MINUTES

JOINT MEETING
FINANCE AND CONSTRUCTION COMMITTEES

UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES

November 1, 2001

The Finance and Construction Committees of the University of Southern Indiana Board of Trustees met in joint session on November 1, 2001, in the University Center Conference Center. In attendance were Trustees David Huber, Patrick Hoehn, Tina Kern, and James Will Sr. Also present were Vice President for Business Affairs Richard Schmidt and Associate Vice President for Fiscal and Physical Affairs Robert Ruble.

Chair David Huber called the meeting to order at 9:00 a.m.

(CONSTRUCTION COMMITTEE)

1. REVIEW AND APPROVAL OF BIDS FOR MISCELLANEOUS IMPROVEMENTS RELATED TO THE CONSTRUCTION OF THE SCIENCE AND EDUCATION CENTER (Attachments A and B)

On a motion by Ms. Kern, seconded by Mr. Will, the low bids for Miscellaneous Improvements Related to the Construction of the Science and Education Center (Attachments A and B) were approved. Bids will be awarded to Lichtenberger Construction Company for the service drive and walkway (Attachment A) and to Goedde Plumbing and Heating, Inc. for the heating hot water pump replacement (Attachment B).

2. REVIEW AND APPROVAL OF BIDS FOR THE CONSTRUCTION OF A GREENHOUSE FOR THE SCIENCE AND EDUCATION CENTER PROJECT (Attachment C)

On a motion by Ms. Kern, seconded by Mr. Hoehn, the low bid from J. A. Nearing Co., Inc. for the construction of a greenhouse in the Science and Education Center was approved (Attachment C).

3. DISCUSSION OF SELECTION OF DESIGN TEAM FOR THE LIBRARY EXPANSION PROJECT

The committee discussed a proposed schedule for the selection of a design team for the library expansion project.

4. INFORMATION ITEM: REPORT OF CHANGE ORDERS ISSUED BY THE VICE PRESIDENT FOR BUSINESS AFFAIRS (Attachment D)

Mr. Ruble reviewed the information item regarding change orders issued by the Vice President for Business Affairs since the last meeting of the committee. The committee approved the format of the report, which will be an information-only item in future Construction Committee agendas.

(FINANCE COMMITTEE)

5. REVIEW OF 2001 AUDITED FINANCIAL STATEMENTS (Attachment E)

Mr. Schmidt called on Diana Biggs, Internal Auditor, who presented an overview of the 2001 audited financial statements (Attachment E).

6. APPROVAL OF BUDGET APPROPRIATIONS, ADJUSTMENTS, AND TRANSFERS FOR 2001-02 (Attachment F)

On a motion by Mr. Will, seconded by Ms. Kern, the budget appropriations, adjustments, and transfers for 2001-02 in Attachment F and the budget appropriations, adjustments, and transfers for 2000-01 in Attachment G were approved.

7. APPROVAL OF BUDGET APPROPRIATIONS, ADJUSTMENTS, AND TRANSFERS FOR 2000-01 (Attachment G)

On a motion by Mr. Will, seconded by Ms. Kern, the budget appropriations, adjustments, and transfers for 2001-02 in Attachment F and the budget appropriations, adjustments, and transfers for 2000-01 in Attachment G were approved.

There being no further business, the meeting adjourned at 9:45 a.m.

Miscellaneous Improvements Re-Bid
University of Southern Indiana

Project No. W6-192
October 10, 2001

Contractor	Form 96	Bid Bond	Addendum 1	Addendum 2	**Base Bid No. 2 – Re-Bid** Service Drive from Security Building to Forum Wing and Walkway from Physical Plant to Security Building
Arc Construction	✓	✓	✓	✓	**$183,830.00**
Industrial Contractors	✓	✓	✓	✓	**$177,320.00**
Deig Brothers Construction	✓	✓	✓	✓	**$184,760.00**
Empire Contractors	✓	✓	✓	✓	**$221,220.00**
Key Construction	✓	✓	✓	✓	**$159,500.00**
Lichtenberger Construction	✓	✓	✓	✓	**$150,807.00**
Estimate					*$210,050.00*

Attachment A
Finance and Construction Committees
11-01-01

Miscellaneous Improvements Re-Bid
University of Southern Indiana

Project No. W6-192
October 10, 2001

Contractor	Form 96	Bid Bond	Addendum 1	Addendum 2	**Base Bid No. 4 – Re-Bid** Heating Hot Water Pump Replacement
Deig Brothers Construction	✓	✓	✓	✓	**$68,868.00**
Goedde Plumbing & Heating	✓	✓	✓	✓	**$66,900.00**
J E Shekell	✓	✓	✓	✓	**$67,120.00**
Estimate					*$68,119.00*

Edmund L. Hafer & Associates, P.C.

Attachment B
Finance and Construction Committees
11-01-01

Miscellaneous Improvements Re-Bid
University of Southern Indiana

Project No. W6-192
October 10, 2001

Contractor	Form 96	Bid Bond			Science and Education Center Greenhouse – Re-Bid
J. A. Nearing Co., Inc.	✓	✓			**$138,372.00**
Rough Brothers, Inc.	✓	✓			**$287,500.00**
Winandy Greenhouse Company, Inc.	✓	✓			**$227,817.00**
Van Wingerden Greenhouse Company	-	-			**No Bid**
Estimate					*$152,720.00*

Attachment C
Finance and Construction Committees
11-01-01

Edmund L. Hafer & Associates, P.C.

Report to University of Southern Indiana Board of Trustees
November 1, 2001

Change Orders Issued by the Vice President for Business Affairs

On September 6, 2001, the Board of Trustees adopted a procedure related to changes in construction contracts which included the following: "Change orders up to $25,000 may be issued by the Vice President for Business Affairs and reported to the Board of Trustees at its next meeting." Consistent with that policy, the following change orders have been issued.

PROJECT: O'Bannon Hall

	Description	Contractor	Amount
GC-9	Changes in the scope of work and materials for several items during the construction of the building	Lichtenberger	$15,463.00

PROJECT: Miscellaneous Improvements Related to the Construction of the Science and Education Center

	Description	Contractor	Amount
2.4	Replace soft sub base in existing roadway prior to paving with asphalt	Deig Brothers	$ 4,242.62
2.5	Remove and replace cracked asphalt on existing roadway where new roadway meets existing	Deig Brothers	2,296.57
2.6	Remove unsuitable soil under new roadway at the north edge of the lake and install compacted fill	Deig Brothers	12,000.00
2.7	Pour concrete over high voltage electric service where uncovered in roadway	Deig Brothers	190.75
2.8	Modify Parking Lot G curbs, landscaping, and pavement to facilitate emergency vehicle access	Deig Brothers	9,735.00
2.9	Install additional curb inlet in roadway and lower two area drains	Deig Brothers	3,719.00

UNIVERSITY OF SOUTHERN INDIANA

FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDING JUNE 30, 2001

Prepared by

Diana M. Biggs, CPA, CIA
Director of Internal Audit

FINANCE COMMITTEE
BOARD OF TRUSTEES
NOVEMBER 1, 2001

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITORS' OPINION ON GENERAL-PURPOSE FINANCIAL STATEMENTS

TO: THE OFFICIALS OF UNIVERSITY OF SOUTHERN INDIANA, EVANSVILLE, INDIANA

We have audited the accompanying general-purpose financial statements of University of Southern Indiana, Evansville, Indiana, as of and for the year ended June 30, 2001. These general-purpose financial statements are the responsibility of University of Southern Indiana's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of University of Southern Indiana, as of June 30, 2001, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 2001, on our consideration of University of Southern Indiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

STATE BOARD OF ACCOUNTS

October 18, 2001

STATE OF INDIANA

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

TO: THE OFFICIALS OF UNIVERSITY OF SOUTHERN INDIANA, EVANSVILLE, INDIANA

We have audited the financial statements of University of Southern Indiana as of and for the year ended June 30, 2001, and have issued our report thereon dated October 18, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

STATE BOARD OF ACCOUNTS

October 18, 2001

Summary of Significant Accounting Policies **June 30, 2001**

The financial statements of the University of Southern Indiana have been prepared on the accrual basis. The Statement of Current Funds Revenues, Expenditures and Other Changes presents the financial activities of current funds for this reporting period. It does not present the results of operations (net income or loss for the period) as would a statement of revenues and expenses.

