University of Southern Indiana

Financial Report 2011

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Supplementary Information

Additional copies of this report may be obtained from:

Office of the Vice President for Finance and Administration and Treasurer
Byron C. Wright Administration Building
University of Southern Indiana
8600 University Boulevard
Evansville, Indiana 47712
Telephone: 812/464-8600
or from the web site at *www.usi.edu/busoff/annualreport.asp*

Board of Trustees 2010–2011

Trustees of the University gather before the May 2011 commencement ceremony. Left to Right: W. Harold Calloway, John M. Dunn, Ronald D. Romain '73, Lauren K. Raikes '11, Ira G. Boots, Jeffrey L. Knight

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Message from the President

Dr. Linda L. M. Bennett
President

The University of Southern Indiana plays a key role in transforming our region, not just in providing outstanding educational opportunities, but also in creating strategic partnerships with organizations, businesses, and municipalities. In 2010–2011, the second of a five-year Strategic Plan, USI's outreach efforts took center stage in many University programs and activities. There are 150-plus courses with an outreach component, along with programs through the Division of Outreach and Engagement, our service learning activities, and Volunteer USI, which reached the one million hours of service mark in April.

USI awarded its first doctoral degrees to 15 Doctor of Nursing Practice graduates during May's commencement—which also saw the total number of USI graduates surpass 30,000. In other milestones, the University opened two major campus facilities during the year, the Business and Engineering Center and University Center East, the expansion of the University Center. We also continued planning for a new Teaching Theatre and an Advanced Manufacturing Center, which will break ground during the 2011–2012 year.

We have seen an increase in recognition of and accomplishments by our students and faculty. The University's 2010 class of nursing graduates was number one in Indiana in terms of licensure exam pass rate. Eight USI graduates, a current student, and two former students were included in the fall 2010's "20 Under 40," an *Evansville Business Journal* honor saluting "emerging leaders …who are making a difference." Five USI students were named Outstanding Future Educators by the Indiana Association of Colleges for Teacher Education. A USI team of accounting students made the "final four" of the National Student Case Competition sponsored by the Institute of Management Accountants. And our staff, student, and faculty efforts in partnership with Naval Surface Warfare Center, Crane Division, were lauded when the University Professional and Continuing Education Association (UPCEA) awarded USI and Crane its 2011 Recognition of Excellence Award for Innovations in Outreach and Engagement.

Our international profile continues to rise. After being one of only two U.S. universities to host young Iraqi leaders in summer 2010, we learned in January that the University of Southern Indiana was one of 10 chosen for the Institute of International Education partnership program with China. We also have increased our relationships and academic exchanges with universities in India and with educational and cultural organizations in Germany and Scotland.

In fall 2010, the University received a five-year grant for up to $1.2 million from the U.S. Department of Education to create a Student Support Services Program. The program already is helping first-generation, low-income, and/or learning-disabled students find academic success. The USI Foundation distributed $1.8 million during 2010–2011 for academic and enrichment programs, scholarships, community outreach, and other operations of the University. These types of outside revenue resources and support are vital as we strive to maintain affordability and access, as well as excellence in our programs, in the face of tight economic times. State operating appropriations remained at 2008 levels, even with our significantly increased number of students—a record-high enrollment of 10,702.

While there will continue to be challenges with the changing environment for higher education, fiscal and otherwise, this was a strong year for USI. We will continue to move the USI mission of outreach and partnership forward through our strategic plan and its related programs, and creatively find ways to continue the vital work of this University for decades to come.

Linda L. M. Bennett
President

Message From The Vice President and Treasurer

Mark Rozewski
Vice President
for Finance and
Administration
and Treasurer

To the President and the Board of Trustees of the University of Southern Indiana:

I am pleased to present the University of Southern Indiana's audited financial report for the fiscal year ended June 30, 2011. The financial report has been prepared and presented in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB) for public colleges and universities. The University is regarded as a special-purpose government entity engaged only in business-type activities. As such, the financial report consists of the following basic statements: Management's Discussion and Analysis (MD&A); the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; the Statement of Cash Flows; and the Notes to the Financial Statements. The report also contains the Statement of Financial Position and the Statement of Activities of the USI Foundation, a component unit of the University of Southern Indiana.

The financial statements provide a summary of the flow of economic resources during the fiscal year, the University's financial position at fiscal year end, comparative data from the previous fiscal year, and the net assets available for future use. The statements and the accompanying notes have been audited by the Indiana State Board of Accounts. Their opinion appears on the following page.

This report is a complete and permanent record of the financial status of the University of Southern Indiana for the period stated therein.

Mark Rozewski
Vice President for Finance and Administration
and Treasurer

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of University of Southern Indiana (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2011 and 2010. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the component unit of the University as discussed in Note 2, which represents 100% of the assets and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to this unit, is based upon the report of the other auditor.

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

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of University of Southern Indiana, as of June 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2011, on our consideration of University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Introductory Section, Five-Year Comparative Data, and Enrollment by Counties are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section, Five-Year Comparative Data, and Enrollment by Counties have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

State Board of Accounts

October 27, 2011

Management's Discussion and Analysis

Management's discussion and analysis reviews the financial performance of the University during the fiscal year ended June 30, 2011, and compares that performance with data from prior fiscal periods. It is designed to focus on current activities, resulting changes, and currently known facts. It is intended to answer questions that may result from the review of the information presented in the financial statements and to better explain the financial position of the University. The information presented in the financial statements, the notes to the financial statements, and the discussion and analysis are the responsibility of management.

Using the Annual Report

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

A key question to ask about the University's finances is whether the institution as a whole improved or declined as a result of the financial activities from the fiscal year. The answer is found in the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. Discussion and analysis of each of these statements are presented in the following pages.

Statement of Net Assets

The Statement of Net Assets presents the value of the assets, liabilities, and net assets at the end of the fiscal year. It is prepared under the accrual basis of accounting: revenues and expenses, and their impact on assets and liabilities, are recognized when service is provided or received by the University, regardless of when cash is exchanged. Assets and liabilities are classified as current (accessible or payable in one year or less) or non-current (accessible or payable beyond one year); net assets are invested in capital assets, restricted for specific purposes, or unrestricted.

Net assets are one indicator of current financial health. The increases or decreases in net assets that occur over time indicate improvements or deterioration of the University's financial condition.

Assets

Current assets at June 30, 2011, consist predominantly of cash and cash equivalents, short-term investments, receivables, and net of allowances for bad debt. Also included are prepaid expenses, inventory, deposit with bond trustee, and accrued interest. Non-current assets include capital assets net of depreciation, long-term investments, and deferred outflow of resources related to the Series 2006 and Series 2008A hedgeable financial derivatives. Both current and non-current assets include lesser-valued resources that are grouped together and listed under the term "Other."

STATEMENT OF NET ASSETS June 30 (in thousands)	**2011**	**2010**	**2009**
Current assets	$61,564	$ 68,254	$ 102,541
Non-current assets:			
Capital assets, net of depreciation	184,097	180,872	153,764
Other non-current	42,780	40,196	31,137
Total Assets	**$288,441**	**$289,322**	**$287,442**
Current liabilities	$25,899	$22,157	$21,262
Non-current liabilities	136,744	146,867	155,402
Total Liabilities	**$162,643**	**$169,024**	**$176,664**
Net assets:			
Invested in capital assets, net of debt	$ 40,675	$ 51,311	$ 33,492
Restricted–expendable	25	44	28
Unrestricted	85,097	68,943	77,258
Total Net Assets	**$125,797**	**$120,298**	**$110,778**

Total assets decreased $881,000 (.3 percent) in 2011 compared to a $1.9 million (.7 percent) increase in 2010 and a $48.4 million (20.3 percent) increase in 2009. The current year decrease is explained by the following fiscal year events:

- Cash and investments increased $22.6 million in 2011 compared to a $10.2 million decrease in 2010, and a $16.4 million increase in 2009 reflecting the completion of two major capital projects on campus, the Business and Engineering Center and the University Center Expansion, and the final drawdown of Series J bond proceeds held by bond trustee.
- Student receivables comprise 60 percent of the total accounts receivable amount and increased $968,057 in 2011 compared to a $215,809 increase in 2010 and a $145,480 increase in 2009. Fiscal year 2011 student receivables are 24.35 percent higher than those of fiscal year 2010, partially reflecting a combination of enrollment increases and student fee increases.
- Non-student receivables decreased $871,705 in 2011 with a $160,000 increase in Bookstore credits due to the University, the reduction of a $560,000 repair and rehabilitation receivable due to the University from the State of Indiana and paid in fiscal year 2011, and routine payment and timing differences in grant reimbursements to the University are the largest reasons for this decrease.
- Deposits with Bond Trustee decreased by $26.8 million in 2011. The decrease primarily results from construction payments for the Business and Engineering Center and University Center renovation which were funded through the issuance of $51.2 million in Series J bonds issued in February 2009 and held by the bond trustee until required for contractor payments.
- Gross capital assets increased by $3.9 million in fiscal year 2011. Completion of the Business and Engineering Center, University Center East Expansion, and capital equipment purchases offset by reductions in construction is progress and library materials account for the majority of the change; on-going work in progress on projects described in Note 15 of the Notes to Financial Statements created the remaining increase. These increases were offset by an increase in accumulated depreciation of $699,774 for a net capital asset increase of $3.2 million in fiscal year 2011.

