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**Additional copies of this report may be obtained from:**

Office of the Vice President for Business Affairs and Treasurer  
 Byron C. Wright Administration Building  
 University of Southern Indiana  
 8600 University Boulevard  
 Evansville, IN 47712-3596  
 Telephone: 812/464-8600  
 or from the Web site at [www.usi.edu/busoff/annualreport.asp](http://www.usi.edu/busoff/annualreport.asp)

## BOARD OF TRUSTEES 2003-2004



Trustees of the University gather before the 2004 Commencement ceremony. They are (back row, from left) J. David Huber, James L. Will Sr., G. Patrick Hoehn, President H. Ray Hoops, Bruce H. Baker, and Samuel J. Tucker. Seated, from left, Harolyn G. Torain, Louise S. Bruce, and Tina M. Kern-Raibley.

**J. David Huber**  
*Chair*  
Cannelton, Indiana

**Bruce H. Baker**  
*Vice Chair*  
Boonville, Indiana

**G. Patrick Hoehn**  
*Vice Chair*  
Floyds Knobs, Indiana

**Louise S. Bruce**  
*Secretary*  
Tell City, Indiana

**James L. Will, Sr.**  
Evansville, Indiana

**Tina M. Kern-Raibley**  
Evansville, Indiana

**Thomas F. McKenna**  
Carmel, Indiana

**Harolyn G. Torain**  
Indianapolis, Indiana

**Samuel J. Tucker**  
Evansville, Indiana

## UNIVERSITY OFFICERS 2003-2004

**H. Ray Hoops**  
*President*

**Robert W. Parrent**  
*Vice President*  
*for Student Affairs*

**Linda L.M. Bennett**  
*Provost and Vice President*  
*for Academic Affairs*

**Robert W. Ruble**  
*Vice President for*  
*Business Affairs*  
*and Treasurer*

**Cynthia S. Brinker**  
*Vice President for*  
*Governmental*  
*Relations*

**Sherianne Standley**  
*Vice President for*  
*Advancement and*  
*Assistant Secretary*

## MESSAGE FROM THE PRESIDENT

**Dr. H. Ray Hoops**  
President



Dear Friends,

The 2003-2004 fiscal year marked my first decade as president of the University of Southern Indiana. During that time, more than \$150 million has been invested in campus physical facilities, the curriculum has dramatically expanded to meet the needs of students and employers, and USI has become the college of choice for talented Hoosier and tri-state students. These positive developments are made possible by the incredible partnership of state, community, and university that remains focused on the reasons USI was established.

Ground was broken in the spring for a new \$29.1 million library, replacing one that was built to accommodate 3,500 students, not the 10,000-student enrollment of today. A fourth residence hall was completed over the summer, bringing residence hall capacity to just under 3,000. Enrollment in the new engineering program has grown quickly to over 200 students, and thanks to a grant from

the Lilly Endowment, the University is creating new employer partnerships for internships and cooperative education opportunities. The Lilly Endowment grant also includes a challenge to build an engineering scholarship endowment from corporate and private gifts.

This year and next, the University is undergoing an institution-wide self study, engaging students, faculty, staff, alumni, friends, and the community in an assessment of its performance, in preparation for institutional re-accreditation by the Higher Learning Commission of the North Central Association of Colleges and Schools. Focus groups have confirmed that our “core values” are intact and understood, and that:

- USI is accessible and affordable;
- USI is an institution that is flexible and willing to change;
- USI professors impart a high quality education, preparing graduates to enter the workforce or graduate schools with confidence; and
- the community appreciates USI’s responsiveness in developing needed academic programs and in promoting economic development.

We also are listening carefully to ideas about what is needed in the future. The focus groups gave clear emphasis to developing additional undergraduate and graduate programs, improving technology, and expanding partnerships for community enhancement and economic development.

As USI prepares to mark its 40th anniversary in 2005, we will celebrate our valued relationship with the community and the state, and express appreciation for the resources we are given to meet the educational, cultural, and societal needs of the state and the region. The resources provided enable the University of Southern Indiana to change the lives of the students who come to us and to change the complexion of this region and this state that we are so pleased to serve.

Sincerely yours,

A handwritten signature in black ink that reads "H. Ray Hoops". The signature is written in a cursive, flowing style.

H. Ray Hoops  
President

## MESSAGE FROM THE VICE PRESIDENT

**Robert W. Ruble**  
Vice President for  
Business Affairs  
and Treasurer



I am pleased to present the University of Southern Indiana's audited financial report for the fiscal year ended June 30, 2004. 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 provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, became effective for fiscal year ending June 30, 2004. This Statement required the University to use specific criteria to evaluate legally-separate, tax-exempt, related organizations for inclusion in the University's financial report as component units. The USI Foundation, Inc. met all of the criteria and its Statement of Financial Position and Statement of Activities, audited by BKD, LLP, are presented on separate pages following the relevant University financial statements.

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 University's financial statements provide a summary of the flow of economic resources during the fiscal year, the 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.

Robert W. Ruble  
*Vice President for Business Affairs  
and Treasurer*



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of University of Southern Indiana, a component unit of the State of Indiana, as of and for the years ended June 30, 2004 and 2003. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component unit of the University as discussed in Note 16, which represents 100% of the assets and revenues of the discretely presented component unit. The financial statements of this component unit were audited by another auditor whose report thereon has been furnished to us and our opinion, insofar as it relates to this unit, is based upon the report of the other auditor.

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

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Southern Indiana, as of June 30, 2004 and 2003, 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 28, 2004, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit. This report will be issued in the University's Single Audit report prepared in accordance with OMB Circular A-133.

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

October 28, 2004

STATE BOARD OF ACCOUNTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This portion of the University of Southern Indiana annual financial report presents a discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2004, with comparative data for the period ended June 30, 2003. This discussion has been prepared by management and should be read in conjunction with the financial statements, the summary of significant accounting policies, and the notes to the financial statements.

The discussion and analysis is designed to focus on current activities, resulting changes, and current 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 summary of significant accounting policies, 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 noncurrent (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.

<b>STATEMENT OF NET ASSETS</b>			
<b>June 30 (in thousands)</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Current Assets	\$ 78,565	\$ 37,791	\$ 46,879
Noncurrent Assets:			
Capital assets, net of depreciation	124,470	121,509	112,334
Other noncurrent	14,099	11,617	7,770
<b>Total Assets</b>	<b>\$217,134</b>	<b>\$170,917</b>	<b>\$166,983</b>
Current Liabilities	\$ 13,387	\$ 12,662	\$ 11,270
Noncurrent Liabilities	131,202	91,299	96,217
<b>Total Liabilities</b>	<b>\$144,589</b>	<b>\$103,961</b>	<b>\$107,487</b>
Net Assets:			
Invested in capital assets, net of debt	\$ 25,517	\$ 25,504	\$ 12,926
Restricted - expendable	6,064	4,588	17,475
Unrestricted	40,964	36,864	29,095
<b>Total Net Assets</b>	<b>\$ 72,545</b>	<b>\$ 66,956</b>	<b>\$ 59,496</b>

### Assets

Current assets at June 30, 2004, consist predominantly of cash on deposit with bond trustees, cash and cash equivalents, and short-term investments. Also included are accounts receivables and inventories. Noncurrent assets include capital assets net of depreciation and long-term investments. Both current and noncurrent assets include lesser-valued resources that are grouped together and listed under the term *Other*.

Total assets increased \$46.2 million (27.0%) in 2004 compared to a \$3.9 million (2.4%) increase in 2003. This increase is explained by the following fiscal year events:

- The proceeds from two bond issues were deposited into project and debt service funds with bond trustees. At fiscal year end, \$36 million remained on deposit with the trustee. Only \$349.5 thousand was on deposit with trustees at the end of the previous fiscal year.
- Cash and cash equivalents, short-term investments, and long-term investments increased \$5.7 million dollars, or 13.9%. The prior fiscal year increase was \$10.6 million, or 35.3%.
- Accounts receivable increased \$800 thousand, or 13.7%. Both 2004 and 2003 include a receivable from the State of Indiana for the twelfth-month appropriation payment of \$2.8 million and \$2.7 million respectively.
- Other noncurrent assets include a capital projects receivable from the USI Foundation in the amount of \$490 thousand for scientific equipment in the Pott School of Engineering.

### Liabilities

Current liabilities at June 30, 2004, are primarily composed of accrued payroll and related deductions and the current portion of bonds payable. Also included are accounts payable, debt interest payable, and miscellaneous other liabilities. Noncurrent liabilities are predominately bonds payable. Also included are compensated absences, an unamortized bond premium, and miscellaneous other long-term liabilities. Total liabilities increased \$40.6 million (39.1%) in 2004 compared to a decrease of \$3.5 million in 2003. Activities during the year that influenced this change include the following:

- The total liability for compensated absences increased \$135.3 thousand compared to \$99.5 thousand increase in the prior fiscal year. Percentage increases for the fiscal years ending 2004 and 2003 are 8.9% and 7.0% respectively.
- Accrued payroll and related deductions increased from \$4.3 million to \$4.8 million. This is an 11.8% increase compared to a 5.2% increase in the previous fiscal year.
- Two new bond issues, Auxiliary System 2003 and Series I of 2004, caused long-term bonds payable to increase \$38 million, or 42.9%.
- Related to the bond issues, debt interest payable increased \$104 thousand in 2004 compared to a \$13.5 thousand decrease the year before.
- An unamortized bond premium on the Series I issue added \$1.97 million to total liabilities. The premium will be amortized over the life of the bond.