Fund Accounting
To ensure observance of limitations and restrictions placed on the use of resources available to the University, accounts are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into groups reflecting activities or objectives specified. Accounts are maintained separately for each fund. However, in the accompanying financial statements, funds with similar characteristics are combined into fund groups. Accordingly, all financial transactions are reported by fund group.

Current Funds
The current funds classification is divided into unrestricted, designated, auxiliary enterprise, and restricted. These classifications reflect the restrictions placed upon the funds and their availability for current operations. Unrestricted funds are under the control of the University to use in achieving its educational purposes. Designated funds are set aside at the discretion of the Board of Trustees. Auxiliary enterprises are supplementary to the primary educational function of the University. Restricted funds may be expended only in compliance with restrictions set by the donor or grantor.

Loan Funds
Loan funds account for resources that provide loans to students on a revolving basis (repayments of principal and interest become available for loans to other students). The primary loan program is the federally funded Perkins Loan Program, which requires the University to provide matching funds equaling one-third the federal funds or one-fourth the combined federal and institutional funds. These matching funds are reflected as a mandatory transfer-in in those years that federal monies are received. University funds and private donations support other loan programs accounted for within this fund group.

Agency Funds
Agency funds are used to account for assets held by the University as custodian or fiscal agent for others. Transactions in this fund do not affect the Statement of Changes in Fund Balances.

Plant Funds
The unexpended plant funds subgroup provides accounting for the unexpended resources derived from various sources to finance the acquisition of long-lived assets and the associated liabilities. The renewals and replacement subgroup provides accounting for the state appropriated resources dedicated to renewal and replacement of plant fund assets as distinguished from additions and improvements to plant.

The purpose of the retirement of indebtedness subgroup is to account for the accumulation of resources for interest and principal payments and other debt charges. Funds are deposited with an independent trustee as set forth in each series of bond indentures.

Investment in plant funds includes the University's long-lived physical assets. Plant assets consisting of land, buildings, and equipment are stated at cost on the date of acquisition or, if donated, at fair market value on the date of gift.

Reporting Period
The University's fiscal year begins July 1 and ends June 30. The revenues and expenditures for academic summer sessions are reported within the fiscal year in which the major portion of the session occurred. This report contains revenues and expenditures for the third summer 2000 through the second summer 2001.

Balance Sheet

June 30, 2001 with Comparative Totals at June 30, 2000

	Current Funds 2001	Current Funds 2000	Loan Funds 2001	Loan Funds 2000	Agency Funds 2001	Agency Funds 2000	Plant Funds 2001	Plant Funds 2000
Assets								
Cash and Investments (Note 1)	$ 12,003,808	$ 11,457,472	$ 101,895	$ 85,948	$ 78,361	$ 190,686	$ 17,725,394	$ 12,869,994
Cash and Investments Held by Trustee	...	...	...	...	...	...	1,891,135	3,322,405
Accrued Interest	443,762	388,008	...	...	...	...	10,279	9,455
Prepaid Expenses	143,148	117,131	...	...	283	...	954	3,606
Accounts Receivable, Net (Note 3)	2,278,807	1,922,469	35,156	24,860	226,493	175,417	166,135	526,011
Notes Receivable	...	...	324,119	329,530	...	...	...	...
Inventories	1,421,108	1,456,403	...	...	...	...	...	...
Due from Other Funds	...	...	...	...	...	...	780,950	790,950
Construction in Progress (Note 15)	...	...	...	...	...	...	7,065,174	6,747,966
Deferred Bond Issuance Costs	...	...	...	...	...	...	207,827	222,465
Campus Land & Improvements	...	...	...	...	...	...	7,944,806	7,944,806
Plant and Equipment, net accum depreciation of $51,633,768 and $42,713,812 for FYE 2001 and 2000 respectively (Note 16)	...	...	...	...	...	...	95,577,180	91,153,170
Total Assets	**$ 16,290,633**	**$ 15,341,483**	**$ 461,170**	**$ 440,338**	**$ 305,137**	**$ 366,103**	**$ 131,369,834**	**$ 123,590,828**
Liabilities and Fund Balances								
Accounts Payable	$ 468,199	$ 419,540	$ ...	$ ...	$ 7,588	$ 2,540	$ 127,314	$ 61,013
Interest Payable							6,553	...
Deferred Income	409,297	61,465	...	...	...	...	...	...
Deposits	626,794	590,713	...	...	74,834	62,812	...	...
Notes Payable (Note 4)	...	...	...	...	...	...	4,714,181	1,506,540
Accrued Payroll and Deductions	4,007,281	3,610,836	...	...	...	...	...	...
Compensated Absence Accrual (Note 8)	1,294,150	1,150,585	...	...	...	...	...	...
Reserve for Post Retirement Benefits	35,057	32,798	...	...	...	...	...	...
Due to Other Funds	780,950	790,950	...	...	...	...	...	...
Bonds Payable (Note 6 and 7)	...	...	...	...	...	...	75,473,101	71,462,500
Unamortized Bond Discount	...	...	...	...	...	...	(268,821)	(287,686)
Funds Held in Custody for Others	...	...	...	...	222,715	300,751	...	...
Total Liabilities	**$ 7,621,728**	**$ 6,656,887**	**$ -**	**$ -**	**$ 305,137**	**$ 366,103**	**$ 80,052,328**	**$ 72,742,367**
Fund Balances								
Allocated (Note 12)	$ 4,479,884	$ 4,005,944	$ ...	$ ...	$ ...	$ ...	$ 1,216,492	$ 596,532
Unallocated	4,189,021	4,678,652	461,170	440,338	...	...	16,228,261	13,682,315
Net Investment in Plant	...	...	...	...	...	...	33,872,753	36,569,614
Total Fund Balances	**$ 8,668,905**	**$ 8,684,596**	**$ 461,170**	**$ 440,338**	**$ -**	**$ -**	**$ 51,317,506**	**$ 50,848,461**
Total Liabilities and Fund Balance	$ 16,290,633	$ 15,341,483	$ 461,170	$ 440,338	$ 305,137	$ 366,103	$ 131,369,834	$ 123,590,828