Liabilities

Current liabilities at June 30, 2011, are primarily composed of accrued payroll and related benefits and deductions and the current portion of bonds payable. Also included are accounts payable, debt interest payable, deferred revenue, and other miscellaneous liabilities. Non-current liabilities are predominately bonds payable. Also included are derivative instruments-interest rate swap for Series 2006 and Series

2008A hedgeable financial derivatives, compensated absences, termination and postemployment benefits, an unamortized bond premium, and miscellaneous other long-term liabilities. Total liabilities decreased $6.4 million (3.8 percent) in 2011 compared to a decrease of $7.6 million (4.3 percent) in 2010 and an increase of $37.7 million (27.4 percent) in 2009. Activities that influenced this change include the following:

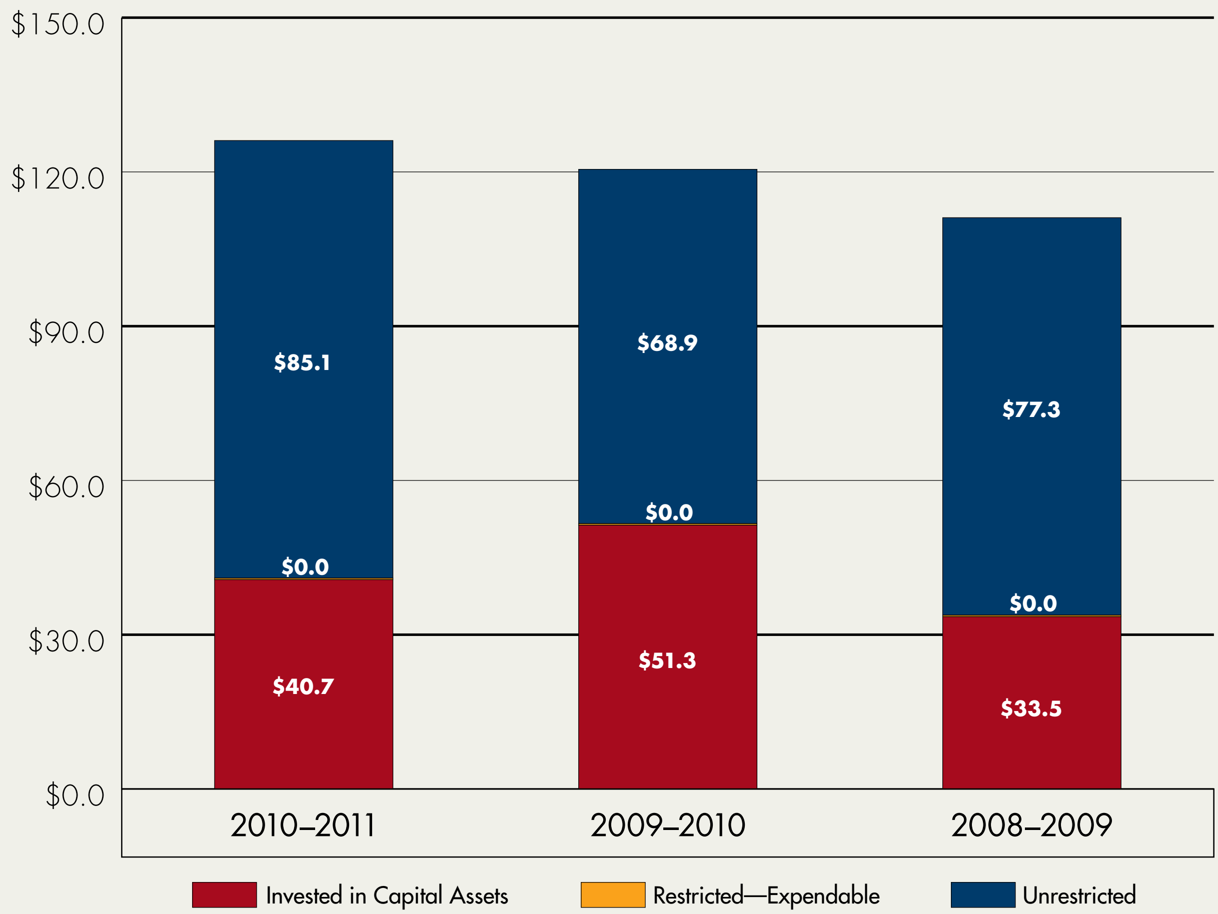
- Accrued payroll, related benefits, and deductions increased $897,460 in 2011 compared to a $39,291 increase in 2010 and an increase of $524,024 in 2009.
  - — Recognition of voluntary termination benefits decreased $78,523 for 2011.
  - — Benefit withholdings increased $494,725 for the 2011 fiscal year.
  - — Fiscal year-end withholding liabilities increased $19,099 and wages payable increased $500,699.
  - — The liability for post retirement benefits increased by $1.3 million in 2011.
  - — Other minor changes in compensated absences and in miscellaneous deductions explain the remaining 2011 changes.
- The 2011 net change to notes and bonds payable equals a $9 million decrease.
  - — Paying down the existing debt decreased bonds payable by $9 million.
  - — See Note 6 in Notes to Financial Statements for more information on notes and bonds payable.

Net Assets

Net assets at June 30, 2011, are $5.5 million greater than on June 30, 2010. Capital assets, net of related debt, decreased $10.6 million; restricted expendable assets decreased $18,267; and unrestricted assets increased $16.2 million. Unrestricted assets equal $85.1 million and comprise 67.6 percent of total net assets. Of the total unrestricted amount, $59.3 million have been internally designated as follows:

- $15.2 million reserve for equipment and facilities maintenance and replacement
- $12.5 million reserve for University benefits
- $11 million reserve for auxiliary systems
- $3.9 million reserve for working capital and outstanding encumbrances
- $8.9 million reserve for academic operations and initiatives
- $2.8 million reserve for insurance and equipment
- $5 million reserve for medical premiums

ANALYSIS OF NET ASSETS (in millions)



Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and the expenses incurred during the fiscal year. This statement tells the reader to what extent the results of operations, non-operating revenues, and capital funding have had on the net assets of the University.

Activities are reported as either operating or non-operating. Student fees and revenues from auxiliary enterprises are the major sources of operating income. Operating income is reduced by discounts and allowances for scholarships, room, and board. Discounts and allowances are institutional resources provided to students as financial aid up to and equal the amounts owed by the students to the institution.

An important point to recognize on this financial statement is that state appropriations and non-exchange governmental and corporate grants are required to be classified as non-operating revenues. This creates large operating deficits for public universities which rely heavily on state funding and governmental grants to meet their missions and goals. A truer measure of fiscal year net income is the amount shown on the statement as "Income/(expenses) before other revenues, expenses, gains, or losses."

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS Year Ended June 30 (in thousands)	2011	2010	2009
Total operating revenues	$ 69,622	$ 66,704	$ 64,811
Total operating expenses	(135,537)	(127,562)	(120,779)
Operating losses	(65,915)	(60,858)	(55,968)
Net non-operating revenues/(expenses)	69,049	70,333	65,102
Income before other revenues, expenses, gains, or losses	3,133	9,475	9,134
Capital gifts, grants, and appropriations	2,366	45	30
Increase/(decrease) in net assets	**$ 5,499**	**$ 9,520**	**$ 9,164**

Revenues

Operating revenues increased $2.9 million (4.4 percent) in 2011 compared to $1.9 million (2.9 percent) in 2010 and $6.3 million (10.8 percent) in 2009. The increases are explained by the following significant fiscal year activities:

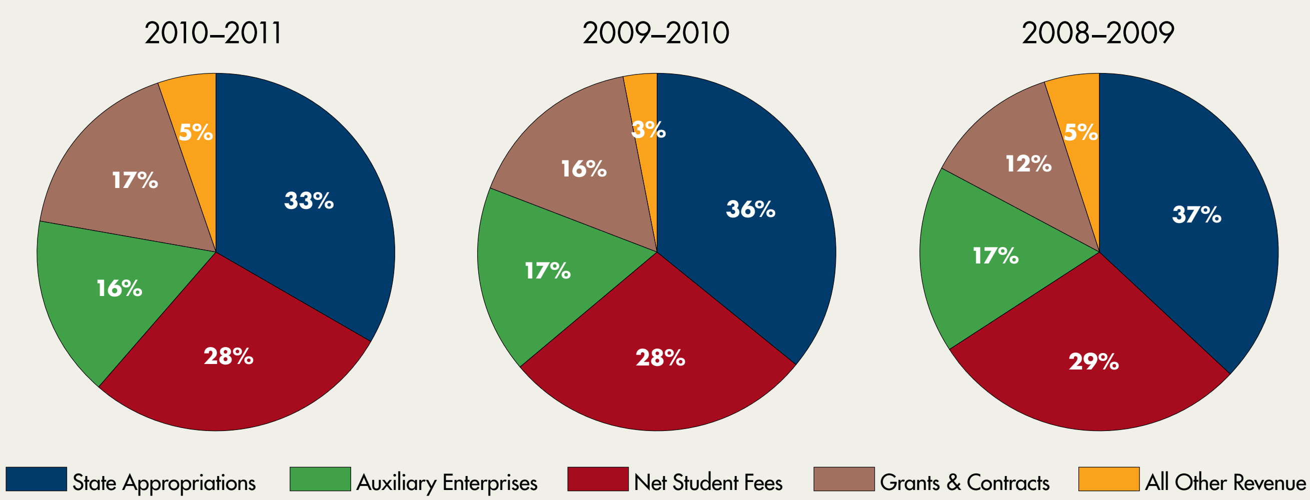
- Net student fee revenue increased from $40.5 million in 2010 to $41.8 million in 2011. This change was due principally to a fee increase of 5 percent and an enrollment increase of 2.1 percent.
- Auxiliary income increased from $23.8 million in 2010 to $24 million in 2011. The increase stemmed primarily from a 2.8 percent increase in both housing and parking income and a 5.7 percent increase in dining revenues. Bookstore income decreased 14.9 percent in 2011.

Non-operating revenues experienced a decrease of 1.5 percent for the fiscal year ended June 30, 2011, compared to an 8.5 percent increase in 2010.

- State operating and capital appropriations decreased 2.5 percent from $52 million in 2010 to $50.7 million in 2011. The reduction in funding was comprised of a decrease of $1.7 million in general operating support offset by a capital appropriation increase of $526,000.
- Federal grants and contracts increased more than $2.2 million (16.4 percent) compared to an increase of $5.1 million (58.7 percent) in 2010. Federal student financial assistance accounted for $1.7 million of the increase.
- Investment income decreased by $644,000 in 2011 as a result of declining interest rates.

Total revenues (operating, non-operating, and other) increased $4.1 million in fiscal year 2011. The graph below shows the composition of the University's revenue for fiscal years 2009–2011.

REVENUE SOURCES



Expenses

Operating expenses increased $8 million (6.25 percent) this fiscal year compared to a $6.7 million (5.6 percent) increase in 2010. The growth in operating expenses was driven by increases in compensation, scholarship and fellowship awards during the fiscal year, and supplies and other services. Changes in expense categories were as follows:

- Compensation (salaries, wages, and benefits) comprised 55.2 percent of total operating expenses and increased 4.1 percent over 2010. Salaries and wages increased $1.7 million and benefit expenses increased $1.3 million. Instructional salary expenses increased by more than $466,000 (2.4 percent) while administrative salaries increased by just under $402,000 (2.7 percent). Medical insurance costs increased by $669,000.
- Student financial aid increased by $1.1 million for a 10.72 percent increase. Federal Pell grants increased by $2.7 million and was offset by the $2.7 million increase in scholarship discounts and allowances. State Financial Aid increased $450,000, housing grant-in-aid room and board awards increased $120,000, and the remaining increases were attributable to various scholarships.
- Supplies and other services expense increased by $3.6 million (11.8 percent) in 2011 compared to $529,000 (1.8 percent) in 2010. Increases were predominantly in the area of capital outlay including an increase in capital and non-capital equipment expense of $3.8 million with other expense classifications remaining flat or slightly below 2010 levels.
- Depreciation increased $380,000, or 4 percent, in fiscal year 2011 compared to an increase of $303,000, or 3.2 percent, in fiscal year 2010.