**Net Assets**

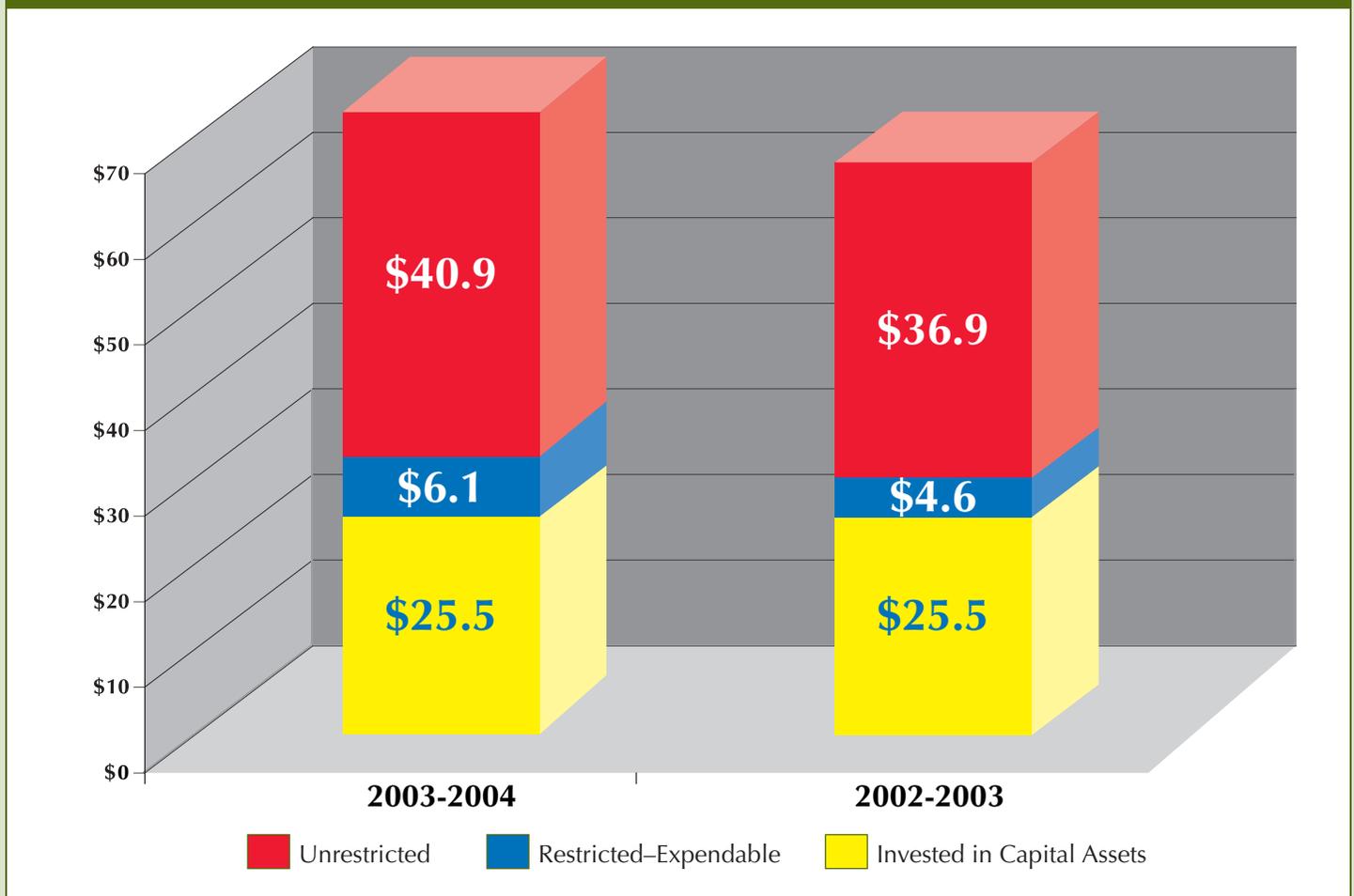
Net assets at June 30, 2004, were \$5.6 million greater than on June 30, 2003. Expendable restricted assets changed most notably for capital projects funds. Capital project funds increased \$1.6 million as bond proceeds were received and on hand as the construction of the new library building began.

Unrestricted assets increased \$4.1 million in fiscal year 2004. This increase is 47.2% less than the prior year increase of \$7.8 million. Smaller returns on investment income—plus unrealized losses on investments this year compared to unrealized gains last year—are largely responsible for the modest increase in 2004 over 2003. Reserves were maintained or increased at year end.

Of the nearly \$41 million in unrestricted net assets, \$22.8 million have been internally designated as follows:

- \$2.0 million reserve for replacement of administrative software system
- \$2.5 million reserve for working capital
- \$3.3 million reserve for outstanding encumbrances
- \$6.7 million reserve for equipment and facilities maintenance and replacement
- \$5.1 million reserve for auxiliary system operations
- \$5.6 million reserve for University Center renovation and expansion

**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, nonoperating revenues, and capital funding have had on the net assets of the University.

Activities are reported as either operating or nonoperating. Student fees, financial aid revenue from grants and scholarships, and revenues from auxiliary enterprises are the major sources of operating income. Operating income is reduced by bad debts

and discounts and allowances for scholarships, room, and board. The 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 are required to be classified as nonoperating revenues. This creates large operating deficits for public universities which rely heavily on state funding to meet their missions and goals. A more important measure of fiscal year net income is the amount shown on the statement as "Income/(expenses) before other revenues, expenses, gains, or losses."

YEAR ENDED JUNE 30 (in thousands)	2004	2003	2002
Total operating revenues	\$59,919	\$53,965	\$47,054
Total operating expenses	(90,954)	(81,141)	(76,954)
Operating losses	(31,035)	(27,176)	(29,901)
Net nonoperating revenues/(expenses)	35,533	34,179	33,407
Income/(expenses) before other revenues, expenses, gains, or losses	4,499	7,003	3,506
Capital gifts, grants, and appropriations	1,091	456	175
Special item—change in accounting policy	0	0	(3,595)
<b>Increase (decrease) in net assets</b>	<b>\$ 5,590</b>	<b>\$ 7,459</b>	<b>\$ 86</b>

### Revenues

Operating revenues increased \$5.9 million (11.0%) this fiscal year compared to \$6.9 million (14.7%) increase in the previous fiscal year. All major components of operating revenue increased but some at a smaller percentage than the prior year.

- Net student fee revenue increased from \$24.1 million in 2003 to \$28.2 million in 2004. This 17.1% increase was due to increases in enrollment growth of 2.3% and student fee rates of 8.4%. The previous year's increase of 16.2% reflected a 3.3% enrollment growth and 9.9% student fee rate increase.
- Grants and contracts from federal, state, and nongovernmental agencies increased 8.3%, or \$0.9 million. The University received 55% from federal agencies, 41% from state agencies, and 4% from nongovernmental entities. Of the total grant revenue, 86.5% provided financial aid to the University's students.
- Sales and services of educational departments decreased 24.6% in fiscal year 2004 compared to an increase of 26.6% in 2003. This income represents revenue that is a byproduct of the University's primary mission of educating students. It includes income from health professional practice units, video and information technology practice units, student publications, student theatre and choir, printing services, and other academic-related activities. Advances in technology have encouraged many users to turn to the Internet for research and publication. As a result, income from printing services and library services dropped significantly, which accounted for much of the current year decrease in educational related sales.
- Auxiliary enterprises revenue, after bad debt and room and board allowances, increased \$1.1 million, or 6.1%, in 2004. The prior fiscal year increased \$2.4 million, or 16.1%. Causes for this year's tempered revenue increase can be attributed to a less aggressive enrollment growth and a smaller increase in the number of residents in student housing facilities. O'Bannon Hall, a student residence facility, opened in the fall of 2002 causing revenue from that source to increase substantially in the prior fiscal year.
- Other operating income includes contracted services, facilities rentals, and miscellaneous sales and services. This revenue decreased \$70.1 thousand, or 7.6%, in fiscal year 2004 compared to an increase of 30.2% in fiscal year 2003. In 2003, the University received a \$100 thousand contract to connect off-site student housing facilities to the campus telephone and network system so these students could enjoy the same services as those students living on campus.