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements

Statement of Changes in Fund Balance

Year Ended June 30, 2001

	Current Funds					Plant Funds			
	Unrestricted	Designated	Auxiliary Enterprises	Restricted	Loan Fund	Unexpended	Renewal and Replacement	Retirement Indebtedness	Investment in Plant
Revenues and Other Additions									
Current Funds Revenues	$ 51,667,431	$ 8,454,291	$ 14,106,061	$ ...	$ ...	$ ...	$ ...	$ ...	$ ...
State Appropriations	...	...	...	...	...	979,439	243,323	...	...
Government Grants and Contracts	...	...	...	7,644,157	...	...	...	159,836	...
Private Gifts, Grants and Contracts	...	...	...	66,656	...	94,914	...	...	...
Loan Interest	...	...	...	...	16,334	...	...	...	...
Investment Income	...	...	...	46,156	3,132	943,846	9,767	284,050	...
Additions to Plant Facilities	...	...	...	...	...	...	...	...	14,763,650
Indebtedness Retired	...	...	...	...	...	...	...	...	3,121,350
Other	...	...	...	25,876	8,780	931	...	...	...
Total Revenue and Other Additions	**$ 51,667,431**	**$ 8,454,291**	**$ 14,106,061**	**$ 7,782,845**	**$ 28,246**	**$ 2,019,130**	**$ 253,090**	**$ 443,886**	**$ 17,885,000**
Expenditures and Other Deductions									
Current Fund Expenditures . (Notes 8, 9, 10)	$ 49,373,012	$ 2,038,335	$ 11,973,866	$ 8,172,663	$ ...	$ ...	$ ...	$ ...	$ ...
Loan Administration	...	...	...	...	9,388	...	...	...	...
Loan Cancellations and Writeoffs	...	...	...	...	20,627	...	...	...	...
Expended for Plant Facilities	...	...	...	...	...	12,825,673	313,271	...	...
Retirement of Indebtedness	...	...	...	...	...	...	...	2,782,360	...
Interest on Indebtedness	...	...	...	...	...	268,604	...	2,660,036	...
Bond Issue Costs	...	...	...	...	...	219,575	...	379,875	...
Bond Discount Expense	...	...	...	...	...	...	...	18,865	...
Retirement of Plant	...	...	...	...	...	...	...	...	1,160,293
Depreciation Expense	...	...	...	...	...	...	...	...	8,919,956
Loss on refinancing	...	...	...	...	...	...	...	...	338,990
Other	...	...	...	...	...	303,580	10,460	33,442	...
Total Expenditures and Other Deductions	**$ 49,373,012**	**$ 2,038,335**	**$ 11,973,866**	**$ 8,172,663**	**$ 30,015**	**$ 13,617,432**	**$ 323,731**	**$ 5,874,578**	**$ 10,419,239**
Transfers (To)/From Other Funds									
Mandatory	$ ...	$ (3,610,361)	$ (1,553,219)	$ ...	$ ...	$ (243,478)	$ ...	$ 5,407,058	$ ...
Non-Mandatory	(2,420,216)	(1,963,867)	(598,258)	20,401	22,601	14,593,208	...	508,753	(10,162,622)
Total Net Transfers	**$ (2,420,216)**	**$ (5,574,228)**	**$ (2,151,477)**	**$ 20,401**	**$ 22,601**	**$ 14,349,730**	**$ ...**	**$ 5,915,811**	**$ (10,162,622)**
Net Increase/(Decrease) for the Year	$ (125,797)	$ 841,728	$ (19,282)	$ (369,417)	$ 20,832	$ 2,751,428	$ (70,641)	$ 485,119	$ (2,696,861)
Fund Balance at July 1, 2000	4,065,390	2,402,756	1,223,538	992,912	440,338	13,222,795	1,011,804	44,248	36,569,614
Adjustment to beginning fund balance (Note 13)				(342,923)					
Fund Balance at June 30, 2001	**$ 3,939,593**	**$ 3,244,484**	**$ 1,204,256**	**$ 280,572**	**$ 461,170**	**$ 15,974,223**	**$ 941,163**	**$ 529,367**	**$ 33,872,753**

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements

Statement of Current Fund Revenues, Expenditures and Other Changes
Year Ended June 30, 2001 with Comparative Figures for 2000

	Unrestricted	Designated	Auxiliary Enterprises	Restricted	Total Current Funds 2001	Total Current Funds 2000
Revenues						
State Appropriation	$ 32,497,534	$ ...	$ 662,841	$ ...	$ 33,160,375	$ 31,093,992
Student Fees	17,830,949	7,165,600	1,305,354	...	26,301,903	22,889,145
Government Grants and Contracts	138,868	...	...	7,644,157	7,783,025	7,221,731
Private Gifts, Grants and Contracts	95,757	102,025	659,575	66,656	924,013	1,986,379
Sales and Service	521,297	918,473	11,424,935	...	12,864,705	14,441,917
Investment Income	516,059	111,525	...	46,156	673,740	727,081
Other Income/Increases	66,967	156,668	53,356	25,876	302,867	956,789
Total Current Fund Revenues	**$ 51,667,431**	**$ 8,454,291**	**$ 14,106,061**	**$ 7,782,845**	**$ 82,010,628**	**$ 79,317,034**
Expenditures and Mandatory Transfers						
Educational and General:						
Instruction	$ 23,480,586	$ 45,129	$ ...	$ 1,035,220	$ 24,560,935	$ 23,637,363
Academic Support	5,607,812	260,821	...	198,660	6,067,293	5,610,494
Student Services	4,335,299	694,325	...	115,164	5,144,788	4,361,847
Institutional Support	7,515,177	100,934	...	...	7,616,111	7,435,267
Operation and Maintenance of Plant	5,967,398	...	...	...	5,967,398	5,727,772
Student Aid	2,463,098	32,442	...	6,476,634	8,972,174	8,231,420
Public Service	3,642	904,684	...	179,236	1,087,562	1,012,407
Research	...	...	...	152,164	152,164	95,102
Other Expenditures	...	...	...	15,585	15,585	51,209
Total Educational and General	**$ 49,373,012**	**$ 2,038,335**	**$ ...**	**$ 8,172,663**	**$ 59,584,010**	**$ 56,162,881**
Mandatory Transfers	...	3,610,361	...	...	3,610,361	3,854,228
Total Educational and General and Mandatory Transfers	**$ 49,373,012**	**$ 5,648,696**	**$ ...**	**$ 8,172,663**	**$ 63,194,371**	**$ 60,017,109**
Auxiliary Enterprise Expenditures	...	...	11,973,866	...	11,973,866	12,182,466
Mandatory Transfer for Debt Service	...	...	1,553,219	...	1,553,219	1,076,465
Total Auxiliary Enterprise	**$ ...**	**$ ...**	**$ 13,527,085**	**$ ...**	**$ 13,527,085**	**$ 13,258,931**
Total Current Fund Expenditures and Mandatory Transfers	**$ 49,373,012**	**$ 5,648,696**	**$ 13,527,085**	**$ 8,172,663**	**$ 76,721,456**	**$ 73,276,040**
Other Transfers and Additions/(Deductions)						
Restricted Receipts in Excess of Expenditures	...	...	...	...	...	(50,046)
Net Transfers (To)/From Other Funds	(2,420,216)	(1,963,867)	(598,258)	20,401	(4,961,940)	(5,589,459)
Net Change in Current Fund Balance	**$ (125,797)**	**$ 841,728**	**$ (19,282)**	**$ (369,417)**	**$ 327,232**	**$ 401,489**

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements

NOTE 1 - Cash and Equivalents
The Board of Trustees determines the investment policy of the University. The University invests in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit, repurchase agreements, savings and money market accounts, and negotiable order of withdrawal accounts. Cash and equivalents as of June 30, 2001, are stated at cost, which approximates market value (See Table I).