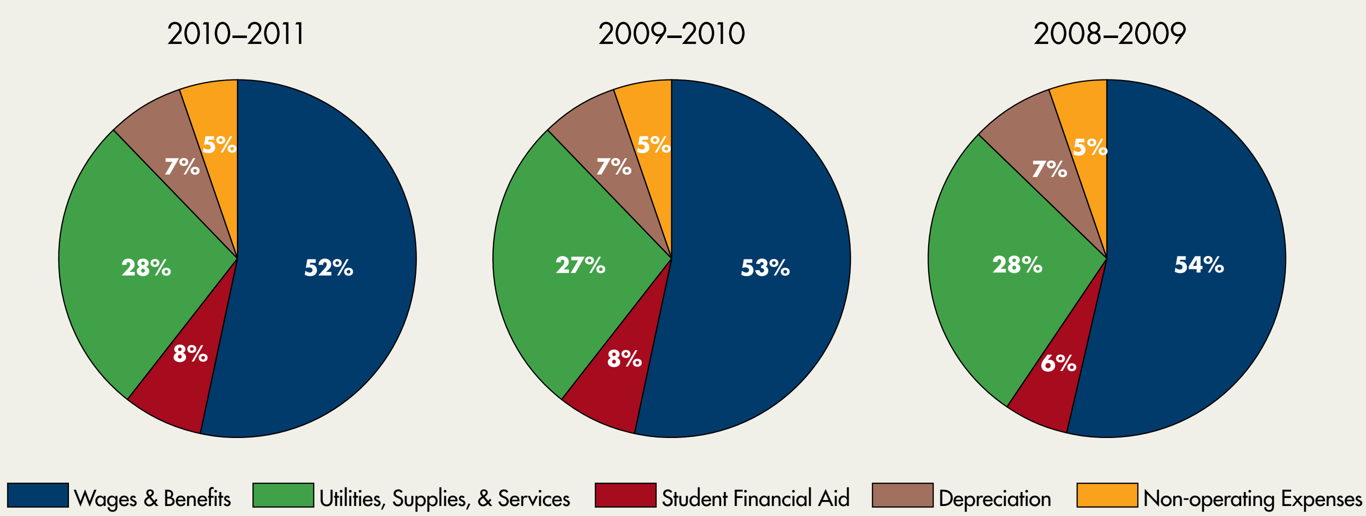
Non-operating expenses consist of interest on capital asset-related debt and other costs associated with issuing bonds and refinancing debt. These expenditures increased $111,000 this year compared to an increase of $787,000 in 2010. The change in fiscal year 2011 resulted from greater interest on capital debt expense.

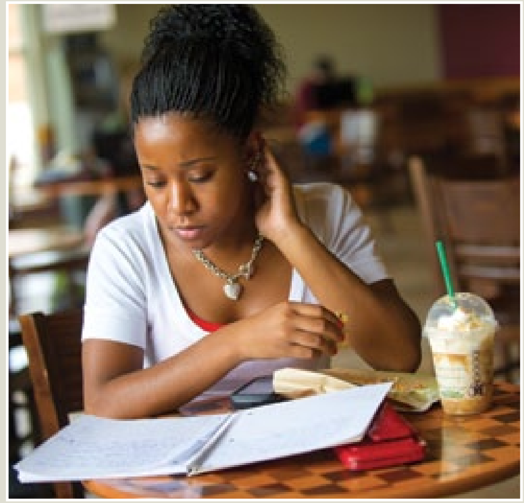
Total expenses (operating and non-operating) increased $8.1 million in fiscal year 2011 compared to a $7.6 million increase in 2010 and an $11.3 million increase in 2009. The composition of total expenses for all three years is depicted by major categories in the graph below.

Change in Net Assets

The difference between annual revenues and expenses causes an increase or decrease to net assets. For fiscal year ending June 30, 2011, net assets increased $5.5 million compared to a $9.5 million increase for fiscal year ending June 30, 2010. Total revenues increased more than total expenses during fiscal year 2011.

EXPENSE PURPOSES





Statement of Cash Flows

The Statement of Cash Flows provides additional information about the financial health of the University by helping the user assess the ability to generate future cash flows, the ability to meet obligations as they come due, and the need for external financing.

This statement identifies the sources and uses of cash and equivalents throughout the fiscal year and informs the user how much cash was used by or provided by the following activities: operating, noncapital financing, capital financing, and investing. The chart below shows the University's sources, uses, and changes in cash and cash equivalents for fiscal years 2009–2011.

STATEMENT OF CASH FLOWS **Year ended June 30 (in thousands)**	**2011**	**2010**	**2009**
Net cash (used)/provided by			
Operating activities	($53,865)	($51,013)	($45,646)
Noncapital financing activities	75,583	75,019	69,172
Capital financing activities	(27,163)	(53,292)	890
Investing activities	33,345	19,356	(26,634)
Net increase/(decrease) in cash	**$27,900**	**($ 9,930)**	**($ 2,218)**

Operating activities

- Cash used by operating activities increased $2.9 million in 2011 compared to a $5.4 million increase from 2009 to 2010.
- Student fees and auxiliary enterprises provided the largest inflow in cash for all fiscal years.
- Payments to employees (wages and benefits) and suppliers caused the largest outflow of cash for all fiscal years.

Noncapital financing activities

- Cash provided by noncapital financing activities increased $563,879 in 2011 compared to a $5.8 million increase from 2009 to 2010.
- State appropriations provided the largest cash inflow in all fiscal years.

Capital financing activities

- Cash used by capital financing activities decreased $26.1 million in 2011 compared to a $54.2 million increase in 2010. The 2010 increase stemmed predominantly from the expenditure of proceeds from Series J Bonds for the Business and Engineering Center.
- Capital gifts and grants generated the largest cash inflow in 2011; proceeds from capital debt generated the largest cash inflow in 2009 and 2010.
- Principal and interest paid on capital debt generated the largest cash outflow in 2011 while purchases of capital assets generated the largest cash outflow in 2009 and 2010.

Investing activities

- Cash provided by investing activities increased $14 million during 2011 compared to a $46 million increase in 2010. The 2011 increase resulted partially from a change in the amount on deposit with the bond trustee for the Series J Bonds.
- Proceeds from sales and maturities of investments decreased $6.9 million in 2011 compared to a $16.8 million decrease in 2010.
- Cash used for purchases of investments decreased $11.5 million in 2011 following a $2.9 million decrease from 2009 to 2010.

Summary of Statement of Cash Flows

For the year ended June 30, 2011, more cash was used for operating activities, more cash was provided by noncapital financing activities, less cash was used by capital financing activities, and more cash was provided by investing activities than in the previous fiscal year. As a result of these activities, the University increased its cash position by $27.9 million, ending the fiscal year with a cash balance of $37.7 million.

Factors Impacting Future Periods

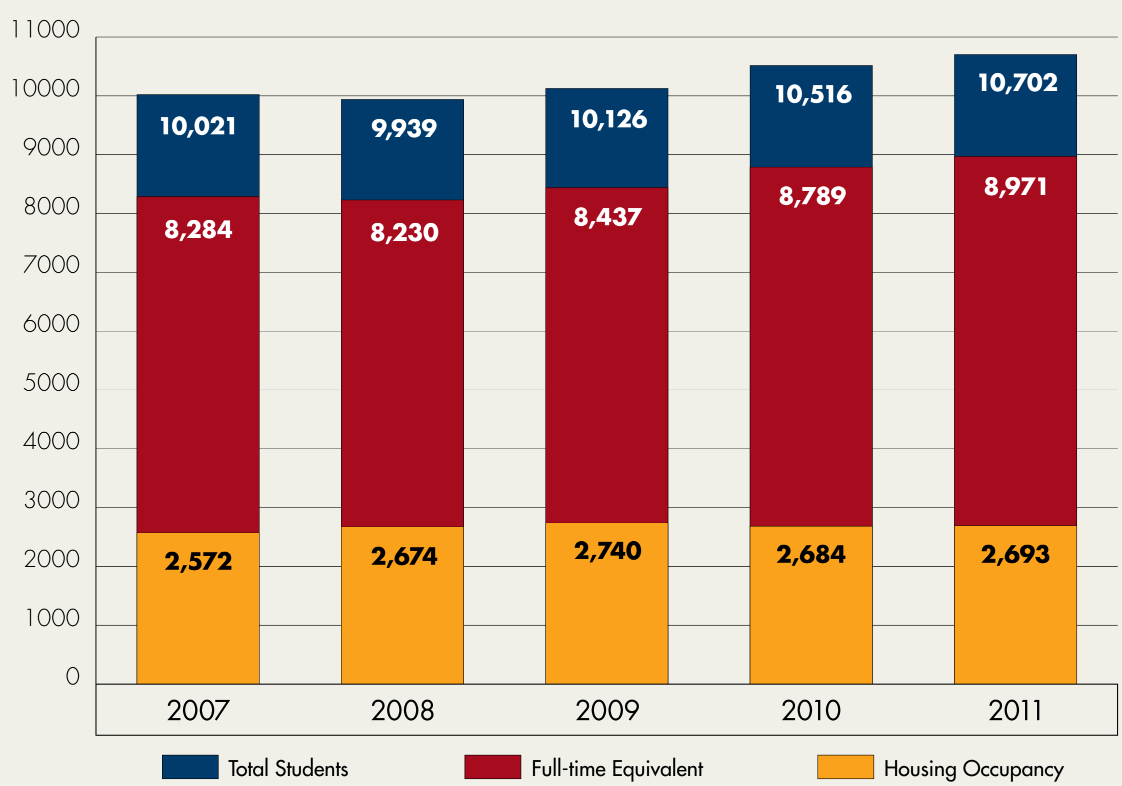
The 2009 Indiana General Assembly approved $15 million in bonding authority for the construction of a $16.5 million, 350-seat Teaching Theatre on the USI campus to replace the current theatre, costume shop, and scene shop located four miles from campus. The project received final approvals from the Commission for Higher Education and the State Budget Committee in 2011 and construction will begin in July 2012. The University intends to avail itself of only $13 million of the $15 million legislatively authorized and fund the balance of the $16.5 million project from $2 million in private gifts currently being solicited, and $1.5 million of University resources, much of which has already been expended to fund the design.