Nonoperating revenues experienced a net increase of 7.5% for the fiscal year ended June 30, 2004 compared to a .4% decrease in the prior fiscal year:

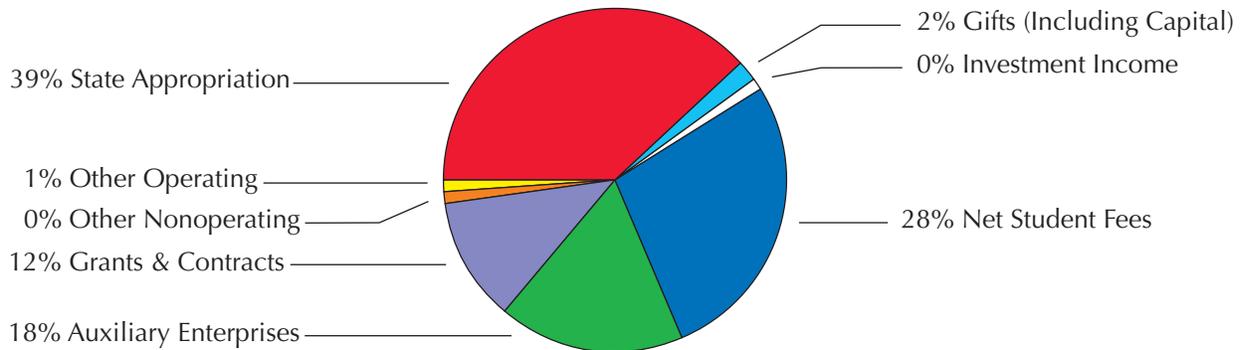
- State appropriations for general operating support increased 9.6%, from \$35.6 million in 2003 to \$39.0 million in 2004.
- Gift revenues increased at about the same rate as the year before: 8.3% and 8.7% for 2004 and 2003 respectively. Of the \$1.5 million gifts received in 2004, 99.8% came from the USI Foundation for scholarships, educational grants, academic enhancements, athletics, and other University support.
- Investment income decreased 62.5%, from \$1.2 million to \$0.5 million, this fiscal year. Investment income decreased 21.9% in the prior fiscal year due to lower interest rates. Older investments, bearing higher interest rates, matured and were replaced by instruments earning a much lower return. Both lower rates and unrealized loss on investments were the primary cause of the decrease in 2004.

- Other nonoperating revenues include proceeds from dissolution of a small capital trust, an insurance claim received for water leak damage in a classroom building, payment from Sodexo for capital improvements, and the sale of call rights on the University Center bond.

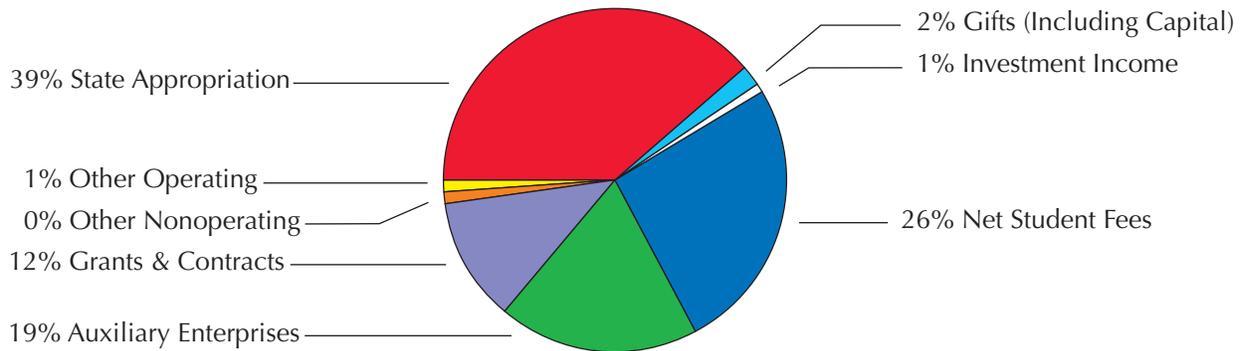
Other revenues include capital appropriations and capital gifts and grants. The state cancelled capital appropriations for 2003, but reinstated them again in 2004, awarding the University \$100,103. Capital gifts of \$990,700 were received from the USI Foundation for purchase of classroom equipment and major renovation projects.

Total revenues (operating, nonoperating, and other) increased \$9.4 million in fiscal year 2004 compared to a \$7.1 million increase in 2003. The graph below shows the composition of the University's revenue for the fiscal years ending June 30, 2004 and 2003:

2003-04 REVENUE



2002-03 REVENUE



Expenses

Operating expenses for fiscal year 2004 were \$90.9 million, an increase of \$9.8 million, or 12.1%, over the previous fiscal year. Except as noted otherwise, the increase in operating expenses is a result of enrollment growth, staffing increases, and an increase in campus plant facilities. Changes in expense categories were as follows:

- Compensation (salaries, wages, and benefits) increased 6.5%, from \$48.4 million to \$51.6 million. This is down slightly from the 7.0% increase in the prior fiscal year. Staffing increases caused by enrollment growth, promotions, and annual raises in salary contributed to this change in both years.

- Student financial aid increased from \$4.2 million to \$4.9 million, or 15.7%. The prior year increase was slightly less than \$0.3 million, or 6.9%.
- Utilities increased 12.7% over the previous fiscal year, which reflects the rising cost of natural gas and other commodities and an increasing number of campus facilities. The University had been able to negotiate lower rates for bulk purchases of natural gas before the prices increased in 2002, which was reflected in an 8.9% decrease in costs last fiscal year.
- Supplies and other services increased \$5.8 million, or 29.5%, compared to last year's increase of \$1.4 million, or 7.6%. Training costs, software, and software maintenance fees for the SCT Banner project account for \$1.3 million. Purchases of furniture, lab equipment, computers, computer software, and other supplies to equip and service the Pott School of Science and Engineering and the Bower-Suhrheinrich School of Education and Human Services classroom building, which opened in fall 2003, make up another \$1.3 million. Purchases of computers and telecommunication equipment and other equipment and furnishings for classrooms, offices, and student facilities increased \$0.9 million; purchases of bookstore merchandise for resale increased \$0.3 million; and leasehold improvements, deferred maintenance, and regular repairs and rehabilitation increased \$0.4 million.

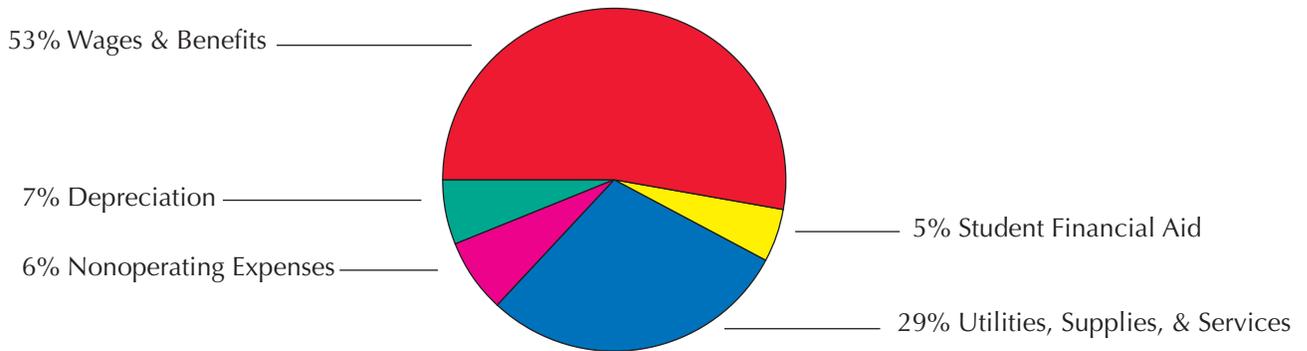
- Depreciation expense decreased slightly—\$74 thousand compared to \$0.4 million decrease in the previous year. Depreciation is expected to increase over the next few years because of additions to fixed assets of new equipment and buildings.

Nonoperating expenses consist of interest on capital asset-related debt and other costs associated with issuing bonds and refinancing debt. These expenditures increased \$1.5 million, or 36.5%, because the University issued two new revenue bonds and advance refunded two older bond series during the fiscal year. (See notes 3 and 4 in *Notes to Financial Statements* for more information on each of these bond issues.) As a result, interest expense increased \$0.6 million, bond issuance costs increased \$0.5 million, and \$0.4 million loss on early retirement of debt was incurred.

