



FINANCIAL REPORT 2017-2018

FILED

01/18/2019

VINCENNES UNIVERSITY

MISSION & VISION

Mission

Vincennes University develops people and enhances communities through accessible, high-quality educational programs, strategic partnerships, and active engagement.

Vision

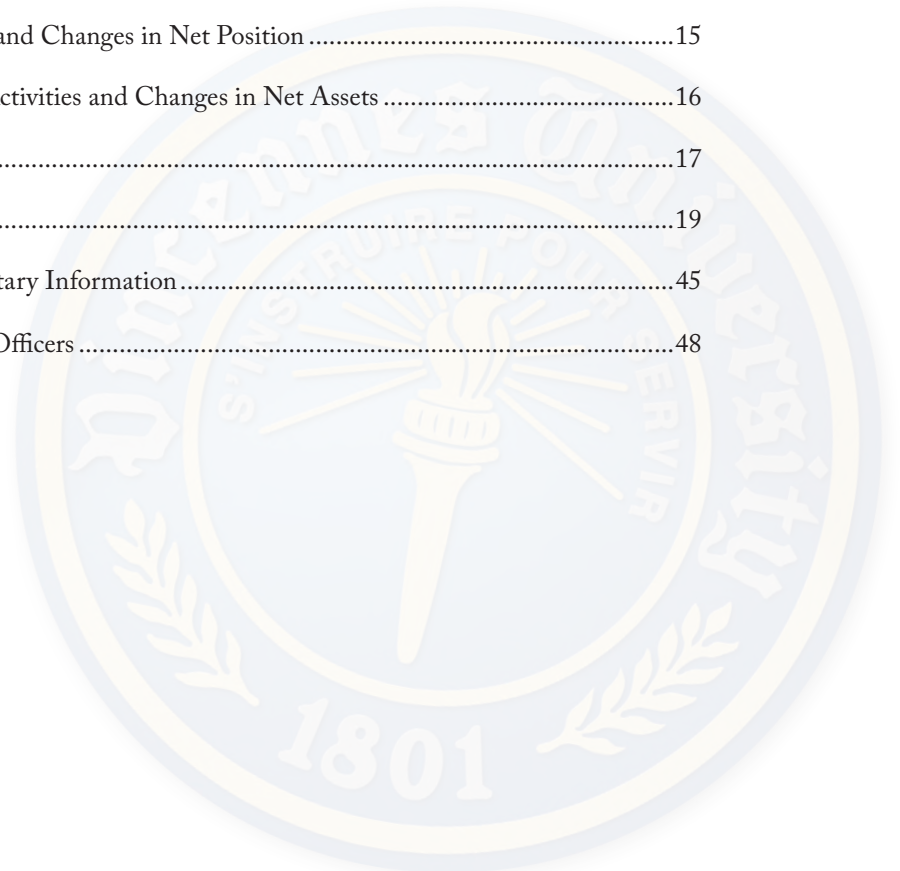
Vincennes University is a premier learning institution, widely recognized for leadership in innovation and delivery of successful educational experiences. A broad range of program offerings and a commitment to superior service ensure the University's role as an important link in Indiana's economic and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

Vincennes University

Financial Report 2017-2018

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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, 2018 and 2017, 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 described in Note 1, which represents 100 percent, 100 percent, and 100 percent, respectively, of the total assets, net position, 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 auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards*.

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Unmodified 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, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 18 to the financial statements, in fiscal year 2018, the University adopted new accounting guidance GASB Statement 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to these matters.

