VINCENNES UNIVERSITY FINANCIAL REPORT

2015-2016

Vincennes University

Mission & Vision

Mission

Vincennes University, Indiana's first college, is the State's premier transfer institution and leader in innovative career programming. The VU community ensures educational access, delivers proven associate and baccalaureate programs, and offers cultural opportunities and community services in a diverse, student-centered, collegiate environment.

Vision

Vincennes University is a premier learning institution, widely recognized for leadership in innovation and delivery of successful educational experiences. A broad range of program offerings and a commitment to superior service ensure the University's role as an important link in Indiana's economic and cultural vitality. VU is a diverse community whose members all share responsibility for supporting the University mission and are respected for their contributions.

Vincennes University Financial Report 2015-2016

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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF VINCENNES UNIVERSITY, VINCENNES, INDIANA

Report on the Financial Statements

We have audited the financial statements of the business-type activities and the discretely presented component unit of Vincennes University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof and for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Employer's Share of the Net Pension Liability Teachers' Retirement Fund Pre-1996 Accounts (TRF Pre-1996), Schedule of Employer Contributions Teachers' Retirement Fund Pre-1996 Accounts, Schedule of Employer's Share of Net Pension Liability Teachers' Retirement Fund 1996 Account (TRF 1996), and Schedule of Employer Contributions Teachers' Retirement Fund 1996 Account (TRF 1996) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Treasurer's Report and Board of Trustees and University Officers are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Treasurer's Report and Board of Trustees and University Officers have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016, on our consideration of the University's internal control over financial reporting and on 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

October 13, 2016

Vincennes University Treasurer's Report

Vincennes University's success would not be possible without the tremendous support of the State of Indiana. Education remains one of the best investments that local and state leaders can make to ensure a better economic and social future for its residents. We are proud that Indiana legislators have put their trust in Vincennes University to bring our expertise and quality programs to all Hoosiers. Indiana continues to have the most manufacturing dependent economy in the nation, accounting for the highest percentage of total Hoosier jobs and $100 billion of the state's gross domestic product. Recognizing the value of career and technical education for our state, the Indiana General Assembly approved and funded Vincennes University's Career and Technical Early College Program during the 2015 legislative session. Through industry partnerships and State of Indiana funding, VU has worked diligently over the past year to strategically locate 15 Career and Technical Early Colleges in career centers throughout Indiana that provide industry and geographic balance and access to CTE students. VU's Career and Technical Early Colleges are a sound investment to Indiana's workforce development system as they provide access to over 14,000 students without investing in brick and mortar projects at traditional campuses. This is important for a state seeking to boost college completion with minimal investment of new dollars. For Vincennes University, the geographic barrier no longer exists and we are now touching nearly every Hoosier household. The Career and Technical Early College Program is possibly the most progressive and transformational initiative that the State of Indiana has engaged in decades.

The growth of Vincennes University's statewide presence cannot succeed without the health of our core campus. The Vincennes campus is currently undergoing the largest capital expansion in VU's history - transforming into an innovative, student-centered, highly technological institution of higher education. Connected to the P.E. Complex, Aquatic Center and Student Recreation Center, VU's new Student Center opened in August 2016 with dining areas, leisure spaces, large-scale sound and video entertainment, fire places, gaming space and a large bowling center. This is a wonderful resource for VU's commuter students as well as our residential students as it provides a space for people to interact and develop bonds that will expose them to new experiences, new cultures and new ideas. Located adjacent to the Student Center is the new 85,000 square foot Center for Science Engineering and Mathematics. VU broke ground on this $27 million facility in August 2015 with a $2 million lead gift in honor of the William E. (Bill) Updike family. Updike Hall will feature state-of-the-art science laboratories, technology-integrated classrooms for mathematics, engineering and general education courses as well as a large lecture hall, tutoring rooms and small group breakout spaces. Updike Hall will promote Indiana's long term economic growth and global competiveness by ensuring the state's STEM industries have a highly trained workforce.

Additionally, in an effort to recruit and graduate more females in STEM fields, VU completed and opened its first female living/learning technology community in Ebner Hall in fall 2016. Students selected for the program reside with their academic peers in the College of Technology and have after-hour access to technology labs and learning spaces. Career potential for women in STEM fields is limitless and Vincennes University has made a special effort to assist these females by offering scholarships and providing them with opportunities to help them succeed.

This is an exciting time for VU as we are well positioned for future growth. We proudly remain Indiana's most affordable residential college and continue to be good stewards of our financial resources. I am grateful for the hard work and dedication of our Board of Trustees, Faculty and Staff, and most importantly, our students. I am pleased to present the 2015-2016 Vincennes University Financial Report for the fiscal year ended June 30, 2016. This report is a complete and permanent record of the financial status of Vincennes University for the period stated.

Respectfully submitted,

Phillip S. Rath
Vice President for Financial Services and Government Relations

Management's Discussion & Analysis

Vincennes University is pleased to present its financial statements for fiscal year 2016. The following discussion and analysis provides an overview of the financial position and activities of Vincennes University (the "University") for the fiscal year ended June 30, 2016, along with comparative information for the fiscal years ended June 30, 2015 and June 30, 2014. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

One of the first two-year colleges in America, Vincennes University is also Indiana's oldest college. Located in Vincennes, the University is a comprehensive public institution of higher learning with a fall 2015 enrollment of approximately 10,080 full-time equivalents. The University offers a broad range of degrees including baccalaureate programs. These degrees include Bachelor of Science degrees in Homeland Security and Public Safety, Education (Science, Special Education and Math Concentrations), Nursing, and a growing number of Technology Concentrations. Vincennes University has a statewide mission and is a state-supported university. Major extension sites are located in Fort Branch, Jasper and Indianapolis, Indiana. The University also offers over 800 courses through its Distance Education program and at thirteen military sites across the United States. The University is accredited by the Higher Learning Commission.

The University is committed to an open admission policy and recognizes that promoting individual growth and development must be its primary consideration. Furthermore, the University believes it must play a key role in programs of community development, cultural enrichment, and services appropriate to a post-secondary educational institution.

USING THE FINANCIAL STATEMENTS

The University's financial report includes three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented for aggregate operations which includes the Vincennes University Foundation, Incorporated.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University. The difference between total assets/deferred outflows of resources and total liabilities/deferred inflows of resources --net position-- is one indicator of the current financial condition of the University, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2016, 2015 and 2014 is summarized as follows:

Statement of Net Position	2016 (in thousands)	2015 (in thousands)	2014 (in thousands)
Current Assets	$ 66,116	$ 52,132	$ 44,973
Non-current Assets			
Investments	126,356	107,692	100,623
Capital Assets, net	214,159	212,994	210,725
Other	20,457	15,899	11,506
Total Assets	**$ 427,088**	**$ 388,717**	**$ 367,827**
Deferred Outflows	**$ 722**	**$ 299**	**$ 174**
Current Liabilities	$ 25,729	$ 26,644	$ 20,970
Non-current Liabilities	71,121	57,348	62,311
Total Liabilities	**$ 96,850**	**$ 83,992**	**$ 83,281**
Deferred Inflows	$ 123	$ 127	$ -
Net Position	**$ 330,837**	**$ 304,897**	**$ 284,720**

Fiscal Year 2016

The University ends the fiscal year at June 30, 2016, with assets of $427 million and liabilities of $97 million. The solid financial health of the University reflects an ongoing commitment to strong fiscal stewardship backed by focused efforts of faculty, staff and administration. The University's proactive management of financial resources includes careful cost controls, management of its endowments, conservative utilization of debt, and continued adherence to the long-range capital plan for the maintenance and replacement of the physical plant.

Current assets consist primarily of cash, short-term investments, inventory and accounts receivable. Accounts receivable includes sponsored programs, student loans, and student receivable for tuition, and room and board. The total increase of $14 million was primarily related to positive operations.

Non-current assets increased $24.4 million in fiscal 2016. The majority of this increase resulted from unexpended bond proceeds held in non-current investments. The $6.0 million Aviation Technology Center renovation and various other renewal and replacement projects were also completed during the fiscal year. The University's fiscal 2016 contribution toward the Other Postemployment Benefit (OPEB) obligation was in excess of the annual required contribution resulting in a net asset of $19.7 million, representing a $4.7 million increase to non-current assets from fiscal year 2015. The University also raised the equipment capitalization threshold from $500 to $5,000 on July 1, 2015, resulting in a one-time $6.2 million net decrease to capital assets.

Current liabilities include all liabilities that are payable within the next fiscal year and consist primarily of accounts payable, bonds payable, accrued compensation, accrued vacation liability, deposits held in custody, and unearned revenue. Accounts payable decreased $4.3 million to $2.9 million. The significant decrease in accounts payable results from the one-time $4.7 million payable recorded in fiscal 2015 for the University's obligation related to its withdrawal from the Public Employees Retirement Fund (PERF). Bonds payable increased $1.2 million in fiscal 2016, primarily as a result of a new bond issue for the construction of Updike Hall, Center for Science, Engineering and Mathematics.

Total noncurrent liabilities increased $13.8 million. The increase is attributable to the bond series issued in fiscal 2016 to finance Updike Hall. Bonds payable net of unamortized bond premium (discount) represents the majority of noncurrent liabilities. The bonds were issued to finance the construction and renovation of student residence halls and academic buildings. More detailed information concerning the University's long-term debt is presented in the Notes to the Financial Statements.

Fiscal Year 2015

The University's financial position remained strong at June 30, 2015, with assets of $388 million and liabilities of $84 million. This financial health reflects the prudent utilization of its financial resources, including careful cost controls, management of its endowments, conservative utilization of debt, and adherence to its long-range capital plan for the maintenance and replacement of the physical plant.

Current assets consist primarily of cash, short-term investments, inventory and accounts receivable. Accounts receivable includes sponsored programs, student loans, and student receivable for tuition, and room and board. The total increase of $7.16 million was primarily related to positive operations and the decrease in the funding of capital assets and construction projects.