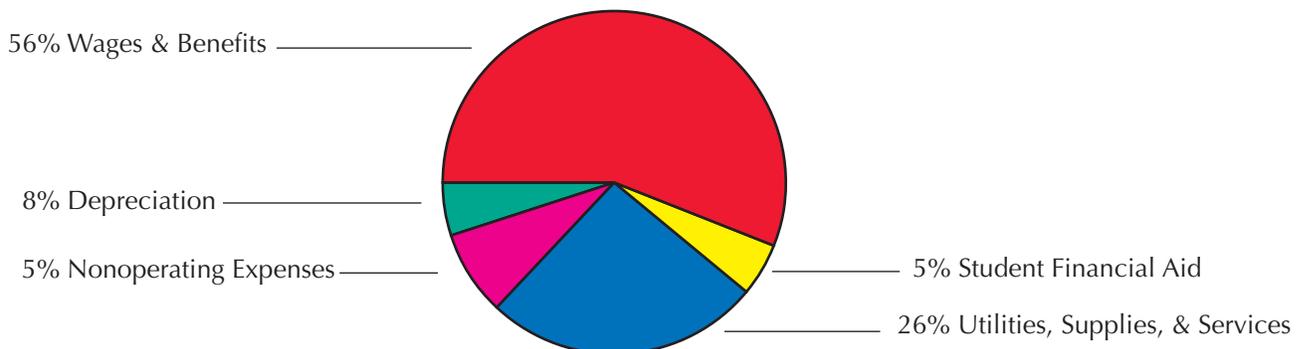
In 2002 the capitalization threshold increased from \$1,000 to \$5,000, causing a special item which reduced net assets \$3.6 million that year. There are no special items to be reported for the 2003 or the 2004 fiscal year.

Total expenses (operating and nonoperating) increased \$11.3 million in fiscal year 2004 compared to a \$3.2 million increase in 2003. The composition of total expenses for both years is depicted by major category in the graph below:

2003-04 EXPENSES



2002-03 EXPENSESg



**Change in Net Assets**

The differences between revenues and expenses result in an increase or decrease in net assets. For fiscal year ending June 30, 2004, net assets increased \$5.6 million compared to a \$7.5 million

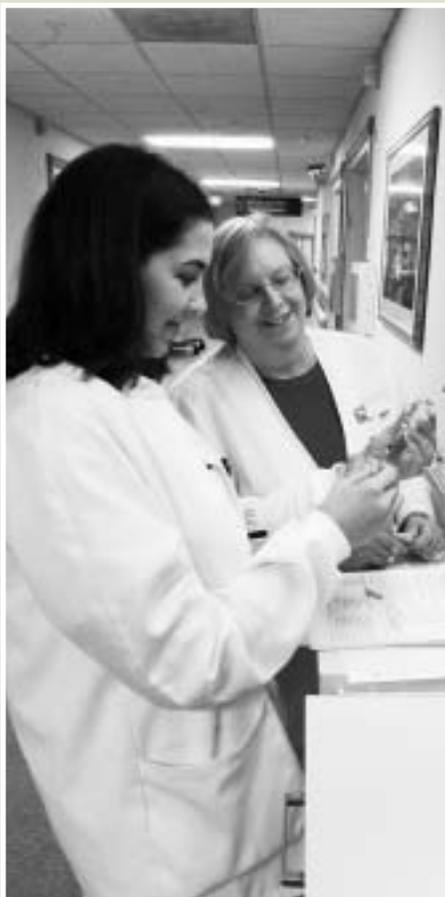
increase for fiscal year ending June 30, 2003. Total expenses increased at a greater rate than total revenues during fiscal year 2004, which caused this 25.1% decrease over the previous fiscal year.

**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 2004, 2003, and 2002:

<b>STATEMENT OF CASH FLOWS</b> Year ended June 30 (in thousands)	<b>2004</b>	<b>2003</b>	<b>2002</b>
Net cash (used) provided by operating activities	(\$25,230)	(\$20,599)	(\$22,645)
noncapital financing activities	40,582	36,960	34,186
capital financing activities	(10,157)	(7,010)	(12,942)
investing activities	(3,253)	(6,471)	3,055
<b>Net increase in cash</b>	<b>\$ 1,941</b>	<b>\$ 2,879</b>	<b>\$ 1,655</b>



### Operating activities

- Cash used by operating activities increased \$4.6 million over the prior fiscal year compared to a \$2.0 million decrease from 2002 to 2003.
- 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 \$3.6 million over the prior fiscal year compared to a \$2.8 million increase from 2002 to 2003.
- State appropriations provided the largest cash inflow in all fiscal years.

### Capital financing activities

- Cash flow used for capital financing activities increased \$3.1 million in 2004 and decreased \$5.9 million in 2003.
- Deposits with bond trustees generated the largest cash outflow for fiscal years 2004 and 2002 and the largest inflow for fiscal year 2003.
- Proceeds from capital debt provided \$60.6 million in cash inflow in 2004.

- Principal paid on capital debt in 2004 used \$20.7 million, \$14.8 million of which was used to refund two outstanding bonds originally issued in 1993 and 1995. Principal paid on capital debt in 2003 used \$3.8 million.

### Investing activities

- Cash provided from investing activities decreased by \$3.2 million during 2004 and \$9.5 million in 2003.
- Proceeds from sales and maturities of investments increased \$6.0 million in 2004 compared to a \$4.4 decrease in 2003.
- Proceeds from interest on investments decreased \$0.2 million in 2004 compared to a \$0.5 million decrease in fiscal year 2003.
- Purchases of investments, a cash outflow, increased \$2.5 million in 2004 and \$4.5 million in 2003.

### Summary of Statement of Cash Flows

For the year ended June 30, 2004, more cash was used for operating activities, more cash was provided by noncapital financing activities, more cash was used by capital financing activities, and less cash was used by investing activities. As a result of these activities, the University increased its cash position by \$1.9 million, ending the fiscal year with a cash balance of \$21.2 million.



## Factors Impacting Future Periods

Ruston Hall, a new student residence hall, opened in fall 2004. Bonds for \$8 million were sold in July 2003 and construction is nearly complete. This 220-bed facility will generate additional room rental revenue and meal plan income. As of June 30, the construction-in-progress costs were \$6.2 million with an expected cost-to-complete of an additional \$1.7 million including furnishings and equipment.

The University's plan to construct a parking garage has moved to the 2007-2009 biennium. The University continues to evaluate its parking situation and the need for additional space. Funds are being set aside to address this issue.

Construction for the new David L. Rice Library is underway. This is a \$30.7 million project that consists of a new library facility including furniture, fixtures, and equipment; retrofitting the existing library for offices, classrooms, meeting rooms, and the bookstore; construction of a distribution services facility; and redirection of the campus access road. Completion of the

new library is expected by summer 2006, but construction on the related projects will continue for at least another year.

The University issued Series I revenue bonds to finance the construction of the library project discussed above. As part of that bond issue, the University responded to requests from the state budget agency to reduce future demands for fee-replacement state-appropriated funds by advance refunding Series D debt. This action resulted in \$333,890 cash savings to the state over the next twelve years.

The Indiana General Assembly granted USI \$9.75 million in bonding authority only (no student fee replacement) for renovation and expansion of the University Center (UC), which will provide additional and/or renovated space for the bookstore, food service, and student activities and organizations. The UC will expand into the current library building once the new library is constructed, providing additional conference and meeting spaces. The State Budget Committee and the Indiana Commission for Higher Education must approve this project and the financing plan before USI can proceed further.



Moody's Investors Service assigned an A2 rating to the University's debt obligations in November 2001. In July 2003, Moody's reviewed and rated the auxiliary system bonds as A3. Moody's staff visited the USI campus in May 2004 and reaffirmed these ratings.

The State of Indiana continues to experience financial difficulties, and the amount of State funding has been affected by these difficulties. Repair and rehabilitation funds have been severely restricted and are currently funded at only 25% of the funding formula. Enrollment-change funding decreased 6% per FTE and was funded at only 50% in fiscal year 2004. Funding for enrollment change will increase to 90% in fiscal year 2005, but funding for personal services, supplies and expenses, and student aid will receive an inflationary increase of only 0.5%. Finally, for the third consecutive year, one monthly appropriation payment has been deferred to the following fiscal year.

The University has incurred costs for training, equipment and software in advance of implementing a new campus-wide

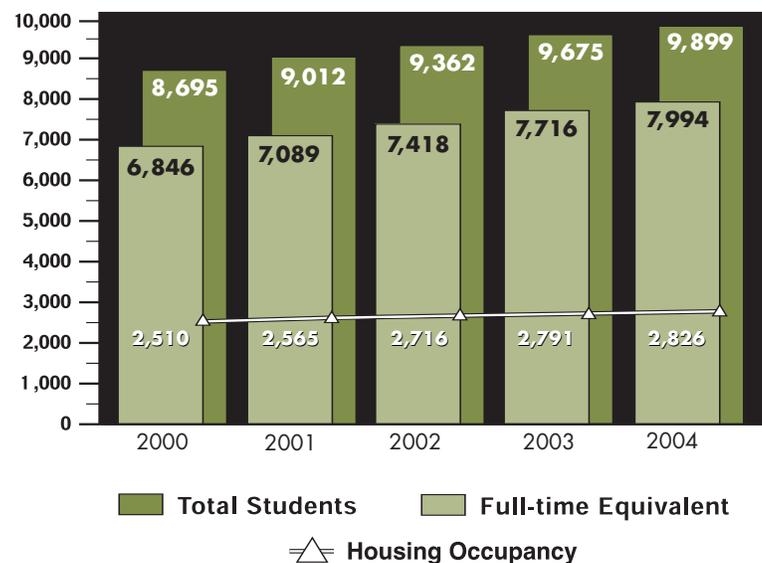
administrative software system over the next two-and-a-half years. This project is budgeted to cost approximately \$3 million for the system, including additional hardware and implementation costs that are not yet fully defined. This new system will increase efficiencies and functionality within the University.

