THE TRUSTEES of INDIANA UNIVERSITY (CUSIP6: 455167 and 455152)
Annual Disclosure Document
December 2011

Relating to the following bond issues occurring in the month and year specified:

Indiana University Student Fee Bonds, Series O: March 2003
Indiana University Student Fee Bonds, Series P: December 2004
Indiana University Student Fee Bonds, Series Q: June 2006
Indiana University Student Fee Bonds, Series R: June 2006
Indiana University Student Fee Bonds, Series S: February 2008
Indiana University Student Fee Bonds, Series T-1 & T-2: April 2010
Indiana University Student Fee Bonds, Series U: July 2011

Indiana University Consolidated Revenue Bonds, Series 2008A: February 2008
Indiana University Consolidated Revenue Bonds, Series 2009A: April 2009
Indiana University Consolidated Revenue Bonds, Series 2010A & B: May 2010
Indiana University Consolidated Revenue Bonds, Series 2011A: March 2011

Indiana University Certificates of Participation, Series 2003A: April 2003
Indiana University Certificates of Participation, Series 2009A & B: December 2009

Indiana University Facility Revenue System Bonds, Series 2004: July 2004

Indiana University Student Residence System Bonds, Series 2004B: June 2004

Exhibit A - Audited Financial Statements for the Fiscal Year Ended June 30, 2011
Exhibit B - Certificate RE: Audited Financial Statements
Exhibit C - Certificate RE: Annual Financial Information Disclosure
Schedule I to Exhibits B and C

INDIANA UNIVERSITY

General

Indiana University (the “University”) is one of the largest universities in the nation. It was established by the Indiana General Assembly (the “General Assembly”) in 1820 as Indiana Seminary and was located in Bloomington. It was designated as Indiana College by the General Assembly in 1828 and became Indiana University in 1838.

The University is composed of eight campuses, with core campuses in Bloomington and Indianapolis and regional campuses serving other areas of Indiana located in Gary (“Northwest”), Fort Wayne (Indiana University Purdue University Fort Wayne) (“Fort Wayne”), Kokomo (“Kokomo”), New Albany (“Southeast”), Richmond (“East”), and South Bend (“South Bend”). The Bloomington campus is the oldest and largest campus in the University system, occupying 1,937 acres, and is the primary residential campus. The Indiana University Purdue University at Indianapolis campus (“IUPUI”) is the home of the Indiana University School of Medicine, the School of Dentistry, and the School of Nursing. The eight campuses of the University encompass a total of 3,640 acres. Indiana University and Purdue University (“Purdue”) jointly offer academic programs at IUPUI and Fort Wayne. The University has fiscal responsibilities for IUPUI, and Purdue has fiscal responsibilities for Fort Wayne.

Forward Looking Statements

Certain information contained in this document, particularly that titled “Student Enrollment,” “Mandatory Fees - Student Budget,” “Budgeting Procedures,” “State Appropriations to the University,” and “Capital Program” and under the financial report accompanying this document —“Management Discussion and Analysis”, contains “forward looking statements” based on current expectations, estimates, forecasts and projections about and assumptions made by the University. These forward-looking statements may be identified by the use of forward-looking terms such as “may,” “will,” “expects,” “believes,” “anticipates,” “plans,” “estimates,” “projects,” “targets,” “forecasts,” and “seeks” or the negatives of such terms or other variations on such terms or comparable terminology. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially. These risks and uncertainties include demographic changes, demand for higher education services and other services of the University, competition with other higher education institutions and general domestic economic conditions including economic conditions of the state of Indiana (the “State”). The University disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Academic Schools, Colleges & Divisions of the University

The University divides the academic year into two academic semesters and additional summer terms varying in length by campus. The University offers courses in the arts, humanities, social, behavioral, physical sciences, and professional fields. Additional programs include military science, professional practice, continuing education and special summer session programs. The major areas and fields of study at the University’s campuses are organized into specific schools, colleges and divisions.

The major areas and fields of study at the Bloomington and IUPUI campuses are organized as follows: College of Arts and Sciences; Kelley School of Business; School of Continuing Studies; School of Dentistry; School of Education; School of Engineering and Technology (Purdue); Henry Radford Hope School of Fine Arts; Graduate School; School of Health and Rehabilitation Sciences; School of Health, Physical Education and Recreation; Herron School of Art and Design; Honors College; Hutton Honors College; School of Informatics; School of Informatics and Computing; School of Journalism; Maurer School of Law; School of Law-Indianapolis; School of Liberal Arts; School of Library and Information Science; School of Medicine; Jacobs School of Music; School of Nursing; School of Optometry; School of Physical Education and Tourism Management; School of Public and Environmental Affairs; School of Science (Purdue); School of Social Work; University College; University Division; and University Graduate School. The School of Engineering and Technology (Purdue) and the School of Science (Purdue) include programs that are the academic responsibility of Purdue.

The major areas and fields of study at the regional campuses are organized as follows:

East - School of Business and Economics; School of Continuing Studies; School of Education; School of Humanities and Social Sciences; School of Natural Science and Mathematics; School of Nursing; College of Technology (Purdue); and School of Social Work.

Kokomo - Division of Allied Health Sciences; School of Arts and Sciences; School of Business; Division of Continuing Studies; Division of Education; School of Nursing; School of Public and Environmental Affairs; and College of Technology (Purdue).

Northwest - College of Arts and Sciences; School of Business and Economics; Division of Continuing Studies; School of Education; College of Health and Human Services; Division of Labor Studies; School of Nursing; School of Public and Environmental Affairs; and Division of Social Work.

South Bend – Ernestine M. Raclin School of the Arts; School of Business and Economics; School of Education; College of Health Sciences; Division of Labor Studies; College of Liberal Arts and Sciences; School of Nursing; School of Social Work; and College of Technology (Purdue).

Southeast - School of Arts and Letters; School of Business; Division of Continuing Studies; School of Education; School of Natural Sciences; School of Nursing; and School of Social Sciences.

Authorized Degree Programs and Degrees Conferred

For the 2010-11 academic year, 943 Indiana University degree programs and 107 Purdue University degree programs are authorized and implemented on the University’s campuses. Four-year programs leading to baccalaureate degrees constitute the largest single category, accounting for 496 programs. Advanced degrees (professional, master's and master's degree equivalents and doctoral) account for 399 programs. Associate degrees account for 155 programs. As of fall 2011, degree program information for the 2011-12 academic year is not available.

The University's total headcount enrollment for the fall semester of 2011 was 110,436 students. During the academic year ended June 30, 2011, the University awarded a total of 20,049 degrees consisting of 13,093 bachelor’s degrees, 4,736 master's degrees, 1,444 professional and doctoral degrees, and 776 associate degrees. As of the fall semester of 2011, the University's full time faculty totaled 5,040 for all campuses.

Accreditations and Memberships

The University is fully accredited in all of its departments and divisions by the Higher Learning Commission of the North Central Association of Colleges and Schools. Each professional school holds full accreditation from its respective professional association. The University is a member of the American Council of Education and the Association of American Universities.

The Board of Trustees of the University

The University is governed by a nine-member Board of Trustees, which under Indiana statutes has policy and decision-making authority to carry out the programs and missions of the University. Five of the members of the Board of Trustees are appointed by the Governor for three year terms; three trustees are elected by the alumni of the University for three year terms, with one alumnus trustee being elected each year; and one trustee position must be a full-time student of the University. The student trustee is appointed by the Governor for a two year term. Certain officers of the Board of Trustees are not members. The current members and officers of the Board of Trustees are listed below:

Administrative Officers of the University

As the chief executive of the University, the President is appointed by the Board of Trustees (the "Trustees") and is responsible for the operation of the entire University within the framework of policies provided by the Trustees. The President is responsible for accomplishing the objectives of the University, for determining missions and priorities for its various units, and for the effective and efficient planning, use, and management of its resources. The following is a list of the major officers of the University. Brief biographical sketches of certain officers follow.

Michael A. McRobbie, President

John S. Applegate, Executive Vice President for University Regional Affairs, Planning and Policy

Charles R. Bantz, Executive Vice President and Chancellor, Indiana University-Purdue University Indianapolis

Karen Hanson, Executive Vice President and Provost, Indiana University Bloomington (through January 31, 2012)

Lauren Robel, Interim Provost, Indiana University Bloomington (beginning February 1, 2012 until a permanent provost is named)

Neil D. Theobald, Senior Vice President and Chief Financial Officer

D. Craig Brater, Vice President for University Clinical Affairs

Dorothy J. Frapwell, Vice President and General Counsel

G. Frederick Glass, Vice President and Director of Intercollegiate Athletics

Jorge V. José, Vice President for Research

Edwin C. Marshall, Vice President for Diversity, Equity and Multicultural Affairs

Thomas A. Morrison, Vice President for Capital Planning and Facilities

Michael M. Sample, Vice President for Public Affairs and Government Relations

William B. Stephan, Vice President for Engagement

Bradley C. Wheeler, Vice President for Information Technology and Chief Information Officer

David Zaret, Vice President for International Affairs

Michael Harris, Chancellor of Indiana University Kokomo

William J. Lowe, Chancellor of Indiana University Northwest

Sandra R. Patterson-Randles, Chancellor of Indiana University Southeast

Nasser H. Paydar, Chancellor of Indiana University East

Una Mae Reck, Chancellor of Indiana University South Bend

Michael A. Wartell, Chancellor of Indiana University-Purdue University Fort Wayne

Adam W. Herbert, President Emeritus of the University

Thomas Ehrlich, President Emeritus of the University

MICHAEL A. MCROBBIE – President. Michael A. McRobbie took office as the 18th president of the University on July 1, 2007. From the beginning of his tenure as president, McRobbie has focused on the University's fundamental missions of excellence in research and teaching to be achieved through a great faculty, responsive and relevant education, an enhanced global presence, expanded infrastructure, a rededication to the arts and humanities, and new economic development and engagement initiatives. McRobbie joined the University in 1997 as Vice President for Information Technology and Chief Information Officer. In 2003, he assumed the additional position of Vice President for Research, and three years later the Trustees appointed him Interim Provost and Vice President for Academic Affairs. McRobbie holds professorships in computer science, informatics, and philosophy, and adjunct professorships in cognitive science and information science at the Bloomington campus. He is also a professor of computer technology at the School of Engineering and Technology (Purdue) at the IUPUI campus. A member of many national and international industrial, governmental, and scientific boards and committees, McRobbie was a co-founder of the high-performance broadband Asia Pacific Advanced Network, which supports the research and education community all across the Asia-Pacific region. A native of Australia who became a U.S. citizen in 2010, he earned a Bachelor of Arts degree from the University of Queensland and a Doctoral degree at the Australian National University. He has also received honorary degrees from the Australian National University, the University of Queensland, and Sungkyunkwan University in Seoul, South Korea. Additionally, he has been elected an honorary member of the Australian Academy of Humanities and appointed as an Officer in the General Division of the Order of Australia, one of that nation's highest honors.

NEIL THEOBALD – Senior Vice President and Chief Financial Officer. Prior to his appointment as Vice President & Chief Financial Officer and subsequently Senior Vice President and Chief Financial Officer, Theobald was the University's Bloomington campus Vice Chancellor for Budgetary Administration and Planning from 2002-06 and Senior Vice Provost, with continued responsibility for finance and administration, in 2006-07. Theobald received his B.A. in Economics from Trinity College (CT) in 1978 and worked as a corporate executive for two Fortune 500 companies before completing his Ph.D. at the University of Washington in 1988. He was awarded the Flanigan Prize for the outstanding dissertation in the field by the American Educational Finance Association. In addition to serving as President of the American Education Finance Association in 2000-01, Theobald has been a tenured faculty member at the University of Washington and a visiting professor at the University of Edinburgh (Scotland). He continues to be a Professor of Educational Finance on the Bloomington campus.

MARYFRANCES MCCOURT – Treasurer. MaryFrances McCourt began as Treasurer of the University and Treasurer of the Trustees in October 2005 and is responsible for the management of approximately $1.6 billion in operating funds, over $850 million of debt, the University's banking and treasury operations, risk management, auxiliary accounting, accounts receivable, student loan administration, capital assets and the Bloomington Bursar functions. Before joining the staff of Indiana University, McCourt was Assistant Treasurer for a multi-billion dollar distributor and premier reseller of enterprise computer technology solutions headquartered in Cleveland, Ohio. She has held various positions in strategic planning; financial analysis and treasury management with particular focus on operational efficiency; business planning (including acquisitions, divestitures and new business modeling); customer, vendor and product line profitability analyses; and balance sheet management. McCourt graduated with a B.A. in Economics from Duke University and an M.B.A. from Case Western University.

Facilities

Square Footage There are 902 buildings on all campuses of the University encompassing 33.4 million gross square feet, of which approximately 20.5 million square feet is assignable to operating units.

Libraries The University's Library System serves all campuses with separate collections as well as interlibrary loan programs. As of June 30, 2011, the library system holdings include 12.0 million volumes. The University's libraries are open to residents of the State as well as University faculty and staff.

The Lilly Library on the Bloomington campus houses the University's collections of rare books and manuscripts. Its holdings number more than 400,000 books, over 7,500,000 manuscripts and 140,000 pieces of sheet music.

Information Technology Services University Information Technology Services ("UITS") is responsible for the continued development of a high-performance computing and communications infrastructure and the information technology environment that contains tools and services that support the University's academic, research, and administrative work, including a high-speed campus network with wireless access; central web hosting; tools and support for instruction and research; supercomputers for data analysis and visualization; more than 1,300 virtual servers in the state-of-the-art, disaster-resistant Data Center; and hundreds of public-access, Internet-connected workstations. Interconnecting these resources is a high-speed University-owned fiber optic cable connecting the Bloomington and IUPUI campuses, which is connected to national and international research and education networks such as the Internet2 network and National LambdaRail. UITS has offices at IU Bloomington, IUPUI, IUPU Columbus, IU East, IU Kokomo, IU South Bend, and IU Southeast, and employs more than 800 highly trained professionals to support and expand the University's information technology capabilities. UITS is composed of six divisions: Research Technologies; Learning Technologies; Support; Enterprise Software; Networks; and Enterprise Infrastructure; all working together to support the University community in its use of information technology. UITS reports to the Office of the Vice President for Information Technology, which provides leadership for the continued development of information technology at IU.

Research As of fall 2010, the University, excluding the Fort Wayne Campus, has approximately 1,198,146 assignable square feet of laboratories and service areas used for research purposes, primarily on the Bloomington and IUPUI campuses. The nature and function of this research space ranges from highly specialized to broad multi-disciplinary uses, with an emphasis on life and medical sciences.

Housing Facilities All undergraduate first-year students on the Bloomington campus are required to live in on–campus housing facilities, which include residence halls, on-campus apartments, and fraternity and sorority houses. As of fall 2011, the Bloomington campus provided residence hall/dormitory housing for 10,838 students and apartment housing for 1,277 students. Occupancy in Bloomington campus residence halls was 100% and in apartment housing was 99%. On the Bloomington campus, as of spring 2011, an estimated 5,992 students participated in Greek life in chapters consisting of 28 sororities and 38 fraternities. Chapters that provide on-campus housing include 19 sorority and 20 fraternity houses. As of fall 2011, the residence facilities on the IUPUI campus provided living quarters for 1,136 students, through a combination of apartment style housing, traditional co-ed residence halls, and townhouse units. Occupancy in IUPUI campus housing was 100%. In the summer of 2008, construction was completed on new housing facilities on the South Bend and the Southeast campuses. These facilities can provide living quarters for approximately 400 students on each campus. Housing occupancy on the South Bend and Southeast campuses for the fall of 2011 were 87% and 99%, respectively. These facilities are not included as facilities under the Student Residence System indenture because they were financed under the Consolidated Revenue Bonds ("CRB") Indenture. Other regional campuses for which the University has fiscal responsibilities have no student residence facilities currently.

Parking Facilities Parking space is provided for faculty, staff, students and visitors on all University campuses. Use of all parking areas and parking facilities is generally limited to paid permit holders, except for those garages and surface lots provided for visitors that are controlled by daily parking rates. Parking is available at sixteen garages on four campuses and at various surface lots on all University campuses.

Other Facilities Some of the University's other facilities include observatories; television, radio and journalism facilities; theatre and performance facilities; fine art studios; extensive science and medical teaching laboratories; museums of art and archaeology; printmaking facilities; and Bradford Woods – a 2,500 acre outdoor educational facility and nature preserve.

Faculty and Staff

The University's full-time academic administrators, faculty and lecturers consisted of 5,040 persons (including visiting faculty but excluding librarians), as of the fall semester of 2011. The percentage of faculty at the University's Bloomington and IUPUI campuses that have tenure are 74% and 66%, respectively (based upon the number of faculty and administrators with the rank of instructor or above who are eligible for tenure, but excluding librarians).

As of the fall semester of 2011, 88% of Bloomington campus faculty (including visiting faculty) and academic administrators with professional rank hold a doctoral or professional degree. This percentage is 91% at IUPUI and 89% at the other campuses.

The number of full-time administrators and staff employed by the University totaled 12,042 as of fall 2011. Certain janitorial, craft, maintenance and food service personnel at the University are represented by the American Federation of State, County and Municipal Employees ("AFSCME"). Certain clerical, technical and support staff personnel of the University are represented by the Communications Workers of America ("CWA"). University administration meets and confers with each union about specific working conditions under the framework of "Conditions for Cooperation," a policy statement adopted by the Trustees, but does not negotiate collective bargaining agreements. As an instrumentality of the State, the University and its employees are not subject to the provisions of the National Labor Relations Act, as amended, but are governed by State law, which prohibits strikes by public employees. AFSCME's and CWA's status as exclusive representatives of certain of the University's employees is conditioned upon their disavowal of the right to strike in accordance with such law and Trustees policy.

Student Admissions

The University attracts students from a variety of backgrounds and geographic locations, with representation from 49 states, Washington D.C., and 163 foreign countries, as of fall 2011. Indiana residents represented 68% of the total enrollment, while 32% were from other states, Washington D.C., or foreign countries.

The table below sets forth the total number of beginning student applications received, applications accepted, percent accepted, and the percent of acceptances for beginning students who enrolled. These numbers are aggregate numbers, combined for all campuses, except for Fort Wayne, which is administered by Purdue University.

Applications and Enrollments [1]

Academic Year	Applications Received	Applicants Accepted	Percent Accepted	Percent of Accepted Enrolled
2007-08	43,004	30,890	71.8	43.9
2008-09	46,816	33,864	72.3	42.2
2009-10	50,243	36,493	72.6	39.6
2010-11	57,438	39,438	68.7	37.6
2011-12	53,772	38,576	71.7	36.8

Source: University Institutional Research and Reporting

[1] Figures reflect all beginning students new to the University, regardless of class, excluding transfers. Beginning students are defined by their matriculation in the fall, or either of the preceding summer sessions, as degree-seeking students. Students who began taking college level coursework while in high school and enrolled as a traditional beginning student during the fall or one of the preceding summer sessions, are also included. This methodology is consistent with external reporting requirements.

In the 2011-12 academic year, for the Bloomington campus, the percentage of beginning students ranking in the upper 50% of their high school class was 97%. During the same period the percentage of beginning students ranking in the upper 25% of their high school class was 74%, and the percentage of beginning students ranking in the upper 10% was 37%.

The following table shows the average composite score on the Scholastic Aptitude Test ("SAT") over the past five years for all beginning students new to the University, regardless of class, and excluding transfer students to the University, as compared to the national average:

Average SAT Scores

Academic Year	Indiana University	National
2007-08	1060	1017
2008-09	1064	1017
2009-10	1068	1016
2010-11	1067	1017
2011-12	1068	1011

Source: University Institutional Research and Reporting

Student Enrollment

The headcount enrollments for Bloomington, IUPUI and regional campuses of the University, including Fort Wayne, for the fall semester 2007 through 2011 are shown in the following table. The Fort Wayne enrollment numbers indicate the students in Indiana University academic programs on that campus.

Total Actual Headcount Enrollment by Campus Including Fort Wayne [1]

Fall Semester	Bloomington	IUPUI	Regional	Total Enrollment
2007	38,990	29,854	30,278	99,122
2008	40,354	30,300	31,073	101,727
2009	42,347	30,383	34,430	107,160
2010	42,464	30,566	36,415	109,445
2011	42,731	30,530	37,175	110,436

Source: University Institutional Research and Reporting

[1] The University ceased projecting enrollments for the Fort Wayne campus which is administered by Purdue University. However, actual Fort Wayne data is still collected and is included in the above chart. Actual headcount enrollment for the Fort Wayne campus that is included in the Regional and Total Enrollment numbers above is as follows: fall 2007 – 6,629; fall 2008 – 6,948; fall 2009 – 7,720; fall 2010 – 8,204; and fall 2011 – 8,456.

Purdue University administers and is fiscally responsible for the Fort Wayne campus. Projected headcount enrollments for Bloomington, IUPUI and the regional campuses of the University, excluding Fort Wayne, for the fall semester 2012 through 2015 are shown in the following table.

Projected Headcount Enrollment by Campus Excluding Fort Wayne

Fall Semester	Bloomington	IUPUI	Regional	Total Enrollment
2012	42,411	30,650	29,076	102,137
2013	42,614	30,428	28,993	102,035
2014	42,984	30,238	28,670	101,892
2015	43,100	30,420	28,921	102,441

Source: University Institutional Research and Reporting from the preliminary Fall 2011 Enrollment Study

-- Remainder of Page Intentionally Left Blank –

The following table sets forth the total actual and projected headcount enrollment of undergraduate and graduate students, including professional programs, combined for all campuses, excluding Fort Wayne, for the fall semester of the years indicated. The table also includes full-time equivalent enrollment and total annual credit hours taken. These numbers are reported on an academic year basis, which includes the fall semester noted, the Summer II session that precedes it, and the spring semester and Summer I session of the subsequent year.

Undergraduate and Graduate Enrollment, Full-Time Equivalent Enrollment and Total Annual Credit Hours Taken Excluding Fort Wayne

Fall Semester	Undergraduate	Graduate & Professional	Total	Full-Time Equivalent	Total Annual Credit Hours Taken
Actual					
2006	71,784	19,629	91,413	72,563	2,271,014
2007	72,540	19,953	92,493	73,786	2,302,300
2008	74,486	20,293	94,779	76,239	2,393,959
2009	78,602	20,838	99,440	80,293	2,512,858
2010	80,356	20,885	101,241	81,842	2,558,999
2011	81,187	20,793	101,980	82,230	2,560,000 [1]
Projected [2]					
2012	81,097	21,040	102,137	82,178	2,560,000
2013	81,017	21,018	102,035	82,104	2,560,000
2014	80,967	20,925	101,892	82,091	2,560,000
2015	81,449	20,992	102,441	82,514	2,560,000

Source: University Institutional Research and Reporting from the preliminary Fall 2011 Enrollment Study

[1] Estimated.

[2] The projections presented above were prepared in the fall of 2011. No representation can be made as to the ability of the University to achieve these projections.

Fees

The University operates its programs on a two-semester and summer-session basis. Tuition, fees and other costs of attending the University vary by campus and curriculum. Educational costs charged by the University include instructional fees (which include other fees allocated to debt retirement), fees associated with specific courses and/or academic programs, and room and board (if the student lives on campus). In addition, individual campuses may charge other mandatory fees to support certain campus-based services, e.g. bus service, computing clusters, etc.

Fee Payment Policy Payment may be made in full by a specified date prior to the first day of classes for a particular term, or the student may pay a partial payment with from one to three subsequent installments over a one- to three-month period depending on the plan offered.

Regular Instructional Fee Rates The Trustees establish fees and charges relating to credit enrollment. On the Bloomington campus, undergraduate students taking between 12 and 17 hours are assessed a flat instructional fee. Graduate students are assessed fees on a credit-hour basis, except for students in the MBA, Law (J.D.) and Optometry (O.D.) programs. On campuses other than Bloomington, fee rates are assessed on a credit-hour basis except for professional students in Medicine and Dentistry.

The tables on the following pages set forth the regular instructional fees for graduate and undergraduate students attending the University for the academic years indicated. Figures are on a per-credit-hour basis unless otherwise indicated.

-- Remainder of Page Intentionally Left Blank –

Instructional Fees

Academic Year	2007-08	2008-09	2009-10	2010-11	2011-12
Bloomington Campus					
Undergraduate: per semester (12-17 credit hours)					
Resident	$3,499.80	$3,684.15	$3,861.00	$4,062.00	$4,216.30
Non-Resident	10,739.40	11,952.95	12,634.50	13,392.50	14,224.55
Undergraduate: per semester (<12 or >17 credit hours)					
Resident	218.53	230.05	241.10	253.70	263.45
Non-Resident	671.30	747.15	789.80	837.20	889.03
Graduate and Professional: per credit					
Resident	265.43	291.97	291.97	291.97	309.50
Non-Resident	773.03	850.33	850.33	850.33	902.00
IUPUI Campus					
Undergraduate: per credit hour					
Resident	207.35	217.70	230.76	241.84	247.90
Non-Resident	609.15	663.95	727.33	793.25	860.00
Graduate and Professional: per credit					
Resident	242.40	259.35	272.30	283.20	303.00
Non-Resident	712.75	776.90	819.60	852.40	912.10
Regional Campus: East					
Undergraduate: per credit hour					
Resident	164.40	172.60	180.54	189.21	193.94
Non-Resident	415.70	444.80	485.72	530.41	546.76
Graduate: per credit hour [1]					
Resident	195.90	209.60	216.73	225.18	238.06
Non-Resident	448.15	479.50	523.61	571.78	581.49
Regional Campus: Fort Wayne					
Undergraduate: per credit hour					
Resident	210.40	219.85	230.85	242.40	248.45
Non-Resident	488.85	518.15	549.25	582.20	596.75
Graduate: per credit hour [1]					
Resident	259.40	271.05	284.60	298.85	306.30
Non-Resident	568.20	602.25	638.40	676.70	693.60
Regional Campus: Kokomo					
Undergraduate: per credit hour					
Resident	164.25	172.45	180.25	188.75	193.47
Non-Resident	415.45	444.55	469.89	497.61	530.36
Graduate: per credit hour [1]					
Resident	195.75	209.45	216.36	224.58	237.76
Non-Resident	447.75	479.10	497.31	518.69	554.95

Instructional Fees

Academic Year	2007-08	2008-09	2009-10	2010-11	2011-12
Regional Campus: Northwest					
Undergraduate: per credit hour					
Resident	$165.40	$174.25	$182.61	$191.74	$196.53
Non-Resident	415.65	444.75	486.11	531.32	547.22
Graduate: per credit hour [1]					
Resident	193.15	206.65	221.10	236.60	243.77
Non-Resident	449.45	480.90	514.55	550.55	570.88
Regional Campus: South Bend					
Undergraduate: per credit hour					
Resident	168.95	177.45	185.75	194.75	199.62
Non-Resident	449.85	481.35	509.00	539.00	551.06
Graduate: per credit hour [1]					
Resident	198.40	212.30	220.58	230.29	240.62
Non-Resident	488.35	522.55	542.93	566.82	579.01
Regional Campus: Southeast					
Undergraduate: per credit hour					
Resident	164.45	172.80	180.58	189.07	193.80
Non-Resident	415.70	444.80	470.15	497.89	530.50
Graduate and Professional: per credit					
Resident	200.00	214.00	223.00	232.00	241.47
Non-Resident	454.60	486.40	506.00	526.00	558.60

Source: University Institutional Research and Reporting

[1] This reflects the majority of graduate students not in professional programs. The professional programs have their own rates, which are higher.