Non-current assets increased $13.7 million from fiscal year 2014. This increase was related to the increase in non-current investments and for the completion of Ebner Residence Hall, the steam line replacement, Tecumseh Dining Center HVAC System and various renewal and replacement projects. The University's contribution toward the Other Postemployment Benefit (OPEB) obligation was in excess of the annual required contribution resulting in a net asset of $15 million.

Current liabilities consist primarily of accounts payable, bonds payable, accrued compensation, accrued vacation liability, deposits held in custody, and unearned revenue. Accounts payable increased $4.5 million to $7.2 million. This increase is attributable to the University's election to end participation in the Public Employees' Retirement Fund (PERF). The $4.7 million will satisfy the University's share of unfunded pension liability with PERF, eliminating future obligation and allowing for the University's withdrawal from PERF.

Total noncurrent liabilities decreased $5 million. The majority of noncurrent liabilities represent bonds payable net of unamortized bond premium (discount) totaling $56 million. These bonds were issued to finance the construction and renovation of student residence halls and academic buildings. More detailed information concerning the University's long-term debt is presented in the Notes to the Financial Statements.

Net Position

Net position represents the residual interest in the University's assets after liabilities are deducted. A summarized comparison of the University's net position is presented below:

Summary of Net Position	2016 (in thousands)	2015 (in thousands)	2014 (in thousands)
Net Investment in Capital Assets	$ 153,008	$ 152,099	$ 144,955
Restricted:			
Non-expendable	2,379	2,380	2,380
Expendable	8,448	6,445	4,763
Unrestricted:			
Designated - Capital & Other	16,113	17,614	14,580
Designated for Quasi-Endowment	30,222	29,605	29,209
General Operations	68,044	47,994	42,599
Auxiliary	52,623	48,760	46,234
Total Net Position	**$ 330,837**	**$ 304,897**	**$ 284,720**

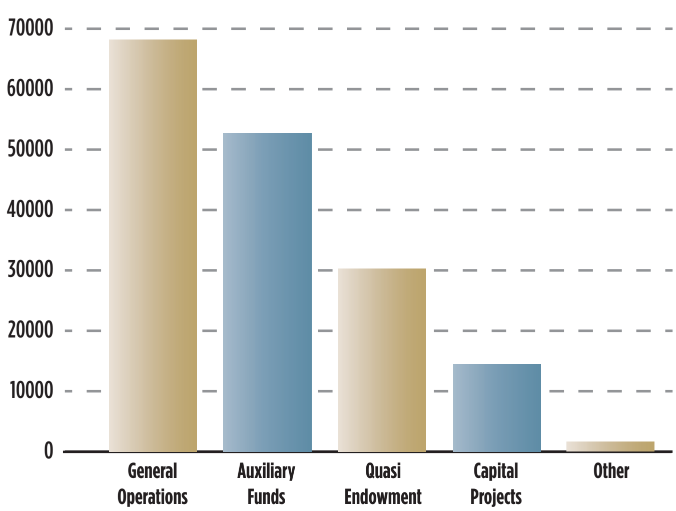
Net Investment in Capital Assets represent the institution's equity in property, plant and equipment net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. Net Investment in Capital Assets appeared to be relatively unchanged from the prior year; however, the University had several significant changes. The University implemented an accounting change on July 1, 2015 that raised the capitalization threshold for asset purchases to $5,000. As a result of the accounting change, a $6.2 million (one-time) net decrease in capital assets was recorded and depreciation decreased $1.7 million. The University also had $14 million in unspent bond proceeds from the bonds issued to finance Updike Hall. A combination of building additions and disposals with a net total of $4.7 million were recorded as increases to Net Investment in Capital Assets in fiscal 2016.

Restricted net position is the restricted component of net position which consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. *Restricted net position non-expendable* primarily includes the University's permanent endowment funds. The corpus of these resources is only available for investment purposes. *Restricted net position – expendable* is subject to externally imposed restrictions governing its use. This category of net position includes funds restricted for capital projects, external loan funds, and scholarship funds.

Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position is not subject to externally imposed stipulations. However, many of the University's unrestricted net assets have been designated

or reserved for specific purposes such as auxiliaries, quasi endowment, dormitory reserves, and repair and replacement reserves for capital and infrastructure. Unrestricted net assets for 2016 and 2015 included board designated quasi endowment funds of $30.2 million and $29.6 million respectively. All income and gain derived from these quasi-endowment funds are used for the purpose of funding various designated University activities. General Operations' net assets increased $20 million from fiscal year 2015 to 2016 and $25 million from fiscal year 2014 to 2015. Both of these increases were largely attributable to positive operations and the University's ongoing cost containment. The following graph shows the 2016 unrestricted net assets of $167 million by designation:

2016 UNRESTRICTED NET POSITION
(in thousands of dollars)



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position details the $25.9 million increase in net position for fiscal year 2016. This compares favorably to the prior year's increase of $20.2 million. The University's operating results are presented, as well as the non-operating revenues and expenses. Governmental appropriations, while budgeted for operations, are considered non-operating revenues as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. A summarized comparison of the University's Statement of Revenues, Expenses and Changes in Net Position is presented below:

Statement of Revenues, Expenses & Changes in Net Position	2016 (in thousands)	2015 (in thousands)	2014 (in thousands)
Operating Revenue:			
Tuition and Fees, Net	$ 29,512	$ 28,359	$ 27,731
Auxiliary, Net	16,490	19,208	18,021
Grants and Contracts	15,979	16,265	15,333
Other	1,534	1,241	1,139
Total Operating Revenue	**$ 63,515**	**$ 65,073**	**$ 62,224**
Operating Expenses	**$122,822**	**$121,694**	**$117,938**
Net Operating Loss	**$ (59,307)**	**$ (56,621)**	**$ (55,714)**
Non-Operating Revenues (Expenses):			
Governmental Appropriations	$ 52,161	$ 46,395	$ 45,586
Federal and State Student Aid	22,713	25,813	24,966
State Grant Revenue	8,697	3,756	-
Gifts (Including Endowment and Capital)	2,928	739	496
Investment Income	4,115	2,688	1,189
Gain (Loss) on Disposition of Capital Assets	(192)	(210)	240
Other Income and Expense	(2,504)	(3,294)	(2,518)
Total Non-Operating Revenue	**$ 87,918**	**$ 75,887**	**$ 69,959**
Income before Other Revenues, Expenses, Gains or Losses	**$ 28,611**	**$ 19,266**	**$ 14,245**
Other Revenues, Expenses, Gains or Losses			
Capital Appropriation	$ 3,500	$ 5,705	$ 6,295
Special - Withdrawal from PERF Pension Plan Obligation	-	(4,710)	-
Increase in Net Position	**$ 32,111**	**$ 20,261**	**$ 20,540**
Net position - Beginning of year	**$304,897**	**$284,720**	**$264,180**
Prior Period Adjustment for Change in Accounting Principle	(6,171)	(84)	-
Net position - End of year	**$330,837**	**$304,897**	**$284,720**

Revenues

Fiscal Year 2016

Operating revenues decreased 2.4 percent to $63.5 million. The changes in revenue are based on the following:

• Student tuition and fees, net of scholarship allowances and bad debt, increased $1.2 million, the result of a Board approved tuition increase of 3.8 percent and the continued growth of the Early College Initiative.

• Auxiliary revenues primarily consist of student housing, bookstores, student activities, and workshops. Net auxiliary revenues decreased 14.2 percent, primarily due to a decline in residence hall occupancy and bookstore sales.

• For grants and contracts, the University received an estimated 59 percent from federal agencies, 26 percent from state agencies, and 15 percent from nongovernmental agencies.

Non-operating revenue increased from the previous fiscal year. The activity includes the following:

• Government Appropriations increased $5.8 million in fiscal 2016. Three million dollars was received from the State of Indiana's Career and Technical Education Innovation and Advancement fund and an additional $1.7 million in appropriations was received for the Dual Credit program.

• Federal and State Student Aid decreased 12 percent to $22.7 million. The decrease is largely attributable to enrollment decline.

• Investment income increased approximately $1.4 million which was reflective of market conditions.

Other Revenues, Expenses, Gains or Losses included a $2 million grant from the State for the construction of an underground mining simulation center at the VU Gibson County Center for Advanced Manufacturing and Logistics. An additional $1.5 million was received from the State for the purpose of upgrading or replacing the existing HVAC control systems in 13 buildings on the Vincennes Campus and the Jasper Campus.

Fiscal Year 2015

Operating revenues increased 4.6 percent to $65 million. The changes in revenue are as follows:

• Overall student enrollment remained stable which is reflected in tuition and fees, net of scholarship allowances and bad debt.

• Auxiliary revenues primarily consist of student housing, bookstores, student activities, and workshops. Net auxiliary revenues increased 6.6 percent, with housing rates increasing 3 percent from fiscal year 2014.

• For grants and contracts, the University received an estimated 62 percent from federal agencies, 25 percent from state agencies, and 13 percent from nongovernmental agencies.

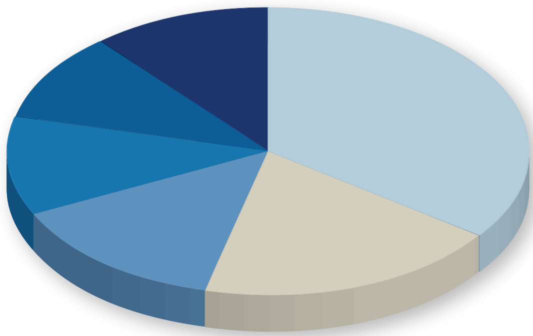
Non-operating revenue increased from fiscal year 2014. The activity includes the following:

• Federal and State Student Aid increased 3.4 percent to $25.8 million. This increase is largely attributable to the amount of state aid awarded.

• Investment income increased approximately $1.5 million which was reflective of the market conditions.

Other Revenues, Expenses, Gains or Losses included the capital appropriation from the State of Indiana to renovate and upgrade the Aviation Technology Center in Indianapolis, and to replace the steam line and electric infrastructure on the Vincennes campus.