Full-time equivalent (FTE) enrollment exceeded 8,000 for the first time in the fall of 2004. Full time students now represent 75% of the total student population. Both graduate credit hours and graduate FTE increased 10.5% over the fall of 2003. Total credit hours increased 1.5%, which will generate an increase in student fee revenue for the coming fiscal year.

The University's total enrollment for academic years ending 2000 through 2004 has increased 13.9%; full-time equivalents for the same period have increased 16.8%. The University is maturing and growing as a residential campus and all signs point to that trend continuing. The following graph illustrates the enrollment growth and housing occupancy for the five-year period, 2000 to 2004.



### ENROLLMENT FOR YEAR ENDING JUNE 30



## STATEMENT OF NET ASSETS

As of June 30

	2004	2003
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 1)	\$ 21,219,228	\$ 19,278,106
Short-term investments (Note 1)	11,628,619	9,999,528
Accounts receivable, net (Note 2)	6,663,489	5,861,219
Inventories	1,865,797	1,586,060
Deposit with bond trustees	36,039,168	349,468
Other current assets	1,148,347	717,103
<b>Total current assets</b>	<b>78,564,648</b>	<b>37,791,484</b>
<b>Noncurrent Assets</b>		
Long-term investments (Note 1)	13,536,940	11,444,652
Capital assets, net (Note 13)	124,470,374	121,508,537
Other noncurrent assets	562,042	172,707
<b>Total noncurrent assets</b>	<b>138,569,356</b>	<b>133,125,896</b>
<b>Total Assets</b>	<b>\$ 217,134,004</b>	<b>\$ 170,917,380</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,435,387	\$ 1,602,804
Accrued payroll and deductions	4,834,377	4,326,149
Notes payable (Note 5)	247,322	233,851
Bonds payable (Notes 3, 4 & 5)	4,683,920	4,699,042
Debt interest payable	1,385,127	1,182,654
Other current liabilities	800,714	617,798
<b>Total current liabilities</b>	<b>13,386,847</b>	<b>12,662,298</b>
<b>Noncurrent Liabilities</b>		
Notes payable (Note 5)	415,912	646,738
Bonds payable (Notes 3, 4 & 5)	126,883,285	88,747,205
Unamortized bond premium	1,870,406	—
Compensated absences (Note 6)	1,623,899	1,474,570
Other noncurrent liabilities	408,418	430,867
<b>Total noncurrent liabilities</b>	<b>131,201,920</b>	<b>91,299,380</b>
<b>Total Liabilities</b>	<b>\$ 144,588,767</b>	<b>\$ 103,961,678</b>
<b>NET ASSETS</b>		
<b>Invested in capital assets, net of related debt</b>	<b>\$ 25,516,499</b>	<b>\$ 25,504,193</b>
<b>Restricted</b>		
Expendable		
Instruction, scholarship, research, and other	55,040	8,965
Loans	396,091	497,300
Capital projects	2,113,962	548,759
Debt service	3,499,893	3,532,779
<b>Unrestricted</b>	<b>40,963,752</b>	<b>36,863,706</b>
<b>Total Net Assets</b>	<b>\$ 72,545,237</b>	<b>\$ 66,955,702</b>

COMPONENT UNIT
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UNIVERSITY OF SOUTHERN INDIANA FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2004

**Assets**

Cash	\$48,740
Accounts and interest receivable	102,778
Contributions receivable, net of allowance; 2004-\$18,000, 2000-\$28,000	1,777,546
Investments	35,524,092
Beneficial interest in perpetual trust	2,180,181
Beneficial interest in Community Foundation	64,261
Real estate held for investment	314,005
Buildings and leasehold improvements, net of accumulated depreciation; 2004-\$946,324, 2003-\$808,767	3,802,171
Property management deposits	24,382
Cash value of life insurance	124,642
Prepaid expenses	3,484
<b>Total assets</b>	<b>\$44,454,646</b>

**Liabilities and Net Assets****Liabilities**

Accounts payable	\$758,970
Notes payable	3,705,833
Annuities and trusts payable	2,374,674
Payable to related party	114,894
<b>Total liabilities</b>	<b>6,954,371</b>

**Net Assets**

Unrestricted	6,659,577
Temporarily restricted	13,535,385
Permanently restricted	17,305,313
<b>Total net assets</b>	<b>37,500,275</b>

<b>Total liabilities and net assets</b>	<b>\$44,454,646</b>
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# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Fiscal Year Ended June 30	2004	2003
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Student fees	\$ 36,837,634	\$ 31,987,672
Scholarship discounts and allowances	(8,635,912)	(7,897,656)
Federal grants and contracts	6,393,563	6,265,233
State and local grants and contracts	5,039,334	4,287,771
Nongovernmental grants and contracts	895,808	828,484
Sales and services of educational departments	268,697	356,535
Auxiliary enterprises	18,730,283	17,500,030
Room and board discounts and allowances	(459,707)	(282,501)
Other operating revenues	849,364	919,518
Total operating revenues	\$ 59,919,064	\$ 53,965,086
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Compensation:		
Salaries and Wages	\$ 39,644,012	\$ 37,562,637
Benefits (Notes 7, 8, and 9)	11,925,835	10,869,291
Student financial aid	4,909,846	4,243,058
Utilities	2,549,653	2,263,255
Supplies and other services	25,435,134	19,639,651
Depreciation	6,489,209	6,562,814
Total operating expenses	\$ 90,953,689	\$ 81,140,706
Operating income (loss)	(31,034,625)	(27,175,620)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	\$ 39,023,803	\$ 35,622,236
Gifts	1,481,680	1,367,563
Investment income (net of investment expense of \$20,847 and \$6,855)	467,956	1,249,126
Interest on capital asset-related debt	(4,591,001)	(4,025,769)
Loss on early retirement of debt (Note 4)	(437,776)	—
Bond issuance costs	(503,919)	(569)
Other nonoperating revenues (expenses)	92,614	(33,278)
Net nonoperating revenues	\$ 35,533,357	\$ 34,179,309
Income (Expense) before other revenues, expenses, gains or losses	4,498,732	7,003,689
Capital appropriations	100,103	—
Capital grants and gifts	990,700	455,618
Total other revenues	\$ 1,090,803	\$ 455,618
Increases (Decreases) in net assets	5,589,535	7,459,307
<b>NET ASSETS</b>		
Net assets – beginning of year	66,955,702	59,496,395
<b>Net assets – end of year</b>	<b>\$ 72,545,237</b>	<b>\$ 66,955,702</b>

# COMPONENT UNIT

## UNIVERSITY OF SOUTHERN INDIANA FOUNDATION STATEMENT OF ACTIVITIES FOR YEAR ENDED JUNE 30, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions	\$2,018,016	\$ 2,460,037	\$ 2,047,416	\$ 6,525,469
Change in value of split-interest agreements	—	(188,826)	510	(188,316)
Rental income	972,348	—	—	972,348
Miscellaneous income	76,244	86,003	—	162,247
Net assets released from restrictions	3,416,391	(3,416,391)	—	0
<b>Total revenues and other support</b>	<b>6,482,999</b>	<b>(1,059,177)</b>	<b>2,047,926</b>	<b>7,471,748</b>
<b>EXPENSES</b>				
Programs—University of Southern Indiana				
Scholarships and awards	747,701	—	—	747,701
Educational grants and academic enhancements	300,812	—	—	300,812
Athletics	223,917	—	—	223,917
Other University support	1,270,151	—	—	1,270,151
Capital projects	58,665	—	—	58,665
Community outreach	62,039	—	—	62,039
<b>Total program services</b>	<b>2,663,285</b>	<b>0</b>	<b>0</b>	<b>2,663,285</b>
Management and general	256,933	—	—	256,933
Fund raising	169,929	—	—	169,929
Uncollectible pledge loss	—	11,641	—	11,641
<b>Total expenses</b>	<b>3,090,147</b>	<b>11,641</b>	<b>0</b>	<b>3,101,788</b>
<b>OTHER CHANGES</b>				
Investment income, net	774,754	3,612,713	—	4,387,467
Loss on sale of property	(13,000)	—	—	(13,000)
<b>Total other changes</b>	<b>761,754</b>	<b>3,612,713</b>	<b>0</b>	<b>4,374,467</b>
<b>Change in Net Assets</b>	<b>4,154,606</b>	<b>2,541,895</b>	<b>2,047,926</b>	<b>8,744,427</b>
<b>Net Assets, Beginning of Year</b>	<b>2,504,971</b>	<b>10,993,490</b>	<b>15,257,387</b>	<b>28,755,848</b>
<b>Net Assets, End of Year</b>	<b>\$ 6,659,57</b>	<b>\$13,535,385</b>	<b>\$17,305,313</b>	<b>\$37,500,275</b>