Annual Instructional Fee The following table sets forth the annual instructional fees for full-time Bloomington campus students, for the academic years indicated. Undergraduate fee rates assume a load of 30 credit hours per year.

Annual Instructional Fees
for Full-Time Bloomington Campus Students

Academic Year	2007-08	2008-09	2009-10	2010-11	2011-12
Undergraduate, Resident	$ 7,000	$ 7,368	$ 7,722	$ 8,124	$ 8,433
Undergraduate, Non-resident	21,479	23,906	25,269	26,785	28,449

Source: University Institutional Research and Reporting

Mandatory Fees

During the 2011-12 academic year, new and returning undergraduate students at the Bloomington campus who enrolled in more than 6.0 credit hours will pay mandatory fees per year as follows: Student Activity Fee of $179.24, Student Health Fee of $217.00, Technology Fee of $394.56, Transportation Fee of $120.06, and a temporary fee for repair and rehabilitation of facilities ("Temporary R&R Fee") of $180.00. During the 2011-12 academic year, fulltime students at IUPUI will pay a mandatory General Fee of $646.00 and a Temporary R&R Fee of $159.84. Rates for part-time students are based on the number of credit hours taken. Full-time students at regional campuses will pay a Temporary R&R Fee of $60.00, a Student Activity Fee, and a Technology Fee that varies based on the campus and the number of credit hours taken.

Student Budget The following student budget is being used by the University's Bloomington Office of Student Financial Assistance and represents an estimate of standard per-student costs for undergraduate first-year students at the Bloomington campus for the academic year shown.

Estimated Student Budget for the 2011-12 Academic Year for an Undergraduate First-Year Student

Cost of Attendance	Resident	Non-Resident
Instructional Fees	$8,433	$28,449
Mandatory Fees	1,091	1,091
Tuition and Fees Subtotal	$9,524	$29,540
Room/Board [1]	$8,419	$8,419
Books/Supplies	824	824
Miscellaneous	2,448	2,448
Transportation	834	834
Other Costs Subtotal	$12,525	$12,525
Estimated Budget Total	$22,049	$42,065

Source: University Institutional Research and Reporting

[1] All undergraduate first-year students on the Bloomington campus are required to live on campus, currently defined as residence halls, on-campus apartments, and fraternity and sorority houses.

Student Fee Revenues The total amount and composition of student fee revenues of the University, including instructional fees and other fees charged, for each of the fiscal years shown are as follows:

Student Fee Revenues
(dollars in thousands)

Fiscal Year Ended June 30	2007	2008	2009	2010	2011
Student Fees Per Indenture					
Gross Student Fees	$785,127	$878,229	$985,888	$1,088,373	$1,145,260
Less Certain Dedicated Fees [1]	(452)	(452)	(441)	(0)	(0)
Student Fees Per Indenture [2]	$784,675	$877,777	$985,447	$1,088,373	$1,145,260
Student Fees Per Financial Report [3]					
Gross Student Fees	$785,127	$878,229	$985,888	$1,088,373	$1,145,260
Less Scholarship Allowance	(98,006)	(114,154)	(133,054)	(170,091)	(189,079)
Student Fees Net of Scholarship Allowance[2]	$687,121	$764,075	$852,834	$ 918,282	$ 956,181

Source: Financial Management Services (student fees and scholarship allowances are from the financial reports of the University for fiscal years ended June 30, 2007 through 2011); University Budget Office (dedicated fees)

[1] The University issued bonds prior to 1985 to finance the construction of certain facilities, which bonds are secured by certain dedicated fees. Such dedicated fees are excluded from the definition of "Student Fees" under the applicable indenture.

[2] The presentation of information in this table has been expanded to reflect the distinction between the calculation of student fees that are subject to the lien of the indenture securing the University's Student Fee Bonds and the required financial reporting presentation of student fees net of scholarship allowances.

[3] See "Financial Operations of the University - Statement of Revenues, Expenses and Changes in Net Assets".

Student Financial Aid

Excluding the Fort Wayne Campus, approximately 68% of the students at the University receive financial aid that is processed through the University. The following table summarizes the financial aid, including parent loans, provided to the University's students for the five fiscal years ending June 30, 2011. A substantial portion of the funds provided are derived from sources outside the University, including federal, State, and private sources. Historically, federal loans, grants and other programs have provided a large portion of student financial assistance. All programs furnished by the federal and State government are subject to appropriation and funding by the respective legislatures. There can be no assurance that the current amounts of federal and State financial aid to students will be available in the future at the same levels and under the same terms and conditions as currently apply.

Student Financial Aid [1]
(dollars in thousands)

Fiscal Year Ended June 30	**2007**	**2008**	**2009**	**2010**	**2011**
Gifts and Grants	$279,329	$322,515	$371,747	$442,993	$487,494
Loans	473,440	497,311	559,674	624,888	650,105
Work Study [2]	5,209	4,857	4,976	5,516	5,764
Total Financial Assistance	$757,978	$824,683	$936,397	$1,073,397	$1,143,363

Source: University Institutional Research and Reporting
1 Excludes Fort Wayne Campus.
2 Work Study includes student income from jobs that are located on and off campus, as well as some student academic appointment (SAA) stipends. SAA stipends and student income that are not funded with Work Study funds are not considered financial aid under federal Title IV guidelines and are excluded.

Financial Operations of the University

As a component unit of the State, the University presents its financial statements in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, within the financial reporting guidelines established by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and with accounting principles generally accepted in the United States of America, as prescribed by GASB. The University reports on a consolidated basis, with a comprehensive, entity-wide presentation of the University's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows.

The accompanying financial statements have been prepared by the University operating as a special-purpose government entity engaged in business-type activities. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Eliminations have been made to minimize the "double-counting" of internal activities.

The University applies all applicable GASB pronouncements. In addition, the University has elected to apply only those Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARB") issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

The Statement of Revenues, Expenses and Changes in Net Assets of the University, in table format for the fiscal years shown, is on the following page.

-- Remainder of Page Intentionally Left Blank --

Statement of Revenues, Expenses and Changes in Net Assets
(dollars in thousands)

Fiscal Year Ended June 30	**2007**	**2008**	**2009**	**2010**	**2011**
Operating revenues					
Student fees	$785,127	$878,229	$985,888	$1,088,373	$1,145,260
Less scholarship allowance	(98,006)	(114,154)	(133,054)	(170,091)	(189,079)
Federal grants and contracts	286,687	290,929	295,737	318,646	344,642
State and local grants and contracts	25,153	21,100	28,860	23,830	17,074
Nongovernmental grants and contracts	121,853	107,146	127,049	102,839	103,439
Sales and services of educational units	49,108	48,929	61,498	64,475	60,869
Other revenue	185,891	171,284	175,506	181,640	190,661
Auxiliary enterprises [1]	336,397	319,153	332,586	323,571	330,550
Total operating revenues	**$1,692,210**	**$1,722,616**	**$1,874,070**	**$1,933,283**	**$2,003,416**
Operating expenses					
Compensation and benefits	$1,455,868	$1,535,335	$1,632,926	$1,684,964	$1,731,042
Student financial aid	98,061	109,566	125,830	150,779	165,299
Energy and utilities	52,409	57,773	65,447	64,031	68,534
Travel	36,231	39,481	40,397	36,930	40,219
Supplies and general expense	469,503	428,521	449,435	430,712	443,499
Depreciation and amortization expense	111,860	116,683	120,819	125,715	130,538
Total operating expenses	**$2,223,932**	**$2,287,359**	**$2,434,854**	**$2,493,131**	**$2,579,131**
Total operating loss	**$ (531,722)**	**$ (564,743)**	**$ (560,784)**	**$ (559,848)**	**$ (575,715)**
Nonoperating revenues (expenses)					
State appropriations	$ 527,747	$ 558,022	$ 572,578	$ 549,755	$ 549,917
Grants, contracts, and other	46,285	51,317	63,304	99,613	120,035
Investment income	85,462	30,721	(17,607)	103,265	89,644
Gifts	67,398	77,272	76,181	78,049	104,814
Interest expense	(35,952)	(29,112)[2]	(31,829)	(32,401)	(33,155)
Net nonoperating revenues	**$ 690,940**	**$ 688,220**	**$ 662,627**	**$ 798,281**	**$ 831,255**
Income before other revenues, expenses, gains, or losses	**$ 159,218**	**$ 123,477**	**$ 101,843**	**$ 238,433**	**$ 255,540**
Capital appropriations	$ 10,467	$ 12,601	$ 10,248	$ 3,005	$ 11,984
Capital gifts and grants	3,311	10,217	19,980	17,323	14,565
Additions to permanent endowments	2,147	264	0	545	45
Total other revenues	**$ 15,925**	**$ 23,082**	**$ 30,228**	**$ 20,873**	**$ 26,594**
Increase in net assets	**$ 175,143**	**$ 146,559**	**$ 132,071**	**$ 259,306**	**$ 282,134**
Net assets, beginning of year	2,017,485	2,138,931[2]	2,285,490	2,417,561	2,676,867
Net assets, end of year	**$2,192,628**	**$2,285,490**	**$2,417,561**	**$2,676,867**	**$2,959,001**

Source: Financial Management Services from financial reports of the University for fiscal years ended June 30, 2007 through 2011; See accompanying notes to the financial statements.

[1] Net of scholarship allowance of $12,245; $13,796; $15,850; $18,750; and $21,151 (in thousands) for 2007 through 2011

[2] As restated

-- Remainder of Page Intentionally Left Blank –

Budgeting Procedures

The University adopts an operating budget for each fiscal year based on detailed budgets submitted by each of the University's departments. These budgets are reviewed by the President and senior administrative officers before final approval by the Trustees. In conjunction with its budgeting process, the University submits a biennial appropriation request to the State Budget Agency, the Indiana Commission for Higher Education and the General Assembly. The State appropriation includes various components for operations, fee replacement (a form of reimbursement of debt service from the State for debt associated with certain educational facilities), maintenance, research, public service and other special functions. For more information, see "State Appropriations to the University" below. The Trustees takes into consideration the specific amounts of State appropriations authorized by the General Assembly, along with the University's budget requirements and other revenue sources when establishing student fees and other fees for each academic year.

The University has adopted a balanced operating budget for the fiscal year ending June 30, 2012. Total budgeted revenues and expenditures for campuses for which the University has fiscal responsibility are shown in the table below.

Operating Budget for Unrestricted, Restricted and Auxiliary Enterprise Funds [1,2]
(dollars in thousands)

Revenues by Category	**2012**
Student Fees	$1,133,381
State Appropriation	504,419
Grants and Contracts	464,850
Sales and Services	88,990
Auxiliary Enterprises	379,231
Designated and Other Restricted	223,713
Investment	12,340
Gifts	4,003
Other	167,723
Total	$2,978,650
Expenditures by Fund Group [3]	
General	$1,910,856
Designated and Other Restricted	223,713
Subtotal	$2,134,569
Grants and Contracts	464,850 [4]
Auxiliary Enterprises	379,231
Total	$2,978,650
General and Other Restricted Expenditures by Function	
Instruction	$1,010,991
Research and Public Service	45,614
Academic and Student Support	390,495
Physical Plant	174,446
Student Financial Aid	284,320
Institutional Support	228,703
Total	$2,134,569

Source: University Budget Office

[1] Excludes Fort Wayne campus.

[2] Excludes capital projects, some sources of investment income and most gifts, and scholarship allowance.

[3] Net of internal transfers.

[4] Includes research, service and instruction expenditures.

State Appropriations to the University

The University has historically received, and continues to expect to receive, appropriations from the General Assembly. Annual operating appropriations are disbursed on a monthly basis. Other types of appropriations are generally disbursed on a quarterly or semi-annual basis. These appropriations are applied to the educational and general expenditures of the University, as well as for certain capital construction activities of the University.

The General Assembly has historically appropriated to the University an amount equal to the annual debt service requirements due on previously approved and outstanding Student Fee Bonds (the "Fee Replacement" appropriations). This appropriation is renewed on a biennial basis because the Constitution of the State prohibits a sitting General Assembly from binding subsequent General Assemblies to the continuation of any funds, including Fee Replacement appropriation. Even so, in over 39 years of making Fee Replacement appropriations, the State has never failed to fully fund a Fee Replacement obligation established by a prior General Assembly. The University expects that the policy of Fee Replacement appropriations will be continued in future years.

Total State operating appropriations for the University were cut by two percent for the 2011-13 biennium. The University has taken measures designed to result in an operating budget for 2011-12 that is balanced to the reduced levels of support. In addition, general maintenance, repair and rehabilitation appropriations for the 2011-13 biennium were eliminated. The Trustees approved a temporary repair and rehabilitation fee to help cover the cost of necessary repair work and ongoing maintenance costs for buildings and associated infrastructure, beginning academic year 2011-12. See "Mandatory Fees".

The table below presents the various State appropriations as appropriated to the University for each of the fiscal years shown below, including the unrestricted general operating appropriation, Fee Replacement appropriations, special restricted appropriations for specific purposes, and general maintenance, repair and rehabilitation and capital appropriations.

State Appropriations as Appropriated [1]
(dollars in thousands)

Fiscal Year Ended June 30	Unrestricted General Operating	Fee Replacement	Restricted Special	General Maintenance, Repair and Rehabilitation and Capital
2008	$471,724	$ 69,865	$15,191	$12,601
2009	491,234[2]	73,526	15,977	12,601[2]
2010	491,234[3]	69,702[3]	13,098[3]	12,601[3]
2011	491,234[3]	70,852[3]	13,098[3]	12,601[3]
2012	452,781[4]	51,638	11,151[4]	0[4]
2013	452,781[4]	48,296	11,151[4]	0[4]

Source: University Budget Office

1 Amounts as appropriated by the Indiana General Assembly. Amounts distributed to the University may be less than the amounts appropriated (see subsequent footnotes). The data contained herein is provided for informational purposes only and is not supplemental to or in explanation of the information contained in the Statement of Revenues, Expenses and Changes in Net Assets.

2 Pursuant to a directive from the Governor, in fiscal year 2009, the general operating appropriation of the University was reduced by $6,741,618 and the general maintenance, repair and rehabilitation appropriation was reduced by $12,601,282. The amounts in the table are the originally appropriated amounts and do not reflect these reductions.

3 Total state operating appropriations for the University were cut by 4.5 percent in fiscal year 2010 and by another 1.5 percent in fiscal year 2011 from that shown on the table above. General operating appropriations received in 2010 and 2011 were $468,983,593 and $461,889,295 respectively. Fee replacement appropriations received in fiscal year 2010 and 2011 were $69,701,582 and $72,552,738 respectively. Restricted special appropriations received in 2010 and 2011 were $12,161,026 and $11,968,573 respectively. General maintenance, repair and rehabilitation and capital appropriations received in 2010 and 2011 were $1,091,560 and $6,061,880 respectively.

4 Total state operating appropriations for the University were cut by 2 percent for the 2011-13 biennium. In addition, general maintenance, repair and rehabilitation appropriations for the 2011-13 biennium were eliminated. The Trustees approved a temporary repair and rehabilitation fee. See "Mandatory Fees".

Indiana University Foundation

The Indiana University Foundation (the "Foundation") was incorporated in 1936 as a non-profit corporation, separate and distinct from the University, and is empowered to perform a wide range of services and conduct a variety of activities that support the University as it carries out its missions of teaching, research and public service. The Foundation conducts general and special purpose fund raising programs; receives and acknowledges gifts for the benefit of the University; administers those gifts to ensure that they are used as specified by the donor; invests those gifts intended for endowment purposes; serves as trustee for certain types of planned gift arrangements; and provides other services for the benefit of the University as requested from time to time.

The Foundation is governed by a Board of Directors, three members of which must be current members of the Trustees and one member of which must be the President of the University. The assets and income of the Foundation are held and accounted for separately from the funds of the University. As of June 30, 2011, the assets of the Foundation and the assets of the University managed by the Foundation had a market value of approximately $2,054,875,000, the majority of which consisted of funds restricted for University purposes. Distributions from endowment earnings received by the University in fiscal year 2011 totaled approximately $64.3 million, which represented approximately 2% of total University revenues during fiscal year 2011.

Assets, net assets, annual income of the Foundation and the annual distributions to the University for the fiscal years ended June 30, 2007 through 2011 are set forth below.

Indiana University Foundation Financial Summary
(dollars in thousands)

Fiscal Year Ended June 30	Assets[1]	Net Assets	Annual Income	Distribution to the University [2]
2007	$2,128,320	$1,632,556	$ 457,011	$ 87,133 [3, 4]
2008	2,111,129	1,633,177	192,803	145,815 [3, 4]
2009	1,642,126	1,318,118	(156,489)	109,090 [3,4]
2010	1,767,561	1,486,267	352,992	145,704 [3,4]
2011	2,054,875	1,741,608	379,646	102,174 [4]

Source: Indiana University Foundation

1 Assets that the Foundation held for the University and for University affiliates had corresponding liabilities reported on the Foundation's Statement of Financial Position, June 30, 2011, which is contained within the accompanying financial report. The portion of those assets held for the University and for University affiliates, which represent endowment funds managed by the Foundation total $217,005,780; $197,897,213; $151,304,670; $168,220,929; and $207,860,506 for the fiscal years ended June 30, 2007 through 2011, respectively. Additional information with respect to University endowment funds is contained within the Endowments section below.

2 These disbursements include transfers to the University as well as program and departmental support.

3 Lilly Endowment, Inc. has provided $142,500,000 in operating grant funds for University support and faculty research during fiscal years ended June 30, 2007 through 2010. Total disbursements increased significantly due to the transfer of these funds to the University.

4 See Indiana University Foundation Notes to the Financial Statements, June 30, 2007 – Note 10; June 30, 2008 – Note 10; June 30, 2009 – Note 11; June 30, 2010 – Note 11; June 30, 2011 – Note 11, for which June 30, 2010 and 2011 are contained within the accompanying financial report.

Annual Fund Raising

The Foundation, for the benefit of the University, conducts ongoing annual fund raising campaigns, as well as major gift and special development programs, to raise funds for endowments, capital projects and special programs.

The following table summarizes the annual gift receipts of the University and Foundation for each of the fiscal years indicated:

Giving to the Indiana University Foundation

Fiscal Year Ended June 30	Number of Donors	Receipts (dollars in thousands)
2007	112,195	$147,536 [1]
2008	110,461	251,385 [2]
2009	101,341	114,648 [3]
2010	123,652	166,806 [4]
2011	123,016	146,886

Source: Indiana University Foundation

1 Includes a one-time grant of $40,000,000 from Lilly Endowment, Inc.

2 Includes a one-time grant of $69,000,000 from Lilly Endowment, Inc.

3 Includes a one-time grant of $15,000,000 from Lilly Endowment, Inc.

4 Includes a one-time grant of $18,500,000 from Lilly Endowment, Inc.

Endowments

Endowments are funds in which donors or other outside agencies have stipulated, as a condition of the gift, that the principal be maintained in perpetuity. Funds functioning as endowments are internally designated funds that have not been externally restricted, and for which the principal may be expended.

The market value of endowments and funds functioning as endowments held by the University in each of the fiscal years ended June 30, 2007 through 2011 are indicated below.

Endowments and Funds Functioning as Endowments [1]
(dollars in thousands)

Fiscal Year Ended June 30	Market Value
2007	$216,073
2008	197,861
2009	153,533
2010	172,592
2011	207,594 [2]

Source: Financial Management Services from financial reports of the University for fiscal years ended June 30, 2007 through 2009; Office of the Treasurer for fiscal years 2010 and 2011

1 In addition to funds currently managed by the Foundation, these figures include other University endowments, with real estate valued at fair value.

2 The market value as of September 30, 2011 for endowments and funds functioning as endowments was $196,591,386 (unaudited).

Physical Plant

As of fall 2010, the various campuses of the University covered a total of 3,640 acres. There are 902 buildings on all campuses of the University encompassing 33.4 million gross square feet, of which 20.5 million square feet is assignable to operating units. Not included in the assignable square feet are service, building and parking garage circulation and construction areas, restrooms, hallways, and wall thicknesses. Academic and administrate activities are assigned 11.2 million square feet; auxiliary enterprise services are assigned 9.3 million square feet.

The following table sets forth the University's net capital assets, for each of the fiscal years shown.

Capital Assets, Net [1]
(dollars in thousands)

Fiscal Year Ended June 30	Capital Assets, Net [1]
2007	$1,933,451
2008	2,048,204
2009	2,197,123
2010	2,316,762
2011	2,422,233

Source: Financial Management Services from financial reports of the University for fiscal years ended June 30, 2007 through 2011
[1] Net of accumulated depreciation.

Capital Program

The University has an ongoing capital improvement program consisting of new construction and the renovation of existing facilities. Capital improvement projects have historically been funded from a variety of sources, including but not limited to State appropriations, debt financing, gifts, and University funds.

In each biennium, the University prepares and updates its ten-year capital improvement plan. This provides the basis for a capital appropriation request which the University submits each biennium to the State Budget Agency, the Indiana Commission for Higher Education, and the General Assembly. The request identifies the projects and their respective purposes, priorities, amounts and funding sources. The General Assembly will approve or decline the various projects submitted by the University, and may include projects which were not on the initial capital plan request. For projects that receive General Assembly approval, specific funding sources for each project will be stipulated. Not all projects require General Assembly approval.

The table below shows the amounts of Student Fee Bonds authorized by the General Assembly by biennium.

Indiana General Assembly Bonding Authority
(dollars in thousands)

Biennium	Student Fee Bonds Authorized	Eligible for Fee Replacement	Not Eligible for Fee Replacement	Total Student Fee Bonds Issued	Authorized But Not Approved [1]	Remaining Authorized To Be Issued [2]
1999-2001	$ 70,714	$ 70,714	$ 0	$ 60,214	$ 0	$ 10,500
2001-2003	90,200	90,200	0	79,700	0	10,500
2003-2005	136,205	96,205	40,000	129,205	7,000	0
2005-2007	45,000	45,000	0	41,055	3,945	0
2007-2009	66,300	66,300	0	60,300	5,000	1,000
2009-2011	133,700	114,000	19,700	68,700	10,000	55,000 [3]
2011-2013	0	0	0	0	0	0
Total	$542,119	$482,419	$59,700	$439,174	$25,945	$77,000

Source: Office of the Treasurer
[1] Authorized by the Indiana General Assembly, but not approved by the State Budget Committee, the Governor and/or the State Budget Agency.
[2] The timing and borrowing of these projects are uncertain.
[3] Projects have been authorized by the General Assembly but no fee replacement was appropriated for the 2011-13 biennium for these projects and the State has not approved these projects.

The following tables summarize projects that are currently included on the University's near-term financing plan. Projects to be financed with Consolidated Revenue Bonds, Certificates of Participation, and Qualified Energy Savings Debt do not require General Assembly approval.

Planned Capital Projects to be Financed with Consolidated Revenue Bonds [1]
(dollars in thousands)

Project Name	Campus	Borrowing Amount
Forest Dining Hall Renovation & Expansion [2, 3]	Bloomington	$22,000
Residence Hall Expansion [2, 3]	Southeast	4,000
Science & Engineering Laboratory Building-Phase I [2, 4]	IUPUI	17,000
Third & Union Residence Hall Complex [2, 4]	Bloomington	38,000
Glick Eye Institute Build-Out [4]	IUPUI	2,800
Total		$83,800

Source: Office of the Treasurer
[1] Payable from certain legally available funds of the University.
[2] Timing of the borrowing for these projects is estimated for early calendar year 2012.
[3] The University has requested approval from the State to borrow for these projects.
[4] Requisite State approvals have been received.

Planned Capital Projects to be Financed with Certificates of Participation [1]
(dollars in thousands)

Project Name	Campus	Borrowing Amount
Baseball and Softball Complex [2, 3]	Bloomington	$17,200
Total		$17,200

Source: Office of the Treasurer
[1] Payable from certain legally available funds of the University.
[2] Timing of the borrowing for this project is estimated for early calendar year 2012.
[3] The University has requested approval from the State to borrow for this project.

Planned Capital Projects to be Financed with Qualified Energy Savings Debt [1]
(dollars in thousands)

Project Name	Campus	Borrowing Amount [2]
Qualified Energy Savings Project [3]	South Bend	$8,000
Qualified Energy Savings Project [3]	East	1,350
Qualified Energy Savings Project, Phase I [3]	IUPUI	8,700
Qualified Energy Savings Project, Phase II [4]	IUPUI	6,300
Qualified Energy Savings Project [4]	Bloomington	15,000
Total		$39,350

Source: Office of the Treasurer
[1] To be repaid from energy savings and further secured by a junior (subordinate) lien on Student Fees.
[2] Timing of the borrowing for these projects is uncertain.
[3] Requisite State approvals have been received.
[4] The University expects to request approval from the State to borrow for these projects.

The University has used its tax-exempt commercial paper ("TECP") programs to provide interim financing for certain capital projects and may do so in the future. As of December 1, 2011, no TECP is outstanding.

Other Indebtedness of the University

The University is authorized by various acts of the General Assembly to issue bonds for the purposes of financing the construction of academic and administrative facilities, student housing facilities, student union buildings, athletic facilities, and parking facilities on all campuses and research facilities on the Bloomington and IUPUI campuses.

The University has never failed to pay punctually, and in full, all amounts due for principal of and interest on any indebtedness. All debt instruments outstanding as of December 1, 2011 are fixed-rate instruments. No variable rate debt, auction rate debt or swaps were outstanding as of December 1, 2011. The total outstanding bonded indebtedness (unaudited) as of December 1, 2011 is summarized in the table that follows.

Facilities Indebtedness as of December 1, 2011 [1]
(dollars in thousands)

Type of Issuance	Original Amount	Principal Amount Outstanding
Student Fee Bonds [2]	$ 1,046,081	$ 463,056 [3]
Student Residence System Bonds (Housing) [4,5]	20,620	18,295
Facility Revenue Bonds (Parking) [4,5]	24,310	18,435
Consolidated Revenue Bonds [5]	357,395	335,735
Certificates of Participation [5]	32,795	27,575
Energy Savings Notes [6]	5,138	3,062
Total	$ 1,486,339	$ 866,158

Source: Office of the Treasurer

1 Prior to the financings described under "Capital Program - Planned Capital Projects to be Financed with Consolidated Revenue Bonds" and "Capital Program - Planned Capital Projects to be Financed with Certificates of Participation"

2 Secured by a pledge of Student Fees.

3 This number is net of the accreted value of outstanding capital appreciation bonds ("CABs"). Subsequent to the most recent debt service payment as of August 1, 2011, the principal amount outstanding as of December 1, 2011 for Student Fee Bonds, including the accreted value of the CABs through August 1, 2011, is $479,330,266.

4 Secured by a pledge of net income of the designated auxiliary enterprises and also payable from certain other legally available funds of the University.