The following is a graphic illustration by source (both operating and non-operating) used to fund the University for the year ended June 30, 2016.



Expenses

A comparative of the University's expenses for the years ending June 30, 2016, 2015 and 2014 is as follows:

Expense By Natural Object	2016 (in thousands)	2015 (in thousands)	2014 (in thousands)
Operating:			
Compensation and Benefits	$ 71,149	$ 66,307	$ 62,627
Supplies, Services & Equipment	33,786	33,857	34,114
Depreciation	9,347	11,062	11,018
Scholarships and Fellowships	8,539	10,468	10,179
Total Operating Expenses	$122,821	$121,694	$117,938
Non-Operating:			
Interest and Other	8,873	8,214	2,519
Total Expenses	$131,694	$129,908	$120,457

Fiscal Year 2016

Total operating and non-operating expenses were $132 million for the fiscal year ending June 30, 2016. Changes in major expenses categories are as follows:

• Total compensation and benefits comprised approximately 54 percent of total expenses. A significant portion of the compensation and benefits increase was a result of the Teachers' Retirement Fund Pre-1996 State Contributions. Per GASB Statement No. 68, the University is required to report the State's contribution as a benefit cost and as non-operating revenue. This creates a $0 net effect on the Statement of Revenues, Expenses, and Changes in Net Position.

• Overall supplies, services and equipment decreased slightly from the previous year. The University continues to make cost containment an ongoing effort for all related supply and expense expenditures.

• Aid eligible students decreased from fiscal year 2015 which led to the decrease in scholarships and fellowships.

Fiscal Year 2015

Operating expenses were $122 million for the fiscal year ending June 30, 2015. Changes in major expenses categories are as follows:

• Total compensation and benefits comprised approximately 51 percent of total expenses. A significant portion of the compensation and benefits increase includes a special expense recognition of $3.8 million for Teachers' Retirement Fund Pre-1996 State Contributions, as required by GASB Statement No. 68. Per GASB No. 68, $3.8 million is also recorded as State Grant Revenue (Non-operating), creating a $0 net effect, on the Statement of Revenues, Expenses, and Changes in Net Position.

• Overall supplies, services and equipment decreased slightly from fiscal year 2014. The University continues to make cost containment an ongoing effort for all related supply and expense expenditures.

Non-operating expenses included a $4.7 million payment to the Indiana Public Retirement System for the University's withdrawal from the Public Employees' Retirement Fund (PERF).

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about the University's financial results by reporting the major sources and uses of cash. Cash received from operations primarily consists of student tuition, sponsored programs and auxiliary revenues. Significant sources of cash provided by non-capital financing activities, as defined by GASB, include state appropriations and gifts used to fund operating activities. For higher education institutions, these cash inflows are critical to funding the operations of the University.

A comparative of the Statement of Cash Flows for the years ended June 30, 2016, 2015 and 2014 is as follows:

Statement of Cash Flows	2016 (in thousands)	2015 (in thousands)	2014 (in thousands)
Cash Received from Operations	$ 64,369	$ 65,030	$ 62,149
Cash Expended for Operations	(120,842)	(116,114)	(111,406)
Net Cash Used in Operating Activities	$ (56,473)	$ (51,084)	$ (49,257)
Net Cash Provided by Non-Capital Financing Activities	86,240	76,252	72,197
Net Cash Provided by (Used in) Investing Activities	(21,626)	(6,905)	9,918
Net Cash Provided by (Used in) Capital and Related Financing Activities	804	(11,098)	(19,641)
Net Increase in Cash and Cash Equivalents	$ 8,945	$ 7,165	$ 13,217
Cash and Cash Equivalents - Beginning of Year	35,333	28,168	14,951
Cash and Cash Equivalents - End of Year	$ 44,278	$ 35,333	$ 28,168

The University's cash and cash equivalents increased $8.9 million from fiscal year 2015 to 2016; and $7.2 million from fiscal year 2014 to 2015. The increase in the cash and cash equivalents was primarily related to positive operations.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The economic condition of Vincennes University is closely tied to that of the State of Indiana with state appropriations being the largest source of funding for the University. The State and Federal governments continue to recognize the importance of an education in our nation at a time when governmental appropriations are declining. The rise in medical costs, volatile utility costs, repair and maintenance of campus facilities, and replacing equipment with state-of-the-art technology are also significant cost pressures facing the University.

Progress continues on the construction of Updike Hall, an 85,000 square foot facility that will house the Center for Science, Engineering and Mathematics. The new center is scheduled to open in August 2017, featuring state-of-the-art labs that will greatly enhance instruction in engineering, chemistry, physics and biology as well as earth, environmental and agricultural services.

Three million dollars was received in fiscal year 2016 from the State of Indiana's Career and Technical Education Innovation and Advancement fund to provide career and technical education in selected Career Centers across the state. The University expects to receive comparable funding in fiscal year 2017. VU is utilizing its Early College model for this initiative.

Construction of Indiana's only underground mining simulation center has begun at the Gibson County Center for Applied Technology. The $2 million, 40,000 square foot center is modeled after a simulated underground mine training facility at West Virginia University. When completed, the new center will be used for training and retraining of miners in all segments of the mining industry, as well as for fire and rescue training and VU's Homeland Security and Law Enforcement programs.

The rising cost of health care and prescription drug costs presents challenges and opportunities for the University. The University has taken a proactive approach to employee healthcare by focusing on preventive health and wellness. In coordination with the University-owned *Primary Care Center* located on the Vincennes campus, a variety of health and wellness initiatives have been introduced throughout the fiscal year. This included bringing *Weight Watchers* meetings to campus, offering certified fitness training, as well as a variety of fitness activities for employee participation. The University will place continued emphasis on education and preventive health, recognizing the long-term benefits of investing in employee wellness.

Management's strong stewardship, and the ability to recognize workforce demands and adapt programming to the changing needs of employers, will ensure that Vincennes University continues its mission, and remains financially sound.

VINCENNES UNIVERSITY STATEMENT OF NET POSITION

As of June 30, 2016 and June 30, 2015

ASSETS	2016	2015
Current Assets		
Cash and Cash Equivalents	$ 44,278,395	$ 35,333,117
Short-term Investments	10,821,709	3,784,156
Funds held with Bond Trustee	14,019	13,923
Accounts Receivable (Less Allowance of $5,431,548 2016 and $4,131,698 2015)	8,034,195	9,565,121
Current Portion of Notes Receivable	701,644	683,122
Inventories	1,641,945	2,150,859
Accrued Interest Income	337,499	298,546
Prepaid Expenses	287,109	303,655
Total Current Assets	**$ 66,116,515**	**$ 52,132,499**
Non-current Assets		
Funds held with Bond Trustee for Debt Service	217,888	219,715
Investments	126,356,102	107,691,664
Notes Receivable	496,390	598,024
OPEB Asset	19,742,368	15,081,322
Capital Assets, Net of Accumulated Depreciation	214,158,964	212,993,775
Total Non-current Assets	**$ 360,971,712**	**$ 336,584,500**
Total Assets	**$ 427,088,227**	**$ 388,716,999**
DEFERRED OUTFLOWS		
Accumulated decrease in fair value of hedging derivatives	453,417	215,142
Deferral of Resources Indiana State Teachers Pension Plan	269,116	83,559
Total Deferred Outflows	**$ 722,533**	**$ 298,701**
LIABILITIES		
Current Liabilities		
Accounts Payable	2,878,001	2,501,092
Accounts Payable - Withdrawal from PERF Pension Plan Obligation	-	4,710,488
Accrued Payroll and Deductions Payable	5,529,991	4,327,528
Accrued Vacation Liability	1,177,098	1,125,720
Unearned Revenue	3,258,492	3,109,503
Accrued Interest on Debt	354,549	340,994
Bonds Payable	6,011,520	4,859,000
Deposits	192,344	209,998
Deposits Held in Custody for Others	5,353,766	4,337,417
Other Liabilities	973,683	1,122,043
Total Current Liabilities	**$ 25,729,444**	**$ 26,643,783**
Non-current Liabilities		
Bonds Payable (Net of Unamortized Bond Premium (Discount) of $936,843 2016 and $1,117,401 2015)	69,334,723	55,991,801
Net Pension Liability	216,002	25,064
Derivative Instrument - Interest Rate Swap	453,417	215,142
Advances from Federal Government	1,116,332	1,116,332
Total Non-current Liabilities	**$ 71,120,474**	**$ 57,348,339**
Total Liabilities	**$ 96,849,918**	**$ 83,992,122**
DEFERRED INFLOWS		
Net Difference in the projected and actual investments along with Indiana State Teachers 2016 Pension Contributions	123,352	126,905
NET POSITION		
Net Investment in Capital Assets	153,007,504	152,099,424
Restricted for Non-expendable:		
Scholarships & Instruction	2,379,586	2,379,586
Restricted for Expendable:		
Capital Projects	5,534,117	3,564,759
Loan Funds	397,559	413,699
Scholarships & Instruction	2,516,459	2,466,138
Unrestricted	167,002,265	143,973,067
Total Net Position	**$ 330,837,490**	**$ 304,896,673**