In the 2012 calendar year, the University will issue $13 million in fee replacement bonds for the teaching theatre and in addition is currently looking at refunding opportunities for other outstanding bonds. With interest rates at historic lows, opportunities to create savings and potentially shorten some debt commitments appear promising. In the fall of 2011, the University will solicit quotes for the refunding of the auxiliary system Series 2001A bonds and will evaluate potential fee replacement bond issue refundings in calendar year 2012 as part of the teaching theatre fee replacement issuance.

The University is dependent upon resources provided by the State of Indiana and as such continues to monitor the financial position of the State very closely. A new Indiana law requires the State's Commission on Higher Education to issue non-binding tuition increase recommendations to the state universities. While the Commission's recommendations are non-binding, in practice they have considerable weight in the Trustees' decision-making process on raising tuition revenue. USI maintains its reputation as a great value in higher education. The University's market position, value, quality, and pricing have helped it continue to grow enrollment and broaden the catchment area for prospective students while maintaining student quality during a period of challenging economic times.

The University of Southern Indiana is maturing. Its rate of growth is consistent, but leveling, as it continues to develop into a residential campus and gains prominence not only locally and regionally but also nationally and internationally. Total enrollment for academic years ending 2007 through 2011 reflects an increase of 6.8 percent; full-time equivalents for the same period increased 8.3 percent. Full-time students represent 83.8 percent of the total student population. Housing occupancy has been consistently well in excess of 90 percent the past five-year period, and was 96.2 percent on the first day of classes in the current year. The following graph illustrates enrollment and housing occupancy for the five-year period 2006 to 2010.

ENROLLMENT FOR YEAR ENDING JUNE 30



Statement of Net Assets

As of June 30	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	$ 37,690,741	$ 9,790,678
Short-term investments (Note 3)	12,643,370	20,719,140
Accounts receivable (Note 4)	8,201,817	6,697,833
Due from the State of Indiana		560,963
Inventories	1,459,180	1,876,070
Deposit with bond trustee	352,379	27,180,976
Other current assets	1,216,091	1,427,946
Total current assets	$ 61,563,578	$ 68,253,606
Noncurrent Assets		
Long-term investments (Note 3)	$ 40,099,897	$ 37,291,579
Deferred outflow of resources (Notes 5)	1,857,807	2,165,430
Capital assets, net (Notes 15 & 16)	184,097,001	180,872,344
Other noncurrent assets	822,136	738,866
Total noncurrent assets	$ 226,876,841	$ 221,068,219
Total Assets	**$ 288,440,419**	**$ 289,321,825**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,574,040	$ 1,769,202
Accrued payroll, benefits, and deductions	6,650,237	5,557,614
Notes and bonds payable (Note 6)	9,393,392	9,021,775
Debt interest payable	2,182,085	2,261,975
Deferred revenue	2,045,431	803,310
Other current liabilities	4,053,548	2,742,818
Total current liabilities	$ 25,898,733	$ 22,156,694
Noncurrent Liabilities		
Notes and bonds payable (Note 6)	$ 131,010,659	$ 140,404,050
Unamortized bond premium	1,181,309	1,279,752
Derivative instruments-interest rate swap (Note 5)	1,857,807	2,165,430
Compensated absences and termination benefits (Notes 8 & 9)	2,651,020	2,584,077
Other noncurrent liabilities	43,624	433,631
Total noncurrent liabilities	$ 136,744,419	$ 146,866,940
Total Liabilities	**$ 162,643,152**	**$ 169,023,634**
NET ASSETS		
Invested in capital assets, net of related debt	$ 40,675,094	$ 51,311,416
Restricted		
Expendable		
Scholarship, research, and other	25,336	43,604
Repairs and rehabilitation		
Unrestricted	85,096,837	68,943,171
Total Net Assets	**$ 125,797,267**	**$ 120,298,191**

Component Unit

University of Southern Indiana Foundation

Statement of Financial Position
Year Ended June 30, 2011

ASSETS

Cash	$ 705,964
Accounts and interest receivable	93,725
Contributions receivable, net	826,240
Prepaid expenses	1,984
Investments	68,186,768
Cash value of life insurance	178,836
Beneficial interest in charitable remainder trusts	689,081
Beneficial interest in perpetual trusts	3,092,429
Beneficial interest in Community Foundation	59,758
Real estate held for investment	2,348,560
Land	375,483
Buildings, net of accumulated depreciation; 2011 – $244,253, 2010 – $198,557	978,124
Property management deposits	3,925
Total assets	$77,540,877

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	$ 22,464
Deposits	2,600
Deferred income	3,735
Payable to related parties	465,294
Annuities payable	1,081,653
Total liabilities	1,575,746
Net Assets	
Unrestricted	12,612,843
Temporarily restricted	29,655,504
Permanently restricted	33,696,784
Total net assets	75,965,131
Total liabilities and net assets	$77,540,877

Statement of Revenues, Expenses, and Changes in Net Assets

Fiscal Year Ended June 30	2011	2010
REVENUES		
Operating Revenues		
Student fees	$ 59,842,645	$ 55,809,369
Scholarship discounts & allowances	(18,042,400)	(15,303,976)
Grants and contracts	1,669,781	1,165,481
Auxiliary enterprises	24,669,747	24,430,059
Room & board discounts & allowances	(713,912)	(633,487)
Other operating revenues	2,196,252	1,236,128
Total operating revenues	$ 69,622,113	$ 66,703,574
EXPENSES		
Operating Expenses		
Compensation:		
Salaries & Wages	$ 53,719,281	$ 52,022,428
Benefits (Notes 10, 11, & 12)	17,865,688	16,568,421
Other postemployment benefits (Note 13)	3,197,243	3,241,112
Student financial aid	10,930,146	9,876,598
Utilities	5,579,139	5,584,671
Supplies and other services	34,155,182	30,557,659
Depreciation	10,090,913	9,710,693
Total operating expenses	$135,537,592	$127,561,582
Operating loss	$ (65,915,479)	$ (60,858,008)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	$ 49,657,868	$ 51,963,504
Gifts	1,205,951	1,271,716
Federal grants and contracts	16,116,920	13,877,627
State and local grants and contracts	7,619,097	6,996,720
Nongovernmental grants and contracts	310,637	915,370
Investment income (net of investment expense of $51,521 and $57,186 for 2011 and 2010)	1,113,971	2,173,533
Interest on capital asset-related debt	(6,906,545)	(6,797,622)
Bond issuance costs		
Other non-operating expenses	(69,172)	(67,513)
Net non-operating revenues	$ 69,048,727	$ 70,333,335
Income before other revenues, expenses, gains, or losses	$ 3,133,248	$ 9,475,327
Capital appropriations	1,086,974	
Capital grants and gifts	1,278,854	44,753
Total other revenues	2,365,828	44,753
Increases in net assets	$ 5,499,076	$ 9,520,080
NET ASSETS		
Net assets – beginning of year	$120,298,191	$110,778,111
Net assets – end of year	**$125,797,267**	**$120,298,191**

Component Unit

University of Southern Indiana Foundation

Statement of Activities
Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions	$ 314,925	$ 1,173,808	$ 1,376,883	$ 2,865,616
Contribution from USI New Harmony Foundation	—	623,461	—	623,461
Change in value of split-interest agreements	—	113,888	44,550	158,438
Rental income (loss), net	(24,678)	—	—	(24,678)
Miscellaneous income	93,463	117,604	—	211,067
Net assets released from restrictions	1,573,385	(1,573,385)	—	—
Total revenues and other support	1,957,095	455,376	1,421,433	3,833,904
EXPENSES				
Programs – University of Southern Indiana				
Scholarships and awards	673,630	—	—	673,630
Educational grants and academic enhancements	530,123	—	—	530,123
Athletic support	53,998	—	—	53,998
Other University support	424,397	—	—	424,397
Capital projects	44,215	—	—	44,215
Community outreach	52,343	—	—	52,343
Total program services	1,778,706	—	—	1,778,706
Management and general	505,798	—	—	505,798
Fundraising	200,438	—	—	200,438
Uncollectible pledge loss	—	15,684	79	15,763
Total expenses	2,484,942	15,684	79	2,500,705
OTHER CHANGES				
Investment income, net	2,411,417	9,830,955	206,621	12,448,993
Change in value of beneficial interests	—	8,807	363,811	372,618
Mineral royalty income	135,087	—	—	135,087
Gain (loss) on sale of property	(5,040)	—	—	(5,040)
Property contribution – University of Southern Indiana	(94,500)	—	—	(94,500)
Gain on cash value of life insurance	—	1,371	—	1,371
Total other changes	2,446,964	9,841,133	570,432	12,858,529
CHANGE IN NET ASSETS	1,919,117	10,280,825	1,991,786	14,191,728
NET ASSETS, BEGINNING OF YEAR	10,693,726	19,374,679	31,704,998	61,773,403
NET ASSETS, END OF YEAR	$12,612,843	$29,655,504	$33,696,784	$75,965,131

Statement of Cash Flows

Fiscal Year Ended June 30	2011	2010
Cash Flows from Operating Activities		
Tuition and fees	$ 41,686,275	$ 40,311,755
Grants and contracts	1,372,753	959,452
Payments to suppliers	(32,733,880)	(29,378,652)
Payments for utilities	(5,579,139)	(5,584,671)
Payments to employees	(53,218,582)	(52,319,089)
Payments for benefits	(20,404,064)	(19,524,285)
Payments for scholarships	(10,930,146)	(9,876,598)
Loans issued to students	(413,507)	(421,251)
Collection of loans to students	440,539	425,462
Auxiliary enterprises receipts	23,688,050	23,549,010
Sales and services of educational depts.	171,094	171,484
Other receipts (payments)	2,055,761	674,337
Net cash used by operating activities	**$ (53,864,846)**	**$(51,013,046)**
Cash Flows from Noncapital Financing Activities		
State appropriations	$ 50,218,831	$ 51,402,541
Gifts and grants for other than capital purposes	25,252,605	23,061,433
Other non-operating receipts (payments)	111,159	554,741
Net cash provided by noncapital financing activities	**$ 75,582,595**	**$ 75,018,715**
Cash Flows from Capital Financing Activities		
Proceeds from capital debt		
Capital appropriations	$ 1,086,974	
Capital grants and gifts	1,241,638	$49,808
Bond financing costs	(69,171)	(67,513)
Purchase of capital assets	(13,315,571)	(36,818,826)
Principal paid on capital debt	(9,021,775)	(9,476,710)
Interest paid on capital debt and leases	(7,084,877)	(6,978,530)
Net cash provided by capital financing activities	**$ (27,162,782)**	**$(53,291,771)**
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	$ 38,792,003	$ 45,659,005
Interest on investments	1,455,965	2,269,597
Purchase of investments	(33,731,469)	(45,202,653)
Change in deposit with trustee	26,828,597	16,629,711
Net cash used by investing activities	**$ 33,345,096**	**$ 19,355,660**
Net increase (decrease) in cash	$ 27,900,063	$ (9,930,442)
Cash – beginning of year	9,790,678	19,721,120
Cash – end of year	**$ 37,690,741**	**$ 9,790,678**