5 Payable from certain legally available funds of the University.

6 The notes will be repaid from energy savings and are further secured by a junior (subordinate) lien on Student Fees.

Note: This table does not reflect unamortized bond premium under Indiana University 2010-11 Financial Report – Note 8, which accompanies this document.

Sources of Payment for Bonds

Available Funds

Available Funds are defined as (a) the Net Income of the Facilities, and (b) any and all other funds of the University legally available for transfer to the sinking fund. Available Funds include, but are not limited to, unrestricted operating fund balances, auxiliary fund balances, and certain other fund balances of the University and selected related entities, in each case without any priority among any such fund balances and only to the extent not pledged, restricted, or specifically authorized for other purposes, now or in the future, or otherwise restricted by law. Available Funds do not include (i) student fees pledged for other purposes or otherwise restricted by law; (ii) certain prior encumbered revenues to the extent of such encumbrance; (iii) other specifically identified revenues or funds pledged or otherwise dedicated or restricted for other purposes; or (iv) moneys appropriated by the Indiana General Assembly and specifically authorized for other purposes or otherwise restricted by law. No assurance can be provided as to the availability or adequacy of any Available Funds as of any particular date. The University retains the right to use Available Funds for the payment of other obligations of the University and to use any or all

Available Funds for other lawful corporate purposes of the University. In particular, Net Income of the Facilities and other Available Funds may be used to pay costs of facilities, financing expenses, other amounts payable under any credit facility, and other amounts payable (such as termination payments, etc.) under any derivative agreement.

The following table presents certain Available Funds balances (unaudited), from which the University's Certificates of Participation, Consolidated Revenue Bonds, Facility Revenue Bonds, Student Residence System Bonds and Tax-Exempt Commercial Paper (none outstanding) (see "Other Indebtedness of the University") are payable, as of the end of the fiscal year of the University, for each of the past five years:

Available Funds [1]
(dollars in thousands)

Fiscal Year Ended June 30	**Available Funds** [1]
2007	$ 915,978
2008	1,053,259
2009	1,033,364
2010	1,216,227
2011	1,473,710

Source: Financial Management Services from financial report of the University for the fiscal years ended June 30, 2007 through 2011; Indiana University Foundation

[1] Amounts include all unrestricted net assets of the University as of June 30 of each year, including net income of certain facilities for the fiscal year then ended after payment of debt service on the revenue obligations payable from such net income. Amounts also include certain quasi-endowment funds held by the Foundation designated for general use by specific schools or departments, that could be used to replace other revenues budgeted for such schools or departments, allowing such budgeted revenues to be applied to debt service on outstanding obligations in the event other Available Funds are not sufficient to pay such debt service.

Student Residence System Bonds

The University has agreed not to issue any further bonds under the Student Residence System Bonds ("SRS") Indenture. Future revenue bonds for student residence facilities are expected to be issued under I.C. 21-35-3 through the Consolidated Revenue Bonds ("CRB") Indenture. CRB Series 2008A, which was issued in February 2008, refunded all variable rate SRS outstanding. Fixed rate bonds issued under the SRS Indenture that remain outstanding will continue to have a senior lien on the particular pledged revenues and are further payable from legally available funds of the University. The information below represents Annual Financial Information and Operating Data required for SRS.

General Information

The Student Residence System provides housing facilities, including residence halls, apartments, town homes and suites for students, faculty or staff, visiting faculty, and conference guests of the University, the revenues of which may be pledged under the Indenture.

The Student Residence System consists of twenty-two separate student residence facilities located on the University's Bloomington and IUPUI campuses. The Student Residence System has an aggregate capacity to house 11,986 residents. Certain student residence facilities are not included in the Student Residence System because the facilities are either being converted to use as office space or the facilities have been financed under the CRB indenture.

A majority of the rooms in facilities that comprise the Student Residence System are double-occupancy rooms, but a substantial number of rooms have been converted to single occupancy in response to changing market demands. Funding for this re-investment effort within the Student Residence System has come almost exclusively from reserves generated from operations, with the exception of the renovation of Willkie, Briscoe, and Tulip Tree. The Bloomington campus' 20-year housing master plan anticipates continued reinvestment in facilities of this nature in order to enhance student academic performance and retention rates. Funding for these projects is expected to come from a combination of bond financing and reserve funding.

Facilities on the IUPUI campus have been renovated to increase the overall unit capacity. This was done by reclaiming residential spaces previously used as office spaces and by converting units to a higher occupancy classification due to demand for additional spaces.

The facilities that comprise the Student Residence System, and their capacities as of fall 2011, are:

Bloomington Campus		**IUPUI Campus**	
Student Residence Facility	Capacity	Student Residence Facility	Capacity
Ashton –West	578	Ball Residence Hall	324
BBHN Apartments	141	Campus Apartments on the Riverwalk	756
Briscoe	347	Town Homes at IUPUI	56
Campus View	223	IUPUI System Capacity	1,136
Collins	497		
Evermann Apartments	182		
Forest	1,062		
Foster	1,188		
Hillcrest	42		
Mason	77		
McNutt	1,372		
Read	1,056		
Redbud Hill	128		
Teter	1,212		
Tulip Tree	127		
Union Street	827		
University Apartments	117		
Willkie	758		
Wright	1,044		
Bloomington System Capacity	10,978		
Total System Capacity			**12,114**

Source: Bloomington Residential Programs and Services; IUPUI Housing and Residence Life

Excluded from the Bloomington System above for purposes of the Student Residence System Bonds indenture are Eigenmann and Union Street Center with a capacity of 832 and 827, respectively, and Third and Union Apartment Complex to be financed with reserves and Third & Union Residence Hall Complex indicated under "Capital Program - Planned Capital Projects to be Financed with Consolidated Revenue Bonds" with an anticipated capacity of 439 and 102, respectively, which are anticipated to be completed to in the summer of 2012 and in the summer of 2013. As of fall 2011, occupancy for the combined Student Residence System, which includes certain facilities on the Bloomington and IUPUI campuses, was 100%. See "Facilities - Housing Facilities" for occupancy information related to Indiana University housing in general, including facilities excluded from the Student Residence System Bonds indenture.

-- Remainder of Page Intentionally Left Blank --

Financial Operations (Student Residence System)

The following table, prepared by the University, presents a summary statement of combined revenues and operating costs for the Student Residence System for the past five years ended June 30.

Summary of Revenues and Operating Costs
Fiscal Years Ended June 30

	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011
Gross Income	$51,409,954	$55,163,322	$58,288,909	$62,748,628	$63,396,060
Revenue Fund Adjustment [1]	1,196,520	318,929	327,910	337,551	347,510
Adjusted Gross Income	$52,606,474	$55,482,251	$58,616,819	$63,086,179	$63,743,570
Operations & Maintenance Expenses [2]	32,701,485	37,673,049	42,127,554	41,868,495	41,070,290
Net (Pledged) Income	$19,904,989	$17,809,202	$16,489,265	$21,217,684	$22,673,280
Annual Debt Service Requirement [3]	$ 4,786,081	$ 1,275,715	$ 1,311,640	$ 1,350,202	$1,390,040
Other Uses of Net Income [4]	0	0	0	0	0
Total	$ 4,786,081	$ 1,275,715	$ 1,311,640	$ 1,350,202	$1,390,040
Debt Coverage Ratio [5]	4.16	13.96	12.57	15.71	16.31

Source: Financial Management Services from financial report of the University for the fiscal year ended June 30, 2010 - Note 16; Office of the Treasurer

1 Includes amounts on deposit in the Student Residence System's Revenue Fund up to 25% of annual debt service.
2 Excludes depreciation expense.
3 The reduction in the annual debt service requirement between the fiscal years ended June 30, 2007 and June 30, 2008 was primarily the result of the University refunding variable rate SRS with fixed rate CRB. The CRB indenture does not include the same coverage calculation requirements as the SRS indenture.
4 Other Uses of Net Income represent capital expenditures on facilities in the Student Residence System in excess of amounts on hand in related reserve funds as of the beginning of the fiscal year.
5 As calculated per the annual net income coverage covenant requirement.

As of June 30, 2011, the cash balances in the various accounts comprising the Student Residence System's Revenue Fund, consisting of operating and reserve cash balances, total approximately $73,937,000. The comparable cash balances in these accounts as of June 30, 2010 total approximately $63,059,000. These cash balance may and will be used for facilities excluded from the Bloomington System under the Student Residence System Bonds indenture, most notably for a $16,000,000 facility currently under construction.

Facility Revenue System Bonds

The University has agreed not to issue any further bonds under the Facility Revenue Bonds ("FRB") Indenture. Future revenue bonds for parking facilities are expected to be issued under I.C. 21-35-3 through the CRB Indenture. CRB Series 2008A, which was issued in February 2008, refunded all variable rate FRB. Fixed rate bonds issued under the FRB Indenture that remain outstanding will continue to have a senior lien on the particular pledged revenues and are further payable from legally available funds of the University. The information below represents Annual Financial Information and Operating Data required for FRB.

-- Remainder of Page Intentionally Left Blank --

General Information

The Facility Revenue System consists of various parking facilities located within the University's Bloomington, IUPUI, Kokomo and South Bend parking systems (each a "Parking System"). All parking areas and parking facilities, except visitor lots, on all University campuses are designated by a system of letter coding. Permits issued for parking indicate, by letter, the specific areas in which the permit holder can park. Parking areas are assigned on each campus to recognize the needs of the various user groups identified by the University, including faculty, staff, students, handicapped-accessible, visitor, etc.

The permit figures below report on faculty/staff and student permits only. Faculty/staff and student permits are sold throughout the fiscal year. Student permits are typically sold at the beginning of the fall semester, spring semester, and summer sessions. The figures reported below include parking permits sold for the first quarter of the fiscal year indicated.

The purchase of a permit does not guarantee a parking space, and fines are imposed on vehicles without permits or on vehicles that are parked where the displayed permit is not valid. Parking fees are determined annually by campus administration pursuant to recommendations from the Bloomington Transportation Services department and Bloomington Transportation Advisory Committee, the IUPUI Parking and Transportation Services department, the Kokomo Administration and Finance department, and the South Bend Parking Services department, for each respective campus.

Bloomington Parking System

The Bloomington Parking System provides parking for faculty, staff, students and visitors to the Bloomington campus. Parking is available at four garages, providing an estimated 2,356 garage spaces, and at various surface lots providing an estimated 17,447 spaces, for a total of 19,803 parking spaces. There are an additional 515 garage spaces in one garage on the Bloomington campus that are not included in the Bloomington Parking System for purposes of the Facility Revenue Bond indenture. All parking on the Bloomington campus requires a permit or is cashier controlled. Permits are sold to faculty, staff and students. Permits sold through September 30, 2011, for fiscal year 2011-12, are estimated at 10,710 faculty/staff permits and 9,303 student permits, for a total of 20,013 permits. The cost of a permit varies by type. Faculty/staff permits cost from $125 to $361 per year. The typical full-time student permit costs $106 per year.

IUPUI Parking System

The IUPUI Parking System provides parking for all faculty, staff, students and visitors to the IUPUI campus. Parking is available at eight garages, providing an estimated 8,080 garage spaces, and at various surface lots providing an estimated 10,584 spaces, for a total of 18,664 (15,620 on campus) parking spaces. There are an additional 1,243 garage spaces in one existing garage and approximately 1,300 garage spaces in a garage under construction until the summer of 2012 that are excluded from the IUPUI Parking System for purposes of the Facility Revenue Bond indenture. All parking on the IUPUI campus requires a permit, or is metered or cashier controlled. Permits are sold to faculty, staff and students. Permits sold through September 30, 2011, for fiscal year 2011-12, are estimated at 13,306 faculty/staff permits and 18,582 student permits, for a total of 31,888 permits. The cost of a permit varies by type. Faculty/staff permits cost from $174 to $633 per year. Faculty/staff reserved spaces cost $2,352 per year. A typical full-time student permit costs $288 per year.

Kokomo Parking System

The Kokomo Parking System provides parking for all faculty, staff, students and visitors to the Kokomo campus. Parking is available at one garage, providing an estimated 388 garage spaces, and at various surface lots providing an estimated 985 spaces, for a total of 1,373 parking spaces. All parking on the Kokomo campus, with the exception of visitor parking, requires a permit. Permits are sold to faculty, staff and students. Permits sold through September 30, 2011, for fiscal year 2011-12, are estimated at 356 faculty/staff permits and 2,570 student permits, for a total of 2,926 permits. The cost of a permit varies by type. Student permits are priced according to the number of credit hours enrolled. A typical full-time student permit costs $106 per year. Faculty/staff permits range in price from $106 to $369 per year.

South Bend Parking System

The South Bend Parking System provides parking for all faculty, staff, students and visitors to the South Bend campus. Parking is available at one garage, providing an estimated 695 garage spaces, and at various surface lots providing an estimated 1,837 spaces, for a total of 2,532 parking spaces. All parking on the South Bend campus requires a permit or is cashier controlled. Permits are sold to faculty, staff and students. Permits sold through September 30, 2011, for fiscal year 2011-12, are estimated at 673 faculty/staff permits and 5,806 student permits, for a total of 6,479 permits. The cost of a permit varies by type. Student permits are priced according to the number of credit hours enrolled. A typical full-time student permit costs $137 per year. Staff permits range in price from $172 to $516 per year.

Financial Operations (Facility Revenue System)

The following table, prepared by the University, presents a summary statement of combined revenues and operating costs for the Facility Revenue System for the past five years.

Summary Of Revenues And Operating Costs
Fiscal Years Ended June 30

	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011
Gross Income	$17,477,749	$17,438,761	$18,469,597	$19,727,148	$22,741,953
Revenue Fund Adjustment [1]	1,411,039	985,278	1,052,105	967,024	968,669
Adjusted Gross Income	$18,888,788	$18,424,039	$19,521,702	$20,694,172	$23,710,622
Operating & Maintenance Expenses [2]	8,035,221	7,362,232	10,259,754	11,285,144	12,975,592
Net (Pledged) Income	$10,853,567	$11,061,807	$9,261,948	$9,409,028	$10,735,030
Annual Debt Service Requirement [3]	$ 5,644,155	$ 3,941,110	$4,208,420	$3,868,095	$3,874,675
Other Uses of Net Income [4]	0	0	0	0	0
Total	$ 5,644,155	$ 3,941,110	$4,208,420	$3,868,095	$3,874,675
Debt Coverage Ratio [5]	1.92	2.81	2.20	2.43	2.77

Source: Financial Management Services from financial report of the University, see Notes to the Financial Statements, Segment Information Note; for June 30, 2011 – Note 17, for which June 30, 2010 and 2011 are contained within the accompanying financial report; Office of the Treasurer

1 Include amounts on deposit in the Facility Revenue System's Revenue Fund up to 25% of annual debt service.
2 Excludes depreciation expense.
3 The reduction in the annual debt service requirement between the fiscal years ended June 30, 2007 and June 30, 2008 was primarily the result of the University refunding variable rate FRB bonds with fixed rate CRB. The CRB indenture does not include the same coverage calculation requirements as the FRB indenture.
4 Other Uses of Net Income represent capital expenditures on facilities in the Facility Revenue System in excess of amounts on hand in related reserve funds as of the beginning of the fiscal year.
5 As calculated per the annual net income coverage covenant requirement.

As of June 30, 2011, the cash balances in the various accounts comprising the Facility Revenue System's Revenue Fund, consisting of operating and reserve cash balances, total approximately $20,425,000. The comparable cash balances in these accounts as of June 30, 2010 was approximately $20,966,000.

Consolidated Revenue Bonds

CRB are unsecured limited obligations of the University, payable solely from the Available Funds. CRB are not a general obligation, debt or liability, or a charge against any property or fund of the University or the State of Indiana. The University has covenanted under the CRB Indenture that it will duly and punctually pay or cause to be paid, but solely from Available Funds, which are defined in the paragraph immediately following, the principal or purchase price of, redemption premium, if any, and the interest on the Bonds secured under the Indenture.

Risk Management

The University is exposed to various risks of loss, including torts, theft, damage or destruction of assets, errors or omissions, job-related illnesses or injuries to employees, and health care claims on behalf of employees and their dependents. The University manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds as well as from a wholly-owned captive insurance company, Old Crescent Insurance Company ("OCIC"). The University is self-funded for damage to buildings and building contents for the first $100,000 per occurrence with an additional $400,000 per occurrence covered by OCIC, with commercial excess property coverage above this amount. The University is self-funded for comprehensive general liability and automobile liability for the first $100,000 per occurrence with an additional $900,000 per occurrence covered by OCIC and with supplementary commercial liability umbrella policies. The University has a malpractice and professional liability policy in the amount of $250,000 for each claim and $750,000 annually in aggregate provided by OCIC. The University is self-funded for the first $750,000 of any worker's compensation claim. Excess commercial coverage for up to $1,000,000 is in place for employer liability claims. Worker's compensation claims above $750,000 are subject to statutory limits.

The University has four health care plans for full-time appointed employees, one of which is also available to retirees not eligible for Medicare. All of the employee plans are self-funded. The University records a liability for incurred but unpaid claims for university-sponsored, self-funded health care plans. This liability is estimated to be no more than 15% of the paid self-funded claims during the fiscal year, and totals $26,435,000 and $33,099,000 at June 30, 2011 and 2010, respectively. In addition, a potential claims fluctuation liability of $9,876,000 has been recorded at June 30, 2011 and 2010.

Separate funds have been established to account for the liability of incurred but unpaid health care claims, as well as any unusual catastrophic claims fluctuation experience. All organizational units of the University are charged fees based on estimates of the amounts necessary to pay health care coverage costs, including premiums and claims. See the accompanying Indiana University Financial Report, 2010-11 – Note 11 regarding "Risk Management."

Retirement Plans

The University provided retirement plan coverage to 18,645 and 18,690 active employees, as of June 30, 2011 and June 30, 2010, respectively, in addition to contributing to the Federal Insurance Contributions Act ("FICA") as required by law.

Indiana Public Employees' Retirement Fund The University contributes to the Indiana Public Employees' Retirement Fund ("PERF"), a defined benefit pension plan with an annuity savings account provision. PERF administers the multiple-employer public employee retirement plans, which provide retirement benefits to plan members and beneficiaries. All support, technical and service employees with at least a 50% full-time equivalent ("FTE") appointment participate in the PERF plan. There were 6,678 and 6,892 active University employees covered by this retirement plan as of June 30, 2011 and June 30, 2010, respectively. State statutes authorize the University to contribute to the plan and govern most requirements of the system. The PERF retirement benefit consists of the pension and an annuity savings account, both of which are funded by employer contributions. The annuity savings account consists of contributions set by State statute at three percent of compensation plus the earnings credited to members' accounts. The University has elected to make the contributions on behalf of the members. 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. This report may be obtained by writing the Public Employees Retirement Fund, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 1-888-526-1687, or reviewing the Annual Report online at www.in.gov/inprs/annual reports.htm.

Contributions made by the University totaled $21,404,000 and $20,551,000, for fiscal years ended June 30, 2011 and June 30, 2010, respectively. This represented a 7.0% and 6.5% University pension benefit contribution for fiscal years ended June 30, 2011 and June 30, 2010, respectively, and a 3% University contribution for the annuity savings account provisions each year.

PERF Funding Policy and Annual Pension Cost The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The University's annual pension cost and related information, as provided by the actuary, are presented below.

The employer contributions required by the funding policy at actuarial determined rates are sufficient to fund the pension portion of the retirement benefit (normal cost) and the amortization of unfunded liabilities. The amortization method and period are level dollar closed over 29 years. The actuarial cost method is entry age normal cost. The employer required contribution is determined using an asset smoothing method. The actuarial valuation date is July 1, 2009.

Actuarial assumptions include: 1) an investment rate of return of 7.25%, 2) projected salary increases of 4%, and 3) a 1.5% cost of living increase granted in each future year, applying to current and future retirees.

PERF Funding and Annual Pension Cost
(dollars in thousands)

Fiscal Year Ended June 30	2009	2010 [1]
Annual Required Contribution	$ 13,330	$ 14,699
Interest on Net Pension Obligation	(290)	(312)
Adjustment to Annual Required Contribution	330	355
Annual Pension Cost	$ 13,370	$ 14,742
Contributions Made	(13,681)	(14,016)
Increase (Decrease) in Net Pension Obligation	$ (311)	$ 726
Net Pension Obligation, Beginning of Year	(3,996)	(4,307)
Net Pension Obligation, End of Year	$ (4,307)	$ (3,581)

Source: Financial Management Services from the Indiana University 2010-11 Financial Report – Note 12, accompanying this document
[1] Actuarial data for June 30, 2011 was not available at the time of the financial report.

Annual Pension Cost Contributed and Net Pension Obligation
(dollars in thousands)

Fiscal Year Ended June 30	Annual Pension Cost (APC) [1]	Percentage of APC Contributed	Net Pension Obligation
2008	$11,995	107%	$(3,996)
2009	13,370	102%	(4,307)
2010	14,742	95%	(3,581)

Source: Financial Management Services from the Indiana University 2010-11 Financial Report – Note 12, accompanying this document
[1] Does not reflect costs attributable to the University's 3% defined contribution benefit. See Indiana Public Employees' Retirement Fund above.

Academic and Professional Staff Employees Appointed academic and professional staff employees with at least 50% FTE are covered by the IU Retirement Plan. This is a defined contribution plan under IRC 403(b) with four contribution levels. The University contributed $66,860,000 during fiscal year ended June 30, 2011, and $65,418,000 during fiscal year ended June 30, 2010, to TIAA-CREF for the IU Retirement Plan. The University contributed $21,804,000 during fiscal year ended June 30, 2011, and $21,203,000 during fiscal year ended June 30, 2010, to Fidelity Investments for the IU Retirement Plan. Under this plan, 8,504 and 8,810 employees directed

University contributions to TIAA-CREF as of June 30, 2011 and June 30, 2010, respectively. In addition, 4,138 and 3,635 employees directed University contributions to Fidelity Investments as of June 30, 2011 and June 30, 2010, respectively.

In addition to the above, the University provides early retirement benefits to appointed academic and professional staff employees Grade 16 and above. There were 1,173 and 1,215 active employees on June 30, 2011 and June 30, 2010, respectively, covered by the IU Supplemental Early Retirement Plan ("IUSERP"); a defined contribution plan in compliance with IRC 401(a), with participant accounts at TIAA-CREF and Fidelity Investments. The University contributed $2,695,000 and $2,661,000 to IUSERP during fiscal years ended June 30, 2011 and June 30, 2010, respectively. The same class of employees hired prior to January 1, 1989, is covered by the 18/20 Retirement Plan, a combination of IRC Section 457(f) and Section 403(b) provisions. The 18/20 Retirement Plan allows this group of employees to retire as early as age 64, provided the individual has at least 18 years of participation in the IU Retirement Plan and at least 20 years of continuous University service. During the fiscal year ended June 30, 2011, the University made total payments of $33,153,000 to 386 individuals receiving 18/20 Retirement Plan payments. During the fiscal year ended June 30, 2010 the University made total payments of $32,928,000 to 394 individuals receiving 18/20 Retirement Plan payments.

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. This report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017-3206.

Fidelity Investments issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing Fidelity Investments, 82 Devonshire Street, Boston, MA 02109.

IU Replacement Retirement Plan Funding Policy and Annual Pension Cost The University has established an early retirement plan for eligible employees to accommodate IRS requirements and as authorized by the Trustees. This plan is called the IU Replacement Retirement Plan. It is a single-employer plan and is qualified under IRC Section 401(a), with normal benefits payable for the participant's lifetime. Trust and recordkeeping activities are outsourced to the TIAA-CREF Trust Company. As of June 30, 2011 and June 30, 2010, 98 employees were eligible to participate. University contributions related to this plan totaled $1,677,000 and $1,479,000, for fiscal years ended June 30, 2011 and June 30, 2010, respectively, with no employee contributions. These amounts represent 100% of the funding policy contribution.

The following schedule shows the funding policy contributions for the fiscal years indicated for the IU Replacement Retirement Plan as provided by the actuarial valuation report prepared as of July 1, 2008, for the fiscal year ended June 30, 2009, prepared as of July 1, 2009, for the fiscal year ended June 30, 2010, and July 1, 2010 for the fiscal year ended June 30, 2011.

IU Replacement Retirement Plan Funding Contributions
(dollars in thousands)

Fiscal Year Ended June 30	**2009**	**2010**	**2011**
Cost of benefits earned during the year	$ 696	$ 659	$ 808
Amortization of unfunded actuarial accrued	473	710	767
Interest	94	110	102
Funding policy contribution	$1,263	$1,479	$ 1,677

Source: Financial Management Services from the Indiana University 2010-11 Financial Report – Note 12, accompanying this document

The funded status of the IU Replacement Retirement Plan as provided by the actuarial valuation reports for fiscal years ended June 30, 2009, 2010, and 2011 is as follows:

IU Replacement Retirement Plan Funded Status
(dollars in thousands)

Actuarial Valuation Date	July 1, 2008	July 1, 2009	July 1, 2010
Actuarial accrued liability ("AAL")	$16,750	$17,713	$21,497
Actuarial value of plan assets	11,159	9,422	11,541
Unfunded actuarial liability	$ 5,591	$ 8,291	$ 9,956
Actuarial value of assets as a % of AAL (funded ratio)	66.6%	53.2%	53.7%
Annual covered payroll	$ 8,612	$ 8,446	$ 8,643
Ratio of unfunded actuarial liability to annual covered payroll	64.9%	98.2%	115.2%

Source: Financial Management Services from the Indiana University 2010-11 Financial Report – Note 12, accompanying this document

Actuarial assumptions include a 6.5% asset rate of return and future salary increases of 3% for the fiscal year ended June 30, 2011, and an 8% asset rate of return and future salary increases of 3% for the fiscal year ended June 30, 2010. Liabilities are based on the projected unit credit method. The actuarial value of assets is equal to the fair value on the valuation date adjusted for employer contributions receivable. Actuarial assumptions of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events including future employment and mortality, and are based on the substantive plan provisions.

Additional multiyear trend information regarding the funding progress of the IU Replacement Retirement Plan is provided immediately following the notes to the financial statements.

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. This report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017-3206.

Postemployment Benefits

Plan Description The University provides certain postemployment benefits for retired employees. The IU 18/20 Plan, Medical, and Life Insurance benefits are presented for financial statement purposes as a consolidated plan (the "Plan") under the requirements for reporting Other Postemployment Benefit Plans ("OPEB") required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Plan is a single-employer defined benefit plan administered by Indiana University. The 18/20 Plan provides interim benefits to full-time appointed academic and professional staff employees who meet the following eligibility requirements: 18 years of participation in the IU Retirement Plan 15% level, at least 20 years of continuous full-time University service, and at least 64 years of age. This group of employees is eligible to receive monthly payments based on a hypothetical monthly annuity amount at age 70, up to the amount of terminal base salary, calculated as the average budgeted base salary for the five 12-month periods immediately preceding retirement. The 18/20 Plan was adopted by the Trustees. The University provides medical care coverage to individuals with University retiree status and their dependents. The cost of the coverage is borne fully by the individual. However, retiree medical care coverage is implicitly more expensive than active-employee coverage, which creates an implicit rate subsidy. The University provides retiree life insurance benefits in the amount of $6,000 to terminated employees with University retiree status. The health and life insurance plans have been established and may be amended under the authority of the Trustees. The Plan does not issue a stand-alone financial report.

