contribution retirement plan, two other post-employment benefit funds and one agency fund. The College participates in the Public Employees' Retirement Fund (PERF) for full-time, non-exempt employees hired prior to July 1, 2014, which is one of the eight defined benefit retirement plans.

The PERF is a cost sharing multiple-employer defined benefit plan based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. There are two tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan). The College participates in the PERF Hybrid Plan.

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement.

Complete financial statements for INPRS are available online at www.in.gov/inprs/annualreports.htm

Membership

PERF members are officers and employees of units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by ordinance or resolution of the governing body, which specifies the classifications of employees who will become members of the plan. The ordinance or resolution is filed with and approved by INPRS. In order to be a member, employees hired after June 30, 1982, except employees of a participating school corporation, must occupy positions normally requiring performance of service of more than 1,000 hours during a year.

Contributions

The College is obligated by statute to make contributions to PERF, which are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During fiscal year 2017, the College was required to contribute 11.2% of covered payroll, which totaled $2,518,501. In fiscal year 2016, the College contributed $2,365,111. The PERF Hybrid Plan members contribute 3% of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. The employer may elect to make the contributions to the annuity savings account on behalf of the member, which is the case with the College.

Retirement Benefits – Defined Benefit Pension

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits (non ASA) vest after 10 years of creditable service. Members are immediately vested in their annuity savings account.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1% times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. Members may be eligible for reduced pension benefit based on age and years of service.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2016; however, eligible members received a one-time check in September 2015. The amount of the one-time check ranged from $150 to $450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2014, and who was entitled to receive a monthly benefit on July 1, 2015.

Disability and Survivor Benefits

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18.

Retirement Benefits – Annuity Savings Account

Members are required to participate in an Annuity Savings Account (ASA). The ASA consists of the member's contributions, set by statute at 3% of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. A member's contributions and interest credits belong to the member and do not belong to the State or the College.

Investments in the members' annuity savings accounts are individually directed and controlled by plan participants who direct the investment of their account balances among eight investment options, with varying degrees of risk and return potential.

SIGNIFICANT ACTUARIAL ASSUMPTIONS

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations for the College's participation in PERF are below.

Valuation Date:	
Assets	June 30, 2016
Liabilities	June 30, 2015 – Member census data as of June 30, 2015 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2015 and June 30, 2016. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2015 to June 30, 2016.
Actuarial Assumptions:	
Experience study date	Period of 4 years ended June 30, 2014
Investment rate of return	6.75%, net of investment expense, including inflation
Cost of living increase	1.0%
Future salary increases	2.50%-4.25%
Inflation	2.25%
Mortality	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006

The long-term return expectation for the INPRS defined benefit plans has been determined using a building block approach and assumes a time horizon as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation is as follows:

	Target Asset Allocation	Geometric Basis Long-Term Expected Real Rate of Return
Public equity	22.0%	5.7%
Private equity	10.0%	6.2%
Fixed income-ex inflation-linked	24.0%	2.7%
Fixed income-inflation-linked	7.0%	0.7%
Commodities	8.0%	2.0%
Real estate	7.0%	2.7%
Absolute return	10.0%	4.0%
Risk parity	12.0%	5.0%

DISCOUNT RATE

Total pension liability for each defined benefit plan was calculated using a discount rate of 6.75%. The projection of cash flows used to determine the discount rate assumed the contributions from employers would be at the actuarially determined required rates computed in accordance with the current funding policy adopted by the Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed rate of return of 6.75%. Based on those assumptions, each defined benefit pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Net pension liability is sensitive to changes in the discount rate. The following table illustrates the potential impact if the discount rate decreases by one percentage point or increases by one percentage point.

1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
$28,720,849	$19,997,294	$12,746,701

PENSION PLAN'S FIDUCIARY NET POSITION

INPRS is a pension trust fund of the State of Indiana for financial statement reporting purposes. The financial statements of INPRS are prepared using the accrual basis of accounting in conformity with generally accepted accounting principles as applied to governments. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows. INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' annuity savings accounts. These distributions may be requested by members or auto-distributed by the fund when certain criteria are met.

The pooled and non-pooled investments are reported at fair value. Fair value is the amount at which an investment could be exchange in a current transaction between willing parties, other than in a forced or liquidation sale.

Additional information regarding the plan's fiduciary net position may be found online at http://www.in.gov/inprs/annualreports.htm.

OTHER INFORMATION

Ivy Tech Community College's proportionate share of the collective net pension liability is $19,997,294, which is 0.441% of PERF's total net pension liability. The College's proportion of the net pension liability was based on wages reported by employers relative to the collective wages of the plan. The measurement date of the collective net pension liability is June 30, 2016. The actuarial valuation date upon which the total pension liability is based, is June 30, 2015. Standard actuarial roll forward techniques were used to project the total pension liability computed as of June 30, 2015 to June 30, 2016.

The contribution rates were calculated as of June 30, and the newly calculated contribution rates will become effective either July 1, 2016 or January 1, 2017.