Statement of Cash Flows–continued

Fiscal Year Ended June 30	2011	2010
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:		
Operating loss	$(65,915,479)	$(60,858,008)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation expense	10,090,913	9,710,693
Provision for uncollectible accounts	38,231	68,456
Changes in assets and liabilities:		
Receivables	(1,542,214)	(787,877)
Inventories	416,890	267,620
Other assets	3,691	(252,974)
Accounts payable	2,097,034	950,778
Deferred revenue	1,242,120	(73,829)
Deposits held for others	(390,007)	8,688
Employee and retiree benefits	66,943	(50,804)
Loans to students	27,032	4,211
Net cash used by operating activities:	**$(53,864,846)**	**$(51,013,046)**

Noncash Transactions		
Unrealized gain/(loss) on short-term investments	$ (21,527)	$ (3,390)
Unrealized gain/(loss) on long-term investments	198,381	387,163
Net noncash transactions	**$ 176,854**	**$ 383,733**

Notes to Financial Statements

NOTE 1 – Summary of Significant Accounting Policies

The University of Southern Indiana was established in 1985 as described in the Indiana Code (IC 21-24-1 through IC 21-24-4-1). The University is managed by a nine-member board of trustees whose members are appointed by the governor. The board must include at least one alumnus, one resident of Vanderburgh County, and one full-time student in good standing. Each member must be a citizen of the United States and a resident of the State of Indiana. Trustees serve four-year terms with varying expiration dates with the exception of the student trustee, who serves a term of two years.

The University is a special-purpose governmental entity which has elected to report as a business-type activity using proprietary fund accounting, following standards set forth by the Governmental Accounting Standards Board (GASB). The financial reporting emphasizes the entity as a whole rather than the individual fund groups—unrestricted, designated, auxiliary, restricted, loans, agency, and plant funds—that comprise the whole.

The University also is considered a component unit of the State of Indiana. As such, the University is financially integrated with the State and depends on annual appropriations from the State to maintain quality service to students and to deliver quality programs. The University must receive authorization from the State before undertaking major capital projects. As a component unit, public higher education institutions, as a group, will be discretely presented on the Comprehensive Annual Financial Report issued annually by the State of Indiana.

The University includes the University of Southern Indiana Foundation, Inc. as a component unit as defined by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The Foundation is a private nonprofit organization that reports under the standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial report for these differences.

Accounting Methods and Policies

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

- Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.
- Restricted revenues and receivables resulting from non-exchange transactions are recognized when all applicable eligibility requirements are met. Resources received before eligibility requirements are met are recorded as deferred revenues.
- Revenue from major sources is susceptible to accrual if the amount is measurable.
- Internal service activity, referred to as chargeback income/expense, has been eliminated from the statement of activities to prevent the double-counting of expenses and the recognition of self-generated revenue.

Capital Assets Accounting Policies

The University established a capitalization threshold of $5,000 and a useful life greater than two years. The University records depreciation for all capital assets with the exception of land and historical sites. Depreciation is calculated on a straightline basis over the estimated useful life of the asset. The estimated useful life of each capital asset group is as follows:

- Building components (shell, roof, utilities, and internal) – 8 to 50 years
- Equipment – 5 to 15 years
- Land improvements – 15 years
- Infrastructure – 25 years
- Library materials – 10 years

Plant assets are removed from the records at the time of disposal. See Note 16 in the *Notes to Financial Statements* for current-year activity and accumulated depreciation on the various classes of assets.

The University owns a collection of museum exhibit items located in Historic New Harmony. The collection consists of 2,800 objects that are primarily 19th century decorative arts, furniture, prints, medical equipment, and textiles. The collection consists of both donated and purchased items. Per the code of ethics for museums, Historic New Harmony does not place a monetary value on the collection. Museums are organized as public trusts that act as stewards for the public in collecting, protecting, preserving, and interpreting objects. A well-documented inventory is maintained, but the value is unknown and therefore not included in the capitalized asset value at June 30, 2011.

The University owns a permanent art collection whose primary function and aim is education in accordance with one element of the University's mission: to enhance the cultural awareness of its students, faculty, staff, and the citizens of Southwestern Indiana. The collection consists of both donated and purchased items. Many of the donated pieces were received without appraised values. Collection

pieces which have been appraised or purchased are valued at $1,651,861. Appraised values for the remaining collection will be obtained over future periods. The currently-known value is not included in the capitalized asset value at June 30, 2011.

Operating Revenues and Expenses
Operating revenues of the University consist of student fee income, operating grants and contracts, collections of loans to students, sales and services of educational activities, and auxiliary enterprise revenues. Operating expenses include payments to suppliers for goods and services, employee wages and benefits, and payments for scholarships.

Non-operating Revenues and Expenses
Non-operating revenues of the University consist of state appropriations, gifts, non-exchange grants, and investment income. Non-operating expenses include interest on capital asset related debt, bond issuance costs, and annual bond management fees.

Other Disclosures
The Statement of Cash Flows is presented using the direct method, and it identifies the sources and uses of both cash and cash equivalents during the fiscal year. Cash equivalents are investment instruments, typically certificates of deposits and repurchase agreements, which have an original maturity date of 90 days or less.

Investments are recognized in the accounting records at cost on the date of purchase. For financial statement presentation, they are reported at the market value in effect on June 30 of the current fiscal year. Unrealized gain or loss is included with interest income on the Statement of Revenues, Expenses, and Changes in Net Assets.

Prepaid expenses and inventories of materials and supplies are considered expenditures when used. The inventory on hand at the end of the fiscal year is valued using a perpetual system, and cost is determined using the first-in, first-out method of inventory accounting.

Inventories of retail merchandise are considered expenditures when purchased. The value of the inventory on hand at the end of the fiscal year is based on a physical count. Cost is determined using the retail or weighted average method of accounting.

The University prepares its financial statements according to the standards set by the Governmental Accounting Standards Board (GASB).

NOTE 2 – Component Units
The University of Southern Indiana Foundation is a legally separate, tax-exempt entity formed in 1969 to provide support for the University of Southern Indiana and its faculty and students, to promote educational, scientific, charitable, and related activities and programs exclusively for the benefit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. During the year ended June 30, 2011, the USI Foundation distributed $2,507,756 in direct and indirect support to the University for both restricted and unrestricted purposes.

The majority of the resources that the Foundation holds and invests, and the income generated by those resources, are restricted to the activities of the University by the donors. Because these resources can only be used by or for the benefit of the University, the USI Foundation is considered a component unit of the University, and its audited financial statements are discretely presented in the University's financial statements.

On June 22, 2011, the Foundation acquired the net assets of University of Southern Indiana/New Harmony Foundation, which was formed to support and develop Historic New Harmony, an auxiliary enterprise of the University which operates in New Harmony, an historic town in Southwestern Indiana, located thirty miles from campus.

The USI Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Resources are classified in accordance with activities or objectives specified by donors. The Statement of Activities displays revenues, expenses, and changes in net assets as permanently restricted, temporarily restricted, and unrestricted. Complete financial statements, including explanatory notes, for the USI Foundation can be obtained from the Office of the Vice President for Finance and Administration at 8600 University Blvd., Evansville, IN 47712.

NOTE 3 – Deposit and Investment Risk Disclosures

It is the policy of the University of Southern Indiana to manage the investment portfolio of the University in a manner described in IC 30-4-3-3. Authorized investments include obligations of the U.S. Treasury and U.S. government agencies, certificates of deposit, repurchase agreements, money market mutual funds, savings, and negotiable order-of-withdrawal accounts. 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—Federal Deposit Insurance Corporation/Savings Association Insurance Fund (FDIC/SAIF). Investments with non-Indiana institutions must be insured by agencies of the U.S. government to the maximum statutory amount of $250,000.

Deposits – At June 30, 2011, the bank balances of the University's operating demand deposit accounts were $32,775,772, of which $600,922 was covered by federal depository insurance. The remaining balance was insured by the Public Deposit Insurance Fund, which covers all public funds held in approved Indiana depositories. None of these funds were exposed to custodial credit risk, which is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits or collateral securities that are in the possession of an outside party.

Investments – The University's investments at June 30, 2011, are identified in the table below:

INVESTMENTS

Investment Type	Market Value	Type %	Investment Maturities (in Years) Less than 1 year	1–5 years	6–10 years	More than 10 years
Money market accounts	$ 6,229,258	7%	$ 6,229,258			
Repurchase agreements	31,461,483	35%	31,461,483			
Certificates of deposit	19,204,142	21%	11,001,428	8,202,714		
U.S. Treasury & agency securities	33,539,125	37%	1,641,941	24,313,729	7,505,028	78,427
Totals	**$90,434,008**	**100%**	**$50,334,110**	**$32,516,443**	**$7,505,028**	**$78,427**
Maturity %	100%		56%	36%	8%	0%

Investment custodial credit risk – This is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the $90 million invested, $33.5 million in U.S. government securities are held in the name of the nominee bank and insured by policies of the financial institution or guarantees of the U.S. government. There are $31 million in repurchase agreements registered in the University's name and backed by the implicit guarantee of the U.S. government. All cash in the money market accounts and the certificates of deposit are insured by FDIC/SAIF, the Public Deposit Insurance Fund, or collateral as required by federal regulations.

Interest rate risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy does not address exposure to fair value losses arising from changes in interest rates, but the investment objective is to obtain the highest revenue while maintaining safety and insuring adequate liquidity for institutional needs. To that end, management maintained 56 percent of investments in cash equivalents and short-term investments to be in a position to take advantage of the best rates in a timely fashion as well as sustaining adequate cash flow for operating needs.

Credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Of the total U.S. government securities listed in the table above, $31.8 million are invested in government-sponsored enterprises that are neither guaranteed or insured by the full faith and credit of the U.S. Treasury, and therefore have more credit risk than any direct obligation of the U.S. Treasury.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University's policy limits the investments in any one Indiana institution to 25 percent of the total portfolio of cash, certificate of deposits, and repurchase agreements as valued at the end of the preceding month. Operating funds which are invested in overnight repurchase agreements as part of the cash management program are excluded from the 25 percent limit. At June 30, 2011, the University was in compliance with that policy. The University has more than 5 percent of investments with one institution but mitigates this risk with FDIC and Indiana Public Depository insurance protection.

Foreign currency risk – This is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University does not have any global investments and, therefore, is not exposed to foreign currency risk.

NOTE 4 – Accounts Receivable

Accounts receivable are recorded net of allowance for uncollectible student fees of $589,765 and auxiliary services fees of $295,224. Prior-year allowances were $560,330 for student fee receivables and $286,429 for auxiliary services receivables. The accounts receivable balance for the 2010–11 fiscal year includes $4,943,633 in net student receivables and $3,258,184 in external receivables.

NOTE 5 – Derivative Instruments

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2011, classified by type and the fair value changes of those derivative instruments are as follows:

As of June 30, 2011, the University determined that both pay-fixed interest rate swaps met the criteria for effectiveness. The pay-fixed, receive-variable interest rate swaps are designed to synthetically fix the cash flows on the variable rate bonds. The fair value of the interest rate swaps was estimated based on the present value of their estimated future cash flows.

	CHANGE IN FAIR VALUE		FAIR VALUE AT JUNE 30, 2011		
Derivative Instrument	Type	Amount	Classification	Amount	Current Notional
Series 2006	Cash flow hedge: Pay-fixed interest rate swap	$161,453	Derivative Instrument Interest Rate Swap	$(964,679)	$6,472,291
Series 2008A	Cash flow hedge: Pay-fixed interest rate swap	$143,169	Derivative Instrument Interest Rate Swap	$(893,129)	$9,250,000

The following table displays the objectives and terms of the University's hedging derivative instruments outstanding at June 30, 2011, along with the credit rating of the associated counterparty:

Type	Objective	Current Notional	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 2006 Bonds	$6,472,291	1/01/2008	1/01/2028	65% of 3 mo. USD-LIBOR-BBA	A1
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 2008 Bonds	$9,250,000	7/01/2008	10/01/2021	65% of 3 mo. USD-LIBOR-BBA w/- 1 day look back, 79.0 bps	A1

Credit Risk – The fair value of the hedging derivative instruments is in a liability position as of June 30, 2011, with Series 2006 having a balance of $964,679 and Series 2008A having a balance of $893,129. Since both of the derivative instruments and the debts being hedged are with the same counterparty, there is no credit risk exposure. The fair value of the derivative instruments would simply be netted against the payoff of the debts.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely impact the fair market value of the derivative instruments. On a pay-fixed, receive-variable interest rate swap, the University will be negatively impacted by the lower rate environment, which will decrease the fair market values of its derivative instrument. The derivative instrument for Series 2006 fixes the hedged debt at 4.67 percent and Series 2008A is fixed at 3.97 percent.

Basis Risk – Basis risk is the risk that the University may lose cash flows because of the differences in the indexes upon which the derivative instrument and the item it hedges are based. The University is not exposed to basis risk since both derivative instruments and the associated debts being hedged are based on the three-month LIBOR index.

Termination Risk – The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The University is also exposed to termination risk if the student fee or auxiliary bonds are prepaid or partially prepaid. This risk is only to the extent the notional amount of the swap transactions exceeds the remaining amount after the prepayment.

Rollover Risk – Rollover risk is the risk that the maturity of the derivative instrument is shorter than the maturity of the associated debt. Since both the derivative instruments and the debt being hedged have identical maturity dates, there is no rollover risk to the University.

NOTE 6 – Debt Related to Capital Assets

Bonds Payable – Outstanding bonds payable at June 30, 2011, total $140,404,051 and are identified in the following schedule.

SCHEDULE OF BONDS AND NOTES PAYABLE

	Issue Date	Interest Rate	Current Year Rate	Maturity Date	Original Issue Amount	June 30, 2011 Principal Outstanding	Interest Outstanding	Total Outstanding
Student Fee Bonds								
Series D, Health Professions Center	1993	2.25% to 5.8%	5.70%	2015	$ 24,678,101	$ 1,336,760	$ 2,838,240	**$ 4,175,000**
Series F, Liberal Arts Center	1998	3.55% to 4.7%	4.70%	2013	15,280,000	2,795,000	183,289	**2,978,289**
Series G, Recreation & Fitness Center	1999	0% to 10%*	.49%	2019	4,700,000	2,900,000	30,400	**2,930,400**
Series H, Science & Education Center	2001	3.5% to 5.0%	5.00%	2021	25,260,000	17,365,000	5,303,951	**22,668,951**
Series I, Library Construction	2004	2.0% to 5.375%	5.00%	2023	49,590,000	34,255,000	11,459,113	**45,714,113**
Series 2006, Recreation & Fitness Center	2006	4.67%	4.67%	2028	7,250,000	6,472,291	2,888,607	**9,360,898**
Series J, Business and Engineering Center	2009	2.5.% to 5.0%	2.50%	2028	50,185,000	46,945,000	25,196,393	**72,141,393**
Auxiliary System Bonds								
Series 2001A, Student Housing Facilities	2001	4.0% to 5.0%	5.00%	2018	23,775,000	12,900,000	2,744,500	**15,644,500**
Series 2003, Student Housing Facilities	2003	3.0% to 4.5%	3.50%	2024	8,005,000	6,185,000	2,023,252	**8,208,252**
Series 2008A, Student Housing Facilities	2008	3.97%	3.97%	2021	9,800,000	9,250,000	3,173,023	**12,423,023**
Total					**$218,523,101**	**$140,404,051**	**$55,840,768**	**$196,244,819**

*This bond is a variable interest bond with weekly rates. The rate listed above is the average rate paid during the fiscal year.

The University of Southern Indiana Student Fee Bonds Series D of 1993, Series F of 1998, Series G of 1999, Series H of 2001, Series I of 2004, and Series J of 2009 are secured by a pledge of and first lien on student fees. Student Fee Bonds Series 2006 are secured by a pledge of and junior lien on student fees.

The University of Southern Indiana Auxiliary System Revenue Bonds, Series 2001A; Auxiliary System Revenue Bonds, Series 2003; and Auxiliary System Revenue Bonds, Series 2008A 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.

Student fee bond Series G is a variable rate bond currently bearing interest at weekly rates ranging between zero and 10 percent. The rate in effect at June 30, and the rate used to calculate the future debt service requirements, was .20 percent. All the other bonds are term or serial with fixed annual rates as identified in the preceding table. Annual debt service requirements through maturity for bonds and notes payable are presented in the following chart:

ANNUAL DEBT SERVICE REQUIREMENTS

Fiscal Year	Bonds	Notes	Total Principal	Total Interest	Total Debt Service
2011–12	9,393,392		9,393,392	7,054,433	16,447,825
2012–13	9,819,160		9,819,160	6,621,564	16,440,724
2013–14	9,273,825		9,273,825	6,182,999	15,456,824
2014–15	9,347,567		9,347,567	5,748,972	15,096,539
2015–16	9,847,766		9,847,766	5,310,817	15,158,583
2016–21	47,921,228		47,921,228	17,149,709	65,070,937
2021–26	32,827,901		32,827,901	6,751,435	39,579,336
2026–29	11,973,212		11,973,212	1,020,839	12,994,051
Total	**$140,404,051**	**$0**	**$140,404,051**	**$55,840,768**	**$196,244,819**

NOTE 7 – Operating Leases

For the fiscal year ended June 30, 2011, the University spent $405,344 on operating leases which are included in supplies and other services in the Statement of Revenue, Expenses, and Changes in Net Assets of which $101,072 was spent on leasing off-campus classroom and office space, $288,517 was spent on equipment, and $15,755 was spent on vehicle leases.

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 a defined benefit pension plan.

The total cumulative compensated absence liability reflected in the Statement of Net Assets is $2,384,956 and $2,173,822 for June 30, 2011 and 2010 respectively. The current year change represents $57,556 increase in accrued vacation; $121,285 increase in sick leave liability; $13,682 increase in Social Security and Medicare taxes; and $18,612 increase in Public Employees' Retirement Fund (PERF) contributions. During the fiscal year, $230,509 was paid out to terminating employees. Payout for terminating employees in fiscal year 2010–11 is expected to increase approximately 42 percent because of the number who will have reached the requisite retirement age and years of service. For that reason, $209,593 of the total compensated absence liability is classified as a current liability and the remaining $2,175,363 is classified as a non-current liability.

NOTE 9 – Termination Benefits Liability

GASB Statement No. 47, *Accounting for Termination Benefits,* requires the University to recognize a liability and an expense for voluntary termination benefits, such as early-retirement incentives, when the offer is accepted and the amount can be estimated. Members of USI's regular full-time faculty and administrative staff who have been employed in an eligible position prior to January 1, 1999, who have 15 or more consecutive years of service, and who are age 60 or older may receive early-retirement benefits upon request. These benefits include a lump-sum retirement service pay calculated as a percent of final-year salary based on length of service, not to exceed 25 percent, and continued contribution to retirement annuity contracts through the end of the fiscal year in which the retiree reaches age 66. Salaries are assumed to increase at a rate of 2.8 percent annually for purposes of calculating this liability.

USI has 22 retirees currently receiving early-retirement benefits, seven of whose benefits stop after this fiscal year, and 11 more who have arranged to begin receiving benefits within the next three years. The liability for these benefits totals $822,469 at June 30, 2011. Of that amount, $346,812 is expected to be paid out during the following fiscal year, and the remaining $475,657 has been classified as noncurrent. This liability will change annually as more employees elect this benefit and as benefits for current retirees end.

NOTE 10 – 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 *Public Employees' Retirement Fund* (PERF). The TIAA-CREF plan is an IRC 403(b) defined contribution plan; PERF is a defined benefit plan under IRC 401(a) and a state plan described in IC 5-10.2 and 5-10.3. The University contributed $5,722,422 to these programs in fiscal year 2010–11, which represents approximately 11 percent of the total University payroll and 13 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 one year prior to eligible employment at USI. The University contributes 11 percent 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 $4,813,874 to this plan for 596 participating employees for fiscal year ending June 30, 2011, and $4,671,645 for 582 participating employees for fiscal year ending June 30, 2010. The annual payroll for this group totaled $35,340,910 and $34,472,823 for fiscal years ending June 30, 2011 and 2010 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 its web site at *www.tiaa-cref.org*.