Funding Policy The contribution requirements of plan members and the University are established and may be amended by the Trustees. The University contribution to the 18/20 Plan and retiree life insurance is based on pay-as-you-go financing requirements. Plan members do not make contributions. The medical plans are self-funded and each plan's premiums are updated annually based on actual claims. Retirees receiving medical benefits paid $1,088,000 and $1,066,000 in premiums in the fiscal years ended June 30, 2011 and 2010, respectively. The

University contributed $52,512,000 and $52,613,000 to the consolidated OPEB Plan in fiscal years ended June 30, 2011 and 2010, respectively.

Annual OPEB Cost and Net OPEB Obligation The University's annual 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 of twenty-five years. The following table shows the University's annual OPEB cost for the year, the amount actually contributed to the plan, and the University's net OPEB obligation as provided by the actuarial results for the fiscal year ended June 30, 2011:

Annual Other Postemployment Benefit Plans Cost
(dollars in thousands)

Fiscal Year Ended June 30	**2010**	**2011**
ARC/Annual OPEB cost	$ 57,859	$ 58,167
Less Employer contribution	52,613	52,512
Increase in OPEB obligation	5,246	5,654
Net OPEB obligation, beginning of year	8,657	13,903
Net OPEB obligation, end of year	$ 13,903	$ 19,557
Percentage of annual OPEB cost contributed	90.9%	90.3%

Source: Financial Management Services from the Indiana University 2010-11 Financial Report – Note 13, accompanying this document

Funded Status and Funding Progress As of June 30, 2011, the most recent actuarial valuation date, the Plan was unfunded. The schedule of funding progress is below:

Other Postemployment Benefit Plans Funded Status and Funding Progress
(dollars in thousands)

Actuarial Valuation Date	**Actuarial Value of Assets (a)**	**Actuarial Accrued Liability (AAL) (b)**	**Unfunded Actuarial Liability (UAAL) (b) – (a)**	**Funded Ratio (a/b)**	**Covered Payroll (c)**	**UAAL as Percentage of Covered Payroll ((b-a)/c)**
July 1, 2008	--	$488,523	$488,523	0.0%	$868,809	56.2%
July 1, 2009	--	443,276	443,276	0.0%	967,369	45.8%
July 1, 2010	--	441,968	441,968	0.0%	959,198	46.1%

Source: Financial Management Services from the Indiana University 2010-11 Financial Report – Taken from the additional multiyear trend information regarding the funding progress of the Other Postemployment Benefit Plans, which is provided immediately following the notes to the financial statements, accompanying this document. It contains one more year than shown in Note 13.

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 University are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, represents 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 Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the University 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

University 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.

The projected unit credit cost method was used in the June 30, 2011 actuarial valuation. The actuarial assumptions include a 4.5 percent investment rate of return, which is a blended rate of (1) the expected long-term investment returns on plan assets and (2) the University's investments which are calculated based on the funded level of the Plan at June 30, 2011; and an annual healthcare cost trend rate that ranges from 9.0 percent in fiscal year 2011 to 4.5 percent in 2020. The rate includes a 3 percent inflation assumption. The Unfunded Actuarial Accrued Liability is being amortized over 25 years using level dollar amounts on an open group basis.

Termination Benefits

In fiscal year 2011 the University offered certain employees an Early Retirement Incentive Plan ("ERIP") intended to attain specific institutional objectives: (a) achieve reduction in salary/wage and benefit expenses; (b) redirect positions to focus on higher priorities; and (c) avoid or minimize future involuntary reductions in personnel.

The ERIP provides three benefits not normally provided to separating employees: (a) Income Replacement Payment: A lump sum payment equal to 10-months pay for tenured faculty, clinical faculty, and librarians and equal to 6-months pay for any other academic employees and all staff employees; (b) Health Reimbursement Account ("HRA"): five years of annual contributions to an account that reimburses employees for some healthcare expenses, such as premiums, deductibles, and copays; these annual HRA contributions will be based on the employee's current medical plan enrollment, from $6,000 for Employee Only coverage to $14,500 for family coverage; with a reduction to $5,000 annually at Medicare age (65); and (c) Medical Coverage until Medicare Age (65): continuation in an IU-sponsored medical plan until age 65, by paying the full premium. (Employees with University Retiree Status may participate in a post-65 Medicare supplement medical plan.)

In fiscal year 2011 the University recognized an expense and liability in the amount of $14,295,000 for Income Replacement Payments. The actuarial accrued liability associated with OPEB was increased by $15,669,000 for HRA contributions.

-- Remainder of Page Intentionally Left Blank --

Exhibit A - Audited Financial Statements for the Fiscal Year Ended June 30, 2011

INDIANA UNIVERSITY

2010-11 Financial Report

When we look at all of this evidence—increased efficiency, increased financial aid to support more Hoosier students, increased contributions to the life of the state, and the increased value of an IU education—through the clear lens of logic, the conclusion is simple. Our university community is actively engaged in and deeply committed to extending our longstanding partnership with the people of this state.

These efforts are not just reactions to the current economic situation. They are our collective and ongoing efforts to define what it means to be a public university with a dual responsibility to the people of the state and to the academy.

And together we ask, what more can we do?

President Michael A. McRobbie,
“State of the University” address, September 27, 2011

IU campuses from top left: IU East, IU Bloomington, IUPUI, IU South Bend, IU Northwest, IU Southeast, and IU Kokomo

FINANCIAL REPORT 2010–11

TABLE OF CONTENTS

Message from the President

Michael A. McRobbie
President, Indiana University

The Honorable
Mitchell E. Daniels, Jr.
Governor, State of Indiana
State House, Room 206
200 West Washington Street
Indianapolis, IN 46204

Dear Governor Daniels:

On behalf of the Trustees of Indiana University, I am pleased to present to you IU's 2010-11 Financial Report.

In recent years—and like many large enterprises within our state—Indiana University has been faced with increasingly difficult financial challenges as a result of the economic downturn. We continue to adjust to a rapidly changing economic and educational environment by evaluating all of our processes for efficiency and effectiveness and asking ourselves fundamental questions about what it means to be a public university in the 21st century.

Throughout these tumultuous times, though, we have been able to achieve a great deal. Our extraordinary progress—which encompasses nearly every key area at the university—reflects our commitment to the central importance and value of education and research at Indiana University and to building a community of dedicated scholars that immeasurably enriches the life of our state.

Our progress is also testament to the efforts of our faculty, staff, and students, who are responsible for record-setting achievements across the university and continue to pursue new and uncharted fields of research, scholarship, and creativity.

Making an Impact Through Research

For the first time in IU history, expenditures on research at IU performed by faculty, staff, and students—and supported over recent years by record amounts of grant funding—have exceeded the $500 million mark in a single fiscal year. IU's record $509 million in research expenditures in the last fiscal year represents about a $1.17 billion economic impact on the state of Indiana and thousands of jobs.

Our faculty discoveries continue to lead to the creation of new start-up companies, the licensing of new software, the development of new medical treatments, and the commercialization of new technologies. All of this has a direct impact on strengthening our state's economic infrastructure and improving the quality of life for all Hoosiers.

Recruiting and Retaining a World-Class Faculty

Indiana University's outstanding faculty continues to gain national and international prominence in their fields. IU boasts a large contingent of faculty who are members of the world's most prestigious national and international academies and societies, including the National Academy of Sciences, the Royal Society, the American Academy of Arts and Sciences, and the American Association for the Advancement of Science.

Last year, J. Marc Overhage, M.D., Ph.D., director of medical informatics at the Regenstrief Institute and Sam Regenstrief Professor of Medicine at the IU School of Medicine, was elected to the Institute of Medicine of the National Academy of Sciences.

Also last year, five faculty members from IU Bloomington—biologists Lynda Delph, Roger Hangarter, Roger Innes and Rudy Raff and political scientist Edward Carmines—were elected to the American Association for the Advancement of Science, the world's largest general scientific society.

In May, IU Ruth Halls and Distinguished Professor Emerita Susan Gubar, one of the nation's leading literary scholars and feminist critics, was admitted to the American Philosophical Society, the oldest learned society in the country, founded in 1745 by Benjamin Franklin. She became the 21st IU faculty member or alumnus admitted to the society in the university's history.

Currently, IU's faculty includes:

- 22 members of national academies,
- 54 members of the American Association for the Advancement of Science; and
- 6 members of the American Philosophical Society.

Attracting Top Students

The quality of our faculty, no doubt, influences students from throughout the state, across the country, and around the world to attend Indiana University.

We welcomed a record of more than 110,000 students this fall on our eight campuses, as all our campuses have reported record enrollments in the last two years. Nearly 85,000 of those students are from Indiana.

Among our record-setting class are more than 7,400 freshmen on our Bloomington campus, which collectively represent the most academically decorated class in our history—including IU's largest class of National Merit Scholars. Eighty percent of in-state students graduated in the top quarter of their high school class and forty percent in the top 10 percent, including a record 128 valedictorians this year. This cohort of students also earned the highest average SAT scores in the campus' history.

The student body is becoming steadily more diverse, with students from underrepresented groups at a record high 14 percent.

Making an IU Education Affordable and Accessible

As a public university, we have an essential obligation to ensure that an IU education remains accessible and affordable to all qualified Hoosier students geographically, programmatically, and financially.

To that end, Indiana University unveiled a plan to significantly reduce undergraduate tuition for summer semester students beginning in 2012. If this plan is received as enthusiastically by our students as I believe it will be, it could make possible a robust year-round approach to education at IU that is more closely aligned with the needs of a 21st century global marketplace than our current calendar allows. The IU Trustees approved this plan at a special session in late October.

Data published recently on the U.S. Department of Education's "College Navigator" website show that an IU education is a tremendous value. Resident undergraduates at IU Bloomington pay the lowest out-of-pocket cost of attendance in the Big Ten—nearly $4,700 per year less than the average out-of-pocket cost to attend the other public Big Ten universities. This achievement saves Hoosier families an average of more than $18,000 over four years compared with residents of other Big Ten states.

This is due in part to a 230 percent increase in resident undergraduate financial aid provided by IU Bloomington over the last five years, increasing campus-funded aid from $18 million to a record $61 million this year, fueled in part by the campus' record-setting Matching the Promise Campaign. This campaign, which we just concluded, raised $1.144 billion, including more than $338 million for undergraduate and graduate student support, making it the most successful campaign in IU history.

Other IU campuses have seen similar developments. IUPUI, which is in the midst of its record-setting $1.25 billion Impact IUPUI fundraising campaign, has increased campus-funded resident undergraduate financial aid grants by $8.1 million over four years, a compounded annual increase of 18.3 percent. Our regional campuses have increased campus-funded resident undergraduate financial aid grants by nearly 15 percent per year or $2.3 million over four years.

Building for the 21st Century

Strengthening the university's infrastructure has been one of our key priorities since the beginning of the recession. We have sought to take advantage of the historically low cost of construction in these difficult economic times to continue to build and renovate facilities for research and education.

Over the last three years, we have greatly accelerated the pace and priority of capital renewal at IU. At present across the university, we have four major buildings under construction, and several more new and renovation projects in planning for a total of nearly two million square feet. All of these buildings will support new research and educational activities or student life.

The total value of all new construction and renovations in progress or planned is approximately $625 million. Of this total, only 25 percent is provided by the State of Indiana, with 75 percent being provided through private sources or internal university sources.

Working Toward Greater Health for Hoosiers

IU's health science and clinical schools—including the schools of medicine, nursing, dentistry, optometry, social work, and health and rehabilitation science—collectively account for about 40 percent of IU's $3 billion budget, and as such they represent the largest component.

Taken as a whole, the educational, research, and clinical activities of these schools and programs are one of the major ways in which IU contributes to the social and economic development of Indiana. Indeed, more than 50 percent of Indiana's physicians, 40 percent of nurses, 90 percent of dentists, and 60 percent of optometrists are trained at IU.

Over the next few years, we will expand our efforts in the health sciences and health care. To this end, we are working to establish two new schools of public health, one at IU Bloomington and one at IUPUI. And earlier this year, Clarian Health Partners—the largest statewide hospital system in Indiana and one of the largest in the nation with a budget of $3.75 billion—officially became Indiana University Health. This change has highlighted the impact that IU has every day on the health and well being of hundreds of thousands of Hoosiers.

Strengthening Economic Engagement

In addition to our role in support of the growth and expansion of IU Health, including the recent dedication of the Glick Eye Institute and the work in progress of the new Neurosciences Center of Excellence in Indianapolis, we are also helping strengthen Indiana's economy by enhancing our business incubators, convening technology showcase events in partnership with Purdue University, and establishing new business resource services in collaboration with a number of the state's Small Business Development Centers from Merrillville to New Albany.

Many of our economic development efforts are focused through the IU Research and Technology Corporation (IURTC), whose mission is to accelerate the transformation of innovations and intellectual property developed by IU faculty, staff, and students into new products, services, and companies to improve Indiana's economy and our national competitiveness.

Last year was yet another very successful year in this regard with 175 invention disclosures received (a 13 percent increase over last year), a record seven new start-up companies arising from IU licensed technologies, more than $11 million in licensing revenues, and perhaps the biggest news of the year being the acquisition of IU-based Marcadia Biotech by Roche in a deal worth up to $537 million.

Expanding Our Global Presence

IU continues to increase its international engagement through globally aware education, enlarged study abroad activity, alumni activity, and expanded strategic partnerships with leading institutions of higher learning throughout the world.

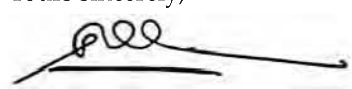
Record numbers of IU students are studying abroad, increasing 11 percent across the IU system, according to the most recent data, in more diversified locations including Asia, Africa and Latin America in addition to Western Europe. In fact, for the first time in the university's history, we ranked third in the CIC for the number of IU students studying abroad. Additionally, IU's fall 2011 semester enrollment across all eight campuses consists of 7,175 international students from 127 nations. This number represents a 9.3 percent increase over the 2010 level and is the largest number of international students ever enrolled at IU.

The New Academic Directions report for the Bloomington and Indianapolis campuses maps out new developments and even new futures for Indiana University in a number of areas, including our international presence. It recommends leveraging our outstanding reputation in scholarship and research on countries, cultures, and regions around the globe by developing a School of International Studies that will further strengthen this area and offer Hoosier students even more opportunities for the global education so necessary to their future success.

Conclusion

As the following financial report illustrates, Indiana University continues to regard the funding it receives as a public trust. We are deeply grateful for the support we receive from state appropriations, donor contributions, grants or contracts, and student fees, and are committed to achieving the best return on all of those investments. We also remain dedicated to fulfilling all of IU's core missions of education and research and to our engagement in the successful future of the state.

Yours sincerely,



Michael A. McRobbie
President

Message from the Senior Vice President and Chief Financial Officer

Neil Theobald
Senior Vice President and Chief Financial Officer, Indiana University

Dear President McRobbie and the Trustees of Indiana University:

It is with a significant measure of pride that I present to you the consolidated financial report for Indiana University for the fiscal year ended June 30, 2011.

In my letter to you presenting last year's financial report, I spoke of the challenging economic conditions under which the university, and all of higher education, was operating. And while the economic picture has brightened somewhat in the past year, significant hurdles remain.

Unemployment in Indiana, and across the nation, remains at stubbornly high levels and wages continue to be stagnant. In Indiana the current jobless rate remains above 8 percent and many of those who have jobs have seen their wages frozen or even cut, making the challenge of paying for a college education greater than ever for many.

In turn, states around the nation are responding to the effects of the continued economic stress by drastically reducing spending in many areas. Indiana has fared better than many of its neighbors, but even so the state legislature has been forced to make difficult funding decisions that have resulted in reduced support for higher education over the past several years. State support for IU has fallen below 20 percent of our operating budget and we expect that figure to decline further in the coming years.

Rising to the Challenge

Despite those challenges, however, I am very pleased to report that Indiana University has remained on extremely solid financial ground as a result of many of the initiatives we have undertaken in recent years to become more efficient in our operations. As a university, our total net assets – a critical indicator of the university's current financial health - increased 11 percent from the prior fiscal year.

We have made great strides in the hard work necessary to become more efficient in response to the current economic downturn. Faculty and staff across the university have done more with less, which has allowed us to reduce our ongoing base budget by $36 million for the past two years.

At the same time, we are working to better manage our health care spending by partnering with IU Health and other medical providers to enhance the delivery of clinical services to our employees, retirees, graduate students, and their families. In that vein, we announced a program this fall to bring expanded clinical services to our employees, retirees and graduate students, as well as their families. That program will begin in Bloomington in January 2012 and we anticipate expanding these clinical services to all seven campuses over the next few years.

We also generate an additional $40 million in savings each year through continuing innovative software licensing agreements that allow faculty, staff and students to access essential computer applications at greatly reduced cost. This continues to be a hallmark of information technology at IU and goes back to IU's path-breaking agreement with Microsoft in 1998 that has since saved IU tens of millions of dollars.

Altogether, our operating costs last year, calculated as a percentage of full-time enrollment were up less than 1 percent in the 2010-2011 academic year as compared to the previous year.

Indeed, a recent benchmarking study found that our administrative costs are lower than those at our peer institutions and that our human resource and payroll processes are world-class among even for-profit companies. Based on this study, we are also currently restructuring both IU marketing and student services to increase efficiency. We are looking for further efficiencies, combining functions where we can without harming our core missions.

As just one example of our progress in these areas, Kiplinger's Personal Finance magazine rated IU-Bloomington 28th in quality for the cost of education, from among more than 500 public institutions.

Additionally, both major credit rating agencies, Moody's and Standard and Poor's, either reaffirmed or raised our credit ratings during the 2010-2011 fiscal year. IU remains one of a small handful of U.S. universities to carry a coveted "Aaa" rating from Moody's. As an "investment grade" institution, we have lowered the cost of servicing our debt significantly in recent years, saving the state more than $30 million.

Remaining True to our Mission

At the same time we have focused on becoming more efficient, we have not lost sight of our core mission: to provide an affordable world-class college education, with a special emphasis on serving the educational needs of talented Indiana high school graduates.

As President McRobbie noted in his letter introducing this report, IU welcomed a record of more than 110,000 students to class this fall, including the most academically recognized freshman class in our history on the Bloomington campus. The fact that 40 percent of our current in-state freshman students finished in the top 10 percent of their high school classes is a testament to the high quality students IU continues to attract.

Attracting good students is only part of our job, however. Once they are here, we need to help them stay on course to graduate on time with the academic credentials they need to succeed in the 21st century global marketplace.

Central to that effort is attracting and retaining the outstanding faculty needed to train tomorrow's scholars and leaders, and to conduct vital research across myriad disciplines. We benefit from a faculty that is decorated for its scholarship and teaching, and with our research expenditures breaking the $500 million mark for the first time during the 2010-2011 fiscal year, IU continues to make a significant contribution to the state's economy and to the well being of its residents.

We are not resting on our laurels, however. For example, we have ambitious plans in place to strengthen the already considerable body of work done at the IU School of Medicine through our Strategic Research Initiative that will leverage the combined strengths of IU Health and the School of Medicine to produce transformational research with an emphasis on cancer, cardiovascular health and neuroscience.

Additionally, we seek to improve the quality of health for all Hoosiers through the creation of schools of Public Health in Bloomington and Indianapolis, for which we received state approval this fall.

These are just two recent examples of the ambitious research agenda at Indiana University, which adds a sense of urgency to our work to retain and attract top-flight faculty. As part of our efforts in this area, money was set aside in the current budget to reward top faculty with raises of up to 5.5 percent in order to remain competitive in the market, even as economic conditions required us to limit overall average salary increases to 1.5 percent for the current academic year. We also continue to actively recruit outstanding faculty while other institutions have been forced to lay off staff.

Committed to Affordable Excellence

Given the economic challenges we face as a state and a country today, much of the public debate on higher education has centered on costs, specifically tuition.

Tuition represents only a fraction of the overall cost of attending college, and the facts are that vast majority of Indiana resident students pay far less than the stated "sticker price" for their IU education. In fact, resident undergraduates at our Bloomington campus pay the lowest out-of-pocket cost of attendance in the Big Ten, and IU campuses across the state represent six of the seven most affordable universities in the state for earning a bachelor's degree.

Still, we recognize that we can – and should – do even more to increase access to an IU education by improving affordability. We have taken a major step this fall through a bold new initiative that will lower costs, provide incentive for students to graduate on time, or even ahead of schedule, and allow us to make better use of our facilities.

Our plan to reduce tuition for all students attending summer sessions on all our campuses by 25 percent for Indiana residents – and by an equivalent dollar amount for non-residents- will provide significant financial relief to students and their families. It also will encourage more students to take advantage of the IU academic calendar 12 months a year, and in doing so helping them graduate in shorter time with less debt.

This type of innovative thinking has been a hallmark of Indiana University for nearly 200 years, and we are committed to further innovation – from the way we teach our students to the areas of research our faculty pursues to the manner in which we operate the university in a time of significant economic challenges.

In his State of the University address this September, President McRobbie urged all of us at IU to rethink what it means to be a public university in the 21st century so that we can strengthen our position as a leading research institution and our commitment to affordable excellence.

I think the results detailed in this report make it clear that we begin the next phase in our ongoing journey on solid financial footing. I encourage you to closely examine the report and welcome your questions and ideas.

Thanks to all of you for your continued support and leadership of Indiana University.

Sincerely,

Neil Theobald
Senior Vice President and Chief Financial Officer

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT AUDITORS' REPORT

TO: THE OFFICIALS OF INDIANA UNIVERSITY, BLOOMINGTON, INDIANA

We have audited the accompanying basic financial statements of Indiana University (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 1, 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 Indiana University, 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 21, 2011, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or 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, Trustee and Administrative Officers of Indiana University, Additional Information, and Acknowledgements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section, Trustee and Administrative Officers of Indiana University, Additional Information, and Acknowledgements 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 21, 2011

Management's Discussion and Analysis

The following discussion and analysis provides an overview of the financial position and activities of Indiana University (university) for the fiscal years ended June 30, 2011 and 2010, along with comparative financial information for fiscal year ended June 30, 2009. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and footnotes contained in this report.

The university's financial report includes three financial statements prepared in accordance with Government Accounting Standards Board (GASB) principles. This discussion is designed to assist readers in understanding those statements.

The Statement of Net Assets presents the university's financial position by reporting all assets, liabilities and net assets at the end of the fiscal year. Net assets, the difference between total assets and total liabilities, are one indicator of the current financial condition of the university.

The Statement of Revenues, Expenses, and Changes in Net Assets presents the total revenues earned and expenses incurred by the university during the fiscal year. Changes in net assets are an indication of improvement or decline in the overall financial condition.

The Statement of Cash Flows provides additional material about the university's financial results by presenting detailed information about the cash activity of the university during the year. The statement reports the major sources and uses of cash.

Statement of Net Assets

A comparison of the university's assets, liabilities and net assets at June 30, 2011, 2010 and 2009, is summarized as follows:

Condensed Statement of Net Assets
(in thousands of dollars)

	June 30, 2011	*June 30, 2010*	*June 30, 2009*
Current assets	$ 961,001	$ 971,819	$ 820,745
Capital assets	2,422,233	2,316,762	2,197,123
Other assets	1,173,342	991,626	796,378
Total assets	**4,556,576**	**4,280,207**	**3,814,246**
Current liabilities	554,715	525,609	461,007
Noncurrent liabilities	1,042,860	1,077,731	935,678
Total liabilities	**1,597,575**	**1,603,340**	**1,396,685**
Invested in capital assets, net of related debt	1,621,228	1,555,422	1,475,395
Restricted net assets	170,156	175,197	157,711
Unrestricted net assets	1,167,617	946,248	784,455
Total net assets	**$ 2,959,001**	**$ 2,676,867**	**$ 2,417,561**

Assets

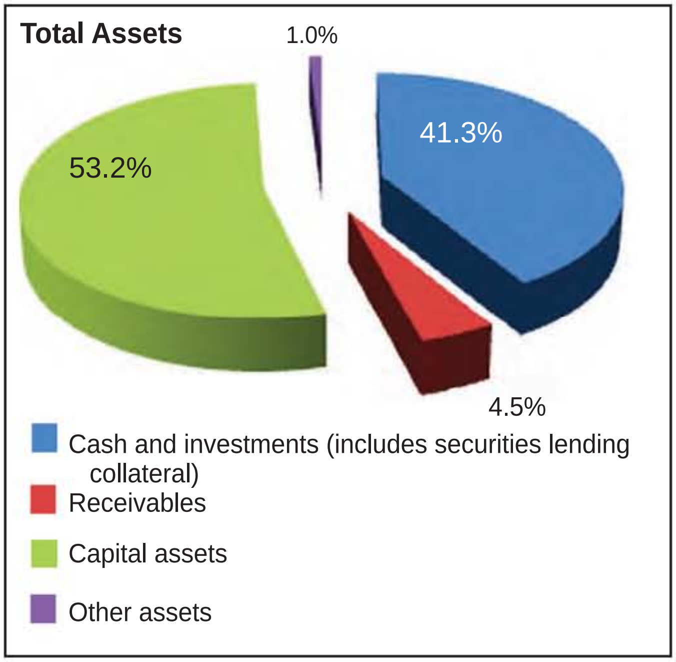
Current assets include those that are used to support current operations and consist primarily of cash and cash equivalents, securities lending collateral and net receivables.

Noncurrent assets consist mainly of endowments, other noncurrent investments, and capital assets, net of accumulated depreciation. Noncurrent receivables consist of student loan receivables scheduled for collection beyond the current year reported.

The following table and chart represent the composition of total assets:

Total Assets
(in thousands of dollars)

Cash and investments (includes securities lending collateral)	$ 1,882,569	41.3%
Receivables	206,378	4.5%
Capital assets	2,422,233	53.2%
Other assets	45,396	1.0%
Total assets	**$ 4,556,576**	**100.0%**



Total assets of $4,556,576,000 at June 30, 2011 represent an increase of $276,369,000 over June 30, 2010.

The net decrease in current assets of $10,817,000 is primarily due to a $91,183,000 decrease in cash and cash equivalents, reflecting net spending of bond proceeds on construction projects and rebalancing of the investment portfolio with a shift to longer term investments. This decrease is partially offset by an increase of $36,958,000 in securities lending collateral and an increase of $36,302,000 in short-term investments, or investments with longer maturity timeframes compared to cash equivalents. Securities lending collateral balances vary with the volume of investments available for loan and with the level of demand by borrowers.

Noncurrent investments increased by $186,238,000, primarily due to rebalancing and investment gains. Capital assets, net of accumulated depreciation, increased $105,471,000, or 4.6%, at June 30, 2011, primarily due to net additions of $95,895,000 in buildings and construction in progress.