There are no changes between the measurement date and the employer's reporting date that are expected to have a significant impact on the employer's proportionate share of the collective net pension liability. Full-time, non-exempt employees hired after July 1, 2014, are no longer added to PERF; over time, this may impact the College's proportionate share of the collective net pension liability.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the College's net pension liability reported as of June 30, 2017, is $19,997,294. The College's total pension expense was $1,962,947. Deferred inflows and outflows of resources were as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$448,014	$36,914
Net difference between projected and actual earnings on pension plan investments	4,398,323	1,125,171
Changes of assumptions	882,296	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,852	3,209,072
Employer contributions subsequent to measurement date	2,071,818	-
Totals	**$7,856,303**	**$4,371,157**

The amortization schedule of deferred outflows and inflows of resources for the College is as follows:

Amortization of Net Deferred Outflows (Inflows) of Resources	
2017	($154,771)
2018	(131,789)
2019	1,167,668
2020	532,220
2021	-
Thereafter	-
Total	**$1,413,328**

C. IVY TECH COMMUNITY COLLEGE OF INDIANA 457(B) DEFERRED COMPENSATION PLAN

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

D. FEDERAL SOCIAL SECURITY ACT

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

X. Capital Assets

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

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	FY-Additions	FY-Retirements	Balance
Capital assets not being depreciated:				
Land	$31,607,504	$1,958,988	$ -	$33,566,492
Construction work in progress	22,238,899	11,837,484	23,067,742	11,008,641
Total capital assets not being depreciated	**53,846,403**	**13,796,472**	**23,067,742**	**44,575,133**
Capital assets being depreciated:				
Land improvements & infrastructure	28,067,876	1,436,255	-	29,504,131
Buildings	751,617,621	22,552,492	2,558,399	771,611,714
Furniture, fixtures & equipment	94,794,863	8,503,683	1,494,756	101,803,790
Library materials	3,885,735	176,089	-	4,061,824
Total capital assets being depreciated	**878,366,095**	**32,668,519**	**4,053,155**	**906,981,459**
Less accumulated depreciation:				
Land improvements & infrastructure	16,144,719	1,443,341	-	17,588,060
Buildings	224,404,714	22,455,989	2,553,231	244,307,472
Furniture, fixtures & equipment	68,704,227	8,515,093	1,432,493	75,786,827
Library materials	3,389,339	215,192	-	3,604,531
Total accumulated depreciation	**312,642,999**	**32,629,615**	**3,985,724**	**341,286,890**
Total capital assets being depreciated, net	**565,723,096**	**38,904**	**67,431**	**565,694,569**
Capital assets, net	**$619,569,499**	**$13,835,376**	**$23,135,173**	**$610,269,702**

CONSTRUCTION WORK IN PROGRESS

The following table presents the construction projects in process as of June 30, 2017:

Greenhouse – Fort Wayne	$44,928
Unity Lease Agreement – Fort Wayne	11,784
Lawrenceburg Mfg. Training Center	4,758,221
Child Care Center - Evansville	110,627
Culinary 2015 Second Bakery	496,382
Cowen Road Improvements	184,871
Henry County Phase II	74,773
Insurance Refund	56,304
Greenhouse/Agri. Lab McDaniel Hall - Richmond	18,943
Library Conference Room Project - Lawrence	616,399
Fairbanks Crawlspace Project - Lawrence	122,504
Nursing Lab - Franklin	37,551
Construction Planning - Kokomo	39
Various Repair & Rehabilitation & Parking Lot Projects	4,475,314
Total construction work in progress	**$11,008,640**

XI. Long Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Leases, Notes, and Bonds Payable:					
Lease obligations	$35,371,320	$0	$3,661,886	$31,709,434	$3,254,577
Notes payable–interim financing/mortgage	5,714,517	-	1,257,168	4,457,349	2,452,664
Total lease & notes payable	**41,085,837**	**-**	**4,919,054**	**36,166,783**	**5,707,241**
Series H Student Fee Bonds Bond Yield 1.32% - 3.96%	11,200,000	-	-	11,200,000	-
Series J student fee bonds bond yield 4.25%–4.47%	9,245,000	-	-	9,245,000	-
Series K student fee bonds bond yield 3.76%–4.74%	33,085,000	-	33,085,000	-	-
Series L student fee bonds bond yield 3.76%–4.74%	32,575,000	-	2,935,000	29,640,000	3,070,000
Series N student fee bonds bond yield 3.51%–6.155%	66,450,000	-	3,935,000	62,515,000	4,045,000
Series O student fee bonds bond yield 3.25%–3.55%	9,200,000	-	-	9,200,000	-
Series P student fee bonds bond yield .28%–4.11%	26,135,000	-	1,015,000	25,120,000	1,050,000
Series Q student fee bonds bond yield .90%	5,640,000	-	2,855,000	2,785,000	2,785,000
Series R student fee bonds bond yield .21%–4.20%	60,670,000	-	4,855,000	55,815,000	5,110,000
Series S student fee bonds bond yield .794%	4,570,000	-	2,280,000	2,290,000	2,290,000
Series T student fee bonds bond yield .20%–2.71%	27,730,000	-	320,000	27,410,000	2,730,000
Total bonds payable	**286,500,000**	**-**	**51,280,000**	**235,220,000**	**21,080,000**
Premium on Bonds– Series H, I, J, K, L, P, R, T	14,428,238	-	1,437,327	12,990,911	1,437,327
Total leases, notes, & bonds payable	**342,014,075**	**-**	**57,636,381**	**284,377,694**	**28,224,568**
Other liabilities:					
Compensated absences	16,272,477	10,019,597	9,630,006	16,662,068	9,844,283
Other post-employment benefits	23,982,614	1,532,159		25,514,773	-
Net pension liability	20,669,978	12,276,522	12,949,206	19,997,294	
Total other liabilities	**60,925,069**	**23,828,278**	**22,579,212**	**62,174,135**	**9,844,283**
Total long-term liabilities	**$402,939,144**	**$23,828,278**	**$80,215,593**	**$346,551,829**	**$38,068,851**