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY FOUNDATION, INC.
COMPONENT UNIT — STATEMENT OF FINANCIAL POSITION

As of June 30, 2016 with comparative figures for 2015

Assets	2016	2015	Liabilities & Fund Balances	2016	2015
Unrestricted Funds					
Cash	$ 101,599	$ 79,381	Accounts Payable	$ 4,577	$ 3,302
Amount Due from Agency Funds	94,215	47,437	Vacation Accrual	12,218	11,054
Other Accounts Receivable	798	788	Deferred Income Other	2,805	2,380
Accrued Interest Receivable	1,487	1,425	Due VU General Fund	27,144	36,546
Investments	2,536,528	2,710,270	Refundable Advance	-	770,200
Equipment	8,107	19,535			
Accum. Deprec. - Equipment	(8,107)	(16,213)			
Prepaid Expense	8,423	3,213	Net Assets	3,694,445	3,020,493
Property	998,139	998,139			
Total Unrestricted Funds	**$ 3,741,189**	**$ 3,843,975**	**Total Unrestricted Funds**	**$ 3,741,189**	**$ 3,843,975**
Current Restricted Funds					
Cash	$ 29,289	$ -	Accounts Payable	$ 42,879	$ 8,116
Accrued Interest Receivable	27,931	29,468	Due to Unrestricted	60,384	7,198
Investments	54,795,385	51,469,707	Funds Held in Trust	49,847,475	46,013,336
Other Accounts Receivable	9,607	100,963	Deferred Income Other	84,185	130,310
Pledge Receivable	12,500	-	Net Assets	4,901,683	5,495,678
Prepaid Expense	61,894	54,500			
Total Current Restricted Funds	**$ 54,936,606**	**$ 51,654,638**	**Total Current Restricted Funds**	**$ 54,936,606**	**$ 51,654,638**
Endowment Funds					
Accrued Interest Receivable	$ 15,186	$ 14,304	Accounts Payable	$ 2,987	$ 10,601
Investments	25,908,835	27,211,365	Due to Unrestricted	33,831	135,612
Prepaid Expense	3,980	2,166	Net Assets	25,891,183	27,081,622
Total Endowment Funds	**$ 25,928,001**	**$ 27,227,835**	**Total Endowment Funds**	**$ 25,928,001**	**$ 27,227,835**
Total Assets	**$ 84,605,796**	**$ 82,726,448**	**Total Liabilities and Fund Balance**	**$ 84,605,796**	**$ 82,726,448**

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2016 and June 30, 2015

		2016		2015
Operating Revenues				
Student Tuition & Fees	$	43,348,494	$	42,219,381
Scholarship Allowance - Tuition & Fees		(13,836,433)		(13,860,335)
Grants and Contracts		15,979,088		16,265,083
Auxiliary Enterprises		21,387,352		24,775,140
Scholarship Allowance - Auxiliary Enterprises		(4,897,640)		(5,567,387)
Other Revenues		1,533,985		1,240,698
Total Operating Revenues	**$**	**63,514,846**	**$**	**65,072,580**
Operating Expenses				
Salaries and Wages		48,850,376		46,909,610
Benefits		22,298,474		19,397,011
Scholarships and Fellowships		8,539,498		10,468,494
Supplies and Other Services		31,174,715		32,262,118
Equipment		2,611,084		1,595,061
Depreciation		9,347,281		11,061,711
Total Operating Expenses	**$**	**122,821,428**	**$**	**121,694,005**
Operating Loss	**$**	**(59,306,582)**	**$**	**(56,621,425)**
Non-Operating Revenues (Expenses)				
Governmental Appropriations		52,161,582		46,394,509
Federal and State Student Aid		22,712,865		25,813,023
State Grant Revenue		8,697,315		3,755,638
Gifts and Bequests		2,928,155		739,478
Investment Income		3,123,615		2,091,933
Endowment Income		991,486		596,168
Loss on Disposition of Capital Assets		(192,489)		(210,430)
Interest & Other Costs on Capital Asset - Related Debt		(2,508,998)		(2,407,667)
Other Non-Operating Revenues (Expenses)		5,268		(885,243)
Total Non-Operating Revenues (Expenses)	**$**	**87,918,799**	**$**	**75,887,409**
Income before other revenues, expenses, gains or losses	$	28,612,217	$	19,265,984
Other Revenues, Expenses, Gains or Losses				
Capital Appropriations	$	3,500,000	$	5,704,868
Special - Withdrawal from PERF Pension Plan Obligation	$	-		(4,710,488)
Increase in Net Position	**$**	**32,112,217**	**$**	**20,260,364**
Net Position - Beginning of Year	**$**	**304,896,673**	**$**	**284,720,224**
Prior Period Adjustment for Change in Accounting Principle - Note 18	**$**	**-**	**$**	**(83,915)**
Cumulative Effect of Change in Accounting Principle - Note 18	**$**	**(6,171,400)**	**$**	**-**
Net Position - End of Year	**$**	**330,837,490**	**$**	**304,896,673**

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY FOUNDATION, INC.
COMPONENT UNIT — STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ending June 30, 2016 with comparative figures for 2015

Support and Revenue	Unrestricted	Current Restricted	Endowment	2016 Total	2015 Total
Contributions	$ 161,208	$ 1,023,994	$ 147,105	$ 1,332,307	$ 2,152,276
Grants and Contracts	-	26,050	-	26,050	10,000
Other Income	849,940	196,025	-	1,045,965	188,200
Investment Income (Loss)	60,556	102,702	516,973	680,231	1,018,475
Unrealized Gain (Loss) on Investments	(67,590)	92,668	(667,143)	(642,065)	(482,387)
Administrative Income	376,209	-	-	376,209	314,413
Alumni Income & Community Series	28,182	159,735	-	187,917	198,901
Total Support and Revenue	**$ 1,408,505**	**$ 1,601,174**	**$ (3,065)**	**$ 3,006,614**	**$ 3,399,878**

Expenses					
Program Expenditures	$ 316,115	$ 2,004,654	$ 876,267	$ 3,197,036	$ 1,970,973
Management and General	312,603	98,975	321,999	733,577	666,251
Fundraising	104,635	81,848	-	186,483	151,510
Total Expenses	**$ 733,353**	**$ 2,185,477**	**$ 1,198,266**	**$ 4,117,096**	**$ 2,788,734**
Increase (Decrease) in Net Assets	**$ 675,152**	**$ (584,303)**	**$ (1,201,331)**	**$ (1,110,482)**	**$ 611,144**
Net Assets Adjustments:					
Additions	5,200	61,817	14,042	81,059	126,545
Deductions	(6,400)	(71,509)	(3,150)	(81,059)	(126,545)
Total Change in Net Assets	**$ 673,952**	**$ (593,995)**	**$ (1,190,439)**	**$ (1,110,482)**	**$ 611,144**
Net Assets - Beginning of Year	**$ 3,020,493**	**$ 5,495,678**	**$ 27,081,622**	**$ 35,597,793**	**$ 34,986,649**
Net Assets - End of Year	**$ 3,694,445**	**$ 4,901,683**	**$ 25,891,183**	**$ 34,487,311**	**$ 35,597,793**

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY STATEMENT OF CASH FLOWS

For the year ended June 30, 2016 and June 30, 2015

	2016	2015
Cash Flows From (For) Operating Activities		
Tuition and Fees	$ 30,143,688	$ 28,023,299
Grants and Contracts	16,541,437	16,565,500
Payments to Suppliers	(33,015,580)	(35,067,156)
Payments to Employees	(48,499,545)	(46,772,417)
Payments for Benefits	(30,765,170)	(23,576,751)
Payments for Scholarships and Fellowships	(8,539,498)	(10,468,494)
Loans Issued to Students	(23,021)	(228,663)
Collection of Loans to Students	106,133	154,056
Auxiliary Enterprise	16,245,513	19,120,395
Other Receipts	1,332,516	1,166,544
Net Cash Used in Operating Activities	**$ (56,473,527)**	**$ (51,083,687)**
Cash Flows From (For) Non-Capital Financing Activities		
Governmental Appropriations	52,971,599	45,584,492
Gifts and Grants for Other than Capital Purposes	32,255,037	29,988,732
Funds Held in Trust for Others	1,013,762	678,747
Net Cash Provided by Non-Capital Financing Activities	**$ 86,240,398**	**$ 76,251,971**
Cash Flows From (For) Capital & Related Financing Activities		
Proceeds from Capital Debt	20,000,000	-
Capital Appropriations	3,695,384	9,517,531
Capital Grants and Gifts Received	1,794,265	100,000
Proceeds (Loss) from Sale of Capital Assets	(3,735)	(60,314)
Insurance Recovery	28,093	-
Purchases of Capital Assets and Construction	(16,711,486)	(13,372,456)
Bond Reserve Cash Returned (Deposited)	1,731	1,824
Principal Paid on Capital Debt	(5,324,000)	(4,685,400)
Interest Paid on Capital Debt & Lease	(2,676,001)	(2,599,394)
Net Cash Provided by (Used in) Capital and Related Financing Activities	**$ 804,251**	**$ (11,098,209)**
Cash Flows From (For) Investing Activities		
Proceeds from Sales and Maturities of Investments	29,415,166	18,290,646
Investment Income	5,173,756	6,228,886
Purchase of Investments	(56,214,766)	(31,424,200)
Net Cash Used in Investing Activities	**(21,625,844)**	**(6,904,668)**
Net Increase in Cash	**8,945,278**	**7,165,407**
Cash and Cash Equivalents - Beginning of Year	**35,333,117**	**28,167,710**
Cash and Cash Equivalents - End of Year	**$ 44,278,395**	**$ 35,333,117**

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY STATEMENT OF CASH FLOWS

For the year ended June 30, 2016 and June 30, 2015

	2016	2015
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided by (Used in) Operating Activities:		
Net Operating Revenues and Expenses	$ (59,306,582)	$ (56,621,425)
Special -- Withdrawal from PERF Obligation	-	(4,710,488)
Restatement of Net Position - Net Pension Liability	-	(83,915)
Adjustments to Reconcile Net Operating Revenues (Expenses) to Net Cash Provided by (Used in) Operating Activities		
Depreciation Expense	9,347,281	11,061,711
Changes in Assets and Liabilities:		
Receivables, Net	620,183	(167,891)
Other Receipts	38,379	4,043
Inventories	508,914	(106,353)
Other Assets	16,546	(71,845)
Student Loans	83,112	(74,607)
OPEB Asset	(4,661,046)	(4,406,196)
TRF Benefit	1,828	68,410
Accounts Payable and Accrued Liabilities	(3,243,166)	4,853,706
Unearned Income	148,989	(10,524)
Cash Flows Reported in Other Categories:		
Other Non-Operating Revenues (Expenses)	(27,965)	(818,313)
Net Cash Used in Operating Activities	**$ (56,473,527)**	**$ (51,083,687)**

The accompanying Notes to the Financial Statements are an integral part of this statement.