Liabilities

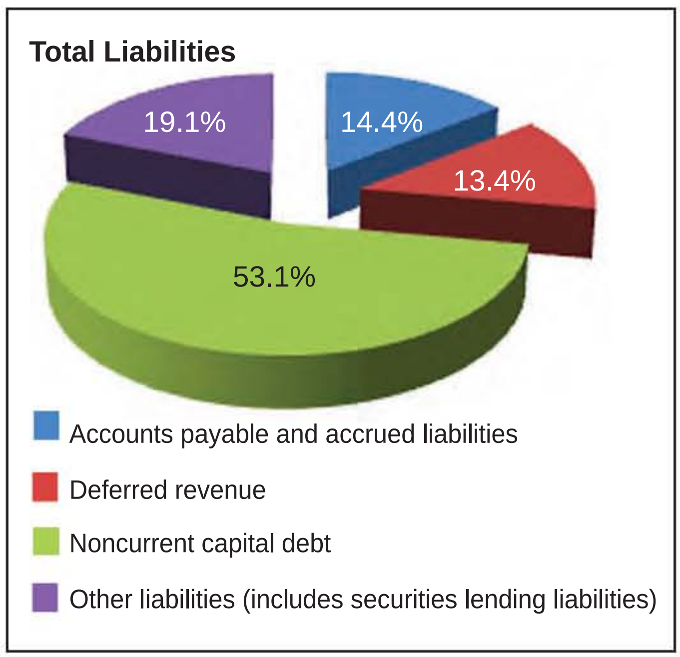
Current liabilities are those that are expected to become due and are payable over the course of the next fiscal year. Current liabilities consist primarily of accounts payable and other accrued liabilities, including salaries, wages and compensated absences, deferred revenue, and liabilities for securities lending activity. The current portion of deferred revenue is comprised of summer session student fees received and deferred to the following fiscal year and funds received in advance of expenditures on sponsored projects.

The university's noncurrent capital obligations, leases, notes, and bonds payable, represent 53.1% and 55% of total liabilities at June 30, 2011 and 2010, respectively. Noncurrent deferred revenue represents funds received in advance of expenditures on sponsored projects and deferred past the end of the following fiscal year. Assets held in custody for others are advances from the federal government for the purpose of making loans to students.

The following table and chart represent the composition of total liabilities:

Total Liabilities
(in thousands of dollars)

Accounts payable and accrued liabilities	$ 229,753	14.4%
Deferred revenue	214,200	13.4%
Noncurrent capital debt	849,263	53.1%
Other liabilities (includes securities lending liabilities)	304,359	19.1%
Total liabilities	**$ 1,597,575**	**100.0%**



Total liabilities decreased $5,765,000 from June 30, 2010 to June 30, 2011. Current liabilities increased $29,106,000, largely due to an increase of $36,958,000 in securities lending liabilities, which was offset by an equivalent increase in securities lending collateral. Noncurrent liabilities decreased by $34,871,000, or 3.2%, primarily due to net principal payments on bonds and notes.

Net Assets

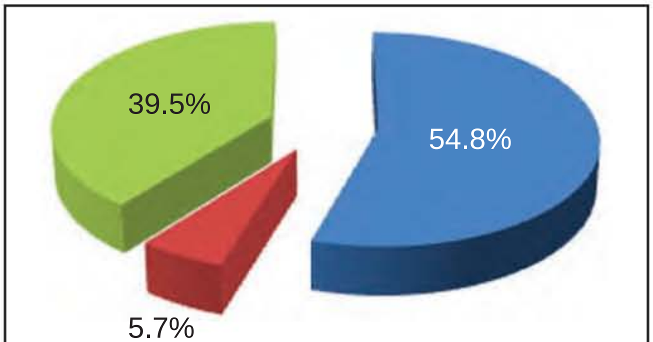
Net assets represent the residual interest in the university's assets after liabilities are deducted. Net assets are classified into three major categories:

- Invested in capital assets, net of related debt represents the university's investment in capital assets, such as equipment, buildings, land, infrastructure and improvements, net of accumulated depreciation and related debt.
- Restricted net assets include amounts that have been restricted by external parties and are divided into two sub-categories:
  - Restricted non-expendable net assets must be held inviolate and in perpetuity. These funds represent the university's permanent endowment funds received for the purpose of creating present and future income.
  - Restricted expendable net assets are available for expenditure by the university, but must be spent according to restrictions imposed by third parties.
- Unrestricted net assets include amounts institutionally designated or committed to support specific purposes.

The following table and chart represent the composition of net assets:

Total Net Assets
(in thousands of dollars)

Invested in capital asssets, net of related debt	$ 1,621,228	54.8%
Restricted	170,156	5.7%
Unrestricted	1,167,617	39.5%
Total net assets	**$ 2,959,001**	**100.0%**



The $65,806,000 increase in capital assets, net of related debt during fiscal year 2011 reflects the university's continued investment in the future through development of its long-range capital plans.

Although unrestricted net assets are not subject to third-party restrictions, these funds are subject to internal designations for academic and research initiatives, capital projects, and unrestricted quasi and term endowments. The majority of the university's overall increase in net assets of $282,134,000 during fiscal year 2011 is comprised of the increase in unrestricted net assets.

Statement of Revenues, Expenses, and Changes in Net Assets

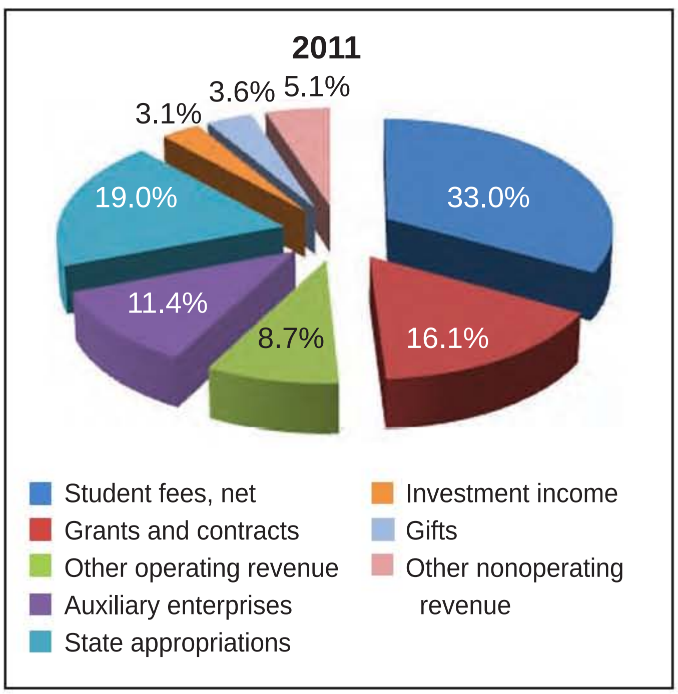
Revenues and expenses are classified as either operating or nonoperating. Generally, operating revenues are received for providing goods and services. Nonoperating revenues include state appropriations, gifts and investment income. Operating expenses are those incurred to carry out the normal operations of the university. As a public university, certain revenue sources that are an integral part of operations are required by GASB standards to be reported as nonoperating revenues.

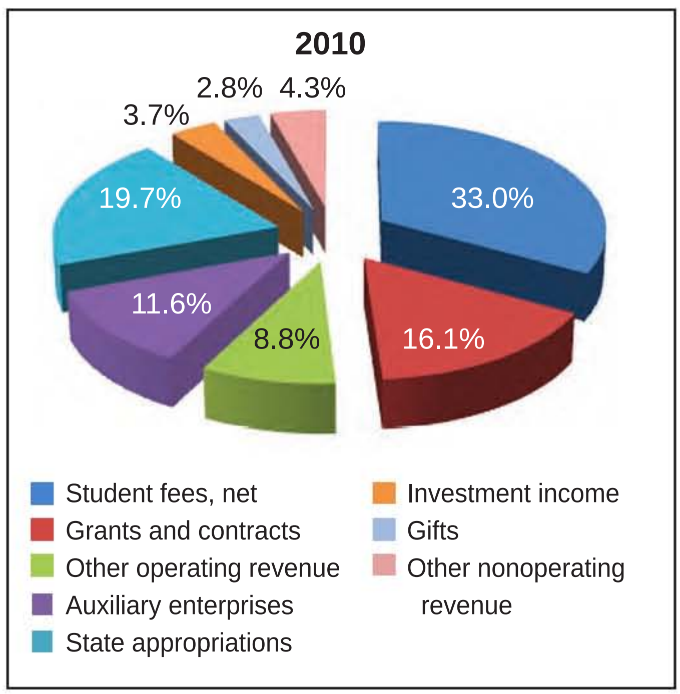
Union Street Dorms, IU Bloomington

A summarized comparison of the university's revenues, expenses, and changes in nets assets is presented below:

Condensed Statement of Revenues, Expenses, and Changes in Net Assets *(in thousands of dollars)*			
	Fiscal Year Ended		
	June 30, 2011	*June 30, 2010*	*June 30, 2009*
Operating revenues	$ 2,003,416	$ 1,933,283	$ 1,874,070
Operating expenses	(2,579,131)	(2,493,131)	(2,434,854)
Total operating loss	(575,715)	(559,848)	(560,784)
Nonoperating revenues	864,410	830,682	694,456
Nonoperating expenses	(33,155)	(32,401)	(31,829)
Income before other revenues, expenses, gains and losses	255,540	238,433	101,843
Other revenues	26,594	20,873	30,228
Increase in net assets	**282,134**	**259,306**	**132,071**
Net assets, beginning of year	**2,676,867**	**2,417,561**	**2,285,490**
Net assets, end of year	**$ 2,959,001**	**$ 2,676,867**	**$ 2,417,561**

The following charts represent revenues by major source for fiscal years 2011 and 2010:





Total operating revenues in fiscal year 2011 increased by $70,134,000, or 3.6%, to $2,003,416,000. The most significant single source of operating revenue for the university is tuition and fees. Tuition and fees, net of scholarship allowances, increased $37,899,000, or 4.1% over the prior fiscal year. Gross tuition and fees increased 5.2% in fiscal year 2011, reflecting a 1.6% growth in total enrollment and an effective rate increase of 3.6%. Additional competitive funding related to the American Recovery and Reinvestment Act (ARRA) contributed to an increase of $25,996,000 in federal grant and contract revenue, which was offset by decreases in state and local grants and contracts.

Operating expenses of $2,579,131,000 in fiscal year 2011 increased $86,000,000, or 3.4% compared to fiscal year 2010. Student financial aid increased percentage-wise more than any other category of expense. The university's commitment to preserving access to education is reflected in the increase in total financial aid (including scholarship allowances) of $35,909,000 or 10.6% from 2010 to 2011. Compensation and benefits represent 67.1% of total operating expenses and increased by $46,078,000, or 2.7% in fiscal year 2011. Energy and utilities increased $4,503,000 and travel increased $3,289,000.

Nonoperating revenues, net of expenses, increased $32,974,000, or 4.1% from fiscal years 2010 to 2011. In fiscal year 2011, federal government financial aid grants increased $22,747,000 and private, non-capital gifts increased $26,765,000. Significant components of gift income were received in the areas of scholarships, athletics, the Indiana University Art Museum, the Glick Eye Institute and unrestricted endowments. Total investment income declined from $103,265,000 in fiscal year 2010 to $89,644,000 in fiscal year 2011 due to lower unrealized gains.

Capital appropriations increased $8,979,000 from fiscal year 2010 to 2011, primarily due to the receipt of one-time federal fiscal stabilization funds authorized by the ARRA and awarded to the university through the state for repair and rehabilitation.

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the university's financial results by reporting the major sources and uses of cash during the fiscal year. The statement assists in evaluating the university's ability to generate future net cash flows to meet its obligations as they become due and aids in determining the need for external financing. The statement is divided into four sections based on major activity: operating, noncapital financing, capital and related financing, and investing. A fifth section reconciles the operating income or loss on the Statement of Revenues, Expenses, and Changes in Net Assets to the net cash used in operations.

A summarized comparison of the university's changes in cash and cash equivalents is presented below:

Comparative Statement of Cash Flows

(in thousands of dollars)

		Fiscal Year Ended	
	June 30, 2011	*June 30, 2010*	*June 30, 2009*
Net cash provided (used) by:			
Operating activities	$ (417,254)	$ (369,350)	$ (441,935)
Noncapital financing activities	763,296	729,931	722,257
Capital and related financing activities	(303,733)	(140,467)	(261,661)
Investing activities	(133,492)	(101,713)	(40,275)
Net increase (decrease) in cash and cash equivalents	(91,183)	118,401	(21,614)
Beginning cash and cash equivalents	671,293	552,892	574,506
Ending cash and cash equivalents	**$ 580,110**	**$ 671,293**	**$ 552,892**

Cash received from operations consists primarily of student fees, grants and contracts, and auxiliary enterprise revenue. Payments to employees represent the largest use of cash for operations. Net cash used in operating activities increased $47,904,000 from fiscal years 2010 to 2011. Significant sources of cash provided by noncapital financing activities are used to fund operating activities, including state appropriations, federal Pell grants and private noncapital gifts. Cash flows from noncapital financing activities increased $33,365,000 in fiscal year 2011. Fluctuations in capital and related financing activities reflect decisions made relative to the university's capital and financing plans and the net increase in cash used in this category is primarily due to a lower volume of debt issued in fiscal year 2011 compared to that in fiscal year 2010. Cash flows from investing activities include shifts between cash equivalents and longer term investments.

Capital Asset Activity

The university has undertaken projects to develop master plans for the Bloomington and IUPUI campuses. The master plans are intended to guide the university in creating a framework for strategic development and decision-making grounded in academic and research needs, the realities of campus environments, fiscal constraints and broad campus constituencies. On all of the university's campuses, the development and renewal of facilities continues to support the mission of the university.

The Cyberinfrastructure Building (CIB) was substantially completed in June 2011 at a total project cost of $35.7 million. The CIB is the latest addition to the university's growing technology park on the Bloomington campus. The building is designed to visually represent the university's technology environment and its commitment to innovation in service to the university's teaching, learning and research missions.

The Glick Eye Institute, an $18.5 million construction project, was completed on the IUPUI campus in early 2011. The new building combines space for research, patient care, and education to advance the understanding and treatment of eye disease. The Glick Eye Institute was made possible with a major gift from the Eugene and Marilyn Glick Family Foundation.

The university formally dedicated Union Street Center on the Bloomington campus in December 2010. The student residential complex offers fully furnished apartments to undergraduate students along with fitness areas, a student government office, and classroom and seminar space. The cost of building construction was $68 million.

Harper Hall on the South Bend campus, home of the Mike and Josie Harper Cancer Research Institute, was dedicated in March 2011. The building was constructed as a collaborative effort between the University of Notre Dame and the Indiana University School of Medicine. A gift of $10 million to Notre Dame was matched with a $10 million appropriation from the State of Indiana to Indiana University. Scientists from both institutions will collaborate on research in cancer biology in the new facility.

Debt and Financing Activity

Institutional borrowing capacity is a valuable resource that is actively managed in support of the institutional mission. Bonds, notes, and capital lease obligations totaled $899,340,000 and $943,970,000 at June 30, 2011 and June 30, 2010, respectively.

On March 10, 2011, the university issued Consolidated Revenue Bonds, Series 2011A with a par amount of $16,040,000. The purpose of the issue was to provide financing for the construction of the Sports Complex Garage Expansion on the Indianapolis campus.

The University's ratings on debt obligations were reviewed and updated in December 2010. On December 21, 2010, Moody's Investors Service (Moody's) reaffirmed its underlying rating of 'Aaa' (global scale) with a Stable Outlook on student fee bonds, student residence system, facility revenue bonds, consolidated revenue bonds, and certificates of participation. On December 16, 2010, Standard & Poor's Ratings Services (S&P), raised its long-term rating and underlying rating from 'AA' with a positive outlook to 'AA+' with a stable outlook on student fee bonds, student

Glick Eye Center, IUPUI

residence system, facility revenue bonds, consolidated revenue bonds, and certificates of participation.

Economic Outlook

The State of Indiana provides less than 20% of Indiana University's total financial resources during a fiscal year. While still seriously affected by the lasting effects of the national recession, fiscal year 2011 provided some financial improvement for the state.

Unemployment, while still at recession levels, declined to 8.3% in June 2011, down from its high of 10.9% during the height of the recession. At the same time, state tax revenues improved considerably during fiscal year 2011 with total revenues 8.9% higher than fiscal year 2010. In fact, actual revenue collections exceeded forecast by $204 million. This improved revenue performance, combined with successful state expenditure cuts, improved the state's overall fiscal standing as measured by total state reserves. These reserves increased from $831 million at the close of fiscal year 2010 to $1,182 million at the close of fiscal year 2011, or 8.4% of projected net state expenditures. Thus, the state's fiscal standing improved significantly.

Looking ahead to fiscal year 2012, total revenues were forecast to increase by 5.1%. However, since fiscal year 2011 actual revenues were $204 million above forecast, revenues will need to increase by only 3.5% to achieve the level of revenue forecast for the year. The cushion provided by excess collection above forecast in fiscal year 2011 could be needed due to the national economic slowdown experienced during the first three quarters of calendar year 2011.

Student enrollment for the university is projected to remain strong during the 2011-12 academic year. Overall, the financial position of the university is favorable and management will continue to monitor state and national economic conditions as part of its critical financial decision-making process.

Cyberinfrastructure Building,
IU Bloomington

Statement of Net Assets

(in thousands of dollars)	*June 30, 2011*	*June 30, 2010*
ASSETS		
Current assets		
Cash and cash equivalents	$ 580,110	$ 671,293
Accounts receivable, net	121,106	111,087
Current portion of notes and pledges receivable	13,176	14,199
Inventories	12,020	13,021
Short-term investments	83,036	46,735
Securities lending assets	118,177	81,219
Other assets	33,376	34,265
Total current assets	961,001	971,819
Noncurrent assets		
Accounts receivable	12,327	13,445
Notes and pledges receivable	59,769	63,173
Investments	1,101,246	915,008
Capital assets, net	2,422,233	2,316,762
Total noncurrent assets	3,595,575	3,308,388
Total assets	**4,556,576**	**4,280,207**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	229,753	231,074
Deferred revenue	156,708	151,319
Current portion of capital lease obligations	1,269	1,149
Current portion of long-term debt	48,808	60,848
Securities lending liabilities	118,177	81,219
Total current liabilities	554,715	525,609
Noncurrent liabilities		
Capital lease obligations	2,069	2,600
Notes payable	29,274	31,168
Assets held in custody for others	75,792	74,334
Deferred revenue	57,492	62,874
Bonds payable	817,920	848,205
Other long-term liabilities	60,313	58,550
Total noncurrent liabilities	1,042,860	1,077,731
Total liabilities	**1,597,575**	**1,603,340**
NET ASSETS		
Invested in capital assets, net of related debt	1,621,228	1,555,422
Restricted for:		
Nonexpendable - endowments	20,429	19,399
Expendable		
Scholarships, research, instruction and other	124,382	114,316
Loans	15,998	25,067
Capital projects	9,059	10,115
Debt service	288	6,300
Unrestricted	1,167,617	946,248
Total net assets	**2,959,001**	**2,676,867**
Total liabilities and net assets	**$ 4,556,576**	**$ 4,280,207**

See accompanying notes to the financial statements.

Indiana University Foundation
Statement of Financial Position
As of June 30, 2011

	Unrestricted		Temporarily Restricted		Permanently Restricted		
	Foundation	**Agency**	**Foundation**	**University**	**Foundation**	**University**	**Total**
Assets:							
Cash and equivalents	$ -	$ 14,161,778	$ 248,483	$ 127,698,836	$ 500	$ 2,546,163	144,655,760
Collateral under securities lending agreement	1,697,493	7,866,877	182,526	14,060,598	851,789	36,182,767	60,842,050
Receivables and other assets	6,570,616	265,249	7,305	3,296,502	28,574	8,066,694	18,234,940
Promises to give, net	322,698	-	2,765,305	77,617,893	922,367	71,136,946	152,765,209
Investments	83,755,653	199,754,181	8,388,185	369,732,465	22,186,420	940,831,044	1,624,647,948
Property, plant and equipment, net	53,728,819	-	-	-	-	-	53,728,819
Total assets	$ 146,075,279	$ 222,048,085	$ 11,591,804	$ 592,406,294	$ 23,989,650	$ 1,058,763,614	$ 2,054,874,726
Liabilities and net assets:							
Liabilities:							
Accounts payable and other	$ 3,076,608	$ 121,471	$ 8,963	$ 544,038	$ 148,744	$ 746,335	$ 4,646,159
Payable under securities lending agreement	1,697,493	7,866,877	182,526	14,060,598	851,789	36,182,767	60,842,050
Debt	4,052,416	-	-	-	-	58,083	4,110,499
Accrued trust obligation to life beneficiaries	92,013	-	3,383,623	6,044,774	138,809	21,629,229	31,288,448
Due to (from)	104,313,514	1,680,132	247,991	(115,927,806)	215,507	9,470,662	-
Interfund financing	(2,400,000)	-	-	2,400,000	-	-	-
Assets held for the University	-	196,092,687	-	-	-	-	196,092,687
Assets held for University affiliates	-	16,286,918	-	-	-	-	16,286,918
Total liabilities	110,832,044	222,048,085	3,823,103	(92,878,396)	1,354,849	68,087,076	313,266,761
Net assets	35,243,235	-	7,768,701	685,284,690	22,634,801	990,676,538	1,741,607,965
Total liabilities and net assets	$ 146,075,279	$ 222,048,085	$ 11,591,804	$ 592,406,294	$ 23,989,650	$ 1,058,763,614	$ 2,054,874,726

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses, and Changes in Net Assets

(in thousands of dollars)	*Fiscal Year Ended June 30, 2011*	*Fiscal Year Ended June 30, 2010*
Operating revenues		
Student fees	$ 1,145,260	$ 1,088,373
Less scholarship allowance	(189,079)	(170,091)
Federal grants and contracts	344,642	318,646
State and local grants and contracts	17,074	23,830
Nongovernmental grants and contracts	103,439	102,839
Sales and services of educational units	60,869	64,475
Other revenue	190,661	181,640
Auxiliary enterprises (net of scholarship allowance of $21,151 in 2011 and $18,750 in 2010)	330,550	323,571
Total operating revenues	**2,003,416**	**1,933,283**
Operating expenses		
Compensation and benefits	1,731,042	1,684,964
Student financial aid	165,299	150,779
Energy and utilities	68,534	64,031
Travel	40,219	36,930
Supplies and general expense	443,499	430,712
Depreciation and amortization expense	130,538	125,715
Total operating expenses	**2,579,131**	**2,493,131**
Total operating loss	**(575,715)**	**(559,848)**
Nonoperating revenues (expenses)		
State appropriations	549,917	549,755
Grants, contracts, and other	120,035	99,613
Investment income	89,644	103,265
Gifts	104,814	78,049
Interest expense	(33,155)	(32,401)
Net nonoperating revenues	**831,255**	**798,281**
Income before other revenues, expenses, gains, or losses	**255,540**	**238,433**
Capital appropriations	11,984	3,005
Capital gifts and grants	14,565	17,323
Additions to permanent endowments	45	545
Total other revenues	**26,594**	**20,873**
Increase in net assets	**282,134**	**259,306**
Net assets, beginning of year	**2,676,867**	**2,417,561**
Net assets, end of year	**$ 2,959,001**	**$ 2,676,867**

See accompanying notes to the financial statements.

Indiana University Foundation
Statement of Activities
For the year ended June 30, 2011

	Unrestricted	Temporarily Restricted Foundation	Temporarily Restricted University	Permanently Restricted Foundation	Permanently Restricted University	Total
Revenue and support:						
Contributions, net	$ 2,208,752	$ 284,539	$ 56,470,962	$ 13,804	$ 40,339,715	$ 99,317,772
Investment income including net gains (losses), net of outside investment management fees	11,400,698	664,072	117,557,028	3,039,206	121,081,867	253,742,871
Management/administrative fees	13,874,180	(32,646)	(11,515,927)	-	(46,497)	2,279,110
Grants	-	-	4,453,000	-	-	4,453,000
Other income	7,829,333	-	6,521,780	355	578,983	14,930,451
Development service fees from the University	4,923,219	-	-	-	-	4,923,219
Net assets released from restriction	102,357,025	(224,006)	(101,585,569)	-	(547,450)	-
Total revenue and support	142,593,207	691,959	71,901,274	3,053,365	161,406,618	379,646,423
Expenditures:						
Program expenditures	107,308,037	18,971	-	-	201,747	107,528,755
Management and general	9,516,298	8,750	1,018,493	(72)	(411,145)	10,132,324
Fundraising	13,908,510	-	-	-	-	13,908,510
Change in value of split interest agreement obligation to life beneficiaries	(237,582)	(311,685)	(1,166,561)	(384,636)	(5,163,323)	(7,263,787)
Total expenditures	130,495,263	(283,964)	(148,068)	(384,708)	(5,372,721)	124,305,802
Change in net assets:						
Unrestricted	12,097,944	-	-	-	-	12,097,944
Temporarily restricted	-	975,923	72,049,342	-	-	73,025,265
Permanently restricted	-	-	-	3,438,073	166,779,339	170,217,412
Total change in net assets	12,097,944	975,923	72,049,342	3,438,073	166,779,339	255,340,621
Beginning net assets	23,145,291	6,792,778	613,235,348	19,196,728	823,897,199	1,486,267,344
Ending net assets	$ 35,243,235	$ 7,768,701	$ 685,284,690	$ 22,634,801	$ 990,676,538	$ 1,741,607,965

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

(in thousands of dollars)	*Fiscal Year Ended June 30, 2011*	*June 30, 2010*
Cash flows from operating activities		
Student fees	$ 965,295	$ 917,302
Grants and contracts	485,029	470,505
Sales and services of educational activities	60,755	63,915
Auxiliary enterprise charges	324,455	331,501
Other operating receipts	171,533	184,325
Payments to employees	(1,710,221)	(1,661,635)
Payments to suppliers	(559,301)	(523,649)
Student financial aid	(164,140)	(154,558)
Student loans collected	12,008	8,231
Student loans issued	(2,667)	(5,287)
Net cash used in operating activities	**(417,254)**	**(369,350)**
Cash flows from noncapital financing activities		
State appropriations	540,221	549,755
Nonoperating grants and contracts	120,035	99,613
Gifts and grants received for other than capital purposes	103,806	80,592
Direct lending receipts	615,100	584,784
Direct lending payments	(615,866)	(584,813)
Net cash provided by noncapital financing activities	**763,296**	**729,931**
Cash flows from capital and related financing activities		
Capital appropriations	11,984	3,005
Capital grants and gifts received	9,618	18,456
Purchase of capital assets	(232,859)	(244,778)
Proceeds from issuance of capital debt, including refunding activity	16,610	180,073
Principal payments on capital debt, including refunding activity	(58,722)	(49,909)
Principal paid on capital leases	(1,265)	(1,464)
Interest paid on capital debt and leases	(49,099)	(45,850)
Net cash used in capital and related financing activities	**(303,733)**	**(140,467)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	3,642,358	2,633,797
Investment income	30,674	72,718
Purchase of Investments	(3,806,524)	(2,808,228)
Net cash used in investing activities	**(133,492)**	**(101,713)**
Net increase (decrease) in cash and cash equivalents	**(91,183)**	**118,401**
Cash and cash equivalents, beginning of year	**671,293**	**552,892**
Cash and cash equivalents, end of year	**$ 580,110**	**$ 671,293**

See accompanying notes to the financial statements.