A. NOTES PAYABLE

In previous years, the College entered into a tax exempt financing agreement with Key Government Finance in amount of $4,776,072, signed a promissory note with the Foundation relating to the purchase of 43 acres in Elkhart, and initiated a qualified energy savings project as defined by the Indiana Code, which was financed with a Qualified Energy Conservation Promissory Note totaling $3,260,000. The principal balances as of June 30, 2017 were $2,731,129, $195,051, and $1,531,170, respectively.

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Key government finance CISCO/CDW	$ 3,620,213	-	$ 889,084	$ 2,731,129	$ 888,494
Note payable w/foundation 43 acres Elkhart land	228,051	-	33,000	195,051	33,000
Qualified energy savings–Indianapolis	1,866,253	-	335,083	1,531,170	1,531,170
Totals	$5,714,517	-	$1,257,167	$4,457,350	$2,452,664

Key Government Finance CDW/CISCO Tax Exempt Lease Purchase Agreement.

In July 2015, the College entered into a tax exempt financing agreement with Key Government Finance in the amount of $4,776,072. Under the terms of the agreement, the College pays an effective interest rate of 2.42%. The College financed the purchase of state-wide network equipment. Under the terms of the agreement, the College will enter into a five-year financing agreement to replace end of life networking gear with annual payments of $955,214 due on July 1, with the last payment due July 1, 2019.

KEY GOVERNMENT FINANCE CDW/CISCO TAX EXEMPT LEASE PURCHASE AGREEMENT $4,776,072 FINANCING AMOUNT				
Year Ending June 30	**Principal**	**Interest**	**Total**	**Balance**
2017	$ -	$ -	$ -	$2,731,128
2018	888,494	66,721	955,215	1,842,634
2019	910,199	45,015	955,214	932,435
2020	932,435	22,779	955,214	-
Totals	$2,731,128	$134,515	$2,865,643	$-

Foundation Elkhart Land Notes Payable.

In fiscal year 2012-13, the South Bend region entered into a financing agreement to purchase 43 acres of land in Elkhart. The region makes annual principal and interest payments to the Foundation, with the final payment occurring in fiscal year 2022-23. Interest is calculated on an annual basis. The property was deeded from the Foundation to the College in 2013.

SOUTH BEND PROMISSORY NOTE WITH FOUNDATION $327,051 FINANCING AMOUNT		
Year Ending June 30	**Principal**	**Outstanding Principal Balance**
2017	$ -	$195,051
2018	33,000	162,051
2019	33,000	129,051
2020	33,000	96,051
2021	33,000	63,051
2022	33,000	30,051
2023	30,051	-
Totals	$ 195,051	$-

Qualified Energy Savings Project.

In August 2010, the College entered into a Qualified Energy Conservation Note in the amount of $3,260,000 with a maturity of January 10, 2021. Under terms of the loan agreement, the College pays a fixed interest rate of 4.80% per annum for the entire term of the loan. Under this financing mechanism, the College is eligible to receive an interest subsidy equal to 3.35% from the Federal government less an assumed Federal sequestration at 6.9% of the credit. The College makes principal and interest payments semi-annually. On July 1, 2017, the College called the bond and paid off the outstanding principal and interest due on July 10, 2017.