# STATEMENT OF CASH FLOWS

## Fiscal Year Ended June 30

### Cash Flows from Operating Activities

	2004	2003
Tuition and fees	\$ 27,992,299	\$ 24,045,701
Grants and contracts	12,145,812	11,107,814
Payments to suppliers	(25,882,288)	(19,594,907)
Payments for utilities	(2,549,653)	(2,263,255)
Payments to employees	(39,403,548)	(37,456,432)
Payments for benefits	(11,522,802)	(10,662,003)
Payments for scholarships	(4,909,846)	(4,243,058)
Loans issued to students	(328,952)	(404,076)
Collection of loans to students	396,093	432,105
Auxiliary enterprises receipts	18,197,279	17,175,724
Sales and services of educational depts	268,697	356,535
Other receipts (payments)	366,619	906,577
<b>Net cash used by operating activities</b>	<b>\$ (25,230,290)</b>	<b>\$ (20,599,275)</b>

### Cash Flows from Noncapital Financing Activities

State appropriations	\$ 38,902,116	\$ 35,599,202
Gifts and grants for other than capital purposes	1,481,680	1,367,563
Stafford and PLUS loans	24,807	(17,783)
Student, faculty and staff organization agency transactions	20,095	(47,405)
Other nonoperating receipts (payments)	153,191	58,155
<b>Net cash provided by noncapital financing activities</b>	<b>\$ 40,581,889</b>	<b>\$ 36,959,732</b>

### Cash Flows from Capital Financing Activities

Proceeds from capital debt	\$ 60,606,819	\$ —
Capital appropriations	100,103	—
Capital grants and gifts	500,380	459,466
Bond financing costs	(590,540)	(92,002)
Purchases of capital assets	(9,451,046)	(15,737,801)
Principal paid on capital debt and leases	(20,708,324)	(3,781,165)
Interest paid on capital debt and leases	(4,924,746)	(4,039,315)
Deposit with trustee	(35,689,700)	16,180,686
<b>Net cash used by capital financing activities</b>	<b>\$ (10,157,054)</b>	<b>\$ (7,010,131)</b>



## STATEMENT OF CASH FLOWS—CONTINUED

### Fiscal Year Ended June 30

	2003	2002
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales and maturities of investments	\$ 14,452,135	\$ 8,548,312
Interest on investments	878,096	1,029,397
Purchase of investments	(18,583,654)	(16,048,760)
<b>Net cash used by investing activities</b>	<b>\$ (3,253,423)</b>	<b>\$ (6,471,051)</b>
Net increase in cash	\$ 1,941,122	\$ 2,879,275
Cash – beginning of year	19,278,106	16,398,831
<b>Cash – end of year</b>	<b>\$ 21,219,228</b>	<b>\$ 19,278,106</b>
<b>Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (31,034,625)	\$ (27,175,620)
<b>Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:</b>		
Depreciation expense	6,489,209	6,562,814
Provision for uncollectible accounts	(24,087)	42,169
<b>Changes in assets and liabilities:</b>		
Receivables	(656,496)	(278,332)
Inventories	(279,737)	(211,867)
Other assets	(397,400)	98,583
Accounts payable	340,811	470,569
Deferred revenue	152,074	(140,202)
Deposits held for others	(22,449)	(94,953)
Compensated absences	135,269	99,535
Loans to students	67,141	28,029
<b>Net cash used by operating activities:</b>	<b>\$ (25,230,290)</b>	<b>\$ (20,599,275)</b>
<b>Noncash Transactions</b>		
Unrealized (gain) loss on investments	\$ 410,140	\$ (219,729)
Long-term investments	(410,140)	219,729
Accounting loss on early retirement of debt	(342,776)	
Interest on capital asset-related debt	342,776	



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Summary of Significant Accounting Policies

The University of Southern Indiana was established in 1985 as described in the Indiana Code (IC 20-12-64-1 through IC 20-12-64-14). 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 Indiana. Trustees serve staggered four-year terms 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 to the tri-state area. The University also must receive authorization from the State before undertaking major capital projects. As a component unit, public higher education institutions, as a group, are discreetly presented in 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 nonexchange 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 and probable.
- 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, historical sites, art, and

museum objects. 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) — 850 years
- Equipment — 5-15 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 13, Table III, in the *Notes to Financial Statements* for current year activity and accumulated depreciation on the various classes of assets.

The University owns and maintains a valuable collection of historical artifacts exhibited at its historic site in New Harmony, Indiana. New Harmony is the site of two early 19th century American communal societies, and its history is interpreted through the collection of artifacts and exhibits which are open to the public. Objects in the collection include agricultural equipment, period clothing and textiles, furniture and decorative arts, artwork including oils, watercolors, and aquatints, and archival material such as rare books, manuscripts, photographs, and maps. The museum collection has a book value of \$1.1 million, which is included in the value of capital assets reflected in the Statement of Net Assets.

The University owns a permanent art collection of undetermined total value. The primary function and aim of the collection is education in accordance with the University's mission to support 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 whose values have been determined by appraisal or purchase price total \$270,300. 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, 2004.

### 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.

### 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.

Prepays 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.

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). To the best of our knowledge, USI has not adopted any Financial Accounting Standard Board (FASB) statements issued after November 30, 1989.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – Investments, 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. At June 30, 2004, cash and equivalents are stated at cost, which approximates market; short-term and long-term investments are stated at 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—INVESTMENTS, CASH & EQUIVALENTS

Investment Type	Category			Carrying Amount	Market Value
	1	2	3		
Demand deposits	\$ 13,129,283			\$ 13,129,283	\$ 13,129,283
Certificates of deposits	14,807,790			14,807,790	14,807,790
Repurchase agreements			7,589,945	7,589,945	7,589,945
U.S. Treasury & agency obligations		10,999,784		10,999,784	10,587,769
<b>Totals</b>	<b>\$27,937,073</b>	<b>\$10,999,784</b>	<b>\$7,589,945</b>	<b>\$46,526,802</b>	<b>\$46,384,787</b>



## NOTE 2 – Accounts Receivable

Accounts receivable are recorded net of allowance for uncollectible student fees of \$170,566 and auxiliary services fees of \$141,725. Prior year allowances were \$204,686 for student fee receivables and \$131,695 for auxiliary services receivables. The accounts receivable balance for FY 2004 includes \$2,211,630 in net student receivables, \$1,678,123 in external receivables, and \$2,773,735 appropriation receivable due from the state of Indiana.

## NOTE 3 – New Bond Issues

On August 6, 2003, the University issued Auxiliary System Revenue Bonds, Series 2003, in the amount of \$8,005,000 with an average interest rate of 3.75 percent per annum over the life of the bonds. These bonds were issued to finance the construction of a student residential building and to pay related issuance costs and capitalized interest.

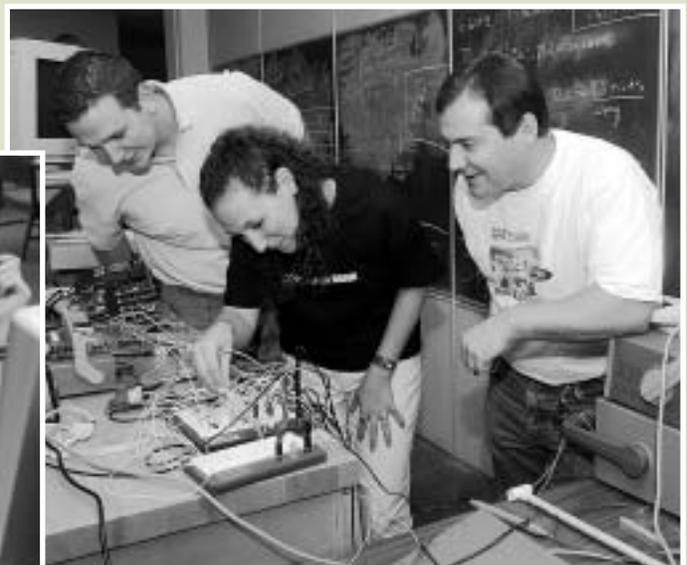
On June 3, 2004, the University issued Student Fee Bonds, Series I, in the amount of \$49,590,000 with an average interest rate of 4.65 percent per annum over the life of the bonds. These bonds were issued to finance the cost to construct a new David L. Rice Library, to renovate the existing library, to construct a new facility for distribution services, to relocate some existing roadways, to advance refund certain Student Fee Bonds previously issued (as described more completely in Note 4), and to pay related issuance costs.

## NOTE 4 – Advanced Refunding of Student Fee Revenue Bonds

During the fiscal year ending June 30, 2004, the University, as part of the Series I bond issue described in Note 3, refinanced the outstanding serial bonds from the Series D issue and all of the outstanding Series E revenue bonds. As a result of the refunding, the University will improve its net cash flow demands by \$457,102 over the lives of the old debt and realize an economic gain of \$431,541.