Vincennes University
Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Reporting Entity:

Reporting Entity: Vincennes University is an institution of higher education and is considered to be a component unit of the State of Indiana. The University is governed by a Board of Trustees as established by Indiana Code 21-25-3. The Board of Trustees of the University consists of ten trustees appointed by the Governor of the State. One of the trustees must be a resident of Knox County, one must be an alumnus of Vincennes University, and one must be a full-time student of the University during the term. There are also four ex-officio members of the board: the president of the University, the superintendent of the Vincennes Community School Corporation, the superintendent of the South Knox School Corporation, and the superintendent of the North Knox School Corporation. The University is included in the State's financial statements as a discrete component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

The University adheres to Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14* and Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Vincennes University Foundation, Inc.

The Vincennes University Foundation, Inc. is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The majority of resources that the Foundation holds and invests are restricted to the activities of the University by the donors. Since these restricted resources held by the Foundation can only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. During the year ended June 30, 2016, the VU Foundation distributed $2,913,266 to the University for restricted and unrestricted purposes. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Vincennes University Foundation, Inc. is a private not-for-profit organization that reports its financial results according to Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are Financial Accounting Standards Board Accounting Standards Codification 958 (formerly FSP 116 and 117). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the University's notes to the financial statements.

Financial statements for the Foundation can be obtained by calling the Vincennes University Foundation, Inc. at 812-888-4510.

Financial Statement Presentation:

The financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – an amendment of GASB Statement No. 34*, and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB. During fiscal year 2016, the University adopted GASB Statement No. 72, *Fair Value*

Measurement and Application, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and GASB Statement No. 76, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

Basis of Accounting:

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant intra-agency transactions have been eliminated.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Indiana State Teachers' Retirement Fund (TRF) and additions to/deductions from TFR's fiduciary net position have been determined on the same basis as they are reported by the Indiana Public Retirement System (INPRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents:

For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments:

The University accounts for its investments at fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounts Receivable:

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The majority of each group resides in the State of Indiana. Accounts receivable also include amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories:

Inventories are carried at the lower of cost or market value on either the first-in, first-out ("FIFO") basis or the average cost basis.

Non-current Cash and Investments:

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other non-current assets, are classified as non-current assets in the Statement of Net Position.

Capital Assets:

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Infrastructure costs are minimal and included in the cost of Building and Improvements. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, and 3 to 10 years for equipment.

Deferred Outflow of Resources:

Deferred outflow of resources is a consumption of net assets by government that is applicable to a future reporting period.

Unearned Revenues:

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits/Deposits Held in Custody for Others:

Deposits represent dormitory room deposits and other miscellaneous deposits. Current balances in Deposits Held in Custody for Others result from the University acting as an agent or fiduciary, for another entity. These include amounts held for student clubs and for the Complete College America, Inc.

Compensated Absences:

Liabilities for compensated absences are recorded for vacation leave for eligible employees based on actual earned amount. This accrual includes the employer share of social security and Medicare taxes, and contributions to pension plans. The maximum number of days an employee may be paid upon termination of employment remains limited to the number of days which can be earned in 12 months. The liability and expense incurred are recorded at year-end as accrued vacation liability in the Statement of Net Position and as a component of salary and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Position.

Non-current Liabilities:

Non-current liabilities consist primarily of principal amounts of revenue bonds payable with a contractual maturity of greater than one year, and advances from the federal government.

Deferred Inflow of Resources:

Deferred inflow of resources is an acquisition of net assets by government that is applicable to a future reporting period.

Net Position:

The University's net position is classified as follows:

Net Investment in capital assets: This represents the University's total investment in capital assets net of outstanding debt obligations related to those capital assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted net position: The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resources flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Restricted net position non-expendable: Non-expendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted net position-expendable: Restricted expendable net position include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position: The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflow of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Unrestricted net position represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the University and may be designated for specific purposes by action of management or the Board of Trustees. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

Substantially all unrestricted net assets are designated for academic programs and initiatives, and general operations of the University.

Income Taxes:

The University, as a political subdivision of the State of Indiana, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Classification of Revenues:

The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) grants and contracts, and (4) interest on institutional student loans. Since the University's mission is to play a key role in programs of community development, cultural enrichment and services appropriate to a post-secondary educational institution, most grants and contracts are considered operating.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations, most federal and state student aid and investment income.

Scholarship Discounts and Allowances:

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Component Unit:

The Vincennes University Foundation, Inc. maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets: Unrestricted net assets include all contributions received, without donor restrictions, and all revenue and expenses. Unrestricted net assets include both undesignated and board designated funds. Undesignated net assets may be used at the discretion of management to support the mission of the Foundation and consist of net assets accumulated from the results of operations. Designated funds are unrestricted net assets designated by the Foundation's Board of Directors as a quasi endowment to be used for the purpose of providing endowment draws to fund operations. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Current Restricted & Endowment Net Assets: The Foundation accounts for gifts and donations received, which are restricted as to use in its current restricted and endowment funds. Restricted fund accounting maintains a record of all receipts and disbursements in order to control the use of funds according to the restrictions designated by the contributors.

Revenues are recorded when earned. Contributions, including promises to give, are recognized as revenue in the period received at their fair values. Promises to give, or pledges, must be unconditional and legally enforceable to be recognized.

Expenses are recognized when incurred.

Investments in marketable securities are stated at fair market value.

Note 2 Cash and Investments

Cash and investments as of June 30, 2016, are stated at market value. Indiana statutes authorize the University to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit, repurchase agreements, savings and money market accounts, and negotiable order of withdrawal accounts. Cash deposits are insured by agencies of the federal government up to $250,000. Amounts over $250,000 are covered by the Indiana Public Depository Fund, which covers all public funds held in approved depositories. The total amount reported for checking and money market accounts at various banks at June 30, 2016, equaled $44,278,395.

Quasi-endowment funds are managed by the trust departments of three major regional banks. These funds are invested in accordance with the policies set by the Finance Committee of the Board of Trustees. Other endowment funds held in trust consist of U. S. Treasury and U.S. Government Agency obligations, tax exempt municipal bonds, savings accounts, and certificates of deposit.

As of June 30, 2016, the University had the following investments:

Investment Type	Market Value	Maturity Less than 1 Year	1-5 Years	6-10 Years
Certificates of Deposit	$ 15,000,000	$ 7,000,000	$ 8,000,000	$ -
U. S. Treasury Notes	5,091,288	478,864	2,546,728	2,065,696
U. S. Government Agencies	116,675,602	3,342,845	97,674,218	15,658,539
Mutual Funds	410,921	-	410,921	-
Total	**$ 137,177,811**	**$ 10,821,709**	**$ 108,631,867**	**$ 17,724,235**

Credit Risk: As a means of managing credit risk, the University's investment policy limits investments to A1 (Standard & Poor's) or P1 (Moody's). If a rating change occurs which disqualifies a security that is already present in the University portfolio, it must be sold within 30 days of the discovery, unless it matures within six months of the rating change. At June 30, 2016, the University was in compliance with its credit risk policy for all investments.

Concentration of Credit Risk: The 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 places no limit on the amount that can be invested in any single issuer. There are currently no investments that represent 5 percent or more of the University's Net Assets being held at a single banking institution. U.S. government issues and U.S. governmental agency securities are exempt from this requirement.

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 investment policy does not address exposure to fair value losses arising from changes in interest rates, but the investment objective is to obtain the highest revenue while maintaining safety and insuring adequate liquidity for institutional needs. To that end, management maintains investments in cash, cash equivalents, and short term investments to be in position to take advantage of the best rates in a timely fashion as well as sustaining adequate cash flow for operating needs.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University's investment policy does not limit the value of investments that may be held by an outside party. Of the University's investments, $5,091,288 of the U.S. Treasury Notes, $12,917,300 of the U.S. Government Agencies, and $410,921 of the Mutual Funds are held by the counter party, a trust department, or an agent not in the University's name.

Foreign currency risk: This is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University does not hold any foreign currency-denominated investments.

Note 3 Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements: The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at the fair value on a recurring basis and the level within the fair value hierarchy in which fair value measurements fall at June 30, 2016:

		Fair Value Measurements Using		
June 30, 2016 **Investments by fair value level**	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	$ 15,000,000	$ 15,000,000	$ -	$ -
U.S. Treasury Bonds	5,091,288	5,091,288	-	-
Agency Bonds	10,200,625	-	10,200,625	-
Agency Mortgage Securities	106,474,977	-	106,474,977	-
Money Market and Mutual Funds	410,921	410,921	-	-
Total Investments	**$ 137,177,811**	**$ 20,502,209**	**$ 116,675,602**	**$ -**
Interest Rate Swaps	(453,417)	-	(453,417)	-
Total Derivative Instruments	**$ (453,417)**	**$ -**	**$ (453,417)**	**$ -**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified as Level 3 of the hierarchy.

The University utilizes the market based valuation approach in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, and there have been no significant changes in the valuation techniques during the year ended June 30, 2016.

Note 4 Accounts Receivable

Accounts Receivable are primarily comprised of the following:	
Student Tuition	$ 6,915,477
Auxiliaries	3,238,686
Sponsored Programs	2,195,392
Refundable Advance	63,805
Other Receivable	1,052,383
Total Accounts Receivable	**$ 13,465,743**
Allowance for Doubtful Accounts	(5,431,548)
Net Accounts Receivable	**$ 8,034,195**

Note 5 Inventories

Inventories are stated at the lower of cost or market value. Total inventories were valued at $1,641,945. Of this total, the bookstore's inventory was $1,310,581.