QUALIFIED ENERGY CONSERVATION NOTE $3,260,000 ORIGINAL LOAN AMOUNT						
Year Ending June 30	**Principal**	**Interest**	**Total**	**Federal Interest Credit**	**Net Total**	**Outstanding Principal Balance**
2017	$ -	$ -	$ -	$ -	$ -	$1,531,169
2018	1,531,169	36,952	1,568,121	(23,981)	1,544,140	-
Totals	**$1,531,169**	**$36,952**	**$1,568,121**	**($23,981)**	**$1,544,140**	**$-**

B. BONDS

Authorization by the Indiana General Assembly enables the College to issue bonds for the purpose of financing facility construction and improvements or refinancing and refunding. Series H bonds were issued for construction and improvement projects on the Richmond, Evansville, Valparaiso, and Terre Haute campuses. Series J bonds were issued for projects on the Richmond and Marion campuses. The Valparaiso, Marion and Madison projects were completed through funding provided by the Series K bonds. The Fort Wayne, Logansport and Greencastle projects were completed using Series L bonds. The Series L bonds also supported the Fairbanks refinancing and Series E refunding. The Series N bonds support projects on the Elkhart, Sellersburg, Warsaw, and Indianapolis campuses. The Series O bonds supported the refunding of Series I. Projects on the Indianapolis and Muncie campuses, the Lafayette refinancing, and Series I & K refunds were supported by the Series P bonds. The Series Q bonds supported the Series G refinancing, and the Series R bonds supported projects at the Anderson, Bloomington, and Indianapolis campuses as well as the Series H & L partial refinancing. The Series S bonds supported the Series I refunding and Series T supported the Series K refunding.

The June 30, 2016, Premium on Bonds of $14.4 million includes the remaining balance from the sale of Series H, I, J, K, L, P, R and T Student Fee Bonds. The ending balance at June 30, 2017, of $13 million includes the remaining balance from the sale of Series H, I, J, K, L, P, R and T Student Fee Bonds. It is amortized over the remaining life of the related bonds.

C. COMPENSATED ABSENCES

The accrued vacation benefit is $11.8 million and the eligible sick leave benefit is $4.9 million. The College has internally designated a portion of its unrestricted funds to offset the entire liability for compensated absences as identified on page 13 of the Management Discussion & Analysis section.

D. BOND SCHEDULES

IVY TECH COMMUNITY COLLEGE OF INDIANA SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST
Series H of 2003, Series J of 2005, Series K of 2007, Series L of 2009, Series N of 2010, Series O, Series P, Series Q of 2012, Series R of 2014, Series S of 2015 and Series T of 2016

Year Ending June 30	Principal	Interest	Total	Series N 35% Federal Interest Credit*	Net Total	Outstanding Principal Balance
2018	$21,080,000	$10,939,729	$32,019,729	($1,110,078)	$30,909,651	$214,140,000
2019	19,495,000	10,064,208	29,559,208	(1,047,988)	28,511,220	194,645,000
2020	19,890,000	9,108,223	28,998,223	(980,520)	28,017,703	174,755,000
2021	19,640,000	8,172,360	27,812,360	(908,999)	26,903,361	155,115,000
2022	16,850,000	7,287,955	24,137,955	(832,779)	23,305,176	138,265,000
2023-2027	93,600,000	23,227,488	116,827,488	(2,806,413)	114,021,075	44,665,000
2028-2032	40,580,000	4,635,678	45,215,678	(413,806)	44,801,871	4,085,000
2033	4,085,000	85,785	4,170,785	-	4,170,786	-
Totals	**$235,220,000**	**$73,521,426**	**$308,741,426**	**($8,100,583)**	**$300,640,843**	**$ -**

*Taxable bonds under the Build America Bond ("BAB") program, which receive a 35% interest reimbursement from the Federal government. Includes 6.9% sequestration reduction.

XII. Property Subject to Capital Leases

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

XIII. Subsequent Events

Student Fee Bonds Series U, in the amount of $20,550,000 were issued on August 16, 2017. A portion of the proceeds from the Series U bonds will provide for advance refunding of the $23,345,000 in outstanding principal amounts of the Series L bonds that mature on or after July 1, 2020. The proceeds will be held in escrow until the Series L Bonds are called on July 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF OPEB FUNDING PROGRESS			
Schedule of funding progress	**July 1, 2016**	**July 1, 2015**	**July 1, 2014**
1. Actuarial values of assets	$-	$-	$-
2. Accrued liability	35,300,803	34,194,549	30,270,758
3. Unfunded accrued liability (UAL) (2.-1.)	35,300,803	34,194,549	30,270,758
4. Funded ratio (1. /2.)	0.0%	0.0%	0.0%
5. Covered payroll	N/A	N/A	N/A
6. UAL as a percentage of covered payroll (3. / 5.)	N/A	N/A	N/A

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY			
	Measurement Date as of June 30, 2016	**Measurement Date as of June 30, 2015**	**Measurement Date as of June 30, 2014**
College's proportion of the net pension liability (asset)	0.441%	0.508%	0.597%
College's proportionate share of the net pension liability (asset)	$19,997,294	$20,669,978	$15,685,882
College's covered payroll	$21,117,060	$24,308,288	$29,142,157
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	94.70%	85.03%	53.83%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	77.30%	84.30%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, information is presented for those years for which information is available.