Statement of Cash Flows

(continued from previous page)

(in thousands of dollars)	*Fiscal Year Ended*	
	June 30, 2011	*June 30, 2010*
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (575,715)	$ (559,848)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	130,538	125,715
Loss on disposal of capital assets	3,675	4,487
Changes in assets and liabilities:		
Accounts receivable	2,185	(7,091)
Inventories	1,001	(1,297)
Other assets	891	(6,579)
Notes receivable	4,427	2,722
Accounts payable and accrued liabilities	5,808	25,249
Deferred revenue	7	34,466
Assets held in custody for others	1,457	6,376
Other noncurrent liabilities	8,472	6,450
Net cash used in operating activities	**$ (417,254)**	**$ (369,350)**

See accompanying notes to the financial statements.

Indiana University Notes to the Financial Statements

June 30, 2011 and June 30, 2010

Note 1—Organization and Summary of Significant Accounting Policies

ORGANIZATION

Indiana University (university) is a state-supported institution that is fiscally responsible for operations and has students enrolled on seven campuses. Campuses are located in Bloomington, Indianapolis (IUPUI), Richmond (East), Kokomo, Gary (Northwest), South Bend, and New Albany (Southeast). The financial statements include the individual schools, colleges, and departments as part of the comprehensive reporting entity. The university was established by state legislative act, under Indiana Code Section IC 20-12-23, in 1838, changing the name of its predecessor, Indiana College, to Indiana University. The university's governing body, the Trustees of Indiana University (trustees), is comprised of nine members charged by the Indiana General Assembly with policy and decision-making authority to carry out the programs and missions of the university. Six of the members are appointed by the Governor of Indiana, and three are elected by university alumni. The university is classified as exempt from federal income tax under Section 501(a) of the Internal Revenue Code, as an organization described in Section 501(c)(3), and also under Section 115(a). Certain revenues of the university may be subject to federal income tax as unrelated business income under Internal Revenue Code Sections 511 to 514.

BASIS OF PRESENTATION

As a component unit of the state, the university presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, within the financial reporting guidelines established by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and with accounting principles generally accepted in the United States of America, as prescribed by GASB. The university reports on a consolidated basis, with a comprehensive, entity-wide presentation of the university's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows.

REPORTING ENTITY

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, as required by GASB Statement No. 14, *The Financial Reporting Entity.* As additionally required by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, organizations that raise and hold economic resources for the direct benefit of the university are included in the reporting entity. The university evaluates potential component units for inclusion in the reporting entity based on these criteria.

DISCRETE COMPONENT UNIT

The Indiana University Foundation, Inc. (IU Foundation) is organized as a not-for-profit corporation under the laws of the State of Indiana for the exclusive purpose of supporting the university by receiving, holding, investing, and administering property and making expenditures to or for the benefit of the university. The IU Foundation is considered a component unit of the university according to the criteria in GASB No. 39 and the university's financial statements include discrete presentation of the IU Foundation by displaying the IU Foundation's audited financial statements in their original formats on separate pages.

The IU Foundation is a not-for-profit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation features. No modifications have been made to the IU Foundation's financial information in the university's financial reporting to adjust for these differences. The IU Foundation distributed $102,174,000 and $145,704,000 to the university during fiscal years 2011 and 2010, respectively. Complete financial statements for the IU Foundation can be obtained from: Indiana University Foundation, Attn: Controller, PO Box 500, Bloomington, IN 47402.

BLENDED COMPONENT UNIT

In September 2008, the Trustees of Indiana University directed, by resolution, that the Indiana University Building Corporation (IUBC) be formed to serve specific purposes on behalf of the university and designated that certain of the university's administrative officers, by virtue of their titles, serve as directors and officers of IUBC. The sole purpose of IUBC is to assist the university in the financing and development of university facilities by owning and leasing such facilities to the university on a lease purchase basis.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared by the university operating as a special-purpose government entity engaged in business-type activities. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Eliminations have been made to minimize the "double-counting" of internal activities.

The university applies all applicable GASB pronouncements. In addition, the university has elected to apply only those Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

CASH EQUIVALENTS

The university considers all highly liquid investments with maturities of three months or less to be cash equivalents. The university invests operating cash in investments with varying maturities.

INVESTMENTS

Investments are carried at fair value, as quoted by the major securities markets. Realized and unrealized gains and losses are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from students, grants and contracts, and auxiliary enterprises and are recorded net of estimated uncollectible amounts.

NOTES RECEIVABLE

Notes receivable consist primarily of student loan repayments due to the university.

CAPITAL ASSETS

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of contribution in the case of gifts. The university capitalizes equipment with a cost of $5,000 or more and a useful life in excess of one year. Capital assets also include land improvements and infrastructure costing in excess of $75,000. Buildings and building renovations that increase the useful life of the building and with cost greater than or equal to the lesser of $75,000 or twenty percent of the acquisition cost of the existing building are capitalized. Intangible assets with a cost of $500,000 or more are subject to capitalization. Art and museum objects purchased by or donated to the university are capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets, generally five to twenty years for equipment, ten years for library books, ten to forty years for infrastructure and land improvements, and fifteen to forty years for buildings and building components. Useful lives for capital assets are established using a combination of the American Hospital Association guidelines, Internal Revenue Service guidelines, and documented university experience. Land and capitalized art and museum collections are not depreciated.

DEFERRED REVENUE

Deferred revenue is recorded for amounts received for student tuition and fees and for certain auxiliary goods and services prior to year end, but which relate to the subsequent fiscal year. Amounts received from contract and grant sponsors that have not yet been earned are also recorded as deferred revenue.

COMPENSATED ABSENCES

Liabilities for compensated absences are recorded for vacation leave based on actual earned amounts for eligible employees who qualify for termination payments. Liabilities for sick leave are recorded for employees who are eligible for and have earned termination payments for accumulated sick days upon termination or retirement.

NET ASSETS

The university's net assets are classified for financial reporting in the following net asset categories:

- *Invested in capital assets, net of related debt:* This component of net assets includes capital assets, net of accumulated depreciation and outstanding principal debt balances related to the acquisition, construction, or improvement of those assets.
- *Restricted net assets—nonexpendable:* Nonexpendable restricted net assets are subject to externally imposed stipulations that the principal is to be maintained in perpetuity and invested for the purpose of producing present and future income, which may be either expended or added to principal. Such assets include permanent endowment funds.
- *Restricted net assets—expendable:* Restricted expendable net assets are resources the university is legally obligated to spend in accordance with externally imposed restrictions.
- *Unrestricted net assets:* Unrestricted net assets are not subject to externally imposed restrictions and are primarily used for meeting expenses for academic and general operations of the university.

When an expense is incurred for which both restricted and unrestricted resources are available, the university's policy is to apply the most appropriate fund source based on the relevant facts and circumstances.

REVENUES

University revenues are classified as either operating or nonoperating as follows:

- *Operating revenues:* Operating revenues result from exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), government and other grants and contracts, and sales and services of auxiliary enterprises (net of scholarship discounts and allowances).
- *Nonoperating revenues:* Nonoperating revenues include those derived from nonexchange transactions such as gifts and certain federal and state grants. Other nonoperating revenues include significant revenue sources that are relied upon for operations, such as state appropriations and investment income.

SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fees and other student revenues are reported gross with the related scholarship discounts and allowances directly below in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are calculated as the difference between the stated charges for goods and services provided by the university and the amounts paid by students and/or third parties making payments on behalf of students.

Note 2—Deposits and Investments

DEPOSITS

The combined bank balances of the university's demand deposits were $71,123,000 and $6,920,000 at June 30, 2011 and 2010, respectively. The university had balances in excess of Federal Deposit Insurance Corporation limits in the amount of $4,994,000 and $6,170,000 at June 30, 2011 and 2010, respectively. The balance in excess of FDIC limits in 2011 is subject to custodial credit risk. The 2010 balance, deposited in approved financial institutions and in excess of the limits of coverage by federal deposit insurance, were covered by the Public Deposit Insurance Fund, created to protect the public funds of the State of Indiana and its political subdivisions. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The university does not have a formal deposit policy for custodial credit risk.

INVESTMENTS

The trustees have acknowledged responsibility as a fiduciary body for the invested assets of the university. Indiana Code 30-4-3-3 requires the trustees to "exercise the judgment and care required by Indiana Code 30-4-3.5", the *Indiana Uniform Prudent Investor Act.* That act requires the trustees to act "as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution." The trustees have the responsibility to assure the assets are prudently invested in a manner consistent with the university's investment policy. The trustees have delegated the day-to-day responsibilities for overseeing the investment program to the Office of the Treasurer.

At June 30, 2011 and 2010, the university had investments and deposits, including endowment funds, as shown as follows:

(dollar amounts presented in thousands)

	Fair Value	
Investment Type	*June 30, 2011*	*June 30, 2010*
Money market funds	$ 570,718	$ 702,168
Corporate bonds	379,826	310,373
External investment pools	201,442	163,132
Government mortgage-backed securities	191,625	99,403
Government bonds	133,040	151,569
Asset-backed securities	91,646	82,448
Commercial mortgage-backed	63,133	52,811
Short-term bills and notes	57,798	10,643
Government agencies	41,448	47,722
Nongovernment backed C.M.O.s	23,836	25,257
Municipal/provincial bonds	12,091	7,576
Guaranteed fixed income	9,632	9,353
Commercial paper	6,598	6,095
Venture capital	4,090	3,023
Real estate	2,260	3,165
Mutual funds	1,667	1,132
Index-linked government bonds	1,258	1,358
All other	(27,716)	(44,192)
Total	**$ 1,764,392**	**$ 1,633,036**

Investment Custodial Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The university manages custodial credit risk through the types of investments that are allowed by investment policy. The university's investments are not exposed to custodial credit risk and reflect either investment securities registered in the name of the university, investment securities loaned for collateral received, or other types of investments not exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The university's policy for controlling its exposure to fair value losses arising from increasing interest rates is to constrain average portfolio duration within ranges of a target portfolio duration set for each portfolio of operating fund investments. The portfolios may seek to enhance returns by attempting to time movements of interest rates within the allowable ranges.

The university had investments with the following maturities at June 30, 2011:

(dollar amounts presented in thousands)

	Fair Value	*Investment Maturities (in years)*			
Investment Type	*June 30, 2011*	*Less than 1*	*1–5*	*6–10*	*More than 10*
Investments with maturity date					
Corporate bonds	$ 379,826	$ 35,128	$ 202,041	$ 102,560	$ 40,097
Government mortgage backed securities	191,625	43,600	1,192	24,628	122,205
Government bonds	133,040	4,938	40,996	54,746	32,360
Asset backed securities	91,646	1,669	67,095	11,174	11,708
Commercial mortgage–backed	63,133	–	–	1,539	61,594
Short–term bills and notes	57,798	57,798	–	–	–
Government agencies	41,448	14,237	20,286	5,192	1,733
Non–government backed C.M.O.s	23,836	–	1,258	3,936	18,642
Municipal/provincial bonds	12,091	371	4,312	1,281	6,127
Guaranteed fixed income	9,632	4,185	5,447	–	–
Commercial paper	6,598	6,598	–	–	–
Index–linked government bonds	1,258	–	–	–	1,258
Other fixed income	6,823	2,978	3,044	1,459	(658)
Total investments with maturity date	**1,018,754**	**171,502**	**345,671**	**206,515**	**295,066**
Investments with undetermined maturity date					
Money market funds	570,718	570,718	–	–	–
External investment pools	201,442	201,442	–	–	–
Venture capital	4,090	4,090	–	–	–
Real estate	2,260	2,260	–	–	–
Mutual funds	1,667	1,667	–	–	–
All other	(34,539)	(34,539)	–	–	–
Total investments with undetermined maturity date	**745,638**	**745,638**	**–**	**–**	**–**
Total	**$ 1,764,392**	**$ 917,140**	**$ 345,671**	**$ 206,515**	**$ 295,066**

The university had investments with the following maturities at June 30, 2010:

(dollar amounts presented in thousands)

Investment Type	*Fair Value June 30, 2010*	*Investment Maturities (in years) Less than 1*	*1–5*	*6–10*	*More than 10*
Investments with maturity date					
Corporate bonds	$ 310,373	$ 35,012	$ 132,651	$ 83,053	$ 59,657
Government bonds	151,569	2,482	57,106	65,183	26,798
Government mortgage backed securities	99,403	8,575	1,827	18,818	70,183
Asset backed securities	82,448	4,598	55,219	13,396	9,235
Commercial mortgage–backed	52,811	-	765	1,292	50,754
Government agencies	47,722	1,651	41,567	3,003	1,501
Non–government backed C.M.O.s	25,257	–	1,524	821	22,912
Short–term bills and notes	10,643	10,643	–	–	–
Guaranteed fixed income	9,353	504	8,849	–	–
Municipal/provincial bonds	7,576	1,012	4,279	359	1,926
Commercial paper	6,095	6,095	–	–	–
Index–linked government bonds	1,358	–	–	–	1,358
Other fixed income	3,819	41	3,018	(89)	849
Total investments with maturity date	**808,427**	**70,613**	**306,805**	**185,836**	**245,173**
Investments with undetermined maturity date					
Money market funds	702,168	702,168	–	–	–
External investment pools	163,132	163,132	–	–	–
Real estate	3,165	3,165	–	–	–
Venture capital	3,023	3,023	–	–	–
Mutual funds	1,132	1,132	–	–	–
All other	(48,011)	(48,011)	–	–	–
Total investments with undetermined maturity date	**824,609**	**824,609**	**–**	**–**	**–**
Total	**$ 1,633,036**	**$ 895,222**	**$ 306,805**	**$ 185,836**	**$ 245,173**

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The weighted average credit quality of each portfolio of university operating funds investments must be at least 'AA-/Aa3' for Defensive Managers; 'A/A2' for Core Plus Managers, or as specified in each manager's guidelines.

At June 30, 2011 and 2010, university investments had debt securities with associated credit ratings as shown below:

(dollar amounts presented in thousands)

Credit Quality Rating	*Fair Value June 30, 2011*	*Percentage of Total Pool*	*Fair Value June 30, 2010*	*Percentage of Total Pool*
AAA	$ 343,755	19.48%	$ 582,193	35.65%
AA	140,345	7.95%	46,763	2.86%
A	163,559	9.27%	124,023	7.59%
BBB	114,146	6.47%	114,622	7.02%
BB	62,705	3.55%	44,574	2.73%
B	20,198	1.14%	19,362	1.19%
CCC	8,319	0.47%	7,707	0.47%
CC	625	0.04%	–	–
D	1,970	0.11%	–	–
Not Rated	908,770	51.52%	693,792	42.49%
Total	**$ 1,764,392**	**100.00%**	**$ 1,633,036**	**100.00%**

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The university's investment policy requires that investments are to be diversified to the extent that the securities of any single issuer shall be limited to 3.5% of the market value in a particular manager's portfolio. U.S. Government and U.S. governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a government's investments and deposits. The university's policy for controlling exposure to foreign currency risk is to constrain investments in non-U.S. dollar denominated debt to 25% of an individual manager's portfolio, or as specified in each manager's guidelines. Minimal foreign currency exposure could occur if one of the university's investment managers purchases non-U.S. dollar holdings and does not hedge the currency. As of June 30, 2011, and June 30, 2010, the university's investments were not exposed to foreign currency risk.

ENDOWMENTS

Endowment funds are managed pursuant to an Investment Agency Agreement between the Trustees of Indiana University (trustees) and the IU Foundation, which delegates investment management responsibilities to the IU Foundation. Indiana Code 30-2-12, *Uniform Management of Institutional Funds*, sets forth the provisions governing the investment of endowment assets and the expenditure of endowment fund appreciation. The code requires that the trustees and their agents act in good faith and with the care a prudent person acting in a like position would use under similar circumstances, with respect to the investment of endowment assets. The code also sets forth provisions governing the expenditure of endowment fund appreciation, under which the trustees may authorize expenditure, consistent with donor intent. The trustees may, at their discretion, direct all or a portion of the university's endowment funds to other investments, exclusive of the IU Foundation's investment funds. The spending policy of the trustees is to distribute 5% of the twelve quarter rolling average of pooled fund values. Funds held by endowments, managed by the IU Foundation, are used to acquire pooled shares.

Endowment funds have a perpetual investment horizon, and as appropriate, may be invested in asset classes with longer term risk/return characteristics, including, but not limited to stocks, bonds, real estate, private placements, and alternative investments. The Indiana University Endowments (endowments) are managed pursuant to an Investment Agency Agreement between the trustees and the IU Foundation dated November 14, 2005, which delegated investment management responsibilities to the IU Foundation, subject to the university's management agreement with the IU Foundation. Endowment assets may be invested in pooled funds or in direct investments, or a combination of the two. Assets will typically be diversified among high quality stocks and bonds. Additional asset classes, such as absolute return, private equity, and real asset investments, may be included when it is reasonable to expect these investments will either increase return or reduce risk, or both. Participation in the pooled investments is achieved by owning units of the Pooled Long-Term Fund and considered an external investment pool to the university. At June 30, 2011, all endowments held with the IU Foundation were invested in pooled funds.

Interest Rate Risk

The IU Foundation's investment policy stipulates that the Pooled Short-Term Fund be invested in securities that typically mature within one year and each investment grade fixed income investment manager maintain duration within +/-20% of the effective duration of the appropriate benchmark.

Credit Risk

The IU Foundation's investment policy stipulates that the Pooled Short-Term Fund commercial paper be rated 'A1/P1' and that the average quality of the fixed income securities be maintained at 'A' or better, except for high-yield. For high-yield securities, the weighted average credit quality of the portfolio should be 'B' or better at all times.

Concentration of Credit Risk

The IU Foundation's investment policy stipulates that the Pooled Short-Term Fund, with the exception of U.S. Treasuries and Agencies, or accounts collateralized by Treasuries or Agencies, limit commercial paper, Certificates of Deposit, Bankers' Acceptances, and Repurchase Agreements to $10,000,000 per issuer and money market funds and short term bond funds to $50,000,000 per fund. The Pooled Long-Term portfolio is diversified based on manager selection, investment style, and asset type to avoid any disproportionate risk related to any one industry or security.

DERIVATIVES

A derivative is a unique and often complex financial arrangement between the university and another party. The value of a derivative or the cash it provides is based on changes in market prices, such as interest rates or commodity prices, in a separate transaction or agreement.

Derivatives are entered into for at least four reasons:

- As an investment
- As a hedge to reduce a specific financial risk
- To lower borrowing costs
- To manage cash flows

The university holds derivative instruments, such as futures, forwards, options, and swaps in its portfolio for investment purposes only. The fair value of derivatives held by the university was $1,456,000 and ($749,000) at June 30, 2011 and June 30, 2010, respectively. The notional market value was $47,430,000 and ($5,963,000) at June 30, 2011 and June 30, 2010, respectively. The change in fair value was $62,000 and ($253,000) in fiscal years 2011 and 2010, respectively.

Credit Risk, Interest Rate Risk and Foreign Currency Risk

Derivative transactions involve, to varying degrees, credit risk, interest rate risk, and foreign currency risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Interest rate risk is the possibility that a change in interest rates will cause the value of a financial instrument to decrease or become more costly to settle. Foreign currency risk is the possibility that changes in exchange rates will adversely affect the cash flows or fair value of a transaction. The credit risk, interest rate risk, and foreign currency risk associated with derivatives, the prices of which are constantly fluctuating, are regulated by imposing strict limits as to the types, amounts, and degree of risk that investment managers may undertake.

Note 3—Securities Lending

State statutes and policy of the Trustees of Indiana University permit the university to lend securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The university's custodial bank manages the securities lending program and receives cash, U.S. government securities, or irrevocable letters of credit as collateral. Noncash collateral cannot be pledged or sold unless the borrower defaults. Cash collateral is invested in a short-term investment pool. Cash collateral may also be invested separately in "term loans," in which case the investment term matches the loan term. Maintenance margins for same currency U.S. equity and fixed income securities and international fixed income securities are 101.5%. Maintenance margins for different or cross currency U.S. and international equity and fixed income securities are 104.5%. Security loans can be terminated on demand by either the university or the borrowers. Cash received as securities lending collateral was $118,177,000 and $81,219,000 at June 30, 2011 and 2010, respectively, and is recorded as an asset and corresponding liability on the university's Statement of Net Assets. The university had securities involved in loans with fair value of $115,778,000 and $79,383,000 at June 30, 2011 and 2010, respectively. Credit risk is calculated as the aggregate of the lender's exposure to individual borrowers or on individual loans. Although collateralized, the university would bear risk if the cash collateral is impaired.

Note 4—Accounts Receivable

Accounts receivable consisted of the following at June 30, 2011 and 2010:

(dollar amounts presented in thousands)

	June 30, 2011	*June 30, 2010*
Student accounts	$ 35,066	$ 35,985
Auxiliary enterprises and other operating activities	51,883	51,910
State appropriations	9,697	-
Federal, state, and other grants and contracts	21,760	21,083
Capital appropriations and gifts	1,599	4,242
Other	10,580	7,343
Current accounts receivable, gross	**130,585**	**120,563**
Less allowance for uncollectible accounts	(9,479)	(9,476)
Current accounts receivable, net	**121,106**	**111,087**
Auxiliary enterprises and other operating activities	12,327	13,445
Noncurrent accounts receivable	**$ 12,327**	**$ 13,445**

Note 5—Capital Assets

Fiscal year ended June 30, 2011

(dollar amounts presented in thousands)

	Balance June 30, 2010	Additions	Transfers	Retirements	Balance June 30, 2011
Assets not being depreciated:					
Land	$ 53,183	$ 1,256	$ –	$ –	$ 54,439
Art & museum objects	74,215	4,844	–	–	79,059
Construction in progress	168,155	100,254	(113,846)	223	154,340
Total capital assets not being depreciated	295,553	106,354	(113,846)	223	287,838
Other capital assets:					
Infrastructure	155,243	4,601	231	–	160,075
Intangibles	–	2,690	–	–	2,690
Land improvements	30,268	3,074	967	–	34,309
Equipment	398,800	28,805	5,139	37,289	395,455
Library books	211,716	23,405	–	16,813	218,308
Buildings	2,893,943	71,443	107,509	11,339	3,061,556
Total other capital assets	3,689,970	134,018	113,846	65,441	3,872,393
Less accumulated depreciation for:					
Infrastructure	122,369	4,015	–	–	126,384
Intangibles	–	336	–	–	336
Land improvements	9,469	1,797	–	–	11,266
Equipment	275,665	33,412	–	34,911	274,166
Library books	99,381	21,511	–	16,813	104,079
Buildings	1,161,877	69,466	–	9,576	1,221,767
Total accumulated depreciation, other capital assets	1,668,761	130,537	–	61,300	1,737,998
Capital assets, net	**$ 2,316,762**	**$ 109,835**	**$ –**	**$ 4,364**	**$ 2,422,233**

Fiscal year ended June 30, 2010

(dollar amounts presented in thousands)

	Balance June 30, 2009	Additions	Transfers	Retirements	Balance June 30, 2010
Assets not being depreciated:					
Land	$ 53,057	$ 126	$ –	$ –	$ 53,183
Art & museum objects	73,672	543	–	–	74,215
Construction in progress	224,840	130,988	(186,643)	1,030	168,155
Total capital assets not being depreciated	351,569	131,657	(186,643)	1,030	295,553
Other capital assets:					
Infrastructure	149,790	3,284	2,169	–	155,243
Land improvements	26,648	3,438	182	–	30,268
Equipment	366,912	30,809	17,348	16,269	398,800
Library books	207,621	23,430	–	19,335	211,716
Buildings	2,670,587	57,361	166,944	949	2,893,943
Total other capital assets	3,421,558	118,322	186,643	36,553	3,689,970
Less accumulated depreciation for:					
Infrastructure	118,344	4,025	–	–	122,369
Land improvements	7,940	1,529	–	–	9,469
Equipment	254,842	34,020	–	13,197	275,665
Library books	97,820	20,896	–	19,335	99,381
Buildings	1,097,058	65,245	–	426	1,161,877
Total accumulated depreciation, other capital assets	1,576,004	125,715	–	32,958	1,668,761
Capital assets, net	**$ 2,197,123**	**$ 124,264**	**$ –**	**$ 4,625**	**$ 2,316,762**

Note 6—Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2011 and 2010:

(dollar amounts presented in thousands)

	June 30, 2011	June 30, 2010
Accrued payroll	$ 40,663	$ 24,414
Accrual for compensated absences	41,585	42,608
Interest payable	17,617	24,746
Vendor and other payables	129,888	139,306
Total accounts payable and accrued liabilities	**$ 229,753**	**$ 231,074**

Note 7—Other Liabilities

Noncurrent liability activity for the fiscal years ended June 30, 2011 and 2010 is summarized as follows:

Fiscal year ended June 30, 2011

(dollar amounts presented in thousands)

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Current
Bonds, notes, and capital leases payable	$ 943,970	$ 17,490	$ 62,120	$ 899,340	$ 50,077
Other liabilities:					
Deferred revenue	214,193	7	-	214,200	156,708
Assets held in custody for others	74,884	1,424	-	76,308	516
Compensated absences	64,023	21,111	19,345	65,789	41,586
Other	37,135	5,655	6,680	36,110	-
Total other liabilities	390,235	28,197	26,025	392,407	198,810
Total noncurrent liabilities	**$ 1,334,205**	**$ 45,687**	**$ 88,145**	**$ 1,291,747**	**$ 248,887**

Fiscal year ended June 30, 2010

(dollar amounts presented in thousands)

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Current
Bonds, notes, and capital leases payable	$ 815,782	$ 181,823	$ 53,635	$ 943,970	$ 61,997
Other liabilities:					
Deferred revenue	179,727	34,466	-	214,193	151,319
Assets held in custody for others	68,486	6,398	-	74,884	550
Compensated absences	54,281	30,921	21,179	64,023	42,608
Other	44,128	5,246	12,239	37,135	-
Total other liabilities	346,622	77,031	33,418	390,235	194,477
Total noncurrent liabilities	**$ 1,162,404**	**$ 258,854**	**$ 87,053**	**$ 1,334,205**	**$ 256,474**

Note 8 — Bonds and Notes Payable

The university is authorized by acts of the Indiana General Assembly to issue bonds, notes, and other forms of indebtedness for the purpose of financing construction of facilities that include academic and administrative facilities, research facilities on the Bloomington and Indianapolis campuses, athletic facilities, parking facilities, student housing, student union buildings, and energy savings projects. The outstanding bond and note indebtedness at June 30, 2011 and 2010, was $896,002,000 and $940,221,000, respectively. This indebtedness included principal outstanding at June 30, 2011 and 2010, for bonds issued under Indiana Code (I.C.) 21-34-6 (Student Fee debt) of $464,428,000 and $507,317,000, respectively, and for bonds issued under IC 21-35-3 (Revenue debt) of $375,630,000 and $373,595,000, respectively. The Student Fee Bonds have an additional accreted value of outstanding capital appreciation bonds associated with them of $24,142,000 and $37,113,000, respectively. The outstanding bond series include serial, term, and capital appreciation bonds with maturities extending to June 1, 2038.