Note 6 Derivative Instruments

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2016, classified by type and the changes in fair value of such derivative instrument for the year ended as reported in the 2016 financial statements is as follows:

	Changes in Fair Value		Fair Value at June 30, 2016		
	Classification	Amount	Classification	Amount	Current Notional
Cash flow Hedge: Pay-Fixed Interest Rate Swap	Pay-Fixed Interest Rate Swap	($238,275)	Deferred Outflow of Resources	($453,417)	$6,510,000

As of June 30, 2016, the University determined that the pay-fixed interest rate swap met the criteria for effectiveness. The pay-fixed, receive-variable interest rate swap is designed to synthetically fix the cash flows on the variable rate bonds. The fair value of the interest rate swap was estimated based on the present value of their estimated future cash flows.

The following table displays the objective and terms of the University's hedging derivative instrument outstanding at June 30, 2016, along with the credit rating of the associated counterparty:

Type	Objective	Current Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-Fixed Interest Rate Swap	Hedge of changes in cash flows on the 2009 Series I Bonds	$6,510,000	12/23/2008	12/1/2028	65% of 6 mo. USD-LIBOR-BBA w/ 1 Day Lookback + 208.00 bps	Aa3

Credit Risk: As a means of managing credit risk, the University's investment policy limits investments to A1 (Standard & Poor's) or P1 (Moody's). If a rating change occurs which disqualifies a security that is already present in the University portfolio, it must be sold within 30 days of the discovery, unless it matures within six months of the rating change. At June 30, 2016, the University is in compliance with its credit risk policy for all investments. The fair value of the hedging derivative instrument, in a liability position as of June 30, 2016, is $453,417. Since both the derivative instrument and the debt being hedged are with the same counterparty, there is no credit risk exposure since the fair value of the derivative instrument would be netted against the payoff of the debt.

Interest Rate Risk: Interest Rate Risk is the risk that changes in interest rates will adversely impact the fair market value of the derivative instrument. On its pay-fixed, receive-variable interest rate swap, the University will be negatively impacted by the lower rate environment, which will decrease the fair market value of its derivative instrument. The derivative instrument fixes the hedged debt at 4.09%.

Basis Risk: Basis Risk is the risk that the University may lose cash flows because of the differences in the indexes upon which the derivative instrument and the item it hedges are based. The University is not exposed to basis risk since the derivative instrument and the debt being hedged are both based on the six-month London InterBank Offered Rate (LIBOR) index.

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

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

Note 7 Capital Assets

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital Assets Not Being Depreciated:					
Land	$ 19,669,486	$ 230,852	$ 5,415	$ -	$ 19,894,923
Construction in Progress	8,803,746	13,947,741	-	(7,066,420)	15,685,067
Total Capital Assets Not Being Depreciated	**28,473,232**	**14,178,593**	**5,415**	**(7,066,420)**	**35,579,990**
Capital Assets Being Depreciated:					
Building & Improvements	256,207,758	457,785	2,786,709	7,066,420	260,945,254
Equipment	56,361,713	2,278,360	22,924,342	-	35,715,731
Total Capital Assets Being Depreciated	**312,569,471**	**2,736,145**	**25,711,051**	**7,066,420**	**296,660,985**
Less Accumulated Depreciation For:					
Building & Improvements	88,063,446	6,830,456	2,660,521	-	92,233,381
Equipment	39,985,482	2,516,825	16,653,677	-	25,848,630
Total Accumulated Depreciation	**128,048,928**	**9,347,281**	**19,314,198**	**-**	**118,082,011**
Total Capital Assets Being Depreciated, Net	**184,520,543**	**(6,611,136)**	**6,396,853**	**7,066,420**	**178,578,974**
Capital Assets, Net	**$ 212,993,775**	**$ 7,567,457**	**$ 6,402,268**	**$ -**	**$ 214,158,964**

The capitalization threshold for equipment purchases was raised from $500 to $5,000 effective July 1, 2015. The net effect of this change totaled $6,171,400 and is included in the total decrease of $6,402,268.

Note 8 Long-Term Debt

Long-term debt activity for the year ended June 30, 2016 is summarized as follows:

	Interest Rate	Amount Issued	Amount Retired 2015-2016	Amount Outstanding June 30, 2016	Amount Due Within One Year
Dormitory and Dining Facilities Revenue Bonds of 1983, Series A	3.000%	$ 5,000,000	$ 180,000	$ 1,380,000	$ 180,000
Auxiliary Facilities System Revenue Bonds, Series 2006	4.126%	13,440,000	930,000	5,470,000	980,000
Auxiliary Facilities System Revenue Bonds, Series 2009	4.728%	10,160,000	400,000	7,930,000	420,000
Auxiliary Facilities System Revenue Bonds, Series 2013	3.630%	4,526,800	165,000	4,204,000	170,000
Student Fee Bonds, Series H	4.373%	4,545,000	200,000	3,000,000	210,000
Student Fee Bonds, Series I	4.090%	9,095,000	400,000	6,510,000	420,000
Student Fee Bonds, Series J	3.858%	26,795,000	1,750,000	15,745,000	1,820,000
Student Fee Bonds, Series K	3.160%	5,895,000	354,000	4,223,000	366,000
Student Fee Bonds, Series L	2.350%	8,045,000	480,000	6,412,400	491,400
Student Fee Bonds, Series M-1	2.730%	10,000,000	225,000	9,775,000	387,955
Student Fee Bonds, Series M-2	2.420%	10,000,000	240,000	9,760,000	566,165
Total Bonds Payable			**$ 5,324,000**	**$ 74,409,400**	**$ 6,011,520**
Unamortized Bond Premium (Discount)				**$ 936,843**	
Due Within One Year				**(6,011,520)**	
Total Long-Term Liabilities				**$ 69,334,723**	

Debt obligations are generally callable by the University, bear interest at fixed and variable rates ranging from 2.35% to 4.728%, and mature at various dates through 2036. Maturities and interest on bonds payable for the next five years, and in the next five year periods are as follows:

	Principal	Interest
2017	$ 6,011,520	$ 2,722,426
2018	6,243,367	2,494,893
2019	6,462,444	2,258,265
2020	6,737,765	1,998,685
2021	6,449,748	1,742,097
2022-2026	25,897,254	5,103,960
2027-2031	13,052,335	1,481,260
2032-2036	3,554,967	229,692
Total	**$ 74,409,400**	**$ 18,031,278**

Bonds Secured by Dormitory Revenues

The Dormitory and Dining Facilities Revenue Bonds of 1983, Series A, were issued June 1983 by the Board of Trustees to fund construction for residential building of Vigo Hall. These bonds are secured by a income pledge of all net income generated from Vigo Hall and Tecumseh Dining Center.

The Auxiliary Facilities System Revenue Bonds, Series 2006, were issued in February 2006 by the Board of Trustees to refund the University's outstanding 1989, 1991 and 1996 series bonds for the construction of Vanderburgh and Godare Residence Halls.

The Auxiliary Facilities System Revenue Bonds, Series 2009, were issued in November 2009 by the Board of Trustees to finance, refinance or reimburse certain costs of the renovation of Clark Residence Hall. These bonds are secured by a pledge and parity lien on the net income from Auxiliary Facilities.

The Auxiliary Facilities System Revenue Bonds, Series 2013, were issued in December 2013 by the Board of Trustees to finance a portion of the cost of acquiring or improving any property for the Morris and Vanderburgh Residence Hall Renovations. These bonds are secured by a pledge and parity lien on the net income from Auxiliary Facilities.

Bonds Secured by Student Fees

The following bonds are secured by a pledge of and first lien on all academic fees except the student union fees and other fees released from the lien of the Indenture pursuant to terms thereof.

The Vincennes University Student Fee Bonds, Series H, were issued on February 7, 2006, in the aggregate original principal amount of $4,545,000. They bear interest at fixed rates as stated in the maturity schedule. The proceeds were used to fund construction of an academic building on the Jasper Campus.

The Vincennes University Student Fee Bonds, Series I, were issued on December 23, 2008, in the aggregate original principal amount of $9,095,000. It bears a variable interest rate which is 65% of USD-LIBOR-BBA with a one day lookback plus 208.0 basis points; however, the University entered into a Swap Agreement fixing the rate at 4.09%. The proceeds were used to fund the construction of the Indiana Center for Applied Technology and the renovation of the McCormick Science Center.

The Vincennes University Student Fee Bonds, Series J, were issued on March 10, 2010, to refinance the outstanding Variable Rate Demand Student Fee Bonds, Series F and G. The $26,795,000 Student Fee Bond, Series J have a net interest cost of 3.858% and were issued to refund $6,990,000 of outstanding Student Fee Bonds, Series F and $21,065,000 of outstanding Student Fee Bonds, Series G.

The Vincennes University Student Fee Bonds, Series K, were issued on December 22, 2011. The $5,895,000 Student Fee Bonds, Series K have a net interest cost of 3.16%. The proceeds were used to fund the Aquatic Center renovation of the Physical Education Complex and renovation expenditures for Davis Hall.

The Vincennes University Student Fee Bonds, Series L, were issued on December 11, 2012. The $8,045,000 Student Fee Bonds, Series L have a net interest cost of 2.35%. The proceeds were used to fund the Jasper Center for Advanced Manufacturing and Technology.

The Vincennes University Student Fee Bonds, Series M, in the aggregate original principal amount of $20,000,000 were issued to fund construction of Updike Hall- Center for Science, Engineering and Mathematics. Series M-1 ($10,000,000) have a net interest cost of 2.73%, and were issued on December 18, 2015. Series M-2 ($10,000,000) have a net interest cost of 2.42%, and were issued on February 4, 2016.

Funds held with Bond Trustee	
Current Funds Expected to be Depleted Within a Year	
Revenue Bonds, Series 2009	$ 5,552
Revenue Bonds, Series 2006	7,067
Revenue Bonds, Series 2013	11
Other Bond & Interest Accounts	1,389
Total Current	**$ 14,019**
Dorm & Dining Bonds of 1983 A & B Vigo Hall	217,888
Total Funds held with Bond Trustee	**$ 231,907**

Note 9 Scholarships and Instruction

The endowment funds are classified under net position as Restricted for Scholarship & Instruction. They include both expendable and non-expendable funds. Net position for the endowment funds totaled $4,896,045 as of June 30, 2016 with $3,643,106 of this amount being held in the Opal C. Ramsey fund.