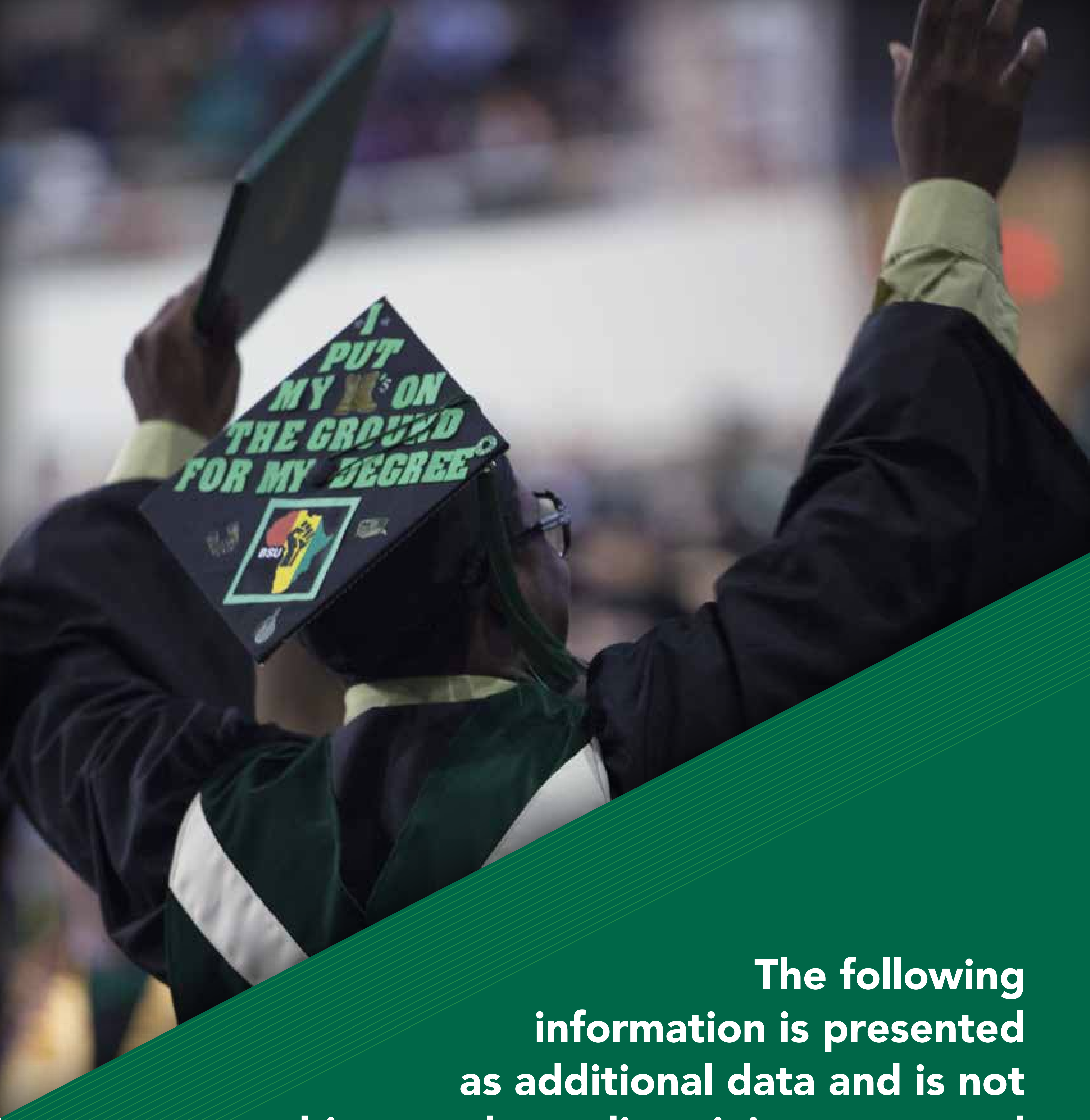
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS			
	2016	**2015**	**2014**
Contractually required contribution	$2,365,111	$2,729,685	$3,258,170
Contributions in relation to the contractually required contributions	(2,365,111)	(2,729,685)	(3,258,170)
Contribution deficiency (excess)	$-	$-	$-
College's covered-employee payroll	$21,117,060	$24,308,288	$29,142,157
Contributions as a percentage of covered-employee payroll	11.20%	11.23%	11.18%

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10-year trend is compiled, information is presented for those years for which information is available.

Public Employees' Retirement Plan

According to the Indiana Public Retirement System's 2016 Comprehensive Annual Financial Report, there were no changes in the actual assumptions from June 30, 2015 to June 30, 2016. An assumption study was performed in April 2015 for the June 30, 2015 valuation. The changes in assumptions determined from the study, as outlined in the 2015 report, are as follows:

- Inflation decreased from 3.00% to 2.25%
- The future salary increase rate decreased from a table ranging from 3.25% to 4.50% to a table ranging from 2.50% to 4.25%
- Mortality changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report
- Retirement, Termination and Disability rates were adjusted to reflect recent experience
- The ASA Annuitization was updated from 50% of members assumed to annuitize the ASA balance to 60% of members prior to January 1, 2017.