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's Contributions Teachers' Retirement Fund Pre-1996 Accounts, Schedule of Employer's Share of Net Pension Liability Teachers' Retirement Fund 1996 Account (TRF 1996), Schedule of Employer Contributions Teachers' Retirement Fund 1996 Account (TRF 1996), Vincennes University Healthcare Plan Schedule of Changes in Net OPEB Liability and Related Ratios, and Vincennes University Healthcare Plan Schedule of the University's Contributions 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 accompanying 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 it.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018, 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 solely 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 the effectiveness of the University's 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, CPA
State Examiner

October 19, 2018

Vincennes University

Treasurer's Report

Expanding career and technical education throughout Indiana is more important now than ever before. With the state well-positioned to become a global leader in industries such as advanced manufacturing and aviation, it must have a higher education partner with the intellectual and technological expertise to ensure these industries have the workforce they need to have a prosperous future in Indiana. Vincennes University's commitment to Indiana companies is most notably recognized by programs such as our Cummins Technician Apprenticeship Program, Subaru Advanced Internship in Manufacturing and Toyota Advanced Manufacturing Technician Program. These programs all strongly exhibit the success of public-private partnerships and are not only a model for success in Indiana but for colleges and employers all across the nation.

Through Vincennes University's innovative Career and Technical Early Colleges, VU is helping to solve regional workforce needs and provide access to training to thousands of students throughout the state. By partnering with career centers, VU and the State of Indiana have made a very powerful investment in career and technical education by providing high-school students the opportunity to pursue education in key skill areas such as machining, industrial maintenance, diesel technology, aviation technology, pharmacy and information technology. During the 2017-2018 academic year, VU's CTE Early College students earned over 15,000 college credit hours, resulting in significant college savings for Hoosier families. The strength in the CTE Early College system is found in its consistency throughout the state. Regardless which site you visit – from the Porter County Career Center in the northern most part of Indiana to the Prosser Career Center in southern Indiana - employers can be assured there is the same continuity and standard of excellence that is found at VU's programs at its main campus.

Indiana's aviation and aerospace industry is an important engine of economic growth and employment. Although these industries are thriving, they face one of the largest employment shortfalls in history. Vincennes University's recent \$5.85 million aviation fleet investment of ten new aircraft shows its commitment to the aviation industry and its dedication to helping Indiana become the national center for both aviation flight and aviation maintenance.

In the higher education system, we understand that time is money. And while Vincennes University has always been Indiana's most affordable residential college, VU has made a substantial investment in helping our students succeed by getting them to graduation as quickly and cost-effectively as possible. The new Student Success Center, redesigned remedial education and enhanced academic tracking systems have shown great results since VU began its student success initiatives. We continue to be vigilant in our efforts to provide every resource possible to assist our students with staying on the path to graduation.

Vincennes University's footprint has expanded from a single-residential campus in southern Indiana to a nation - wide institution of higher education with sites all across Indiana and the country. Repair and renovation projects are continuously ongoing as we take great pride in our state-of-the-art educational facilities. The current \$11 million renovation to the Shake Learning Resource Center will transform the center into a digital hub of student study, research, tutoring and collaboration.

We continue to promote strong financial stewardship and pledge to always use our financial resources in the most efficient way possible. I am grateful for the hard work and dedication of our Board of Trustees, faculty and staff and our students. I am pleased to present the 2017-2018 Vincennes University Financial Report for the fiscal year ended June 30, 2018. 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 and Analysis

Vincennes University is pleased to present its financial statements for fiscal year 2018. 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, 2018, along with comparative information for the fiscal years ended June 30, 2017 and June 30, 2016. 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 2017 enrollment of approximately 10,086 full-time equivalents. The University offers a broad range of degrees including baccalaureate programs. These 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 in Indiana are located in Fort Branch, Jasper, and Indianapolis. The University also offers over 1,000 courses through its Distance Education program and at eleven military sites across the United States. The University is accredited by the Higher Learning Commission.