On a biennial basis, the Indiana General Assembly authorizes a specific state appropriation to the university for the purpose of reimbursing a portion of the debt service payments on bonds issued under I.C. 21-34-6 for certain academic facilities. Such academic facilities include classrooms, libraries, laboratories, utility infrastructure, and other academic facilities as designated by the Indiana General Assembly. These specific state appropriations are referred to as "fee replacement" appropriations, and are received from the State of Indiana on a semi-annual basis. This appropriation is renewed and modified on a biennial basis because the Constitution of the State of Indiana prohibits a sitting General Assembly from binding subsequent General Assemblies as to the continuation of any appropriated funds. The State of Indiana has fully funded all fee replacement obligations established by prior General Assemblies since the State began authorizing fee replacement appropriations 40 years ago. The outstanding principal balances which are eligible for fee replacement appropriations, as of June 30, 2011 and 2010, are $409,737,000 and $447,043,000, respectively. As of June 30, 2011, debt service payments to maturity total $1,304,984,000, of which $571,494,000 represents bonds eligible for fee replacement appropriations.

In addition to serial and term bonds, the university has issued capital appreciation bonds (CAB). A CAB is a long-term municipal security, on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment representing both the initial principal amount and the total investment return. A CAB pays no current interest, but accretes in value from the date of issuance to the date of maturity. At maturity, the original par amount plus all of the accreted interest is payable. Total debt service payments to maturity, as of June 30, 2011, include $42,625,000 of CAB payments, of which $16,325,000 is eligible for fee replacement appropriations. Total debt service payments to maturity, as of June 30, 2010, include $69,320,000 of CAB payments, of which $43,020,000 is eligible for fee replacement appropriations.

Consolidated Revenue Bonds (CRB) are unsecured obligations of the university that carry a promise of repayment that will come first from net income generated from certain designated housing facilities, parking facilities and other auxiliary facilities along with certain research revenues and athletic revenues, and second, from other legally available funds of the university.

The Indiana University Building Corporation (IUBC) is an affiliated single-purpose Indiana not-for-profit corporation that was formed by the Trustees of Indiana University in 2008. The sole purpose of this entity is to assist the university in the financing and development of university facilities by owning and leasing such facilities to the university on a lease purchase basis. Certificates of Participation in lease payments between the university as lessee and IUBC as lessor are included in the outstanding indebtedness table under I.C. 21-33-3-5 and are classified as notes payable.

As of June 30, 2011 and 2010, outstanding indebtedness from bonds and notes is summarized as follows:

(dollar amounts presented in thousands)

Bonding Authority	*Interest Rates*	*Final Maturity Year Ended*	*Principal Outstanding At June 30, 2011*	*Principal Outstanding At June 30, 2010*
Indiana Code 21-34-6 (Bonds: Student Fee Debt)	2.00 to 6.40%	2033	$ 464,428	$ 507,317
Indiana Code 21-35-3 (Bonds: Revenue Debt)	2.00 to 5.64%	2038	375,630	373,595
Indiana Code 21-34-10-7 (Notes: Energy Savings Debt)	3.67 to 4.49%	2018	3,153	3,637
Indiana Code 21-33-3-5 (Notes: Certificates of Participation)	2.00 to 5.95%	2030	28,015	29,360
Subtotal bonds and notes payable			871,226	913,909
Add unamortized bond premium			28,605	30,622
Less deferred charges			(3,829)	(4,310)
Total bonds and notes payable			**$ 896,002**	**$ 940,221**

As of June 30, 2011, the university does not have any variable rate bonds or notes outstanding. The principal and interest requirements to maturity for bonds and notes are as follows:

(dollar amounts presented in thousands)

Fiscal Year Ended June 30	Bond Principal	Note Principal	Total Principal	Bond Interest	Note Interest	Total Interest	Total Debt Service Payments
2012	$ 44,783	$ 1,894	$ 46,677	$ 48,812	$ 1,434	$ 50,246	$ 96,923
2013	45,185	1,960	47,145	42,217	1,369	43,586	90,731
2014	47,415	2,018	49,433	40,260	1,304	41,564	90,997
2015	50,804	2,090	52,894	36,385	1,232	37,617	90,511
2016	51,221	1,937	53,158	34,114	1,155	35,269	88,427
2017 - 2021	255,390	9,274	264,664	124,099	4,506	128,605	393,269
2022 - 2026	190,330	7,355	197,685	64,889	2,345	67,234	264,919
2027 - 2031	117,005	4,640	121,645	23,363	530	23,893	145,538
2032 - 2036	33,415	-	33,415	5,403	-	5,403	38,818
2037 - 2038	4,510	-	4,510	341	-	341	4,851
Total	**$ 840,058**	**$ 31,168**	**$ 871,226**	**$ 419,883**	**$ 13,875**	**$ 433,758**	**$ 1,304,984**

In prior years, the university has defeased several bond issues either with cash or by issuing new debt. United States Treasury obligations or federal agency securities have been purchased in amounts sufficient to pay principal and interest payments when due, through the maturity or call dates of the defeased bonds. These securities have been deposited in irrevocable trusts as required to defease the bonds. The defeased bonds and the related trusts balances are not reflected on the university's books. As of June 30, 2011, the only previously defeased bonds that remain outstanding are Series N bonds with principal outstanding of $6,795,000 and a call date of August 1, 2011.

In February 2009, the United States Congress enacted the American Recovery and Reinvestment Act of 2009 (ARRA). The ARRA allows certain tax advantages to state and local governmental entities when such entities issue qualifying taxable obligations, referred to as Build America Bonds (BABs). Issuers of BABs are eligible to receive subsidy payments from the U.S. Treasury equal to 35 percent of the corresponding interest payable on the related BABs. The BABs provisions in the ARRA expired as of January 1, 2011. The obligation of the U.S. Treasury to make subsidy payments on BABs will remain in effect through the final maturity date of BABs that are issued prior to the expiration of the program. Bond and note interest shown above has not been reduced by any federal interest subsidy due on taxable BABs. The total federal interest subsidy scheduled to be received over the life of the BABs debt outstanding as of June 30, 2011 is $37,632,000.

On March 10, 2011, the university issued Consolidated Revenue Bonds, Series 2011A with a par amount of $16,040,000. The purpose of the issue was to provide financing for the construction of the Sports Complex Garage Expansion on the Indianapolis campus. The true interest cost for the bonds is 4.07%.

Note 9—Lease Obligations

The university leases certain facilities. The majority of the facility leases include renewal options and some provide for escalation of rent based on changes in operating costs. Some leases are in substance lease-purchases and, as such, are recorded as capital lease obligations.

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

(dollar amounts presented in thousands)

	Capital	Operating
2012	$ 1,436	$ 12,710
2013	1,237	8,280
2014	659	7,267
2015	258	6,542
2016	57	6,165
2017-2021	–	5,901
2022-2026	–	1,604
2027-2028	–	353
Total future minimum payments	3,647	**$ 48,822**
Less: interest	(309)	
Total principal payments outstanding	**$ 3,338**	

Note 10—Federal Obligations Under Student Loan Programs

Campus based student loans are funded by new allocations received from the federal government, as well as principal and interest collected from previous student loan recipients. The federal government advanced $705,000 and $242,000 for health professions and nursing loan programs for fiscal years ended June 30, 2011 and 2010, respectively.

Liabilities at June 30, 2011 and 2010, for loan programs were as follows:

(dollar amounts presented in thousands)

	June 30, 2011	June 30, 2010
Current portion of assets held in custody for others	$ 516	$ 550
Noncurrent liabilities:		
Federal share of interest	38,896	37,407
Perkins loans	18,935	19,375
Health professions loans	16,617	16,346
Nursing loans	1,344	1,206
Total noncurrent portion of assets held in custody for others	75,792	74,334
Total assets held in custody for others	**$ 76,308**	**$ 74,884**

Note 11—Risk Management

The university is exposed to various risks of loss, including torts, theft, damage or destruction of assets, errors or omissions, job-related illnesses or injuries to employees, and health care claims on behalf of employees and their dependents. The university manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds as well as from a wholly-owned captive insurance company, Old Crescent Insurance Company (OCIC). The university is self-funded for damage to buildings and building contents for the first $100,000 per occurrence with an additional $400,000 per occurrence covered by OCIC, with commercial excess property coverage above this amount. The university is self-funded for comprehensive general liability and automobile liability for the first $100,000 per occurrence with an additional $900,000 per occurrence covered by OCIC and with supplementary commercial liability umbrella policies. The university has a malpractice and professional liability policy in the amount of $250,000 for each claim and $750,000 annually in aggregate provided by OCIC. The university is self-funded for the first $750,000 of any worker's compensation claim. Excess commercial coverage for up to $1,000,000 is in place for employer liability claims. Worker's compensation claims above $750,000 are subject to statutory limits.

The university has four health care plans for full-time appointed employees, one of which is also available to retirees not eligible for Medicare. All of the employee plans are self-funded. The university records a liability for incurred but unpaid claims for university-sponsored, self-funded health care plans. This liability is estimated to be no more than 15% of the paid self-funded claims during the fiscal year, and totals $26,435,000 and $33,099,000 at June 30, 2011 and 2010, respectively. In addition, a potential claims fluctuation liability of $9,876,000 has been recorded at June 30, 2011 and 2010.

Separate funds have been established to account for the liability of incurred but unpaid health care claims, as well as any unusual catastrophic claims fluctuation experience. All organizational units of the university are charged fees based on estimates of the amounts necessary to pay health care coverage costs, including premiums and claims.

Note 12—Retirement Plans

The university provided retirement plan coverage to 18,645 and 18,690 active employees, as of June 30, 2011 and 2010, respectively, in addition to contributing to the Federal Insurance Contributions Act (FICA) as required by law.

Indiana Public Employees' Retirement Fund

The university contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan with an annuity savings account provision. PERF administers the multiple-employer public employee retirement plans, which provide retirement benefits to plan members and beneficiaries. All support, technical, and service employees with at least a 50% full-time equivalent (FTE) appointment participate in the PERF plan. There were 6,678 and 6,892 active university employees covered by this retirement plan as of June 30, 2011 and 2010, respectively. State statutes authorize the university to contribute to the plan and govern most requirements of the system. The PERF retirement benefit consists of the pension and an annuity savings account, both of which are funded by employer contributions. The annuity savings account consists of contributions set by state statute at three percent of compensation plus the earnings credited to members' accounts. The university has elected to make the contributions on behalf of the members. 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. This report may be obtained by writing the Public Employees Retirement Fund, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 1-888-526-1687, or reviewing the Annual Report online at www.in.gov/inprs/annual reports.htm.

Contributions made by the university totaled $21,404,000 and $20,551,000 for fiscal years ended June 30, 2011 and 2010, respectively. This represented a 7.0% and 6.5% university pension benefit contribution for fiscal years ended June 30, 2011 and 2010, respectively, and a 3% university contribution for the annuity savings account provisions each year.

PERF Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The university's annual pension cost with related information, as provided by the actuary, is presented below.

The employer contributions required by the funding policy at actuarial determined rates are sufficient to fund the pension portion of the retirement benefit (normal cost) and the amortization of unfunded liabilities. The amortization method and period are level dollar closed over 30 years. The actuarial cost method is entry age normal cost. The employer required contribution is determined using an asset smoothing method. The actuarial valuation date is July 1, 2009.

Actuarial assumptions include: (a) an investment rate of return of 7.25%, (b) projected salary increases of 4%, and (c) a 1% cost of living increase granted in each future year, applying to current and future retirees.

(dollar amounts presented in thousands)

	Fiscal Year[1] Ended June 30, 2010	*Fiscal Year Ended June 30, 2009*
Annual required contribution	$ 14,699	$ 13,330
Interest on net pension obligation	(312)	(290)
Adjustment to annual required contribution	355	330
Annual pension cost	14,742	13,370
Contributions made	(14,016)	(13,681)
Increase/(decrease) in net pension obligation	726	(311)
Net pension obligation, beginning of year	(4,307)	(3,996)
Net pension obligation, end of year	**$ (3,581)**	**$ (4,307)**

[1]*Actuarial data for 2011 not available at the time of this report.*

(dollar amounts presented in thousands)

Fiscal Year Ended	*Annual Pension Cost (APC)[2]*	*Percentage of APC Net Pension Contributed*	*Net Pension Obligation*
June 30, 2008	$ 11,995	107%	$ (3,996)
June 30, 2009	13,370	102%	(4,307)
June 30, 2010	14,742	95%	(3,581)

[2]*Does not reflect costs attributable to the university's 3% defined contribution benefit. See Indiana Public Employees' Retirement Fund above.*

Academic and Professional Staff Employees

Appointed academic and professional staff employees with at least 50% FTE are covered by the IU Retirement Plan. This is a defined contribution plan under IRC 403(b) with four contribution levels. The university contributed $66,860,000 during fiscal year ended June 30, 2011, and $65,418,000 during fiscal year ended June 30, 2010, to TIAA-CREF for the IU Retirement Plan. The university contributed $21,804,000 during fiscal year ended June 30, 2011, and $21,203,000, during fiscal year ended June 30, 2010, to Fidelity Investments for the IU Retirement Plan. Under this plan, 8,504 and 8,810 employees directed university contributions to TIAA-CREF as of June 30, 2011 and 2010, respectively. In addition, 4,138 and 3,635 employees directed university contributions to Fidelity Investments as of June 30, 2011 and 2010, respectively.

In addition to the above, the university provides early retirement benefits to appointed academic and professional staff employees Grade 16 and above. There were 1,173 and 1,215 active employees on June 30, 2011 and 2010, respectively, covered by the IU Supplemental Early Retirement Plan (IUSERP), a defined contribution plan in compliance with IRC 401(a), with participant accounts at TIAA-CREF and Fidelity Investments. The university contributed $2,695,000 and $2,661,000 to IUSERP during fiscal years ended June 30, 2011 and 2010, respectively. The same class of employees hired prior to January 1, 1989, is covered by the 18/20 Retirement Plan, a combination of IRC Section 457(f) and Section 403(b) provisions. The 18/20 Retirement Plan allows this group of employees to retire as early as age 64, provided the individual has at least 18 years of participation in the IU Retirement Plan and at least 20 years of continuous university service. During the fiscal year ended June 30, 2011, the university made total payments of $33,153,000 to 386 individuals receiving 18/20 Retirement Plan payments. During the fiscal year ended June 30, 2010, the university made total payments of $32,928,000 to 394 individuals receiving 18/20 Retirement Plan payments.

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. This report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017-3206.

Fidelity Investments issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. This report may be obtained by writing Fidelity Investments, 82 Devonshire Street, Boston, MA 02109.

IU Replacement Retirement Plan Funding Policy and Annual Pension Cost

The university has established an early retirement plan for eligible employees to accommodate IRS requirements and as authorized by the Trustees of Indiana University. This plan is called the IU Replacement Retirement Plan. It is a single-employer plan and is qualified under IRC Section 401(a), with normal benefits payable for the participant’s lifetime. Trust and recordkeeping activities are outsourced to the TIAA-CREF Trust Company. As of June 30, 2011 and 2010, 98 employees were eligible to participate. University contributions related to this plan totaled $1,677,000 and $1,479,000, for fiscal years ended June 30, 2011 and 2010, respectively, with no employee contributions. These amounts represent 100% of the funding policy contribution.

The following schedule shows the funding policy contributions for the fiscal years indicated for the IU Replacement Retirement Plan as provided by the actuarial valuation report prepared as of July 1, 2010, for the fiscal year ended June 30, 2011, prepared as of July 1, 2009, for the fiscal year ended June 30, 2010, and prepared as of July 1, 2008, for the fiscal year ended June 30, 2009:

(dollar amounts presented in thousands)

	Fiscal Year Ended June 30, 2011	*Fiscal Year Ended June 30, 2010*	*Fiscal Year Ended June 30, 2009*
Cost of benefits earned during the year	$ 808	$ 659	$ 696
Amortization of unfunded actuarial accrued liabilities	767	710	473
Interest	102	110	94
Funding policy contribution	**$ 1,677**	**$ 1,479**	**$ 1,263**

The funded status of the IU Replacement Retirement Plan, as provided by the actuarial valuation reports for fiscal years ended June 30, 2011, 2010, and 2009, is as follows:

(dollar amounts presented in thousands)

Actuarial Valuation Date	*July 1, 2010*	*July 1, 2009*	*July 1, 2008*
Actuarial accrued liability (AAL)	$ 21,497	$ 17,713	$ 16,750
Actuarial valuation of plan assets	11,541	9,422	11,159
Unfunded actuarial liability	9,956	8,291	5,591
Actuarial value of assets as a percentage of (AAL) (funded ratio)	53.7%	53.2%	66.6%
Annual covered payroll	$ 8,643	$ 8,446	$ 8,612
Ratio of unfunded actuarial liability to annual covered payroll	115.2%	98.2%	64.9%

Actuarial assumptions include a 6.5% asset rate of return and future salary increases of 3% for the fiscal year ended June 30, 2011, and an 8% asset rate of return and future salary increases of 3% compounded annually for the fiscal year ended June 30, 2010. Liabilities are based on the projected unit credit method. The actuarial value of assets is equal to the fair value on the valuation date adjusted for employer contributions receivable. Actuarial assumptions of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events including future employment and mortality, and are based on the substantive plan provisions.

Additional multiyear trend information regarding the funding progress of the IU Replacement Retirement Plan is provided immediately following the notes to the financial statements.

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. This report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017-3206.

Note 13 – Postemployment Benefits

Plan Description

The university provides certain postemployment benefits for retired employees. The IU 18/20 Plan, Medical, and Life Insurance benefits are presented for financial statement purposes as a consolidated plan (the Plan) under the requirements for reporting Other Postemployment Benefit Plans (OPEB) required by GASB Statement No.45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The Plan is a single-employer defined benefit plan administered by Indiana University.

The 18/20 Plan provides interim benefits to full-time appointed academic and professional staff employees who meet the following eligibility requirements: 18 years of participation in the IU Retirement Plan 15% level, at least 20 years of continuous full-time university service, and at least 64 years of age. This group of employees is eligible to receive monthly payments based on a hypothetical monthly annuity amount at age 70, up to the amount of terminal base salary, calculated as the average budgeted base salary for the five 12-month periods immediately preceding retirement. The 18/20 Plan was adopted by the Trustees of Indiana University. The university provides medical care coverage to individuals with retiree status and their eligible dependents. The cost of the coverage is borne fully by the individual. However, retiree medical care coverage is implicitly more expensive than active-employee coverage, which creates an implicit rate subsidy. The university provides retiree life insurance benefits in the amount of $6,000 to terminated employees with retiree status. The health and life insurance plans have been established and may be amended under the authority of the trustees. The Plan does not issue a stand-alone financial report.

Funding Policy

The contribution requirements of plan members and the university are established and may be amended by the trustees. The university contribution to the 18/20 Plan and retiree life insurance is based on pay-as-you-go financing requirements. Plan members do not make contributions. The medical plans are self-funded and each plan's premiums are updated annually based on actual claims. Retirees receiving medical benefits paid $1,088,000 and $1,066,000 in premiums in the fiscal years ended June 30, 2011 and 2010, respectively. The university contributed $52,512,000 and $52,613,000 to the consolidated OPEB Plan in fiscal years ended June 30, 2011 and 2010, respectively.

Annual OPEB Cost and Net OPEB Obligation

The university's annual 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 of twenty-five years.

The following table shows the university's annual OPEB cost for the year, the amount actually contributed to the plan, and the university's net OPEB obligation as provided by the actuarial results for the fiscal year ended June 30, 2011:

(dollar amounts presented in thousands)

	Fiscal Year Ended June 30, 2011	*Fiscal Year Ended June 30, 2010*
Annual required contribution (ARC)/Annual OPEB cost	$ 58,166	$ 57,859
Less employer contributions	52,512	52,613
Increase in OPEB obligation	5,654	5,246
Net OPEB obligation, beginning of year	13,903	8,657
Net OPEB obligation, end of year	$ 19,557	$ 13,903
Percentage of annual OPEB cost contributed	**90.28%**	**90.93%**

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the Plan was unfunded. The schedule of funding progress is below:

(dollar amounts presented in thousands)

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)*	*Funded Ratio (a/b)*	*Covered Payroll (c)*	*UAAL as Percentage of Covered Payroll ((b-a) / c)*
July 1, 2010	–	$ 441,968	$ 441,968	0.0%	$ 959,198	46.1%
July 1, 2009	–	$ 443,276	$ 443,276	0.0%	$ 967,369	45.8%

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 university are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, represents 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 Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the university and 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 university 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.

The projected unit credit cost method was used in the June 30, 2011 actuarial valuation. The actuarial assumptions include a 4.5 percent investment rate of return, which is a blended rate of (a) the expected long-term investment returns on plan assets and (b) the university's investments which is calculated based on the funded level of the Plan at June 30, 2011; and an annual healthcare cost trend rate that ranges from 9% in fiscal year 2011 to 4.5% in fiscal year 2020. The rate includes a 3% inflation assumption. The Unfunded Actuarial Accrued Liability is being amortized over 25 years using level dollar amounts on an open group basis.

Note 14—Termination Benefits

In fiscal year 2011 the university offered certain employees an Early Retirement Incentive Plan (ERIP) intended to attain specific institutional objectives:

a. Achieve reduction in salary/wage and benefit expenses;
b. redirect positions to focus on higher priorities; and
c. avoid or minimize future involuntary reductions in personnel.

The ERIP provides three benefits not normally provided to separating employees:

1. Income Replacement Payment: A lump sum payment equal to 10-months pay for tenured faculty, clinical faculty, and librarians and equal to 6-months pay for any other academic employees and all staff employees.
2. Health Reimbursement Account (HRA): Five years of annual contributions to an account that reimburses employees for some healthcare expenses, such as premiums, deductibles, and copays. These annual HRA contributions will be based on the employee's current medical plan enrollment, from $6,000 for Employee Only coverage to $14,500 for Family coverage; with a reduction to $5,000 annually at Medicare age (65).
3. Medical Coverage until Medicare Age (65): Continuation in an IU-sponsored medical plan until age 65, by paying the full premium. (Employees with IU Retiree Status may participate in a post-65 Medicare supplement medical plan.)

In fiscal year 2011 the university recognized an expense and liability in the amount of $14,295,000 for income replacement payments. The actuarial accrued liability associated with Other Post Employment Benefits was increased by $15,669,000 for health reimbursement account contributions.

Note 15—Related Organization

The university is a major beneficiary of the Riley Children's Foundation, of which a majority of the board of directors is appointed by, or serve by virtue of position with, Indiana University. Riley Children's Foundation net assets were $284,848,000 and $240,011,000 at June 30, 2011 and 2010, respectively. Riley Children's Foundation net assets are not included in the financial statements of the university.

Note 16—Functional Expenses

The university's operating expenses by functional classification were as follows:

Fiscal year ended June 30, 2011

(dollar amounts presented in thousands)

Functional Classification	Natural Classification: Compensation & Benefits	Utilities	Supplies & Expenses	Scholarships & Fellowships	Depreciation	Travel	Total
Instruction	$ 818,630	$ 735	$ 100,123	$ 15,119	$ –	$ 15,041	$ 949,648
Research	161,397	25	81,899	3,396	–	6,145	252,862
Public service	86,779	416	57,197	3,527	–	3,760	151,679
Academic support	199,436	57	33,312	3,322	–	5,128	241,255
Student services	70,135	10	20,554	709	–	1,424	92,832
Institutional support	117,171	598	12,343	3,585	–	1,876	135,573
Physical plant	75,363	62,873	56,336	6	–	149	194,727
Scholarships & fellowships	12,056	–	1,026	129,786	–	118	142,986
Auxiliary enterprises	190,075	3,820	80,709	5,849	–	6,578	287,031
Depreciation	–	–	–	–	130,538	–	130,538
Total operating expenses	**$ 1,731,042**	**$ 68,534**	**$ 443,499**	**$ 165,299**	**$ 130,538**	**$ 40,219**	**$ 2,579,131**

Fiscal year ended June 30, 2010

(dollar amounts presented in thousands)

Functional Classification	Natural Classification: Compensation & Benefits	Utilities	Supplies & Expenses	Scholarships & Fellowships	Depreciation	Travel	Total
Instruction	$ 780,546	$ 320	$ 101,417	$ 12,943	$ –	$ 13,921	$ 909,147
Research	152,063	19	71,210	2,978	–	5,603	231,873
Public service	85,801	430	51,474	3,522	–	3,576	144,803
Academic support	193,857	28	39,669	2,971	–	4,445	240,970
Student services	75,254	13	28,055	1,479	–	1,315	106,116
Institutional support	119,194	453	1,405	1,704	–	1,696	124,452
Physical plant	73,487	59,370	52,191	4	–	128	185,180
Scholarships & fellowships	9,940	–	535	120,065	–	19	130,559
Auxiliary enterprises	194,822	3,398	84,756	5,113	–	6,227	294,316
Depreciation	–	–	–	–	125,715	–	125,715
Total operating expenses	**$ 1,684,964**	**$ 64,031**	**$ 430,712**	**$ 150,779**	**$ 125,715**	**$ 36,930**	**$ 2,493,131**

Note 17—Segment Information

A segment is an identifiable activity reported as a stand-alone entity for which one or more bonds are outstanding, with a revenue stream pledged in support of the debt. The primary source of repayment of these bonds is pledged net income from certain parking and housing operations, including campuses for which bonds are no longer outstanding. Facilities Revenue Bonds carry a pledge of net income from the Parking System. Student Residence System Bonds carry a pledge of net income from the Student Residence System. The university has Facilities Revenue Bonds and Student Resident System Bonds outstanding related to the following auxiliary enterprise activities:

- Parking operations on the IUPUI and South Bend campuses providing parking services to students, staff, faculty, and the general public.

- Housing operations on the IUPUI campus providing housing primarily to students.