The Series I issue comprises \$34,720,000 in new monies to construct the new library and related projects as identified in Note 3; \$11,545,000 to refund Series D serial bonds; and \$3,325,000 to refund Series E revenue bonds. The \$11,545,000 refunding revenue bonds have an average interest rate of 4.32 percent and were issued to advance refund \$11,520,000 of outstanding Series D serial bonds. The net proceeds of \$11,933,303 (after payment of \$106,981 in issuance costs and receipt of \$495,284 in unamortized premiums) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent and will be used to redeem all outstanding bonds at the next call date of October 1, 2004. As a result, these bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. The advanced refunding resulted in an accounting loss of \$214,583, which has been expensed. The University, in effect, decreased its aggregate debt service payments by \$333,890 over the next twelve years and realized an economic gain of \$316,253.

The \$3,325,000 refunding revenue bonds have an average interest rate of 4.32 percent and were issued to advance refund \$3,255,000 of outstanding Series E revenue bonds. The net proceeds of \$3,467,300 (after payment of \$31,724 in issuance costs and receipt of \$174,024 in unamortized premiums) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent and will be used to provide future debt service payments on Series E bonds. As a result, these bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. The advanced refunding resulted in an accounting loss of \$128,193, which has been expensed. The University, in effect, decreased its aggregate debt service payments by \$123,212 over the next twelve years and realized an economic gain of \$115,288.



**NOTE 5 – Debt Related to Capital Assets**

**Notes Payable** – In January 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 percent, and the balance outstanding at June 30, 2004, is \$646,307.

**Bonds Payable** – Outstanding bonds payable at June 30, 2004, total \$131,567,205 and are identified in the following schedule of bonds and notes payable.

**SCHEDULE OF BONDS AND NOTES PAYABLE**

	Issue Date	Interest Rate	Current Year Rate	Maturity Date	Original Issue Amount	June 30, 2004		
						Principal Outstanding	Interest Outstanding	Total Outstanding
<b>Student Fee Bonds</b>								
Series D, Health Professions Center	1993	2.25% to 5.8%	4.95%	2015	\$24,678,101	\$ 4,082,205	\$5,947,795	\$10,030,000
Series F, Liberal Arts Center	1998	3.55% to 4.7%	4.20%	2013	15,280,000	9,660,000	2,545,800	12,205,800
Series G, Fitness & Recreational Facility*	1999	0% to 10%	1.04%	2019	4,700,000	4,500,000	457,920	4,957,920
Series H, Science & Education Building	2001	3.5% to 5.0%	3.50%	2021	25,260,000	24,405,000	12,696,006	37,101,006
Series I, Library Construction	2004	2.0% to 5.375%	NA	2023	49,590,000	49,590,000	26,171,581	75,761,581
<b>Auxiliary System Bonds</b>								
Series 2001A, Student Housing Facilities	2001	4.0% to 5.0%	4.00%	2018	23,775,000	20,725,000	9,211,300	29,936,300
Series 2001B, Student Housing Facilities*	2001	0% to 10%	0.99%	2021	10,800,000	10,600,000	1,611,200	12,211,200
Series 2003, Student Housing Facilities	2003	2.5% to 4.5%	2.50%	2024	8,005,000	8,005,000	4,026,115	12,031,115
<b>Notes Payable</b>								
Energy Conservation Loan	1997	5.68%	5.68%	2007	2,127,318	646,307	56,003	702,310
<b>Total</b>					<b>\$164,215,419</b>	<b>\$132,213,512</b>	<b>\$62,723,720</b>	<b>\$194,937,232</b>

\* These are variable interest bonds with daily, weekly, or term rates capped at 10%. The current year rates listed above are the average rates 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, and Series I of 2004 are secured by a pledge of and first lien on student fees.

The University of Southern Indiana Auxiliary System Revenue Bonds, Series 2001A; the Auxiliary System Variable Rate Demand Revenue Bonds, Series 2001B; and Auxiliary System Revenue Bonds, Series 2003, 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 and Auxiliary System Revenue Bond Series 2001B are variable rate bonds currently bearing interest at daily, weekly, and term rates which can range between zero and 10 percent. The rates in effect at June 30, and the rates used to calculate the future debt service requirements, were 1.08 percent for Series G and 1.06 percent for Series 2001B. 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	Principal	Total Interest	Total
2004-05	\$ 4,683,920	\$ 247,322	\$ 4,931,242	\$ 5,500,454	\$ 10,431,696
2005-06	5,369,738	261,570	5,631,308	5,774,353	11,405,661
2006-07	5,519,060	137,415	5,656,475	5,600,908	11,257,383
2007-08	7,017,056		7,017,056	5,391,282	12,408,338
2008-09	7,273,768		7,273,768	5,139,223	12,412,991
2009-14	37,051,223		37,051,223	21,164,202	58,215,425
2014-19	34,682,440		34,682,440	11,358,922	46,041,362
2019-24	29,395,000		29,385,000	2,781,438	32,176,438
2024-29	575,000		575,000	12,938	587,938
<b>Total</b>	<b>\$131,567,205</b>	<b>\$646,307</b>	<b>\$ 132,213,512</b>	<b>\$62,723,720</b>	<b>\$194,937,232</b>

## NOTE 6 – Compensated Absence Liability

Vacation leave and similar compensated absences (such as sick leave) based on past service are accrued as a liability when 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 total cumulative compensated absence liability reflected in the Statement of Net Assets is \$1,659,403 and \$1,524,134 for June 30, 2004, and 2003 respectively. The current year change represents \$105,615 increase in accrued vacation; \$15,356 increase in sick leave liability; \$9,254 increase in Social Security and Medicare taxes; and \$5,044 increase in PERF contributions. During the fiscal year, \$35,504 was paid out to terminating employees. Payout for terminating employees in fiscal year 2004-05 is expected to be at least equal to the current fiscal year payout. For that reason, \$35,504 of the total compensated absence liability has been classified as a current liability and the remaining \$1,623,899 is classified as a non-current liability.

## NOTE 7 – 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 \$3,896,382 to all these programs in fiscal year 2003-04, which represents approximately 10 percent of the total University payroll and 11 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 \$3,245,243 to this plan for 459 participating employees for fiscal year ending June 30, 2004, and \$3,116,212 for 465 participating employees for fiscal year ending June 30, 2003. The annual payroll for this group totaled \$28,986,985 and \$27,329,211 for fiscal years ending June 30, 2004, and 2003 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](http://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 members' account. The University has elected to contribute both the employer and employee share of required contributions, which are currently 6.82 percent and 3 percent of employees' wages for employer and employee respectively. This has totaled \$22,940 and \$29,078 for fiscal years ending June 30, 2004, and 2003 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 contributed 5.6 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 10 years of employment. The University contributed \$628,199 for 337 employees participating in PERF during the 2003-04 fiscal year and \$577,729 for 325 employees participating during 2002-03.

As of July 1, 1997, the latest year for which actuarial data are available, the total pension benefit obligation of the defined benefit was \$5,695,466,720 for the State of Indiana and its municipalities. The University of Southern Indiana is one participant in this plan. Actuarial information related to the University's portion of the plan for the last three fiscal years is disclosed in the tables on the next page.

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

## PERF-SCHEDULE OF FUNDING PROGRESS

(dollars in thousands)

Fiscal Year Ending June 30	Actuarial Value of Plan Assets (A)	Actuarial Accrued Liability (B)	Unfunded (Overfunded) Accrued Liability (C)	Funded Ratio (A/B)	Actual Covered Payroll (D)	Unfunded (Overfunded) Liability as % of Payroll (C/D)
2001	\$4,771	\$4,385	(\$386)	108.8%	\$6,274	-6.2%
2002	5,327	5,487	160	97.1%	7,045	2.3%
2003	5,881	5,262	(619)	111.8%	7,305	-8.5%

## PERF-DEVELOPMENT OF NET PENSION OBLIGATION

	2001	2002	2003
Annual Required Contribution (ARC) *	\$ 241,938	\$ 327,726	\$ 349,754
Interest on Net Pension Obligation @ 7.25%	(18,934)	(24,049)	(24,266)
Adjustments to ARC **	20,471	26,154	27,653
Annual Pension Cost (APC)	243,475	329,831	353,141
Contributions made by USI ***	314,017	332,832	363,478
Decrease in Net Pension Obligation	(70,542)	(3,001)	(10,337)
Net Pension Obligation, Beginning of Year	(261,165)	(331,707)	(334,708)
<b>Net Pension Obligation, End of Year</b>	<b>(\$331,707)</b>	<b>(\$334,708)</b>	<b>(\$345,045)</b>

\* 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: 2001 at 129.0%; 2002 at 100.9%; and 2003 at 102.9%

per year cost-of-living adjustments. Current year information concerning funding and obligation was not available at the time of this report.