Investments with Indiana institutions are limited to those banks, savings banks, and savings and loan institutions that provide deposit insurance for university funds under Indiana statutes by the Public Deposit Insurance Fund, in addition to the amounts insured by agencies of the United States government (FDIC/SAIF). Investments with non-Indiana institutions must be insured by agencies of the U.S. government to the maximum statutory amount of $100,000.

The University's cash and investments are categorized in Table I to give an indication of the level of risk assumed at year end. Category 1 includes insured or registered securities held by the University or its agent in the University's name; Category 2 contains uninsured or unregistered securities held by the financial institution or agent in the University's name; and Category 3 represents uninsured and unregistered securities held by the financial institution or its agent but not in the University's name.

Table I	Category			Carrying	Market
	1	2	3	Amount	Value
Demand deposits	$6,923,163			$6,923,163	$6,923,163
Certificates of deposits	13,237,495			13,237,495	13,237,495
Repurchase agreements			4,094,048	4,094,048	4,094,048
U S Treasury & agency obligations		5,549,601		5,549,601	5,566,612
Totals	$20,160,658	$5,549,601	$4,094,048	$29,804,307	$29,821,318

NOTE 2 - Compensating Balances
The University maintains compensating bank balances to offset operating assessments in the following banks in the following amounts:

Fifth Third Bank Evansville, Indiana	$450,000
Integra Bank Evansville, Indiana	$100,000
Old National Bank Evansville, Indiana	$ 85,000

NOTE 3 - Accounts Receivable
Accounts receivable are recorded net of allowance for uncollectible student fees and housing fees of $151,741 and $39,360 respectively ($141,428 and $32,863 in 2000). Accounts receivables are also reduced by specific bad debt write offs for books, loans, various fines, and other sales and services. These allowances and write offs reduced receivables in the following fund groups by the following amounts:

	2001	2000
Unrestricted Funds	$ 104,967	$ 97,729
Designated Funds	46,774	43,698
Auxiliary Funds	39,360	32,863
Loan Funds	20,627	14,390
Total Uncollectible	$211,728	$188,680

NOTE 4 - Notes Payable

On January 7, 1997, the University issued two promissory notes totaling $2,127,318 to provide financing for an energy management performance contract. The note has a fixed interest rate of 5.68%, and the balance outstanding at June 30, 2001, is $1,309,181.

NOTE 5 - Bonded Indebtedness - Fees and Security Interest Pledged

The University of Southern Indiana Student Fee Bonds, Series G of 1999; the University of Southern Indiana Student Fee Bonds, Series F of 1998; the University of Southern Indiana Student Fee Bonds, Series E of 1995; the University of Southern Indiana Student Fee Revenue Bonds, Series D of 1993; the University of Southern Indiana Student Fee Revenue Refunding Bonds, Series C of 1993; and University of Southern Indiana Student Union Refunding Bonds, Series of 1985, are secured by a pledge of and first lien on student fees.

The University of Southern Indiana Auxiliary System Revenue Bonds, Series 2001A, and the University of Southern Indiana Auxiliary System Variable Rate Demand Revenue Bonds, Series 2001B, are secured by a pledge of and parity first lien on the net income from the Auxiliary System (student housing, parking facilities, and dining services), any insurance proceeds, amounts held in the debt service funds or project funds, and investment income thereon. Each bond issue is described more fully in Note 6.

NOTE 6 - Bond Issues Outstanding

On December 30, 1985, the University issued University of Southern Indiana Student Union Refunding Bonds, Series of 1985, in the amount of $1,050,000, to provide funds to refund the Indiana State University Student Union Refunding, First Mortgage Bonds, to reduce aggregate debt service, and to incorporate into the Trust Indenture new financing powers granted by the 1985 session of the Indiana General Assembly. The net interest cost on this issue is 9.145 percent, and the principal balance outstanding at June 30, 2001 is $275,000.

On August 15, 1993, the University issued taxable Student Fee Revenue Refunding Bonds, Series C, in the amount of $4,205,000, with variable interest rates between 3.15% and 5.8% (current year rate of 5.8%). These bonds were used to decrease aggregate debt service by refunding 1985 Series A bonds. The outstanding principal balance was retired on October 1, 2000.

Again on August 15, 1993, the University issued tax exempt Student Fee Revenue Bonds, Series D, in the amount of $24,678,101, with variable interest rates between 2.25% and 5.8% (current year rate of 4.55%). These bonds were used to decrease aggregate debt service by advance refunding 1988 Series B bonds and to provide funds for the construction of the Health Professions Center. At June 30, 2001, the outstanding balance is $20,123,101.

On August 15, 1995, the University issued tax exempt Student Fee Bonds, Series E, in the amount of $4,425,000, with variable interest rates between 4% and 6% (current year rate of 4.5%). These bonds were issued to finance a portion of the cost of expansion of the University Center and to pay all costs of issuance. The outstanding balance at June 30, 2001, is $3,800,000.

On March 15, 1998, the University issued Student Fee Bonds, Series F, in the amount of $15,280,000, with variable interest rates between 3.55% and 4.7% (current year rate of 4.05%). These bonds were issued to finance a portion of the cost of construction of the Liberal Arts Center, to refinance certain interim indebtedness incurred in connection with the project, and to pay the costs of issuance. The outstanding balance at June 30, 2001 is $12,000,000.

On September 22, 1999, the University issued Student Fee Bonds, Series G, in the amount of $4,700,000 with variable interest rates estimated to average 4.25% per annum over the life of the bonds. These bonds were issued to finance the cost of constructing and equipping a Wellness, Fitness and Recreational Facility; to reimburse the University for advance cash outlays; and to pay all costs of issuance. The outstanding balance at June 30, 2001 remains at $4,700,000.

On February 1, 2001, the University issued Auxiliary System Revenue Bonds, Series 2001A, in the amount of $23,775,000 with an average interest rate 5% per annum over the life of the bonds. These bonds were issued to refund certain outstanding student housing bonds as described more completely in Note 7. The outstanding balance at June 30, 2001, remains at $23,775,000.

Again on February 1, 2001, the University issued Auxiliary System Revenue Bonds, Series 2001B, in the amount of $10,800,000 with an average interest rate of 5% per annum over the life of the bonds. These bonds were issued to finance the construction of student residence facilities and to refund certain outstanding student housing bonds as described more completely in Note 7. The outstanding balance at June 30, 2001, remains at $10,800,000.

NOTE 7 – Current Refunding of Student Housing Bonds
During the fiscal year ending June 30, 2001, the University completed a program of refunding all of the existing housing debt and issuing new debt under an Auxiliary System format. The University chose the System format because the existing debt could be restructured under a single set of debt documents, simplifying the accounting for housing transactions. The System format allows for the inclusion of the housing services, dining operations, and parking facilities revenue stream to be pledged to the payment of the new debt. As a result of the refunding, the University will improve its net cash flow demands by $1,635,005 over the lives of the old debts and realize a net economic gain of $4,442,487.