The University remains committed to an open admission policy and recognizes that promoting individual growth and development must be its primary consideration. The report presented conveys the financial performance of the University. The financial analysis should be combined with non-financial data for a complete assessment of the University's performance. The University recognizes its role as a key contributor for 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 by reporting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the fiscal years presented. 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, 2018, 2017, and 2016 is summarized as follows:

Statement of Net Position	2018 (in thousands)	2017 (in thousands)	2016 (in thousands)
Current Assets	\$ 77,984	\$ 56,053	\$ 66,116
Non-current Assets			
Investments	122,214	131,192	126,356
Capital Assets, net	233,428	225,109	214,159
Other	652	26,404	20,457
Total Assets	\$ 434,278	\$ 438,758	\$ 427,088
Deferred Outflows	\$ 12,404	\$ 474	\$ 722
Current Liabilities	\$ 24,563	\$ 24,255	\$ 25,729
Non-current Liabilities	57,755	64,496	71,121
Total Liabilities	\$ 82,318	\$ 88,751	\$ 96,850
Deferred Inflows	\$ 6,223	\$ 102	\$ 123
Net Position	\$ 358,141	\$ 350,379	\$ 330,837

Fiscal Year 2018

As of June 30, 2018 and 2017, total assets were approximately \$434.3 and \$438.8 million, a decrease of \$4.5 million, or 1.0 percent. The decrease is directly related to the adoption of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. At the end of fiscal year 2017, the University had reported a \$25.7 million OPEB asset under GASB 45 which required the University to recognize an annual required contribution. GASB 75 requires the University to recognize the unfunded liability and the fiduciary net position. The new GASB required changes to the actuarial valuation methods and the discount rate calculations. This accounting standard has had a significant impact on the 2018 financial statements; however, the University has been funding this obligation over the past twenty years in order to minimize this liability.

Current assets consist mainly of cash, short-term investments, inventory and accounts receivable. Accounts receivable includes sponsored programs, student loans, and student receivables for tuition and room and board. There was a net increase of \$21.9 million in current assets. This increase is related to the movement of \$9.0 million in long-term to short-term investments to obtain optimal market rates. Also, \$12.4 million was received from the State capital appropriation funds for repair and rehabilitation projects.

Non-current assets decreased \$26.4 million from 2017. As mentioned beforehand, the majority of this fluctuation is related to the adoption of GASB 75. Capital asset additions consist of new construction and renovations, as well as major investments in equipment. Projects finalized during 2018 included Updike Hall, Vigo Hall renovation, Fitness Studio renovation, and various other replacement projects. The University ended the fiscal year with \$2.1 million in construction in progress which is primarily for renovations on the Vincennes campus.

Deferred outflows of resources represent consumption of net assets that are applicable to a future reporting period. The increase is related to adoption of GASB 75. The deferred outflow of \$12.4 million is a result of change in the assumptions (predominately the discount rate lowering from 6.5% to 4.6%) and the net difference between the projected and actual earnings in the OPEB plan investments. The change of assumptions will be amortized over the expected future service life which was calculated as 4.67 years while the difference between the projected and

actual earnings will be amortized over 5 years as required by the new GASB.

Total 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. Total current liabilities remained relatively unchanged from fiscal year 2017. Within the current liability total, accounts payable decreased \$1.3 million from the settlement of outstanding payables for the construction of Updike Hall at the end of 2017 and other liabilities increased \$1.8 million since the University did not contribute additional funds to the OPEB plan in 2018.

Non-current liabilities are primarily bonds and notes payable. The largest liability for the University is outstanding bonds payable. Current bonds payable of \$6.5 million consist primarily of the \$6.7 million decrease in non-current liabilities. More detailed information concerning the University's long-term debt is presented in the Notes to the Financial Statements.

Deferred inflows of resources represent an acquisition of net assets applicable to a future reporting period and will not be recognized as revenue until that reporting period. The deferred inflows include \$6 million, representing the difference between the expected and actual experience of the OPEB plan, which will be amortized over a period of 5 years.

Fiscal Year 2017

As of June 30, 2017 and 2016, total assets were approximately \$438.8 and \$427.1 million, an increase of \$11.7 million, or 2.7 percent. The net growth in assets is attributed to increases in non-current investments, capital assets and the asset recorded for the University's excess contributions toward its obligation for Other Postemployment Benefits (OPEB).