The following information is presented as additional data and is not subject to the audit opinion expressed by the Indiana State Board of Accounts.

These reports were prepared by the management of Ivy Tech Community College of Indiana.

SCHEDULES OF ANNUAL BOND REQUIREMENTS FOR OUTSTANDING DEBTS

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF ANNUAL REQUIREMENTS 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
2017	$-	$588,000	$588,000	$11,200,000
2018	-	588,000	588,000	11,200,000
2019	3,780,000	488,775	4,268,775	7,420,000
2020	3,985,000	284,944	4,269,944	3,435,000
2021	3,435,000	90,169	3,525,169	-
Totals	**$11,200,000**	**$2,039,888**	**$13,239,888**	**$-**

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

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2017	$-	$462,250	$462,250	$9,245,000
2018	-	462,250	462,250	9,245,000
2019	-	462,250	462,250	9,245,000
2020	-	462,250	462,250	9,245,000
2021	-	462,250	462,250	9,245,000
2022	2,780,000	392,750	3,172,750	6,465,000
2023	2,925,000	250,125	3,175,125	3,540,000
2024	3,075,000	100,125	3,175,125	465,000
2025	465,000	11,625	476,625	-
Totals	**$9,245,000**	**$3,065,875**	**$12,310,875**	**$-**

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

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2017	$33,085,000	$821,969	$33,906,969	$-
Totals	**$33,085,000**	**$821,969**	**$33,906,969**	**$-**

IVY TECH COMMUNITY COLLEGE OF INDIANA SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST Series L – Fort Wayne, Logansport and Greencastle Projects; Fairbanks Refinancing and Series E Refunding Original Issue–$65,095,000				
Year Ending June 30	**Principal**	**Interest**	**Total**	**Outstanding Principal Balance**
2017	$2,935,000	$1,527,419	$4,462,419	$29,640,000
2018	3,070,000	1,391,969	4,461,969	26,570,000
2019	3,225,000	1,234,594	4,459,594	23,345,000
2020	-	1,153,969	1,153,968	23,345,000
2021	3,530,000	1,065,719	4,595,718	19,815,000
2022	3,210,000	897,219	4,107,219	16,605,000
2023	2,915,000	744,094	3,659,094	13,690,000
2024	3,065,000	594,594	3,659,594	10,625,000
2025	-	517,969	517,969	10,625,000
2026	3,370,000	435,825	3,805,825	7,255,000
2027	3,540,000	267,394	3,807,394	3,715,000
2028	3,715,000	90,553	3,805,553	-
Totals	$32,575,000	$9,921,316	$42,496,316	$-

IVY TECH COMMUNITY COLLEGE OF INDIANA SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST Series N (Taxable Build America–Direct Pay Option) – Elkhart, Sellersburg, Warsaw and Indianapolis Projects Original Issue–$70,290,000						
Year Ending June 30	**Principal**	**Interest**	**Total**	**35% Federal Interest Credit***	**Net Total**	**Outstanding Principal Balance**
2017	$3,935,000	$3,577,713	$7,512,713	($1,165,798)	$6,346,915	$62,515,000
2018	4,045,000	3,406,714	7,451,714	(1,110,078)	6,341,636	58,470,000
2019	4,165,000	3,216,167	7,381,167	(1,047,988)	6,333,179	54,305,000
2020	4,300,000	3,009,113	7,309,113	(980,520)	6,328,593	50,005,000
2021	4,440,000	2,789,625	7,229,625	(908,999)	6,320,626	45,565,000
2022	4,600,000	2,555,714	7,155,714	(832,779)	6,322,935	40,965,000
2023	4,760,000	2,299,832	7,059,832	(749,400)	6,310,432	36,205,000
2024	4,940,000	2,027,504	6,967,504	(660,662)	6,306,842	31,265,000
2025	5,135,000	1,739,514	6,874,514	(566,821)	6,307,693	26,130,000
2026	5,320,000	1,435,535	6,755,535	(467,769)	6,287,766	20,810,000
2027	5,545,000	1,110,208	6,655,208	(361,761)	6,293,447	15,265,000
2028	5,765,000	762,143	6,527,143	(248,344)	6,278,799	9,500,000
2029	6,000,000	400,075	6,400,075	(130,364)	6,269,711	3,500,000
2030	3,500,000	107,712	3,607,712	(35,098)	3,572,614	-
Totals	$66,450,000	$28,437,569	$94,887,569	($9,266,381)	$85,621,188	$-

*Taxable bonds issued under the Build America Bond ("BAB") program, which receive a 35% interest reimbursement from the Federal government. Includes 6.9% sequestration reduction.