The Auxiliary System Revenue Bonds, Series 2001A, were issued February 1, 2001, in the amount of $23,775,000, bearing an average interest rate of 5%, to refund $23,636,223 in outstanding student housing revenue refunding bonds, series 1996 and 1997, and variable rate bonds, series 1998. The series 1996 and 1997 bonds had an average interest rate of 6%, and the variable rate series 1998 bonds bore interest at weekly or adjustable rates, which ranged from 2.9% up to a maximum of 10%. The net proceeds of $23,687,170 (after payment of $347,221 in issuance costs and receiving $259,392 in bond premium) and local contributions of $268,238 were used to purchase U.S. government securities. Those securities were deposited with an escrow agent and used to call the old bonds at the next call date of April 1, 2001. As a result, the liability for the 1996, 1997 and 1998 series bonds has been removed from the University's balance sheet. The current refunding resulted in an accounting loss of $319,185, which has been expensed. The University decreased its aggregate debt service payments by $2,058,913 over the next eighteen years and realized an economic gain (difference between the present values of the old and new debt service payments) of $4,296,119.

The Auxiliary System Variable Rate Demand Revenue Bonds, Series 2001B, were issued February 1, 2001, in the amount of $10,800,000, to finance the acquisition, construction, renovation or equipping of certain student residence facilities and to refund certain prior bonds issued to finance or refinance other student residence facilities. Of the total amount issued, $4,077,730, bearing an average interest rate of 5%, was used to refund $4,000,974 of outstanding student housing revenue bonds, series 1997, with an average interest rate of 6%. The net proceeds of $3,997,974 (after payment of $79,756 in issuance costs) and local contributions of $22,805 were used to purchase U.S. government securities. Those securities were deposited with an escrow agent and used to call the old bonds at the next call date of April 1, 2001. As a result, the liability for the series 1997 bonds has been removed from the University's balance sheet. The current refunding resulted in an accounting loss of $19,805, which has been expensed. The University, in effect, increased its aggregate debt service payment by $423,908 over the next twenty-one years and realized an economic gain of $146,368.

NOTE 8 - Compensated Absence Liability
Vacation leave and similar compensated absences (such as sick leave) based on past service are accrued as a liability as earned. The liability is measured at the salary rate in effect at the balance sheet date, and additional amounts are accrued for all required salary-related payments due a terminating or retiring employee. The salary-related payments subject to this accrual include the University's share of social security and Medicare taxes, as well as the University's contributions to the defined benefit pension plan (PERF).

The cumulative compensated absence liability is presented on the Balance Sheet in the Current Unrestricted funds at $1,294,150 and $1,150,585 for June 30, 2001 and 2000 respectively. The current year change represents a $117,916 increase in accrued vacation; a $15,192 increase in sick leave liability; a $10,183 increase in social security and Medicare taxes; and a $274 increase in PERF contributions.

NOTE 9 - Retirement Plans
Substantially all regular employees of the University are covered by either the Teachers Insurance and Annuity Association-College Retirement Equities Fund Retirement Plan (TIAA-CREF) or the State of Indiana Public Employees Retirement Fund (PERF). A small number of employees are covered under the Indiana State

Teachers Retirement Fund (STRF). The TIAA-CREF plan is an IRC 403(b) defined contribution plan; PERF and STRF are defined benefit plans under IRC 401(a) and are state plans described in IC 5-10.2-2 and 5-10.3. The University contributed \$3,245,345 to these programs in fiscal year 2000-01, which represents approximately 10 percent of the total University payroll and 12 percent of the benefit-eligible employees' payroll for the same period.

Faculty and Administrative Staff Eligible employees may participate in the TIAA-CREF Retirement Plan upon the completion of one year of employment. Participation may begin sooner if the employee was a participant in TIAA-CREF, or another university-sponsored retirement plan, for at least two years prior to eligible employment at USI. The University contributes 11percent of each participating employee's base appointment salary up to \$10,800 and 15 percent of the base appointment salary above \$10,800. The University contributed \$2,713,988 to this plan for 385 participating employees for fiscal year ending June 30, 2001, and \$2,488,561 for 357 participating employees for fiscal year ending June 30, 2000. The annual payroll for this group totaled \$21,594,454 and \$19,727,572 for fiscal years ending June 30, 2001 and 2000 respectively.

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

The University also contributes to STRF for three faculty and administrative employees who were grandfathered into the plan. STRF is a cost-sharing, multiple-employer public retirement program that provides retirement benefits to plan members and beneficiaries. The STRF retirement benefit consists of the pension provided by employer contributions, plus an annuity provided by the members' contributions, and the interest credited to the member's account. The University has elected to contribute both the employer and employee share of required contributions, which are currently 8.5 percent and 3 percent of employees' wages for employer and employee respectively. This has totaled \$24,460 and \$35,907 for fiscal years ending June 30, 2001 and 2000 respectively.

STRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing the State Teacher's Retirement Fund, 150 West Market Street, Suite 300, Indianapolis, IN 46204, or by calling 317/232-3860.

Clerical and Support Staff Employees in eligible positions and who work at least half-time participate in PERF, a retirement program administered by an agency of the State of Indiana. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the State of Indiana. There are two parts to this plan: an annuity savings plan to which the University contributes 3 percent of the employee's salary, and a defined benefit agent multi-employer plan to which the University currently contributes 5 percent of the employee's salary. Employees are eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit part of the plan after ten years of employment. The University contributed \$501,897 for 310 employees participating in PERF during the 2000-01 fiscal year, and \$501,433 for 286 employees participating during 1999-00.

As of July 1, 1997, the latest year for which actuarial data are available, the total pension benefit obligation of the defined benefit plan was \$5,695,466,720 for the State of Indiana and its municipalities. The University of Southern Indiana is one participant in this plan.

The required contribution was determined as part of the actuarial valuation using the projected unit cost method. The actuarial assumptions included: (a) 7.25 percent investment rate of return (net of administrative services), (b) projected salary increases of five percent per year, and (c) two percent per year cost-of-living adjustments. Actuarial information related to the University's portion of the plan is disclosed in the table below for the fiscal year ending June 30:

Public Employees Retirement Fund

Three Year Trend Information (in thousands)

* Determined to be equal to the same percent of salary as entire state of Indiana.

Fiscal Year Ending June 30	Actuarial Value of Plan Assets (A)	Actuarial Accrued Liability (B)	Unfunded Accrued Liability (C)	Funded Ratio (A/B)	Anticipated Annual Payroll (D)	Unfunded Liab. As % of Payroll (C/D)	Annual Required Contribution *	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1998	$3,387	$3,107	($280)	109.0%	$4,362	-6.4%	$250	$480	100.0%	$0
1999	3,737	3,236	(501)	115.0%	5,175	-9.7%	250	250	100.0%	0
2000	4,225	3,666	(558)	115.2%	4,985	-11.2%	223	224	99.6%	1

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing the Public Employee's Retirement Fund, Harrison Building, Suite 800, 143 West Market Street, Indianapolis, IN 46204, or by calling 317/232-4162.

NOTE 10 - Medical and Life Insurance Plans

The University requires participation in the group life insurance program as a condition of employment. Health and dental insurance is an optional benefit available through health care providers. Both the University and the employee contribute to the cost of this benefit on a share-the-cost basis. Benefits available to retirees are described in Note 11.

University employees can contribute to health and life insurance premiums on a pre-tax basis through a Section 125 Flexible Benefit Plan. Flexible Spending Accounts for unreimbursed health, dependent care and alternative insurance expenses are also available to allow participants to pay eligible expenses on a pre-tax basis.

CONCERN is a comprehensive employee assistance program offered through Deaconess Service Corporation to University employees and members of their households. The program offers assessment, short-term counseling, and referrals at no cost to the employee.