Note 10 TIAA/CREF Pension Plans

The University provides full time employees with a tax deferred 403(b) Retirement Annuity Plan (RA) through Teachers Insurance and Annuity Association of America (TIAA). This plan is a defined contribution plan under IRC 403(b). Income during retirement is based on the participant's total account balance. Participants are immediately 100% vested in both the funds contributed on their behalf and the earnings associated with those contributions. Participants may direct investments from many options available to allocate the contributions made on their behalf. An agreement between the University and TIAA was approved by the University Board of Trustees. The University contributes 10% of earned wages.

Faculty and professional staff hired prior to June 30, 2003, and having five or more years of continued employment, participate in a supplemental defined contribution retirement income plan with TIAA. The University contributes 5% of covered wages for this plan.

On June 30, 2016, 765 employees were covered by TIAA and total wages were $41,745,536. During 2015-16, Vincennes University contributed $3,739,909 to TIAA on the employees' behalf.

TIAA issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing the Teachers Insurance and Annuity Association of America, 730 Third Avenue, New York, NY 10017-3206.

Note 11 – TRF Pension Plans

General Information about the Teachers' Retirement Pension Plans

General Plan description The Indiana Public Retirement System (INPRS) is an independent instrumentality of the State of Indiana, administering nine pension trust funds which includes the Indiana State Teachers' Retirement Fund (TRF). INPRS has the authority to establish and amend benefit terms of its pension trust funds. TRF was established by the Indiana General Assembly in 1921. In 1955, TRF was designed as a pay-as-you-go defined benefit retirement plan. In 1995, legislation was passed that closed the pay-as-you-go plan (renamed the TRF Pre-1996 Account) to newly hired members and created a new account (named TRF 1996 Account) for all members hired after June 30, 1995. TRF is two (2) cost- sharing, multiple-employer defined benefit plans, TRF Pre-1996 Account and TRF 1996 Account. TRF is governed by the INPRS Board of Trustees in accordance with IC 5-10.2, IC 5-10.4, and IC 5-10.5.

INPRS follows the accrual basis of accounting. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Indiana State Teachers' Retirement Fund (TRF) and additions to/deductions from TRF's fiduciary net position have been determined on the same basis as they are reported by the Indiana Public Retirement System (INPRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS Comprehensive Annual Financial Report (CAFR). This report may be obtained by writing the Indiana Public Retirement System, One North Capital, Suite 001, Indianapolis, IN 46204, or www.in.gov/inprs/annualreports.htm.

The following brief descriptions of TRF Pre-1996 Account and the TRF 1996 Account are provided for general information purposes only. Participants should refer to INPRS for more complete information. The actuarial assumptions for both plans follow the descriptions.

Teachers' Retirement Fund Pre-1996 Accounts (TRF Pre-1996)

Benefits TRF Pre-1996 is a pay-as-you-go cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees hired before July

1, 1995. There are two aspects to the TRF Pre-1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the State of Indiana. The second portion of the TRF Pre-1996 benefit structure is the annuity savings account that supplements the defined benefit at retirement. The benefit formula is the years of creditable service times the average highest five-year annual salary times .011 plus the annuity savings account. Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

Membership Membership in TRF Pre-1996 is closed to new entrants. Legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees hired before July 1, 2011, are required to participate in TRF as a condition of employment. Generally, members hired prior to 1996 participate in the TRF Pre-1996 Account and members hired after 1996 participate in the TRF 1996 Account.

Contributions State appropriations are made in accordance with IC 5-10.4-2-4 for each fiscal year. Currently, a three percent year-over-year increase is being provided through State appropriations. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund as the assets of the TRF Pre-1996, which was established according to IC 5-10.4-2-5.

This pension plan is a special funding situation in that the State of Indiana, a non-employer contributing entity, is legally responsible for the net pension liability and contributions to the pension plan. These contributions are paid directly to the pension plan and are used to provide pension benefits for members of the pension plan. As a nonemployer contributing entity, the State of Indiana contributed $845.6 million in fiscal year 2015 to TRF Pre-1996.

TRF Pre-1996 Account Members contributed three percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member in which Vincennes University elects to make the contribution. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, Vincennes University reported a liability of zero dollars. The State's proportionate share of the net pension liability is 100%. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The basis used by actuary to determine the employer's proportionate share is a weighted calculation using a combination of wages reported by employers relative to the collective wages of the plan, and benefits paid to the retirees of employers relative to the total benefits paid by the plan. The weighted calculation is 42.9 percent for wages and 57.1 percent for the benefits paid, which are determined by the non-retirees and retirees respective net pension liabilities. This method is used as it provides a fairer distribution so that employers with no active employees still show a proportionate share.

For the year ended June 30, 2016, the University recognized pension expense totaling $8,697,315 along with non-operating revenue in the same amount for the State's contribution.

Teachers' Retirement Fund 1996 Account (TRF 1996)

Benefits TRF 1996 is a cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees (hired before July 1, 2011) hired after June 30, 1995. Members who were hired before July 1, 1995 were members of TRF Pre-1996. However, pursuant to the law in place prior to July 1, 2005, if a member of TRF Pre-1996 left employment and re-employed after June 30, 1995, the member and the liability were transferred to TRF 1996. There are two aspects to the TRF 1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the TRF 1996 benefit structure is the annuity savings account that supplements the defined benefit at retirement. The benefit formula is the years of creditable service times the average highest five-year annual salary times .011 plus the annuity savings account. Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

Membership Membership in TRF 1996 is required for all legally qualified and regularly employed licensed who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees. Additionally, faculty members and professional employees at Ball State University and Vincennes University have the option of selecting membership in the Fund or the alternate University Plan not administered by INPRS.

Contributions The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provided for periodic employer contributions at actuarially determined rates that expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As the TRF 1996 Account is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers. During fiscal year 2015, all participating employers in the TRF 1996 Account were required to contribute 7.50 percent of the covered payroll in which the University contributed $84,313 based on payroll totaling $1,124,175.

TRF 1996 Account members contributed 3 percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member in which Vincennes University elects to make the contribution. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, Vincennes University reported a liability of $216,002 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Wages reported by employers relative to the collective wages of the plan serve as the basis to determine the employer's proportionate share. This basis of allocations measures the proportionate relationship of an employer to all employers and is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2015, the University's proportion was .04%, which remained relatively unchanged from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, VU recognized pension expense of $80,455. At June 30, 2016, VU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 175	$ 15,563
Changes of assumptions	100,554	-
Net difference between projected and actual earnings on pension plan investments	90,759	62,897
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	44,892
Employer contributions subsequent to the measurement date	77,628	-
Totals	**$ 269,116**	**$ 123,352**

Employer contributions totaling $77,628 were reported as deferred outflows of resources. These VU contributions were made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ 4,580
2017	4,580
2018	4,580
2019	25,546
2020	2,856
Thereafter	25,994

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	Net Pension Liability Discount Rate Sensitivity		
	1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
Employer's proportionate share of the net pension liability	$ 577,562	$ 216,002	$ (70,677)

Actuarial Assumptions for TRF Pre-1996 and TRF 1996

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assets	June 30, 2015
Liabilities	June 30, 2014 - Member census data as of June 30, 2014 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2014 and June 30, 2015. Standard actuarial roll forward techniques were then used to project the total pension liability computed as June 30, 2014 to June 30, 2015
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	2.25%
Salary increases	2.50% to 12.50%, including wage inflation
Investment rate of return	6.75%
Cost-of-living adjustments	1% Compounded Annually on Pension Portion
Experience Study Data	Period of 3 years ended June 30, 2014

Mortality rates were based on the RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2016.

The actuarial assumptions for the retirements and terminations used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

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

Global Asset Classes	Target Allocation	Geometric Bases Long-Term Expected Real Rate of Return
Public Equity	22.50%	5.3%
Private Equity	10.00%	5.6%
Fixed Income - Ex Inflation-Linked	22.00%	2.1%
Fixed Income - Inflation-Linked	10.00%	0.7%
Commodities	8.00%	2.0%
Real Estate	7.50%	3.0%
Absolute Return	10.00%	3.9%
Risk Party	10.00%	5.0%

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

Note 12 Other Postemployment Benefits

Plan Description

Vincennes University Healthcare Plan is a single-employer defined benefit healthcare plan administered by Anthem. The plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. Vincennes University's Board of Trustees has the authority to establish and amend benefit provisions.

Funding Policy

The contribution requirements of plan members for the Vincennes University Healthcare Plan are established by the University. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined by the actuarial study . For the fiscal year ended June 30, 2016, the University contributed $5,896,030 to the plan, including $2,298,030 for current premiums (approximately 70% of total premiums)(and an additional $3,598,000 to prefund benefits.) Plan members receiving benefits contributed approximately $1,337,794 or approximately 30% of the total premiums, through their required contribution of $234 per month for retiree-only coverage, and $448 per month for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$	1,060,381
Interest on net OPEB obligation		(980,286)
Adjustment to annual required contribution		1,154,889
Annual OPEB cost (expense)	**$**	**1,234,984**
Contributions made		(5,896,030)
Increase (Decrease) in net OPEB obligation	**$**	**(4,661,046)**
Net OPEB obligation - beginning of year		(15,081,322)
Net OPEB obligation (asset) - end of year	**$**	**(19,742,368)**

The University's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	$ 1,234,984	477.4%	$ (19,742,368)
6/30/2015	$ 2,022,184	317.9%	$ (15,081,322)
6/30/2014	$ 2,610,611	168.0%	$ (10,675,126)

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the plan was 91.5% funded. The actuarial accrued liability for benefits was $50,018,792 and the actuarial value of assets was $45,771,451 resulting in an unfunded actuarial accrued liability (UAAL) of $4,247,341. The current year covered payroll (annual payroll of active employees covered by the plan) was $34,557,145 and the ratio of the UAAL to covered payroll was 12.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

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

In the June 30, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The results are projected backwards to July 1, 2015 on a "no gain/loss" basis. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9% for health and 4% for dental initially, reduced by decrements of 0.50% annually to an ultimate rate of 5% for health and dental decreasing by 0.25% annually to an ultimate rate of 3.0%. Both rates included a 3% inflation assumption. The actuarial value of assets for purposes of determining the annual recommended contribution is the market value of the assets. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016, was 30 years (open amortization).