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST
Series O (Tax-Exempt) – Series I Refunding
Original Issue–$9,200,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2017	$-	$314,728	$314,728	$9,200,000
2018	-	314,728	314,728	9,200,000
2019	-	314,728	314,728	9,200,000
2020	-	314,728	314,728	9,200,000
2021	-	314,728	314,728	9,200,000
2022	-	314,728	314,728	9,200,000
2023	-	314,728	314,728	9,200,000
2024	-	314,728	314,728	9,200,000
2025	2,250,000	278,161	2,528,161	6,950,000
2026	3,415,000	183,548	3,598,548	3,535,000
2027	3,535,000	62,746	3,597,746	-
Totals	**$9,200,000**	**$3,042,279**	**$12,242,279**	**$-**

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST
Series P (Tax-Exempt) – Indianapolis & Muncie Projects, Lafayette Refinancing and Series I & K Refundings
Original Issue–$32,415,000

Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2017	$1,015,000	$1,013,450	$2,028,450	$25,120,000
2018	1,050,000	978,550	2,028,550	24,070,000
2019	3,390,000	877,525	4,267,525	20,680,000
2020	3,530,000	738,300	4,268,300	17,150,000
2021	5,235,000	581,825	5,816,825	11,915,000
2022	540,000	477,500	1,017,500	11,375,000
2023	555,000	458,375	1,013,375	10,820,000
2024	570,000	441,500	1,011,500	10,250,000
2025	965,000	417,269	1,382,269	9,285,000
2026	615,000	389,288	1,004,288	8,670,000
2027	5,035,000	263,700	5,298,700	3,635,000
2028	665,000	135,450	800,450	2,970,000
2029	700,000	104,737	804,737	2,270,000
2030	725,000	75,394	800,394	1,545,000
2031	760,000	46,600	806,600	785,000
2032	785,000	15,700	800,700	-
Totals	**$26,135,000**	**$7,015,163**	**$33,150,163**	**$-**

IVY TECH COMMUNITY COLLEGE OF INDIANA SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST Series Q (Tax-Exempt) – Series G Refunding Original Issue–$15,190,000				
Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2017	$2,855,000	$37,913	$2,892,913	$2,785,000
2018	2,785,000	12,532	2,797,532	-
Totals	$5,640,000	$50,445	$5,690,445	$-

IVY TECH COMMUNITY COLLEGE OF INDIANA SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST Series R (Tax-Exempt) – Anderson, Bloomington & Indianapolis Projects, Note Refinancing (Series H & L Partial Refundings) Original Issue–$76,705,000				
Year Ending June 30	Principal	Interest	Total	Outstanding Principal Balance
2017	$4,855,000	$2,806,420	$7,661,420	$55,815,000
2018	5,110,000	2,557,295	7,667,295	50,705,000
2019	2,080,000	2,377,545	4,457,545	48,625,000
2020	5,075,000	2,198,670	7,273,670	43,550,000
2021	2,290,000	2,014,545	4,304,545	41,260,000
2022	2,415,000	1,896,920	4,311,920	38,845,000
2023	2,540,000	1,773,045	4,313,045	36,305,000
2024	2,665,000	1,642,920	4,307,920	33,640,000
2025	5,545,000	1,437,670	6,982,670	28,095,000
2026	2,950,000	1,225,295	4,175,295	25,145,000
2027	3,095,000	1,074,170	4,169,170	22,050,000
2028	3,250,000	915,545	4,165,545	18,800,000
2029	3,425,000	748,670	4,173,670	15,375,000
2030	3,595,000	573,170	4,168,170	11,780,000
2031	3,770,000	407,895	4,177,895	8,010,000
2032	3,925,000	252,033	4,177,033	4,085,000
2033	4,085,000	85,785	4,170,785	-
Totals	$60,670,000	$23,987,593	$84,657,593	$-

IVY TECH COMMUNITY COLLEGE OF INDIANA SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST Series S (Tax-Exempt) – Series I Refunding Original Issue–$6,840,000				
Year Ending June 30	**Principal**	**Interest**	**Total**	**Outstanding Principal Balance**
2017	$2,280,000	$27,234	$2,307,234	$2,290,000
2018	2,290,000	9,091	2,299,091	-
Totals	**$4,570,000**	**$36,325**	**$4,606,325**	**$-**

IVY TECH COMMUNITY COLLEGE OF INDIANA SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST Series T (Tax-Exempt) – Refunding Series K Original Issue–$28,090,000				
Year Ending June 30	**Principal**	**Interest**	**Total**	**Outstanding Principal Balance**
2017	$320,000	$1,276,400	$1,596,400	$27,410,000
2018	2,730,000	1,218,600	3,948,600	24,680,000
2019	2,855,000	1,092,625	3,947,625	21,825,000
2020	3,000,000	946,250	3,946,250	18,825,000
2021	710,000	853,500	1,563,500	18,115,000
2022	3,305,000	753,125	4,058,125	14,810,000
2023	3,475,000	583,625	4,058,625	11,335,000
2024	3,615,000	441,375	4,056,375	7,720,000
2025	3,760,000	292,000	4,052,000	3,960,000
2026	3,960,000	99,000	4,059,000	-
Totals	**$27,730,000**	**$7,556,500**	**$35,286,500**	**$-**