Current assets consist mainly of cash, short-term investments, inventory and accounts receivable. Accounts receivable includes sponsored programs, student loans, and student receivables for tuition and room and board. There was a net decrease of \$10 million in current assets. The \$9.8 million decrease in cash represents bond proceeds on hand at the beginning of the fiscal year that were disbursed for construction of Updike Hall. The decrease in accounts receivable is consistent with enrollment changes.

Primary components of non-current assets are investments and capital assets, net of accumulated depreciation. Non-current assets increased \$21.7 million in 2017. The fair

value of the University's non-current investments increased \$4.8 million, or 3.8 percent. Capital asset additions consist of new construction and renovations, as well as major investments in equipment. Construction completed in fiscal 2017, including the Student Center and the Confined Space Training Facility, represent two major additions included in the capital asset increase of \$11 million. The University ended the fiscal year with \$24.6 million in construction in progress. \$18.4 million of the \$24.6 million total applies to Updike Hall- Center for Science, Engineering, and Mathematics, which will be completed and open for classes in fall 2017.

The University's Other Postemployment Benefit (OPEB) obligation is reported as a non-current asset when contributions exceed annual funding requirements. The OPEB asset increased \$6 million in fiscal 2017, as a result of the University's continued funding of this obligation.

Deferred outflows of resources represent consumption of net assets that are applicable to a future reporting period. The \$474 thousand reported amount was determined with respect to pension related items and the University's hedging derivative instrument.

Total 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. Current liabilities decreased \$1.5 million in fiscal year 2017. Funds held in trust by the University for Complete College of America (CCA) decreased \$1.65 million, or 97 percent of the total \$1.7 million decrease in deposits held in custody.

Non-current liabilities are primarily bonds and notes payable. The largest liability for the University is outstanding bonds payable. Current bonds payable of \$6.2 million represent the majority of the \$6.6 million decrease in non-current liabilities. More detailed information concerning the University's long-term debt is presented in the Notes to the Financial Statements.

Deferred inflows of resources represent an acquisition of net assets applicable to a future reporting period and will not be recognized as revenue until that reporting period. The deferred inflows reported refer to net pension liability for the Indiana State Teachers' Retirement Fund.

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:

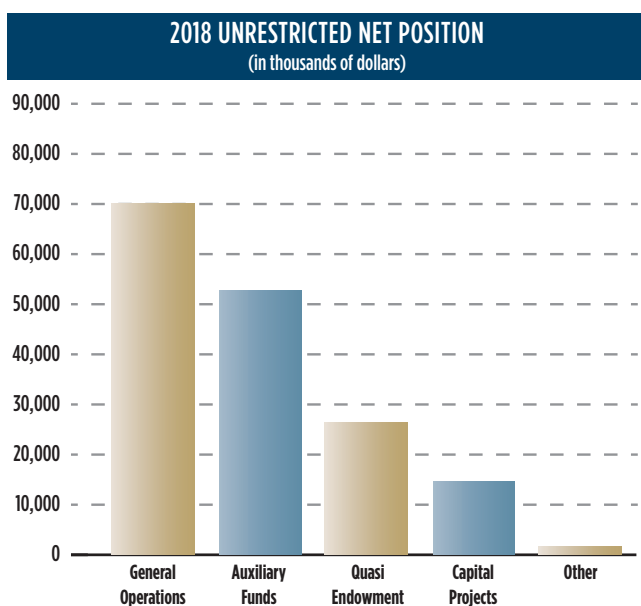
Summary of Net Position	2018 (in thousands)	2017 (in thousands)	2016 (in thousands)
Net Investment in Capital Assets	\$ 170,637	\$ 156,541	\$ 153,008
Restricted:			
Non-expendable	2,379	2,379	2,379
Expendable	18,718	9,188	8,448
Unrestricted:			
Designated - Capital & Other	17,034	18,683	16,113
Designated for Quasi-Endowment	26,981	27,727	30,222
General Operations	69,838	85,174	68,044
Auxiliary	52,554	50,687	52,623
Total Net Position	\$ 358,141	\$ 350,379	\$ 330,837

Net Investment in Capital Assets represents 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. The \$14.1 million increase in Net Investment in Capital Assets primarily consists of the completion of Updike Hall and Kimmell Park, the HVAC replacement in Vigo Hall and the purchase of ten airplanes for the University's aviation program in Indianapolis.