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

## NOTE 8 – 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 9.

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 also are 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 \$4,217,232 for 860 current employees in fiscal year 2003-04 and \$3,629,256 for 811 current employees in fiscal year 2002-03.

## NOTE 9 – Postretirement Health Care Benefits

In addition to the retirement plans described in Note 8, 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.

The University contributes at least 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 were hired 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. Under the revised plan, the coverage is reduced to \$5,000. Accidental Death and Dismemberment coverage terminates on the retirement date under both plans.

In the future, a VEBA Trust (see Note 10) will help defray the costs of providing post retirement benefits. In fiscal year 2003-04, the University paid \$428,384 to provide these benefits to 104 retirees and 37 spouses and dependents. This expense for fiscal year 2002-03 was \$360,512 for 98 retirees and 35 spouses and dependents.

#### NOTE 10 – VEBA Trust

The University established a Voluntary Employees' Benefit Association (VEBA) trust for the purpose of providing retiree medical benefits for retired employees (excluding key employees as defined by §416 of the Internal Revenue Code) of USI and their dependents. 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. The plans are to let the funds accumulate in the trust for several 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. A summary of the activity in the trust for the year ending June 30, 2004, is as follows:

#### VEBA TRUST

	COST	MARKET
Fund balance at July 1, 2003	\$3,536,934	\$3,362,306
Transfer from University reserves	0	0
Transfer of employee/employer contributions	142,193	142,193
Transfer of retiree/employer contributions	15,110	15,110
Reinvested net earnings	86,767	86,767
Net gain/(loss) on sales of trust investments	58,558	58,558
Less: Management fees	(24,968)	(24,968)
Net change in market value	NA	287,468
<b>Fund balance at June 30, 2004</b>	<b>\$3,814,594</b>	<b>\$3,927,434</b>

An actuarial valuation completed in 1999 projected 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. Another actuarial valuation is planned for the spring of 2005 to determine the current accumulated liability.

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 11 – 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. To satisfy these needs, Table II presents the University's 2003-04 operating expenses by functional classification.



TABLE II

FUNCTION	SALARIES & WAGES	BENEFITS	SCHOLARSHIPS	UTILITIES	SUPPLIES & OTHER SVCS	DEPRECIATION	2004 TOTAL	2003 TOTAL
Instruction	\$ 20,282,377	\$ 5,584,833			\$ 2,046,044		\$ 27,913,254	\$ 25,937,752
Academic Support	3,748,124	1,243,831			3,177,335		8,169,290	7,273,273
Student Services	3,037,668	1,043,134			1,509,407		5,590,209	5,119,820
Institutional Support	5,515,207	1,927,432			3,747,023		11,189,662	8,743,524
Operation and Maintenance of Plant	2,307,791	916,813		1,921,118	3,444,946	4,394,362	12,295,030	10,381,917
Student Aid	295,342	13,352	4,661,694		43,661		5,014,049	4,437,197
Public Service	748,325	193,382			847,493		1,789,200	1,505,594
Research	42,707	7,022			163,017		212,746	223,972
Auxiliary Enterprises	3,666,471	996,036	248,152	628,535	10,418,796	2,094,847	18,052,837	17,488,849
Loan Funds					37,412		37,412	28,808
<b>TOTAL</b>	<b>\$39,644,012</b>	<b>\$11,925,835</b>	<b>\$4,909,846</b>	<b>\$2,549,653</b>	<b>\$25,435,134</b>	<b>\$6,489,209</b>	<b>\$90,953,689</b>	<b>\$81,140,706</b>

**NOTE 12 – Construction in Progress**

Cumulative expenditures for Ruston Hall residential building at June 30, 2004, were \$6,177,091. The facility will be completed and in service for the fall 2004 academic semester at an additional cost to complete of approximately \$1 million.

Work has begun on the new David L. Rice Library, and \$1,363,516 was expended by fiscal year end. Construction will continue for two more years, and the completed project, which includes renovation of the old library and other related projects, is expected to cost \$30.7 million.

Costs for constructing additional parking space accounts for the remaining construction in progress balance. This project will be completed during the next fiscal year at an expected total cost of \$400,000.

**NOTE 13 – Capital Assets, net of Accumulated Depreciation**

Table III displays the increase in total capital assets from \$182.9 million at July 1, 2003 to \$192.6 million on June 30, 2004. Gross capital assets, less accumulated depreciation of \$67.9 million, equal net capital assets of \$124.5 million at June 30, 2004.

TABLE III

CAPITAL ASSETS	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004	Accumulated Depreciation	Net Capital Assets
Land	\$ 4,361,484		\$ 306,350	\$ 4,055,134		\$ 4,055,134
Land Improvements	4,922,336	284,125	239,211	4,967,250	2,418,555	2,548,695
Infrastructure	3,648,793			3,648,793	1,190,166	2,458,627
Educational Buildings	77,476,118	23,656,469	92,624	101,039,963	33,883,499	67,156,464
Auxiliary Buildings	52,228,732			52,228,732	18,266,862	33,961,870
Equipment	8,986,031	1,022,640	563,837	9,444,834	6,647,979	2,796,855
Library Materials	7,203,555	595,959		7,799,514	5,523,720	2,275,794
Museum Exhibits	1,052,220			1,052,220		1,052,220
Construction in Progress	23,070,838	8,738,411	23,644,535	8,164,714		8,164,714
<b>Totals</b>	<b>\$182,950,107</b>	<b>\$34,297,604</b>	<b>\$24,846,557</b>	<b>\$192,401,154</b>	<b>\$67,930,781</b>	<b>\$124,470,373</b>



### NOTE 14 – 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; earthquake and flood have a minimum deductible of \$100,000 each loss. General liability, educator's legal liability, commercial crime, workers' compensation, commercial auto, medical malpractice, as well as all medical, life, and disability insurance, are insured by commercial insurance subject to various deductibles. A reserve fund is maintained for auto collision claims on both University-owned and leased vehicles. No liability exists at the balance sheet date for unpaid claims.

### NOTE 15 – Interrelated Organization

The University of Southern Indiana New Harmony Foundation, Inc. was formed in 1986 to assist in supporting and developing Historic New Harmony, an auxiliary enterprise of USI which operates in New Harmony, a small town in southwestern Indiana thirty miles from campus. During fiscal year 2003-04 this entity contributed \$62,429 to Historic New Harmony Operations. At June 30, 2004, the stated value of USI NH Foundation's net assets was \$401,444. These assets are not included in the financial statements of the University.

### NOTE 16 – Component Units

The University of Southern Indiana Foundation, Inc. is a legally separate, tax-exempt entity formed in 1969 to provide support for the University of Southern Indiana, its faculty and students, and 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, 2004, the USI Foundation distributed \$1,630,411 to the University for both restricted and unrestricted purposes. The Foundation

provides funds for student scholarships, athletic grant-in-aid, capital projects, faculty research and teaching grants, and operating support.

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 discreetly presented in the University's financial statements.

The 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 in the following classifications:

Permanently Restricted – Contributions are subject to donor-imposed stipulations. Net assets are to be maintained by the Foundation in perpetuity.

Temporarily Restricted – Contributions are subject to donor-imposed stipulations which are met by actions of the Foundation and/or the passage of time. Net assets are released from restrictions when expenses are incurred which satisfy the donor-restricted purposes or by the occurrence of other events specified by donors.

Unrestricted – Contributions and net assets are not subject to donor-imposed restrictions. Unrestricted assets support the operations of the Foundation, or they may be internally designated to support specific programs.

Complete financial statements, including explanatory notes, for the USI Foundation can be obtained from the Business Affairs office at the Byron C. Wright Administration Building, University of Southern Indiana, 8600 University Boulevard, Evansville, IN 47712-3569.



## UNAUDITED SUPPLEMENTARY INFORMATION

### FIVE-YEAR COMPARATIVE DATA

	2003-04	2002-03	2001-02	2000-01	1999-00
<b>Enrollment (Fall Semester)</b>					
Total Students	9,899	9,675	9,362	9,012	8,695
Undergraduates	9,154	8,988	8,783	8,539	8,217
Women	6,028	5,898	5,660	5,439	5,174
African American	400	371	328	289	257
Other Minority	151	135	136	113	121
International	73	67	64	47	38
Age 25 plus	2,300	2,243	2,201	2,084	2,043
Indiana Residents	8,778	8,536	8,335	8,114	7,878
Full-time Equivalent	7,994	7,716	7,418	7,089	6,846
<b>Degrees Granted (Academic Year)</b>					
Master	164	154	152	144	119
Baccalaureate	1,096	1,010	1,049	1,016	914
Associate	150	165	155	160	160
<b>Faculty (Fall Semester)</b>					
Full-time	278	276	264	255	253
Percentage Tenured	41	44	45	47	42
Part-time (FTE)	150	142	137	113	122
FTE Students/FTE Faculty	18.7	18.5	18.5	19.3	18.3



# HOME COUNTIES OF USI STUDENTS (FALL 2003)