Support Staff Employees in eligible positions and who work at least half-time participate in PERF, a retirement program administered by the Indiana Public Retirement System, 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 contributed 7 percent of the employee's salary this fiscal year. 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 $898,047 for 415 employees participating in PERF during the 2010–11 fiscal year and $828,829 for 404 employees participating during 2009–10.

The contribution requirements for plan members of PERF are set by the PERF Board of Trustees. Actuarial information related to the University's participation in the plan is disclosed in the tables below for three past fiscal years.

PERF–SCHEDULE OF FUNDING PROGRESS

(dollars in thousands)

Fiscal Year Ending June 30	Actuarial Value of Plan Assets (A)	Actuarial Accrued Liability (B)	Overfunded/ (Unfunded) Accrued Liability (C)	Funded Ratio (A/B)	Actual Covered Payroll (D)	Overfunded/ (Unfunded) Liability as % of Payroll (C/D)
2008	7,678	7,816	(138)	98.2%	8,298	(1.7%)
2009	7,347	8,461	(1,114)	86.8%	8,800	(12.7%)
2010	6,179	9,174	(2,995)	67.4%	8,912	(33.6%)

PERF–DEVELOPMENT OF NET PENSION OBLIGATION

	2008	2009	2010
Annual Required contribution (ARC) *	$435,911	$493,983	$590,297
Interest on Net Pension Obligation @ 7.25%	(34,401)	(38,466)	(41,645)
Adjustments to ARC **	(39,203)	(43,834)	(47,457)
Annual Pension Cost (APC)	362,307	411,683	501,195
Contributions made by USI ***	496,772	543,200	566,123
Decrease in Net Pension Obligation	(134,465)	(131,517)	(64,928)
Net Pension Obligation, Beginning of Year	(721,782)	(856,247)	(987,764)
Net Pension Obligation, End of Year	($856,247)	($987,764)	($1,052,692)

* Determined to be equal to the same percent of salary as the entire State of Indiana
** Net Pension Obligation at beginning of year divided by amortization factor of 12.1037
*** Percentage of APC contributed: 2008 at 137.1%; 2009 at 131.9%; and 2010 at 113.0%.

The required contribution was determined as part of the actuarial valuation as of July 1, 2008, using the Entry Age Normal Cost Method. The actuarial assumptions included: (a) 7.25 percent investment rate of return (net of administrative services); (b) projected salary increases of 4 percent per year; and (c) 1.5 percent per year cost-of-living adjustments. Current-year information concerning funding and obligation was not available at the time of this report.

The Indiana Public Retirement System (INPRS) issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for PERF participants. That report may be obtained by writing the INPRS, 1 North Capitol Avenue, Suite 001, Indianapolis, IN 46204 or by calling 317/232-3882.

NOTE 11 – Risk Management

The University is exposed to various risks of loss: torts; errors or omissions; theft, damage, or destruction of assets; job-related illness or injuries to employees; and natural disasters. The University manages these risks of loss through combinations of risk retention and commercial insurance. Property insurance for buildings and contents and other special form coverage is subject to a self-insured retention of $25,000 per occurrence or $2,500 per occurrence if the property is owned by the USI Foundation or SIHE Holdings, LLC. Earthquake and flood have a minimum deductible of $100,000 each loss. Educators' legal liability has a $50,000 deductible for each wrongful acts claim. General liability, commercial crime, workers' compensation, commercial auto, and medical malpractice, as well as life and disability insurance, are insured by commercial insurance subject to various deductibles. No liability exists at the balance sheet date for unpaid claims.

The University has four health care plans for full-time benefit-eligible employees and three plans for retirees. Two of the plans for employees and retirees are funded under a cost-plus arrangement whereby the University is billed for actual claims paid by the insurer on behalf of the covered participants plus an administrative fee. The majority of employees and retirees, 67 percent and 94 percent respectively, participate in the fully-funded cost-plus plan. For fiscal year ended on June 30, 2011, the University's contribution to these health care plans totaled $6,907,832 for 1,157 employees and $940,509 for 236 retirees. For the same period, employees and retirees made contributions totaling $1,957,181 and $269,706 respectively.

The University assumes the risk for medical claims exceeding the maximum expected cost but has mitigated the additional risk by purchasing specific and aggregate stop loss coverage at 125 percent of the expected claims liability. The University also has established a reserve to cover any unpaid liability beyond 125 percent. The liability for medical claims incurred but not reported at June 30, 2011, is based on an average monthly claim multiplied by the plan provider's average turnaround time from when claims are incurred to when claims are submitted to USI for payment. Changes in the balance of claims liabilities during the 2011 fiscal year are as follows:

Beginning liability, June 30, 2010	$1,556,932
Claims incurred	7,721,129
Claims paid	(6,471,913)
Ending liability, June 30, 2011	$2,806,148

NOTE 12 VEBA Trust

The University established a Voluntary Employees' Benefit Association (VEBA) trust for the purpose of providing medical, dental, and life insurance benefits to employees who retire after attaining age 60 with at least ten years of service and to those retiring under the Rule of 85. The trust is funded from three sources: University contributions and reserves designated by the Board of Trustees for this purpose, employee payroll deductions for post-retirement benefits, and retiree contributions for medical insurance premiums. Funds will accumulate in the trust for several years before any disbursements are made. The University does not anticipate that the trust will pay for all post-retirement benefits, but rather be used to reduce the increasing burden of such expenses on the current operating funds. A summary of the activity in the trust for the year ending June 30, 2011, is as follows:

VEBA TRUST

	MARKET
Fund balance at July 1, 2010	$9,981,061
Transfer from University reserves	650,000
Employee/employer contributions	169,690
Retiree/employer contributions	22,974
Reinvested net earnings	268,840
Net gain/(loss) on sales of trust investments	181,295
Less: Management fees and taxes	(34,415)
Net change in market value	1,925,504
Fund balance at June 30, 2011	**$13,164,949**

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 13 – Other Postemployment Benefits (OPEB)

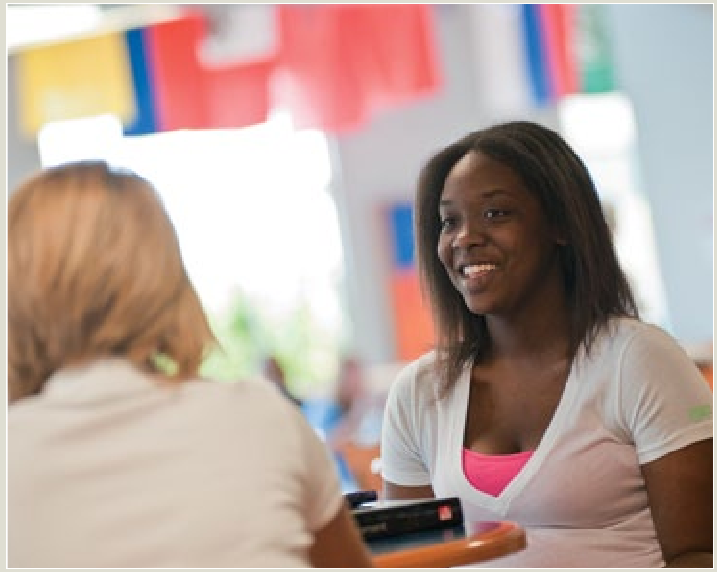
Plan Description. The USI Voluntary Employees' Benefit Association (VEBA) Trust is a single-employer defined benefit healthcare plan administered by the Old National Trust Company. The VEBA Trust was established for the purpose of providing medical and dental benefits to eligible retirees and their spouses. The USI Board of Trustees has the authority to establish or amend the benefit provisions of the plan. Old National Trust Co. does not provide a stand-alone financial report of the USI VEBA Trust, but the plan assets and financial activity are included as part of its publicly-available audited financial report. That report may be obtained by writing to Old National Bancorp, One Main Street, PO Box 718, Evansville, IN 47705, or by calling 800/731-2265.

Funding Policy. The contribution requirements are established and may be amended by the USI Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the governing board. For the fiscal year ended June 30, 2011, USI contributed $1,882,421 to the plan, including $1,087,923 for current premiums (approximately 81 percent of total premiums), and $650,000 to prefund benefits. Plan members receiving benefits contributed $259,233, or approximately 19 percent of the total premiums, through their required contributions for medical insurance coverage.

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

	2009	2010	2011
Annual required contribution	$2,146,904	$3,243,885	$3,243,885
Interest on net OPEB obligation	17,942	32,080	123,977
Adjustment to annual required contribution	(19,304)	(37,644)	(170,619)
Annual OPEB cost	2,145,542	3,238,321	3,197,243
Contributions made	(1,943,575)	(1,925,511)	(1,882,421)
Increase (decrease) in net OPEB obligation	201,967	1,312,810	1,314,822
Net OPEB obligation, beginning of year	256,316	458,283	1,771,093
Net OPEB obligation, end of year	$458,283	$1,771,093	$3,085,915

Because the requirements of GASB 45 were implemented in the 2008 fiscal year, the beginning of year net OPEB obligation for that fiscal year was set to zero, and the measurements and recognition requirements are being applied prospectively.



The USI VEBA's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years are as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6-30-2009	$2,145,542	90.6%	$ 458,283
6-30-2010	$3,238,321	59.5%	$1,771,093
6-30-2011	$3,197,242	58.9%	$3,085,915

Funded Status and Funding Progress. As of June 30, 2011, the plan was 41.7 percent funded. The actuarial accrued liability (AAL) for benefits was $31,590,331, and the actuarial value of assets was $13,164,949, resulting in an unfunded actuarial accrued liability (UAAL) of $18,425,382. The covered payroll (annual payroll of active employees covered by the plan) was $46,432,950, and the ratio of the UAAL to covered payroll was 39.7 percent.

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

SCHEDULE OF FUNDING PROGRESS FOR THE USI VEBA TRUST RETIREE HEALTHCARE BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) – Projected Unit Credit Method (B)	Unfunded AAL (UAAL) (B – A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2009	$ 8,022,197	$21,861,558	$13,839,361	36.70%	$44,510,381	31.09%
6/30/2010	$ 7,940,404	$31,590,331	$23,649,927	25.14%	$45,316,205	52.19%
6/30/2011	$13,164,949	$31,590,331	$18,425,382	41.67%	$46,432,950	39.68%

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.