Long-term disability insurance benefits are provided to benefit-eligible employees after three years of employment. The cost of this benefit is paid entirely by the University.

The insurance coverages described above are contracted yearly and rates are based on claims experience and/or the demographics of participants. To provide these benefits the University paid $3,102,765 for 766 current employees in fiscal year 2000-01 and $2,622,098 for 722 current employees in fiscal year 1999-00.

NOTE 11 - Postretirement Health Care Benefits

In addition to the retirement plans described in Note 9, the University provides postretirement medical, dental, and life insurance benefits, as authorized by the Board of Trustees, to all employees who retire from the University after attaining age 60, with at least ten years of service, and to those retiring under the Rule of 85.[1]

The University contributes 75 percent of the group plan premium for medical/dental coverage for the retirees (and dependents) who were active employees as of June 30, 1993. The University will contribute on a revised years-of-service and premium contribution schedule for retirees who hired in on or after July 1, 1993:

Years of Service	University	Employee
10-14	25%	75%
15-19	50%	50%
20 +	75%	25%

The University offers two group term life insurance plans: original and revised. Whichever plan the retiree participated in during active employment is the plan that continues during the period of retirement. Under the original plan, the coverage is reduced to 50 percent of the highest volume attained during employment, with a maximum of $20,000. The University pays the entire premium up to $18,000; the retiree contributes $.25/month/$1,000 beyond $18,000 coverage.

Under the revised plan, the coverage is reduced to $5,000 and the University pays the entire premium. Accidental Death and Dismemberment coverage terminates on the retirement date under both plans.

In the future, a VEBA Trust (see Note 18) will help defray the costs of providing post retirement benefits; but for fiscal year 2000-01, the University paid approximately $283,203 to provide these benefits to 89 retirees and 34 spouses/dependents.

(1) The Rule of 85 retirement option is available to all benefit-eligible employees at age 55 if the combined age and years of service at USI equals 85 or more.

NOTE 12 - Allocated Fund Balances
The allocated fund balances in the Current Funds group are reserved for the following purposes:

Unrestricted Funds	
Outstanding Encumbrances	$1,151,911
Reserve for	
Equipment Replacement	350,000
Working Capital	200,000
Unemployment Claims	50,000
University Initiatives	50,000
Risk Retention: Buildings & Equipment	50,000
Revolving Funds	25,000
Total Allocated Fund Balance	$1,876,911
Designated Funds	
Employee Benefits Revolving Fund	$ 633,845
Outstanding Encumbrances	53,337
Reserve for	
Equipment Maintenance	1,219,004
Auto Collision Claims	145,482
Total Allocated Fund Balance	$2,051,668
Auxiliary Funds	
Reserve for University Center	$ 200,000
Outstanding Encumbrances	324,199
Total Allocated Fund Balance	$ 524,199
Restricted Funds	
Outstanding Encumbrances	$ 27,106
Total Allocated Fund Balance	$ 27,106
Total Current Funds Allocated Balance	$4,479,884

NOTE 13 – Change in Accounting
The University adopted Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, for the fiscal year ending June 30, 2001. GASB 33 calls for a change in accounting that requires restricted revenues and receivables from non-exchange transactions to be recognized when all applicable eligibility requirements are met. Resources received before eligibility requirements are met are recorded as deferred revenues. As a result of this change in accounting, the beginning fund balance for the restricted funds group has been restated to reflect prior year deferred revenue. The restatement resulted in a decrease to restricted fund balance of $342,923 for the year ended June 30, 2000.

NOTE 14 - Student Fees

Student fee revenues in 2000-01 include \$2,482,114 of remitted fees charged to Student Aid. Of that amount, \$35,348 represent graduate assistantships; and \$178,035 represent fee waivers to USI employees, spouses, and dependent children.

NOTE 15 - Construction in Progress

Expenditures for construction projects in various stages of completion at June 30, 2001, are approximately \$7.1 million. Major projects include a student residential complex (\$5.1 million) and the Education and Science classroom building (\$1.6 million).

The estimated cost to complete these major projects is \$22.7 million. Included in that figure are the student residential complex at \$1.1 million, and the Education and Science classroom building at \$21.6 million.

NOTE 16 - Depreciation

The University records depreciation for all capital assets, with the exception of land, historical sites, art, and museum objects, in compliance with National Association of College and University Business Officers (NACUBO) guidelines concerning depreciation for all not-for-profit enterprises. The University depreciated library materials for the first time this fiscal year and opted to reflect the total accumulated depreciation of \$4,409,919 as a current year expense.

Depreciation is computed on a straight-line basis over the estimated useful lives of the various classes of assets: buildings and related components (8-50 years), equipment (3-15 years), land improvements (15 years), and library materials (10 years). Plant assets are removed from the records at the time of disposal. See Table II for current year activity and accumulated depreciation on the various classes of assets.

Table II	Balance 07/01/00	Additions	Deletions	Transfers In/(Out)	Balance 06/30/01	Accumulated Depreciation	Net Capital Assets
Campus Land	\$ 5,709,052				\$ 5,709,052	\$ -	\$ 5,709,052
Land Improvements	2,235,754				2,235,754	551,610	1,684,144
Educational Buildings	76,184,118	877,372	386,900		76,674,590	26,155,574	50,519,016
Utility Plant & Tunnels	2,858,468	379,740			3,238,208	561,193	2,677,015
Communications Infrastructure	322,622	18,721			341,343	121,349	219,994
Auxiliary Enterprise Buildings	35,038,476	4,102,458	149,529	6,318,094	45,309,499	12,114,751	33,194,748
Equipment	13,100,238	2,355,536	1,157,180		14,298,594	7,729,373	6,569,221
Library	5,313,340	990,289	7,135		6,296,494	4,409,919	1,886,575
Museum Exhibits	1,049,720	2,500			1,052,220		1,052,220
Construction in Progress	6,747,965	6,635,302		(6,318,094)	7,065,173		7,065,173
Total Cost	\$ 148,559,752	\$ 15,361,918	\$ 1,700,744	\$ 0	\$ 162,220,927	\$ 51,643,768	\$ 110,577,159

NOTE 17 - Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illness or injuries to employees; and health and other medical benefits provided to employees and their dependents. The University manages these risks of loss through combinations of risk retention and commercial insurance. For buildings and contents, and other special form coverages, the University has risk retention up to \$25,000 per occurrence. General liability, commercial crime, worker's compensation, commercial auto (except collision), medical malpractice, as well as all medical, life, and disability insurance, are handled through fully insured commercial policies. A reserve fund is maintained to cover claims resulting from auto collision of university-owned and third party vehicles. No liability exists at the balance sheet date for unpaid claims.

NOTE 18 - Interrelated Organizations

The University of Southern Indiana Foundation, Inc. is a separate nonprofit organization formed in 1969 to assist in support and development of the University. During fiscal year 2000-01, the Foundation donated

$1,247,050 to the University, primarily for scholarships. At June 30, 2001, the stated value of USI Foundation's net assets approximates $23.8 million. The financial statements of the University do not include these assets.

The University of Southern Indiana-New Harmony Foundation, Inc. was formed in 1986 to assist in supporting and developing Historic New Harmony, a small town in southwestern Indiana thirty miles from campus. During fiscal year 2000-01 this entity contributed $67,562 to the operation of Historic New Harmony. At June 30, 2001, the stated value of USI-NH Foundation's net assets was $334,687. These assets are not included in the financial statements of the University.