IVY TECH COMMUNITY COLLEGE OF INDIANA SCHEDULE OF ANNUAL REQUIREMENTS FOR PRINCIPAL AND INTEREST Series H of 2003, Series J of 2005, Series K of 2007, Series L of 2009, Series N of 2010, Series O, Series P, and Series Q of 2012, Series R of 2014, and Series S of 2015 and Series T of 2016						
Year Ending June 30	**Principal**	**Interest**	**Total**	**Series N 35% Federal Interest Credit***	**Net Total**	**Outstanding Principal Balance**
2017	$51,280,000	$12,453,495	$63,733,495	($1,165,798)	$62,566,445	$235,220,000
2018	21,080,000	10,939,729	32,019,729	(1,110,078)	30,908,459	214,140,000
2019	19,495,000	10,064,208	29,559,208	(1,047,988)	28,510,094	194,645,000
2020	19,890,000	9,108,223	28,998,223	(980,520)	28,016,650	174,755,000
2021	19,640,000	8,172,360	27,812,360	(908,999)	26,902,384	155,115,000
2022	16,850,000	7,287,955	24,137,955	(832,779)	23,304,281	138,265,000
2023	17,170,000	6,423,823	23,593,823	(749,400)	22,843,618	121,095,000
2024	17,930,000	5,562,746	23,492,746	(660,662)	22,831,374	103,165,000
2025	18,120,000	4,694,211	22,814,211	(566,821)	22,246,782	85,045,000
2026	19,630,000	3,768,490	23,398,490	(467,769)	22,930,219	65,415,000
2027	20,750,000	2,778,218	23,528,218	(361,761)	23,166,068	44,665,000
2028	13,395,000	1,903,691	15,298,691	(248,344)	15,050,080	31,270,000
2029	10,125,000	1,253,483	11,378,483	(130,364)	11,247,978	21,145,000
2030	7,820,000	756,276	8,576,276	(35,098)	8,541,140	13,325,000
2031	4,530,000	454,495	4,984,495	-	4,984,495	8,795,000
2032	4,710,000	267,733	4,977,733	-	4,977,733	4,085,000
2033	4,085,000	85,785	4,170,785	-	4,170,785	-
Totals	**$286,500,000**	**$85,974,920**	**$372,474,920**	**($9,266,381)**	**$363,208,539**	**$-**

Series H Bonds Principal Debt of $11,200,000
Series J Bonds Principal Debt of $9,245,000
Series K Bonds Principal Debt of $33,085,000
Series L Bonds Principal Debt of $32,575,000
Series N Bonds Principal Debt of $66,450,000
Series O Bonds Principal Debt of $9,200,000
Series P Bonds Principal Debt of $26,135,000
Series Q Bonds Principal Debt of $5,640,000
Series R Bonds Principal Debt of $60,670,000
Series S Bonds Principal Debt of $4,570,000
Series T Bonds Principal Debt of $27,730,000

*Taxable bonds issued under the Build America Bond ("BAB") program, which receive a 35% interest reimbursement from the Federal government. Includes 6.9% sequestration reduction.

SCHEDULE OF STUDENT FINANCIAL AID EXPENDITURES FOR YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE FIGURES AT JUNE 30, 2016				
	CURRENT UNRESTRICTED	CURRENT RESTRICTED	06/30/17 TOTAL	06/30/16 TOTAL
WORKSTUDY	$-	$1,209,404	$1,209,404	$1,161,804
SCHOLARSHIP/ FELLOWSHIP (1)	-	120,591,572	120,591,572	141,179,132
GRANTS	-	24,410,887	24,410,887	24,854,374
FEE REMISSIONS	5,861,646	-	5,861,646	5,706,967
ADMINISTRATIVE ALLOWANCE (2)	412,470	-	412,470	429,952
TOTAL FINANCIAL AID EXPENSES	**$6,274,116**	**$146,211,863**	**$152,485,979**	**$173,332,229**

(1) The amount of $120,591,572 includes $113,105,162 in Pell grants as compared to $132,855,067 for the prior year. The College has no choice in determining the recipients for the Pell grant program.
(2) Administrative allowance is made up of $198,345 for Pell, and $214,125 for SEOG and Work Study.

IVY TECH COMMUNITY COLLEGE OF INDIANA FIVE YEAR TREND IN STUDENT ENROLLMENT					
	Actual				
Credit Student	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17***
Full Time	40,206	37,119	30,130	27,403	26,070
Part Time	140,192	142,072	141,361	137,361	138,739
Total	**180,398**	**179,191**	**171,491**	**164,764**	**164,809**
FTE	71,055	67,265	61,011	57,371	56,315
Non-Credit Students	17,846	14,281	12,792	12,647	11,557

*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. The numbers reported previously for the periods of 2012-13 through 2015-16 were duplicated headcount instead of unduplicated. The numbers have been corrected with the unduplicated amounts.


I
BELIEVED
SO
I DID

IVY TECH
COMMUNITY COLLEGE

IvyTech.edu