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

In the most recent actuarial study evaluation, which was June 30, 2010, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the asset classes held in the VEBA Trust, and an annual healthcare cost trend rate for each medical plan. In general, the trend rates start at 8 percent initially, reducing each year until reaching an ultimate rate of 5.7 percent in 2020. The actuarial value of assets for the purposes of determining the annual recommended contribution is the market value of the assets. The UAAL is being amortized as a level dollar amount on an open basis over a 30-year period.

NOTE 14 – Functional Expenditures

Operating expenses are reported by natural classification on the face of the Statement of Revenue, Expenses, and Changes in Net Assets. Some users of the financial statements have a need to know expenses by functional classification, either for trend analysis or for comparison to other higher education institutions. This information is presented in the table below.

FUNCTIONAL EXPENDITURES

FUNCTION	SALARIES and WAGES	BENEFITS	SCHOLAR-SHIPS	UTILITIES	SUPPLIES and OTHER SVCS	DEPRECIATION	2011 TOTAL	2010 TOTAL
Instruction	$27,384,739	$ 9,068,004			$ 1,952,334		$ 38,405,077	$ 38,604,976
Academic Support	4,957,211	1,819,548			4,092,105		10,868,864	11,546,133
Student Services	3,769,159	1,550,453			1,768,785		7,088,397	7,379,797
Institutional Support	8,466,771	4,111,837			3,128,635		15,707,243	12,801,849
Operation and Maintenance of Plant	3,163,470	1,632,257		4,503,201	7,015,937	6,971,127	23,285,992	19,748,089
Student Aid	175,878	785,191	10,250,783		6,491		11,218,343	10,588,123
Public Service	1,502,654	499,573			1,105,770		3,107,997	2,482,847
Research	77,993	21,449			140,620		240,062	199,914
Auxiliary Enterprises	4,221,406	1,574,619	679,363	1,075,938	14,944,505	3,119,786	25,615,617	24,209,854
Totals	**$53,719,281**	**$21,062,931**	**$10,930,146**	**$5,579,139**	**$34,155,182**	**$10,090,913**	**$135,537,592**	**$127,561,582**

NOTE 15 – Construction in Progress

Construction in progress at year-end totals $2.6 million (see capital assets table below). Projects under construction include practice soccer fields at the Broadway complex, phase one of the student apartment renovations, sidewalks from the Residence Life Community Center to Eagle Village Apartments, a walkway from the bike path to the Recreation, Fitness, and Wellness Center, expansion of the Residence Life Community Center, and renovation of the Wright Administration canteen for the Red Mango frozen yogurt eatery.

Design work is underway on an advanced manufacturing teaching facility. The project has an estimated cost of completion of $2.3 million. Additional projects, including improvements to Bluff Lane for the advanced manufacturing facility, construction of a drop-off driveway for the McCutchan Art Center, and expansion of the University Center Loft dining area, are also in progress. Those projects have a total estimated remaining cost of approximately $2.5 million.

The balance of construction in progress relates to a teaching theatre on campus. To date, $1.4 million has been spent for project planning. The design phase began in fall 2009 with an estimated cost of completion expected to be $17 million. The project was approved for construction by the State of Indiana legislature in spring 2011.

NOTE 16 – Capital Assets, Net of Accumulated Depreciation

The table below displays the increase in total capital assets from $298.8 million at July 1, 2010, to $302.7 million on June 30, 2011. Gross capital assets, less accumulated depreciation of $118.6 million, equal net capital assets of $184.1 million at June 30, 2011.

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

CAPITAL ASSETS	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011	Accumulated Depreciation	Net Capital Assets
Land	$ 4,557,473	65,450	14,000	$ 4,608,923		$ 4,608,923
Land Improvements	9,322,042	2,946,469	50,300	12,218,211	5,148,302	7,069,909
Infrastructure	3,648,793	2,733,000	100,580	6,281,213	1,591,388	4,689,825
Educational Buildings	133,447,979	34,463,553	11,150,371	156,761,161	55,087,605	101,673,556
Auxiliary Buildings	70,899,366	28,341,219	28,600	99,211,985	42,276,130	56,935,855
Equipment	15,618,322	3,815,122	1,981,863	17,451,581	11,956,974	5,494,607
Library Materials	12,083,192	265,476	8,784,380	3,564,288	2,560,447	1,003,841
Construction in Progress	49,216,248	12,987,477	59,583,240	2,620,485		2,620,485
Totals	**$298,793,415**	**$85,617,766**	**$81,693,334**	**$302,717,847**	**$118,620,846**	**$184,097,001**

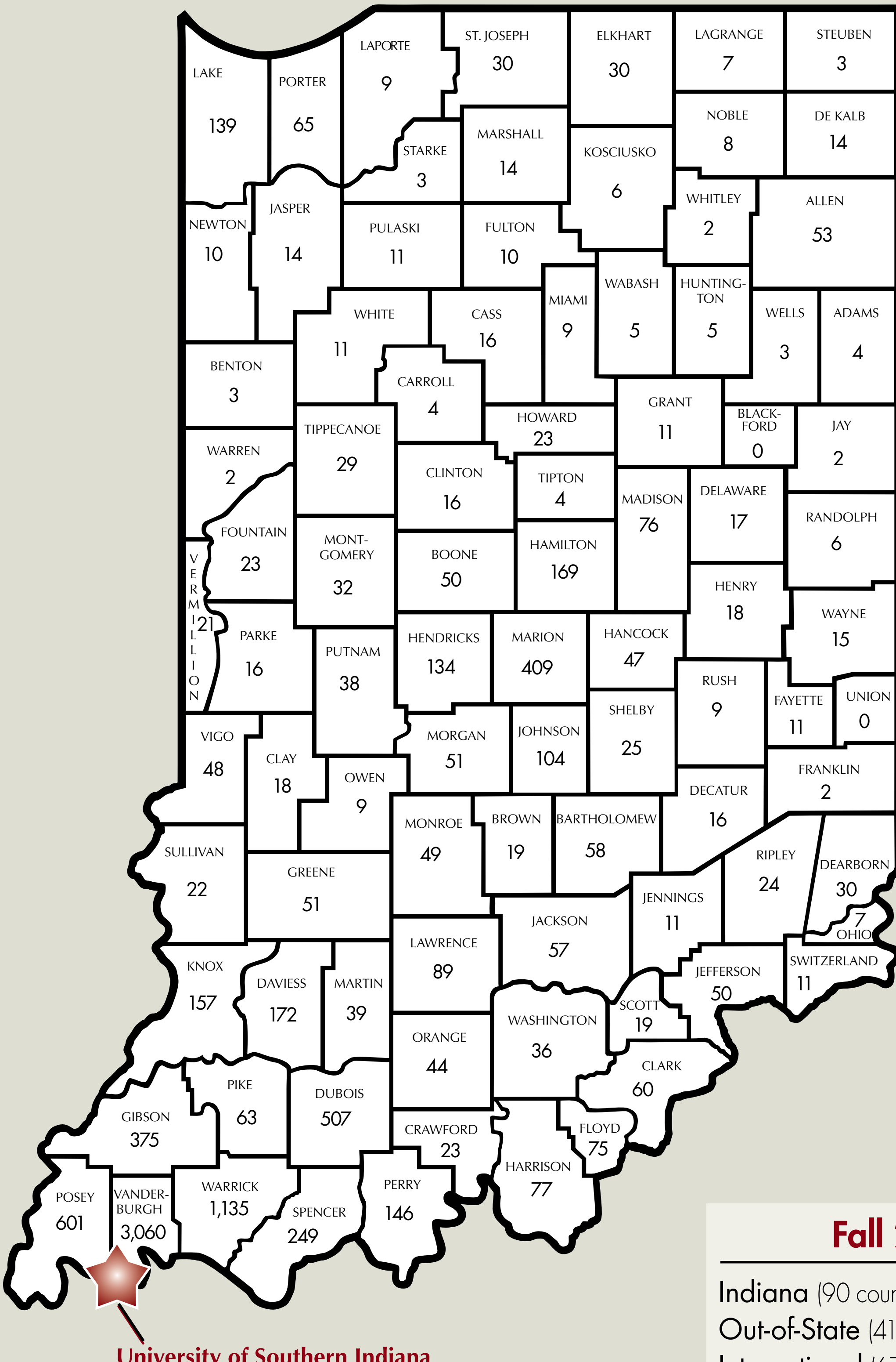
Supplementary Information

FIVE-YEAR COMPARATIVE DATA

	2010–11	2009–10	2008–09	2007–08	2006–07
Enrollment (Fall Semester)					
Total students	10,702	10,516	10,126	9,939	10,021
Undergraduates	9,846	9,648	9,320	9,225	9,298
Women	6,403	6,331	6,112	5,971	6,110
African American	585	527	515	486	473
Other minority	477	411	355	266	237
International	196	162	154	115	81
Age 25 plus	2,565	2,559	2,346	2,243	2,198
Indiana residents	9,255	9,168	8,897	8,798	8,894
Full-time equivalent	8,971	8,789	8,437	8,230	8,284
Degrees Granted (Academic Year)					
Doctorate	15	0	0	0	0
Masters	280	218	226	257	190
Baccalaureate	1,353	1,377	1,288	1,241	1,154
Associate	76	87	113	123	172
Faculty (Fall Semester)					
Full-time	314	323	323	304	293
Percentage tenured	37	32	36	35	36
Part-time (FTE)	159	151	143	149	152
FTE students/FTE faculty	19.0	18.5	18.1	18.2	18.6

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

Home Counties of USI Students (Fall 2010)



Fall 2010

Indiana (90 counties)	9,255
Out-of-State (41 states)	1,251
International (67 countries)	196
Total Enrollment	**10,702**

It is the policy of the University of Southern Indiana to be in full compliance with all federal and state non-discrimination and equal opportunity laws, orders, and regulations relating to race, sex, religion, disability, age, national origin, sexual orientation, or veteran status. Questions or concerns should be directed to the Affirmative Action Officer, USI Human Resources Department, University of Southern Indiana, 8600 University Boulevard, Evansville, Indiana 47712.

The Disabled Student Services program is provided to help students overcome or compensate for obstacles related to a physical, emotional, or learning disability. Resources include a reader/taping service, test accomodations service, tutors, sign language interpreter service, notetaker supplies, literature, and personal assistance. Program staff work with all offices to insure that reasonable and approriate accommodations are provided to students with disabilities. A detailed brochure is available from the Counseling Center. Students requesting services must register with the Disabled Student Services program in the Counseling Center at least 60 days prior to date needed.

University of
Southern Indiana

8600 University Boulevard
Evansville, Indiana 47712

P11-101378