NOTE 19 - VEBA Trust

The University established a Voluntary Employees' Benefit Association (VEBA) trust for the purpose of providing retiree medical benefits for retired employees of USI and their dependents and for the purpose of providing medical benefits, disability benefits, and other forms of permitted welfare benefits for employees of USI and their dependents and beneficiaries and COBRA participants.

The trust is funded from three sources: University contributions and reserves designated by the Board for this purpose, employee payroll deductions for postretirement benefits, and retiree contributions for medical insurance premiums. A summary of the activity in the trust for the year ending June 30, 2001, is as follows:

Fund balance at July 1, 2000	$2,618,122
Transfer from University reserves	125,000
Transfer of employee/employer contributions	121,910
Transfer of retiree/employer contributions	13,382
Reinvested net earnings	183,652
Less: Management Fees	(19,080)
Fund balance at June 30, 2001	$3,042,986

Funds will accumulate in the trust for at least ten years before any disbursements are made. The University does not anticipate that the trust will pay for all postretirement benefits, but rather be used to reduce the increasing burden of such expenses on the current operating funds.

An actuarial evaluation, completed in 1999, projects the accumulated liability for future postretirement health care for current retirees and active employees at approximately $11.3 million as of July 1, 1999. This liability is expected to increase each year through the foreseeable future.

Funds that are placed into the trust cannot revert to the University under any circumstances; therefore, the financial statements of the University do not include the value of these assets.

NOTE 20 - Subsequent Events

The 1999 Indiana General Assembly approved $12.6 million in bonding authorization for Phase I of the construction of the Science/Education Classroom Building. The 2001 Indiana General Assembly approved an additional $10.6 million to complete the project, bringing the total bonding authority to $23,176,000. Ceremonial groundbreaking took place in September 2001; completion is expected by the fall semester, 2002.

On October 5, 2001, the Indiana Budget Committee authorized the University to refinance up to $13 million of existing debt--a portion of 1993 Series D[(2)]--in conjunction with the financing of the Science/Education Classroom Building. The University believes the current market conditions present an opportunity to refund and reduce the total debt service on that portion of the Series D debt that is allocable to the construction.

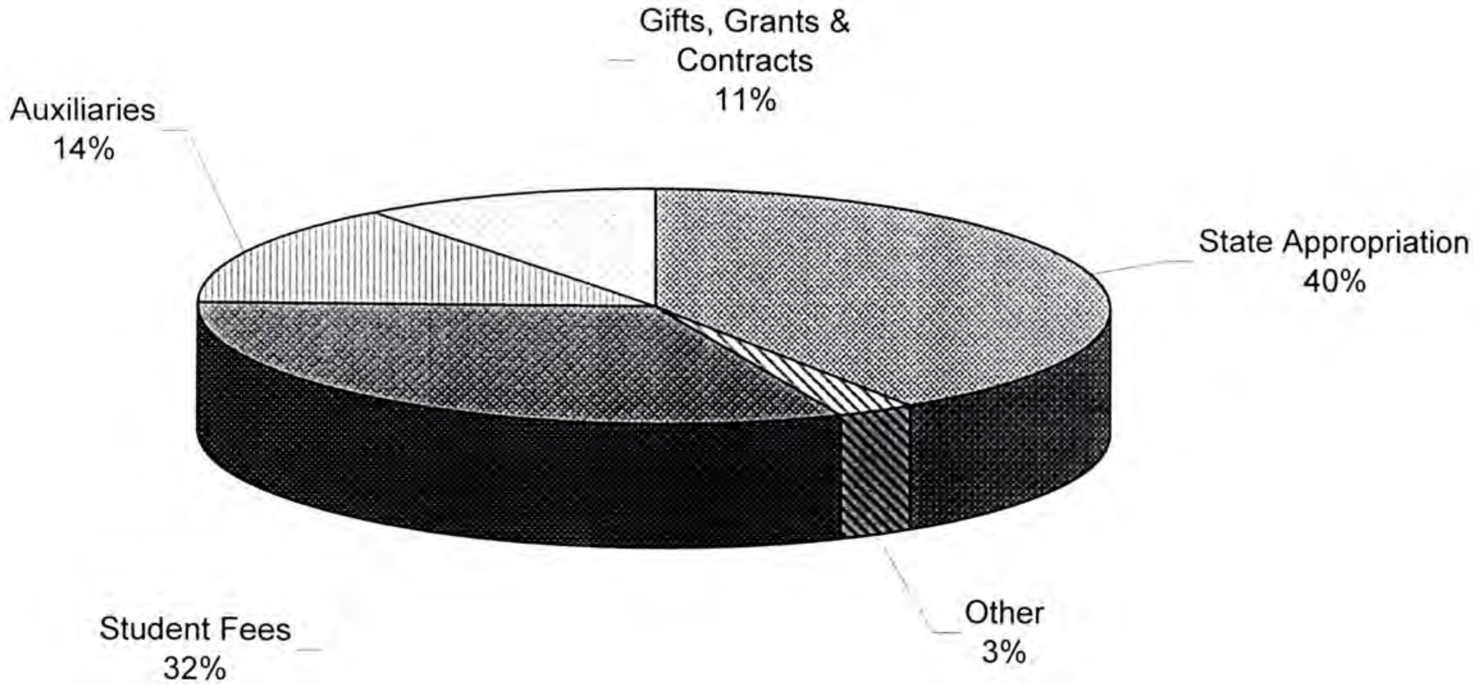
[(2)]The Series D bonds were issued, in part, to fund construction of the USI Health Professions Center.

Total Annual Debt Service

Year	Energy Conservation	Student Union 1985	Series D 1993	Series E 1995	Series F 1998	Series G 1999	Auxiliary System, Series A	Auxiliary System, Series B	Total Annual Debt Service
2001-02	$ 280,511	$ 112,140	$ 2,478,351	$ 382,190	$ 1,315,423	$ 199,750	$ 1,992,742	$ 312,667	$ 7,073,773
2002-03	280,511	113,087	2,478,923	378,890	1,318,770	199,750	1,994,550	636,000	7,400,481
2003-04	280,511	89,144	2,481,023	379,960	1,319,868	394,442	1,993,750	632,000	7,570,698
2004-05	280,511		2,479,945	380,305	1,318,920	385,248	1,996,550	728,000	7,569,479
2005-06	280,511		2,475,730	379,950	1,319,920	377,091	1,997,750	720,000	7,550,952
2006-16	140,256		19,816,395	3,764,008	9,567,235	3,894,486	19,954,750	6,750,000	63,887,130
2016-22						1,517,540	5,987,250	10,000,000	17,504,790
	$ 1,542,811	$ 314,371	$32,210,367	$ 5,665,303	$ 16,160,136	$ 6,968,307	$ 35,917,342	$ 19,778,667	$ 118,557,303