Condensed financial statements for Parking and Housing Operations are as follows:

(dollar amounts presented in thousands)

Condensed Statement of Net Assets	*Parking Operations*		*Housing Operations*	
	June 30, 2011	*June 30, 2010*	*June 30, 2011*	*June 30, 2010*
Assets				
Current assets	$ 39,876	$ 28,082	$ 112,002	$ 135,885
Capital assets, net	79,740	74,705	168,011	127,261
Total assets	**119,616**	**102,787**	**280,013**	**263,146**
Liabilities				
Current liabilities	6,263	5,544	10,377	6,578
Noncurrent liabilities	64,213	52,571	116,431	121,112
Total liabilities	**70,476**	**58,115**	**126,808**	**127,690**
Net assets				
Invested in capital assets, net of related debt	26,505	23,918	81,636	73,989
Unrestricted	22,635	20,754	71,569	61,467
Total net assets	**49,140**	**44,672**	**153,205**	**135,456**
Total liabilities and net assets	**$ 119,616**	**$ 102,787**	**$ 280,013**	**$ 263,146**

(dollar amounts presented in thousands)

Condensed Statement of Revenues, Expenses, and Changes in Net Assets	*Parking Operations*		*Housing Operations*	
	Fiscal Year Ended June 30, 2011	*Fiscal Year Ended June 30, 2010*	*Fiscal Year Ended June 30, 2011*	*Fiscal Year Ended June 30, 2010*
Operating revenues	$ 22,742	$ 19,727	$ 63,396	$ 62,749
Depreciation expense	(3,291)	(3,121)	(4,292)	(4,625)
Other operating expenses	(12,976)	(11,285)	(41,070)	(41,869)
Net operating income	6,475	5,321	18,034	16,255
Nonoperating revenues (expenses)				
Grants, contracts, and other revenues	192	-	1,183	-
Interest expense	(1,726)	(1,986)	(1,931)	(2,184)
Net nonoperating revenues (expenses)	(1,534)	(1,986)	(748)	(2,184)
Other revenues (expenses)				
Capital gifts	-	-	15	-
Net other revenues (expenses)	-	-	15	-
Net transfers from (to) University Funds	(473)	(755)	448	62
Increase in net assets	**4,468**	**2,580**	**17,749**	**14,133**
Net assets				
Net assets, beginning of year	44,672	42,092	135,456	121,323
Net assets, end of year	**$ 49,140**	**$ 44,672**	**$ 153,205**	**$ 135,456**

(dollar amounts presented in thousands)

Condensed Statement of Cash Flows	*Parking Operations*		*Housing Operations*	
	Fiscal Year Ended June 30, 2011	*Fiscal Year Ended June 30, 2010*	*Fiscal Year Ended June 30, 2011*	*Fiscal Year Ended June 30, 2010*
Net cash provided (used) by:				
Operating activities	$ 9,551	$ 8,770	$ 26,007	$ 18,904
Noncapital financing activities	192	-	1,183	-
Capital and related financing activities	1,593	(1,296)	(50,919)	66,892
Net increase (decrease) in cash	11,336	7,474	(23,729)	85,796
Beginning cash and cash equivalent balances	26,835	19,361	135,035	49,239
Ending cash and cash equivalent balances	**$ 38,171**	**$ 26,835**	**$ 111,306**	**$ 135,035**

Total revenue-backed debt for capital financing of parking and housing auxiliary activities was outstanding in the amount of $39,895,000 at June 30, 2011, with remaining terms of 12 to 18 years. Total revenue-backed debt for capital financing of parking and housing auxiliary activities was outstanding in the amount of $43,015,000 at June 30, 2010, with remaining terms of less than one year to 19 years. Revenues of the activities are sufficient to meet the principal and interest requirements for the debt.

Note 18—Commitments and Loss Contingencies

Construction Projects

The university had outstanding commitments for capital construction projects of $146,604,000 and $138,611,000 at June 30, 2011 and 2010, respectively.

Note 19—Subsequent Event

On July 26, 2011, the university issued Student Fee Bonds Series U in the amount of $94,460,000. Par bonds of $32,030,000 were issued for new projects and $62,430,000 for refunding prior bonds. Series U Bond proceeds provided funds for the costs of acquiring, constructing and equipping a neurosciences research building at the Indianapolis campus and for acquiring land at the South Bend campus. Proceeds of the bonds were also used to refund certain outstanding Student Fee Bonds Series N, O, and P and to pay certain related costs of issuance. Certain Series N bonds were subject to a current refunding and redeemed prior to maturity on August 25, 2011. Certain Series O and Series P bonds were subject to an advance refunding to their first call dates of August 1, 2013 and August 1, 2014, respectively. The Series U bonds were issued under the authority of Indiana Code 21-34-6 (Student Fee Bonds). The true interest cost for the bonds is 2.96%. The refunding portion of the transaction generated future debt service savings of $6,646,000, which equates to a net present value savings of $5,663,000.

Refer to Note 8, Bonds and Notes Payable, for more information on long-term debt.

Required Supplementary Information

Schedule of Funding Progress for IU Replacement Retirement Plan:
(dollar amounts presented in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a) / c)
7/1/2010	$ 11,541	$ 21,497	$ 9,956	53.7%	$ 8,643	115.2%
7/1/2009	9,422	17,713	8,291	53.2%	8,446	98.2%
7/1/2008	11,159	16,750	5,591	66.6%	8,612	64.9%

Schedule of Funding Progress for Other Postemployment Benefit Plans:
(dollar amounts presented in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a) / c)
7/1/2010	$ –	$ 441,968	$ 441,968	0.0%	$ 959,198	46.1%
7/1/2009	–	443,276	443,276	0.0%	967,369	45.8%
7/1/2008	–	488,523	488,523	0.0%	868,809	56.2%

Note 1 - Organization and Operations

The Indiana University Foundation, Inc. (the "Foundation") is a not-for-profit corporation organized under the laws of the State of Indiana. The corporate purposes of the Foundation are to raise, receive, hold, invest and administer property and to make expenditures to or for the benefit of Indiana University, including its regional campuses and associated entities (such as the Purdue University schools housed at the Indiana University-Purdue University Indianapolis campus, the Indiana University Building Corporation (IUBC), Riley Children's Foundation, the Indiana University Research & Technology Corporation, Indiana University Health, Inc., formerly known as the Clarian Health Partners, Inc., the Indiana University Alumni Association, and certain medical practice plans), herein referred to as the "University."

The Foundation was originally incorporated in 1936 and is empowered to perform a wide range of services and conduct a variety of activities that support the University as it carries out its missions of teaching, research, and public service. The Foundation conducts general and special purpose fund raising programs, receives and acknowledges gifts for the benefit of the University, administers those gifts to ensure that they are used as specified by the donor, invests those gifts, serves as trustee for certain types of planned gift arrangements, and provides other services for the benefit of the University as requested from time to time.

Note 4 - Investments

A summary of total investment income, including net gains (losses) net of outside management fees for the year ended June 30, 2011 and 2010 consist of the following:

	2011	2010
Dividend, interest and other investment income	$ 8,766,433	$ 24,018,151
Net realized and unrealized gains on investments	249,785,736	95,447,882
Outside investment management fees	(4,809,298)	(3,707,427)
Total investment income, including net gains, net of outside investment management fees	$ 253,742,871	$ 115,758,606

The Foundation's investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. The following tables present information about the Foundation's investments by security type measured at fair value as of June 30, 2011 and 2010:

	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Domestic equities	$ 289,114,491	$ 69,554,088	$ 484,298	$ 359,152,877
International equities	316,897,620	6,486	-0-	316,904,106
Domestic fixed income	44,635,780	105,539,966	2,981,685	153,157,431
International fixed income	-0-	23,746,554	-0-	23,746,554
Cash equivalents (includes securities in-transit of $18 million)	41,083,431	-0-	-0-	41,083,431
Alternative investments:				
Hedged equity funds	-0-	87,762,261	27,082,944	114,845,205
Absolute return funds	-0-	75,137,301	120,592,499	195,729,800
Venture capital funds	-0-	-0-	96,886,470	96,886,470
Buyout funds	-0-	-0-	104,916,485	104,916,485
Distressed/special situation funds	-0-	-0-	47,714,669	47,714,669
Real estate funds	8,877,246	-0-	69,246,866	78,124,112
Natural resource funds	-0-	-0-	75,981,990	75,981,990
Direct commercial real estate	-0-	-0-	15,682,812	15,682,812
Mortgage securities	-0-	-0-	722,006	722,006
Total	$ 700,608,568	$ 361,746,656	$ 562,292,724	$ 1,624,647,948

				2010				
		Level 1		**Level 2**		**Level 3**		**Total**
Domestic equities	$	296,451,410	$	38,445,082	$	487,851	$	335,384,343
International equities		242,497,910		-0-		-0-		242,497,910
Domestic fixed income		30,627,429		81,168,081		-0-		111,795,510
International fixed income		(1,336)		11,386,548		-0-		11,385,212
Cash equivalents		14,297,954		-0-		-0-		14,297,954
Alternative investments:								
Hedged equity funds		-0-		66,746,585		30,103,413		96,849,998
Absolute return funds		-0-		14,087,066		157,874,534		171,961,600
Venture capital funds		-0-		-0-		76,116,188		76,116,188
Buyout funds		-0-		-0-		77,691,278		77,691,278
Distressed/special situation funds		-0-		-0-		38,749,724		38,749,724
Real estate funds		6,572,553		-0-		44,159,787		50,732,340
Natural resource funds		-0-		15,261,272		63,814,125		79,075,397
Direct commercial real estate		-0-		-0-		16,749,571		16,749,571
Mortgage securities		-0-		-0-		741,467		741,467
Total	$	590,445,920	$	227,094,634	$	506,487,938	$	1,324,028,492

Changes in Level 3 assets measured at fair value as of and for the years ended June 30, 2011 and 2010 follow:

		2011		**2010**
Beginning balance	$	506,487,938	$	447,480,014
Realized and unrealized gains (losses)		75,036,851		33,400,411
Purchases, sales and settlements		(5,260,948)		28,997,416
Net transfers in and/or out of Level 3		(13,971,117)		(3,389,903)
Ending balance	$	562,292,724	$	506,487,938

Included in the underlying US Government and agency debt instruments are futures, forwards, and option contracts that are considered derivative financial instruments. The carrying values of these derivative financial instruments are adjusted to net fair market value. Open positions as of June 30, 2011 and 2010 are summarized as follows:

	2011		2010	
	Notional Par	**Net Fair Market Value Asset (Liability)**	**Notional Par**	**Net Fair Market Value Asset (Liability)**
Futures:				
Eurodollars	$ 98,000,000	$ 218,750	$ 82,000,000	$ 694,350
90 Day Libor	-0-	-0-	-0-	-0-
Euribor	15,000,000	308,334	15,000,000	(523,796)
10 yr Euro	-0-	-0-	500,000	4,820
10 yr US	(2,100,000)	27,891	-0-	-0-
EURO-BOBL	600,000	15,312	-0-	-0-
Midcap Mini	-0-	-0-	37	(169,360)
Russell 2000 Mini	-0-	-0-	46	(170,200)
S&P 500 E-Mini	271	447,550	159	(420,555)
Forwards:				
US Government Agencies	$ 5,100,000	$ (55,042)	$ 300,000	$ 18,922

The gross and net credit risk associated with the related counterparties on these open futures and forwards positions is insignificant. The market risk for these futures and forwards is directly linked with exchange rates or market interest rates as the underlying securities bear a fixed rate of interest. The futures instruments required $2,289,733 and $1,256,969 in cash, as of June 30, 2011 and 2010, respectively. The related net gains generated were $3,549,514 and $5,525,318 for the years ended June 30, 2011 and 2010, respectively.

The Foundation's alternative investments include investments in: (1) private equity such as venture capital and leveraged buyout funds; and (2) absolute return and inflation hedge strategies, including opportunistic real estate and natural resources. These investments are valued at NAV per share or its equivalent. The Foundation's asset allocation policy allocates up to 52% in these types of investments. Following is a summary of the Level 2 and 3 alternative investments categorized by major security type, with a description of the investment managers' strategies, and the nature of any restrictions to redeem the investment value as of June 30, 2011 follows:

	2011		2010		
	Fair Value	**Unfunded Commitments**	**Fair Value**	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period**
Hedged equity funds (a)	$ 114,845,205	$ -0-	$ 96,849,998	monthly, quarterly, semi-annually, annually	45-100 days
Absolute return funds (b)	195,729,800	7,900,000	171,961,600	monthly, quarterly, semi-annually, annually	45-90 days
Venture capital funds (c)	96,886,470	32,600,000	76,116,188		
Buyout funds (d)	104,916,485	79,300,000	77,691,278		
Distressed/special situation funds (e)	47,714,669	34,300,000	38,749,724		
Real estate funds (f)	78,124,112	48,400,000	44,159,787		
Natural resources funds (g)	75,981,990	33,600,000	79,075,397		
Total	$ 714,198,731	$ 236,100,000	$ 584,603,972		

(a)This category includes investments in hedge funds that invest globally in both long and short common stocks across all market capitalizations. Management of the hedge funds may opportunistically shift investments across sectors, geographies, and net market exposures. The fair values of the investments in this category are based on the net asset value per share of the investment.

(b) This category includes investments in hedge funds that invest opportunistically across various strategies including long/short equity, fixed income, distressed credit, merger arbitrage, convertible arbitrage, etc. The fair values of the investments in this category are based on the net asset value per share of the investment. As of June 30, 2011, 58.2% of the total Marketable Alternative Investments (hedged equity and absolute return) could be redeemed in 0-6 months, 66.8% could be redeemed within 12 months, 80.5% could be redeemed within 24 months, and 85.1% could be redeemed within 36 months. The remaining 14.9% is designated as illiquid investments.

(c) This category includes several funds which invest primarily in early-stage companies in the technology and life science sectors. The nature of investments in this category is that money is distributed as underlying companies are exited via acquisition or IPO. Partnerships are typically structured to be fully liquidated after 10 years but may be extended. It is probable that the investments in this category will ultimately be sold at a value that is different from the net asset value of the Foundation's ownership interest as of June 30, 2011.

(d) This category includes private equity funds that invest across sectors primarily in the United States, but also Asia and Europe. The nature of investments in this category is that money is distributed as underlying companies are recapitalized or exited via acquisition or IPO. Partnerships are typically structured to be fully liquidated after 10 years but may be extended. It is probable that the investments in this category will ultimately be sold at a value that is different from the net asset value of the Foundation's ownership interest as of June 30, 2011.

(e) This category includes several funds that are focused on distressed, mezzanine, or secondary investments, primarily in the United States. Partnerships are typically structured to be fully liquidated after 10 years but may be extended. It is probable that the investments in this category will ultimately be sold at a value that is different from the net asset value of the Foundation's ownership interest as of June 30, 2011.

(f) This category includes several funds that invest primarily in U.S. commercial real estate, but also include real estate funds focused on Europe and Asia. The real estate exposure consists of publicly traded REIT funds (11.4%) and private partnerships (88.6%). Publicly traded REIT funds have daily liquidity. Partnerships are typically structured to be fully liquidated after 10 years but may be extended. It is probable that the investments in this category will ultimately be sold at a value that is different from the net asset value of the Foundation's ownership interest as of June 30, 2011.

g) This category includes several funds that are focused on direct energy and timber. Partnerships are typically structured to be fully liquidated after 10 years but may be extended. Certain funds in this category will provide an income stream as the underlying commodity is harvested/sold. It is probable that the investments in this category will ultimately be sold at a value that is different from the net asset value of the Foundation's ownership interest as of June 30, 2011.

Note 8 – Restricted Net Assets

The income generated from restricted net assets is used in accordance with the donors' time or purpose restrictions. Foundation and University permanently restricted assets are held in perpetuity. A summary of restricted net assets and the related donor imposed restrictions as of June 30, 2011 and 2010 are as follows:

2011

	Temporarily Restricted		Permanently Restricted	
	Foundation	**University**	**Foundation**	**University**
Foundation operations	$ 7,768,701	$ -0-	$ 22,634,801	$ -0-
University Programs:				
Awards	-0-	6,486,245	-0-	8,025,341
Capital and capital improvements	-0-	77,268,183	-0-	2,344,855
Fellowships/lectureships	-0-	21,100,010	-0-	81,469,916
General endowments	-0-	229,753,802	-0-	224,798,229
Medical practice plans	-0-	33,096,842	-0-	-0-
Operations	-0-	69,800,767	-0-	5,016,297
Professorships/chairs	-0-	103,359,243	-0-	261,991,574
Research	-0-	30,100,572	-0-	37,382,524
Scholarships	-0-	114,319,028	-0-	369,647,802
Total	$ 7,768,701	$ 685,284,691	$ 22,634,801	$ 990,676,538

2010

	Temporarily Restricted		Permanently Restricted	
	Foundation	**University**	**Foundation**	**University**
Foundation operations	$ 6,792,778	$ -0-	$ 19,196,728	$ -0-
University Programs:				
Awards	-0-	6,020,632	-0-	6,675,687
Capital and capital improvements	-0-	81,603,584	-0-	1,970,202
Fellowships/lectureships	-0-	18,775,364	-0-	66,728,954
General endowments	-0-	201,482,175	-0-	188,424,560
Medical practice plans	-0-	27,599,363	-0-	-0-
Operations	-0-	63,524,470	-0-	3,058,373
Professorships/chairs	-0-	93,338,195	-0-	223,223,211
Research	-0-	24,426,121	-0-	26,381,724
Scholarships	-0-	96,465,444	-0-	307,434,488
Total	$ 6,792,778	$ 613,235,348	$ 19,196,728	$ 823,897,199

Note 10 - Contingencies and Commitments

The Foundation has borrowed $104,313,514 and $68,684,083 of restricted cash and cash equivalents as displayed in its Foundation Unrestricted, Foundation Temporarily Restricted, and Permanently Restricted assets as of June 30, 2011 and 2010, respectively, and has reported this interfund borrowing as "due to (from)" on the Statement of Financial Position. The Foundation assumes all risk associated with the composition of assets related to the Foundation's reinvestment of the temporarily restricted University monies. These borrowings were used to (1) acquire property, plant and equipment for the benefit of the University, (2) purchase investment securities, and (3) support on-going Foundation operations. Repayment of the borrowings is primarily dependent on the Foundation's ability to (1) generate future appreciation and income from investment securities, (2) receive future revenue from existing property leases arrangements with the University and (3) receive future unrestricted gifts. Management has currently developed initiatives to reduce such borrowings in the future and maintain an appropriate composition of assets to comply with all donor restrictions.

Interfund financing of $2,400,000 and $3,800,000 as of June 30, 2011 and 2010, respectively, represents amounts financed by the Foundation unrestricted net assets to the agency and temporarily restricted University net assets. The carrying value of interfund financing approximates fair market value, as the borrowing rates currently available to the Foundation are similar to the terms on remaining maturities. Interest rates are from 4.0% to 6.0% as of June 30, 2011 and June 30, 2010.

Note 11 - Program Expenditures

Program expenditures include support for Foundation and University programs. Foundation programs include: real estate, air services, Student Foundation, cultural center, women's programs and other miscellaneous programs. These University related program expenditures primarily support "Grants and aid to the University" and "Endowment and capital additions for the University." For the years ended June 30, 2011 and 2010, a summary of these expenditures follows:

	2011 Unrestricted		
Program expenditures:	**Foundation**	**University***	**Total**
Grants and aid to the University:			
Operating support:			
University support	1,742,198	33,192,348	34,934,546
Student scholarship and financial aid	12,300	30,562,306	30,574,606
Faculty support	92,283	13,281,190	13,373,473
Faculty research	-0-	8,972,395	8,972,395
	1,846,781	86,008,239	87,855,020
Endowment and capital additions for the University:			
Land, building and equipment purchases	81,103	15,745,209	15,826,312
Library and art acquisitions	300	420,100	420,400
	81,403	16,165,309	16,246,712
Total program expenditures	$ 5,134,489	$ 102,173,548	$ 107,308,037

		2010 Unrestricted	
Program expenditures:	**Foundation**	**University***	**Total**
Foundation programs:			
Real estate	$ 4,052,917	$ -0-	$ 4,052,917
Student Foundation	516,477	-0-	516,477
Cultural center	159,047	-0-	159,047
Air Services	550,137	-0-	550,137
Women's programs	16,853	-0-	16,853
Miscellaneous	699	-0-	699
	5,296,130	-0-	5,296,130
Grants and aid to the University:			
Operating support:			
University support	1,995,797	33,875,388	35,871,185
Student scholarship and financial aid	53,482	31,294,232	31,347,714
Faculty support	1,027,433	11,376,973	12,404,406
Faculty research	-0-	47,370,601	47,370,601
	3,076,712	123,917,194	126,993,906
Endowment and capital additions for the University:			
Land, building and equipment purchases	122,293	21,151,225	21,273,518
Library and art acquisitions	-0-	635,306	635,306
	122,293	21,786,531	21,908,824
Total program expenditures	$ 8,495,135	$ 145,703,725	$ 154,198,860

*These expenditures relate to temporarily restricted University net assets reclassified to unrestricted as the time or purpose restrictions are met. These amounts are included in the Statement of Activities as net assets released from restriction.

Trustees and Administrative Officers of Indiana University

The Trustees of Indiana University

for fiscal year ended June 30, 2011

William R. Cast, Allen County, Chair, Board of Trustees

Patrick A. Shoulders, Vanderburgh County, Vice Chair

MaryEllen Kiley Bishop, Member, Hamilton County

Bruce Cole, Member, District of Columbia

Philip N. Eskew, Jr., Member, Kosciusko County

Thomas E. Reilly, Jr., Member, Marion County

Derica W. Rice, Member, Hamilton County

William "Bill" Strong, Member, Hong Kong

Abbey Stemler, Member, Clark County

Robin Roy Gress, Secretary

Dorothy J. Frapwell, Assistant Secretary

MaryFrances McCourt, Treasurer

Stewart T. Cobine, Assistant Treasurer

Administrative Officers

for fiscal year ended June 30, 2011

The Presidents and Vice Presidents

Michael A. McRobbie, President of the University

Adam W. Herbert, President Emeritus of the University

Thomas Ehrlich, President Emeritus of the University

John W. Ryan, President Emeritus of the University (1929–2011)

John Applegate, Executive Vice President for University Regional Affairs, Planning and Policy

Charles R. Bantz, Executive Vice President and Chancellor, Indiana University-Purdue University Indianapolis

Karen Hanson, Executive Vice President, and Provost, IU Bloomington

Neil D. Theobald, Senior Vice President and Chief Financial Officer

D. Craig Brater, Vice President for University Clinical Affairs, and Dean & Walter J. Daly Professor IU School of Medicine

Dorothy J. Frapwell, Vice President and General Counsel

G. Frederick Glass, Vice President and Director of Intercollegiate Athletics

Jorge José, Vice President for Research Administration (since August 1, 2010)

Edwin C. Marshall, Vice President for Diversity, Equity, and Multicultural Affairs

Thomas A. Morrison, Vice President for Capital Projects and Facilities

Patrick O'Meara, Vice President for International Affairs

Michael M. Sample, Vice President for Public Affairs and Government Relations

Robert B. Schnabel, Interim Vice President for Research Administration (until July 31, 2010)

William B. Stephan, Vice President for Engagement

Brad Wheeler, Vice President for Information Technology and Chief Information Officer

The Chancellors

Michael Harris, Indiana University Kokomo

William J. Lowe, Indiana University Northwest (Gary)

Sandra R. Patterson-Randles, Indiana University Southeast (New Albany)

Nasser Paydar, Indiana University East (Richmond)

Una Mae Reck, Indiana University South Bend

Michael A. Wartell, Indiana University-Purdue University Fort Wayne

Other Officers and Senior Leaders

J Thomas Forbes, Executive Director, IU Alumni Association

Kenneth R.R. Gros Louis, University Chancellor

Eugene R. Tempel, President, IU Foundation

Additional copies of this report may be obtained from:

Office of the Senior Vice President and Chief
Financial Officer
Bryan Hall 212
Indiana University
Bloomington, IN 47405-7000
http://www.indiana.edu/~vpcfo/
To print a PDF file of this report, go to http://www.indiana.edu/~vpcfo/reports/index.shtml

---

For additional information:

General Information
Vice President for Public Affairs and Government Relations
Bryan Hall 300
107 S. Indiana Avenue
Bloomington, IN 47405-7000
http://www.indiana.edu/~pagr/

Financial Reporting
Associate Vice President and University Controller
Financial Management Services
Poplars 519
Indiana University
Bloomington, IN 47405-3085
http://www.fms.indiana.edu/avpfms/

Admissions
Vice Provost for Enrollment Management
Office of Admissions
300 N. Jordan Ave.
Indiana University
Bloomington, IN 47405-1106
http://www.admit.indiana.edu

Gifts
Indiana University Foundation
Showalter House
P.O. Box 500
Bloomington, IN 47402-0500
http://iufoundation.iu.edu/

Grants
Office of the Vice Provost for Research
601 E. Kirkwood Avenue, Franklin Hall 116
Bloomington, IN 47405
http://www.research.indiana.edu/leadership/index.html

Athletics
Athletics Publicity Office
Assembly Hall
1001 East 17th Street
Indiana University
Bloomington, IN 47408
http://www.iub.edu/athletic/

Alumni
Alumni Association
1000 East 17th Street
Indiana University
Bloomington, IN 47408
http://alumni.indiana.edu

Acknowledgements

The following members of Financial Management Services prepared the *2010-2011 Financial Report* and the included financial statements:

Joan Hagen, Associate Vice President and University Controller
Dave Gooptu, Chief Accountant and Managing Director, Financial Management Services
William Overman, Manager of External Financial Reporting and University Chart
Melody Amato, External Reporting and Compliance
Aaron Pritchett, External Reporting and Compliance
Phyllis Taylor, Senior Communications Specialist

The following entities provided data essential in the preparation of the financial statements:

Construction Management
Indiana University Foundation
Office of the Treasurer
Real Estate
Risk Management
Student Information and Fiscal Services
University Architect's Office
University Human Resource Services

Photos courtesy of Office of University Communications and Financial Management Services.

EXHIBIT B

CERTIFICATE RE: AUDITED FINANCIAL STATEMENTS

The undersigned, on behalf of The Trustees of Indiana University, as Obligor under the Amended and Restated Continuing Disclosure Undertaking Agreement, dated March 1, 2011, as supplemented on July 1, 2011 (collectively, the "Restated Undertaking") hereby certifies that the enclosed herewith are the audited financial statements which are required to be provided pursuant to Section 5(a)(l) of the Restated Undertaking.

Dated: December 13, 2011

THE TRUSTEES OF INDIANA UNIVERSITY,
as Obligor

By:

Name: MaryFrances McCourt

Title: Treasurer

EXHIBIT C

CERTIFICATE RE: ANNUAL FINANCIAL INFORMATION DISCLOSURE

The undersigned, on behalf of The Trustees of Indiana University, as Obligor under the Amended and Restated Continuing Disclosure Undertaking Agreement, dated March 1, 2011, as supplemented on July 1, 2011 (collectively, the "Restated Undertaking") hereby certifies that the information enclosed herewith constitutes the Annual Information (as defined in the Restated Undertaking) which is required to be provided pursuant to Section 5(a)(2) of the Restated Undertaking.

Dated: December 13, 2011

THE TRUSTEES OF INDIANA UNIVERSITY,
as Obligor

By:

Name: MaryFrances McCourt

Title: Treasurer

Schedule I to Exhibits B and C

THE TRUSTEES of INDIANA UNIVERSITY (CUSIP6: 455167 and 455152)

Relating to the following bond issues requiring Continuing Disclosure occurring in the month and year specified:

Indiana University Student Fee Bonds, Series O: March 2003
Indiana University Student Fee Bonds, Series P: December 2004
Indiana University Student Fee Bonds, Series Q: June 2006
Indiana University Student Fee Bonds, Series R: June 2006
Indiana University Student Fee Bonds, Series S: February 2008
Indiana University Student Fee Bonds, Series T-1 & T-2: April 2010
Indiana University Student Fee Bonds, Series U: July 2011

Indiana University Consolidated Revenue Bonds, Series 2008A: February 2008
Indiana University Consolidated Revenue Bonds, Series 2009A: April 2009
Indiana University Consolidated Revenue Bonds, Series 2010A & B: May 2010
Indiana University Consolidated Revenue Bonds, Series 2011A: March 2011

Indiana University Certificates of Participation, Series 2003A: April 2003
Indiana University Certificates of Participation, Series 2009A & B: December 2009

Indiana University Facility Revenue System Bonds, Series 2004: July 2004

Indiana University Student Residence System Bonds, Series 2004B: June 2004