Schedule of Funding Progress for Retiree Medical, Dental and Life Insurance Plan

Actuarial Valuation Date***	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio OPEB Obligation (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2015	$ 45,771,451	$ 50,018,792	$ 4,247,341	91.5%	$ 34,557,145	12.3 %
7/1/2014	$ 41,908,125	$ 53,809,446	$ 11,901,321	77.9%	$ 33,687,669	35.3 %
7/1/2013	$ 36,558,776	$ 56,072,810	$ 19,514,034	65.2 %	$ 32,706,475	59.7 %

**** Measurement date is June 30, 2016 with the results projected backwards to July 1, 2015 on a "no gain/loss" basis.*

Note 13 Risk Management

The University is exposed to various risks of loss: torts, theft, damage or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; health and other medical benefits provided to employees and their dependents. The University handles these risks of loss through combinations of risk retention and commercial insurance. For building and contents, the risk retention is $100,000 per incident. General liability, commercial crime, aviation, worker's compensation, commercial automobile, and medical malpractice are all handled through fully insured commercial policies.

For health benefits, the University has an insured self-funded arrangement. The University retains the risk for medical benefits up to a stop loss provision of $325,000 per member. There is a liability for incurred but unpaid claims. This liability is estimated to be $674,625 for the fiscal year 2015-16 and $955,375 for the fiscal year 2014-15.

Changes in the total reported self-insured health, dental & drug benefit liability during the year ending June 30, 2016 and 2015 were as follows:

	2016	2015
Balance, beginning of year	$ 955,375	$ 828,305
Claims incurred	8,280,088	10,444,822
Claim payments	(8,560,838)	(10,317,752)
Balance, end of year	$ 674,625	$ 955,375

Note 14 Deposits Held in Custody of Others

As of June 30, 2016, the University held $5,067,370 in deposits for Complete College America, Inc. The assets were placed in the University's investment portfolio and received a pro-rata share of investment earnings. Complete College America, Inc. is a 501(c)(3), nonprofit charitable organization working to significantly increase the number of Americans with a college degree or credential of value and to close attainment gaps for traditionally underrepresented populations.

NOTE 15 Special Items -- Withdrawal From PERF Pension Plan Obligation

During the 2014-2015 fiscal year, Vincennes University contributed to the Public Employees Retirement Fund (PERF), a defined benefit pension plan, for full time support staff hired prior to July 1, 2013 and full time professional staff hired prior to July 1, 2003. On July 1, 2013, the University no longer added new employees to PERF. Indiana Public Retirement System (INPRS) defined this action as a "soft freeze." All benefit eligible employees hired on or after July 1, 2013 participate in the University's defined contribution plan with Teachers Insurance and Annuity Association - College Retirement Equity Fund (TIAA-CREF).

The 2015 Indiana General Assembly passed legislation that required Vincennes University, as an employer who had exercised a soft-freeze (no longer adding new employees to PERF), to pay the lump sum of their respective share of the unfunded liability of the plan. Vincennes University's share of the unfunded liability was $6,018,220. The University requested the cost associated to cease participation in PERF. INPRS calculated this cost to be $4,710,488. Upholding its fiduciary responsibility, the Vincennes University Board of Trustees passed a resolution at its June 19, 2015 meeting to cease participation in PERF as of June 30, 2015. These statements reflect this liability. Payment in full was made to INPRS in July of 2015.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, or by calling (888)526-1687.

NOTE 16 Functional Statement

Operating expenses by functional classification are summarized as follows:

	Salaries and Benefits	Scholarships/ Fellowships	Supplies and Other Services	Equipment	Depreciation	Total
Instruction	$ 44,299,371	$ -	$ 8,735,273	$ 557,792	$ -	$ 53,592,436
Academic Support	4,060,265	-	914,895	310,963	-	5,286,123
Public Service	5,100,549	-	3,821,411	92,964	-	9,014,924
Student Service	4,121,941	-	2,380,406	38,727	-	6,541,074
Operation and Maintenance of Plant	4,134,151	-	4,193,767	965,708	-	9,293,626
Institutional Support	5,103,745	-	1,807,941	474,883	-	7,386,569
Depreciation	-	-	-	-	9,347,281	9,347,281
Auxiliary Enterprises	4,328,828	-	9,321,022	170,047	-	13,819,897
Student Aid Expense	-	8,539,498	-	-	-	8,539,498
Total Operating Expenses	**$ 71,148,850**	**$ 8,539,498**	**$ 31,174,715**	**$ 2,611,084**	**$ 9,347,281**	**$ 122,821,428**

Note 17 Operating Leases

For the fiscal year ended June 30, 2016, the University spent $618,448 on operating leases which are included in supplies and other services in the Statement of Revenue, Expenses, and Changes in Net Position. Of this amount, $462,033 was spent on leasing off-campus classroom and office space, and the remaining amount of $156,415 was spent on equipment leases.

Note 18 – Changes in Accounting Principle

2016 - Capitalization Threshold Change.
The capitalization threshold for equipment purchases was raised from $500 to $5,000 effective July 1, 2015. A line item titled "Cumulative Effect of Change in Accounting Principle" has been included on the Statement of Revenues, Expenses, and Changes in Net Position to reflect the $6,171,400 change.

2015- Implementation of GASB 68
Effective July 1, 2014, the University implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, Pension and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68.* Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Statements also enhance accountability and transparency through revised note disclosures and required supplementary information (RSI) for material items. In accordance with the statement, the University reported an $83,915 accounting principle adjustment to Unrestricted Net Position as of July 1, 2014. June 30, 2014 amounts were not restated to reflect the impact of GASB 68 because the information was not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

Note 18 Subsequent Events

For fiscal year 2017, VU is expected to receive up to $3 million from the State of Indiana's Career and Technical Education Innovation and Advancement fund to provide career and technical education in selected Career Centers across the state. Three million dollars was received in fiscal year 2016. VU is utilizing its Early College model for this initiative.

Updike Hall- Center for Science, Engineering and Mathematics, is currently under construction on the Vincennes campus. The $27 million, 85,000 square foot facility is projected to open in Fall 2017, featuring state-of-the-art labs that will greatly enhance instruction in engineering, chemistry, physics and biology as well as earth, environmental and agricultural services.

Construction of Indiana's only underground mining simulation center has begun at the Gibson Center for Applied Technology. The center is being modeled after a simulated underground mine training facility at West Virginia University and will be used for training and retraining of miners in all segments of the mining industry, as well as for fire and rescue training and VU's Homeland Security and Law Enforcement programs. The State provided $2 million to build the 40,000 square foot center.

Schedules of Required Supplementary Information

Schedule of Employer's Share of Net Pension Liability

Teachers' Retirement Fund Pre-1996 Accounts (TRF Pre-1996)

Last 10 Fiscal Years*

	2015	2014
1. Employer's proportion of the net pension liability (asset)	0.00%	0.00%
2. Employer's proportionate share of the net pension liability (asset)	$ -	$ -
3. The portion of the non-employer contribution entities total proportionate share (amount) of the collective NPL associated with the employer.	100.00%	100.00%
4. Employer's covered-employee payroll	$ 5,211,157.55	$ 7,186,887.47
5. Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A
6. Plan fiduciary net position as a percentage of the total pension liability	30.00%	33.60%

* Complete data for this schedule is not available prior to 2015. Measurement Dates are 06/30/2015 and 6/30/2014.

Schedule of Employer Contributions

Teachers' Retirement Fund Pre-1996 Accounts

Last 10 Fiscal Years*

	2015	2014
Statutorily required contribution	$ 293,388.17	$ 269,508.28
Contributions in relation to the statutorily required contribution	$ 293,388.17	$ 269,508.28
Contribution deficiency (excess)	-	-
Employer's covered-employee payroll	$ 5,211,157.55	$ 7,186,887.47
Contributions as percentage of covered-employee payroll	5.63%	3.75%

* Complete data for this schedule is not available prior to 2015.

Schedules of Required Supplementary Information

Schedule of Employer's Share of Net Pension Liability

Teachers' Retirement Fund 1996 Accounts (TRF 1996)

Last 10 Fiscal Years*

	2015	2014
1. Employer's proportion of the net pension liability (asset)	0.0004102%	0.0005271%
2. Employer's proportionate share of the net pension liability (asset)	$ 216,002.00	$ 25,064.00
3. Employer's covered-employee payroll	$ 1,124,175.00	$ 1,364,195.00
4. Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	19.21%	1.84%
5. Plan fiduciary net position as a percentage of the total pension liability	91.10%	99.10%

* Complete data for this schedule is not available prior to 2015. Measurement Dates are 06/30/2015 and 6/30/2014.

Schedule of Employer Contributions

Teachers' Retirement Fund 1996 Accounts

Last 10 Fiscal Years*

	2015	2014
Statutorily required contribution	$ 84,313.00	$ 102,315.00
Contributions in relation to the statutorily required contribution	$ 84,313.00	$ 102,315.00
Contribution deficiency (excess)	-	-
Employer's covered-employee payroll	$ 1,124,175.00	$ 1,364,195.00
Contributions as percentage of covered-employee payroll	7.50%	7.50%

* Complete data for this schedule is not available prior to 2015.

Officers of the University

Charles R. Johnson
University President

Laurel Smith
Provost & Vice President for
Instructional Services/Dean of Faculty

Phillip S. Rath
Vice President for Financial
Services & Government Relations

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