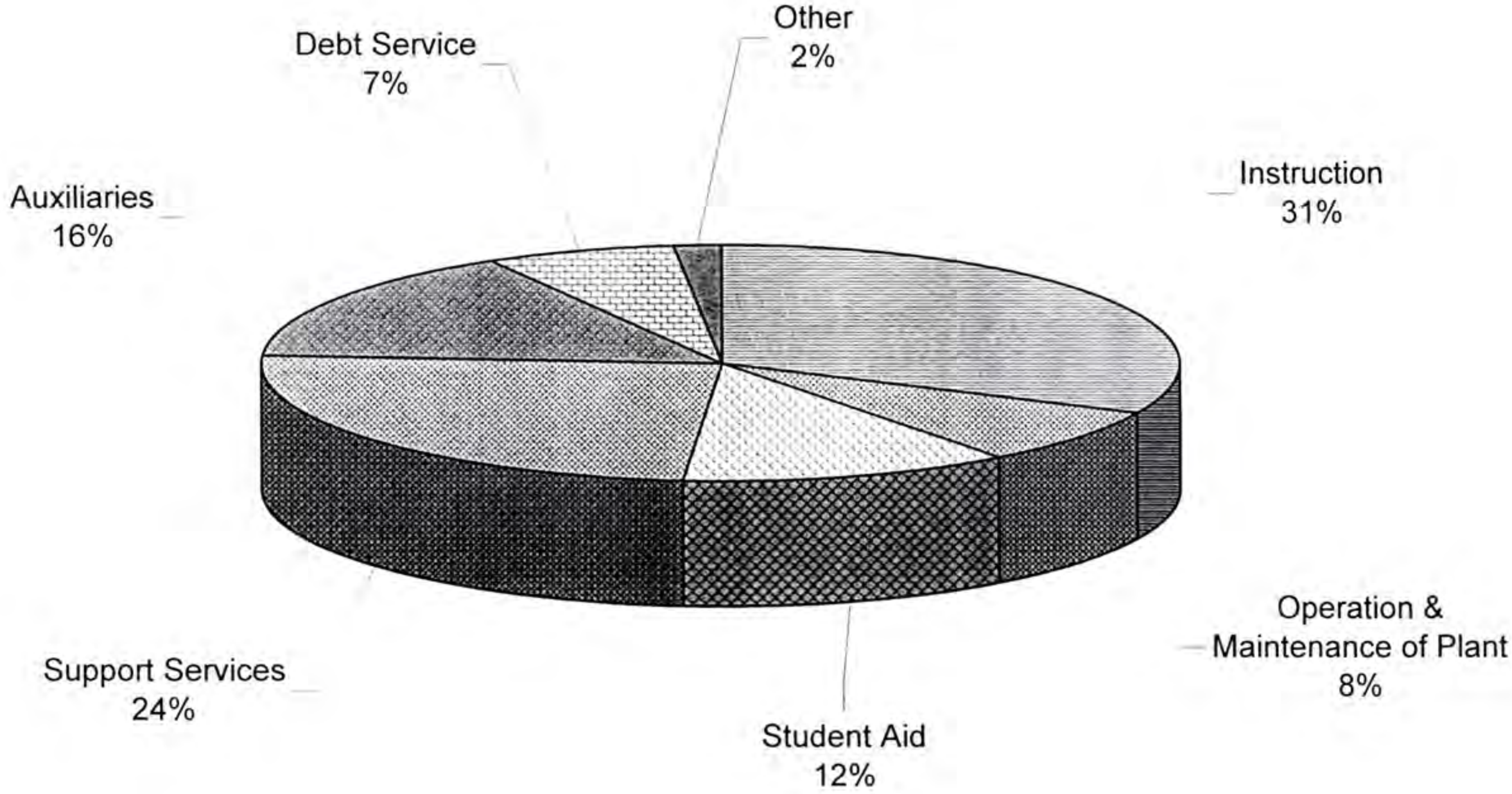
The schedule above depicts the University's total debt service liability -- principal and interest -- for each of the next five years (through FY 2005-06), the accumulated liability for the ten years beyond 2006, and the accumulated liability for the remaining years with debt service requirements.

Current Funds Revenue by Source



Total Current Funds Revenue $82,010,628

Current Funds Expenditures by Function



Total Current Funds Expenditures $76,721,456

BUDGET APPROPRIATIONS, ADJUSTMENTS, AND TRANSFERS FOR 2001-02

1. Additional Appropriation of Income

From:	Unappropriated Designated Funds		
To:	2-25228	Faculty Research - Professor Shaw	
		Supplies and Expenses	850
To:	2-27150	Student/Faculty Research – Professor Collins	
		Supplies and Expenses	3,030
From:	Unappropriated Restricted Funds		
To:	4-45090	Evansville Center for Medical Education	
		Personal Services	324,251
		Supplies and Expense	163,497
To:	4-45095	Medical Education - Behavioral Depression Project	
		Personal Services	13,650
		Supplies and Expense	17,262
To:	4-45098	Medical Education - Thyroid Function Project	
		Personal Services	12,500
		Supplies and Expenses	1,875
To:	4-46010	Medical Education - Student Technology Fee Plan	
		Supplies and Expenses	4,291
To:	4-46269	National Science Foundation - Professor Freudenburg	
		Personal Services	11,399
		Supplies and Expenses	9,026
To:	4-46362	Cuyahoga Valley National Park Project	
		Supplies and Expenses	9,710
To:	4-46421	U.S. Department of Health and Human Services – Acute Care Practitioners	
		Personal Services	86,220
		Supplies and Expenses	94,849
To:	4-46429	U.S. Department of Health and Human Services – Vanderburgh County Correctional Facilities Nursing	
		Personal Services	177,704
		Supplies and Expenses	38,138
To:	4-46611	Indiana Professional Standards Board – K-16 Transition Partnerships	
		Personal Expenses	27,000
		Supplies and Expenses	69,336
To:	4-46612	Indiana Professional Standards Board – K-16 Teachers Education	
		Personal Expenses	30,940
		Supplies and Expenses	88,060

2. Additional Appropriation of Reserve Funds

From: Unappropriated Designated Reserves

To:	2-23010	University Core Curriculum Supplies & Expense	1,772

From: Unappropriated Restricted Funds

To:	4-46421	Indiana Professional Standards Board – Acute Care Practitioners Supplies and Expenses	70,443
To:	4-46429	Indiana Professional Standards Board – Vanderburgh Correctional Facilities Nursing Supplies and Expenses	53,174

3. Transfer of Funds

From: To:	1-10700 2-22350	School of Business Organizational/Professional Development Revolving Fund	4,800
From: To:	2-22800 2-22000	Ropewalk Writers Retreat Extended Services Revolving Fund	750

4. Transfer and Appropriation of Funds

From: To:	2-20050 1-10340	Student Services Operations Chemistry Supplies & Expense	1,200
From: To:	2-20700 2-20760	Orientation Programs International Programs	1,850

BUDGET APPROPRIATIONS, ADJUSTMENTS, AND TRANSFERS FOR 2000-01

<u>1. Transfer of Funds</u>

From:	6-60000	Auxiliary System	
To:	6-60120	Housing Renovation	$400,000
To:	6-61590	Student Residential	26,028
From:	6-60020	Interest Earning on Plant Funds	
To:	6-60400	Science Center Lab Renovation	70,670
To:	6-60410	Health Professions Lower Level Renovation	40,561
From:	6-60035	Bookstore Reserves	
To:	6-60194	University Center Renovation – Bookstore/Food Service	673,772
From:	6-60050	Student Housing Bond Debt Service	
To:	6-61590	Student Residential	463,718
From:	6-60100	Special Projects	
To:	6-60170	Technology Center Annex	6,296
To:	6-60191	School of Business Office Renovation	33,679
From:	6-60101	Energy Management Controls	
To:	6-61050	Wellness and Fitness Center Construction	176,800