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,

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 2018 and 2017 included board designated quasi endowment funds of \$27 million and \$27.7 million, remaining relatively unchanged. 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 decreased \$15.3 million from fiscal year 2017 to 2018 as a result of the prior period adjustment for the change in accounting principle as a result of adopting GASB 75. The following graph shows the 2018 unrestricted net assets of \$166 million by designation:



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position details the \$7.8 million increase in net position (including the prior period adjustment for the change in accounting principle) for fiscal year 2018. The increase in net position for fiscal year 2017 was \$19.5 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

	2018 (in thousands)	2017 (in thousands)	2016 (in thousands)
Operating Revenue:			
Tuition and Fees, Net	\$ 24,922	\$ 28,108	\$ 29,512
Auxiliary, Net	14,075	15,366	16,490
Grants and Contracts	16,652	15,462	15,979
Other	2,012	1,887	1,534
Total Operating Revenue	\$ 57,661	\$ 60,823	\$ 63,515
Operating Expenses	\$ 120,064	\$ 114,944	\$ 122,822
Net Operating Loss	\$ (62,403)	\$ (54,121)	\$ (59,307)

Non-Operating Revenues (Expenses):

Governmental Appropriations	\$ 54,081	\$ 53,336	\$ 52,161
Federal and State Student Aid	20,545	20,434	22,713
State Grant Revenue	4,454	4,596	8,697
Gifts (Including Endowment and Capital)	1,598	2,000	2,928
Investment Income	54	94	4,115
Gain (Loss) on Disposition of Capital Assets	4	(3,662)	(192)
Other Income and Expense	(2,976)	(3,135)	(2,504)
Total Non-Operating Revenue	\$ 77,760	\$ 73,663	\$ 87,918
Income before Other Revenues, Expenses, Gains or Losses	\$ 15,357	\$ 19,542	\$ 28,611

Other Revenues, Expenses, Gains or Losses

Capital Appropriation	\$ 12,407	\$ -	\$ 3,500
Increase in Net Position	\$ 27,764	\$ 19,542	\$ 32,111
Net position - Beginning of year	\$ 350,379	\$ 330,837	\$ 304,897
Prior Period Adjustment for Change in Accounting Principle	(20,002)	-	(6,171)
Net position - End of year	\$ 358,141	\$ 350,379	\$ 330,837

Revenues

Fiscal Year 2018

Total University revenues of \$138.4 million consist of operating revenue and non-operating revenue. In general, operating revenues are earned from providing goods and services, including tuition and fees, housing and other auxiliary activity, grants and contracts, and other operating activities. Non-operating revenues include state appropriations, revenue from certain grants and contracts, gifts, and investment income.

Operating revenue for fiscal year 2018, is \$57.7 million. Operating revenues decreased \$3.2 million, or 5.3 percent, in 2018. The changes in revenue are related to the following activities:

- Student tuition and fees, net of scholarship allowances and bad debt, decreased \$3.2 million. The decrease in tuition reflects the changing composition of the student enrollment model and related changes in fee structure.
- Auxiliary revenues are generated primarily from student housing, bookstores, student activities, and workshops. Net auxiliary revenues decreased \$1.3 million, or 8.4 percent in fiscal 2018. This decrease was primarily related to the decline in residence hall occupancy and bookstore sales.
- Grants and Contracts revenue increased \$1.2 million. The University received several small grants during fiscal year 2018. The increase was predominately related to receiving an increase from existing grants and contracts. The University received an estimated 48 percent of grant and contract revenue from federal agencies, 24 percent from state agencies, and 28 percent from nongovernmental agencies in fiscal year 2018.

Non-operating revenue increased \$276 thousand in fiscal year 2018. Activity related to the net increase included:

- Government Appropriations increased slightly from the prior year to \$54.1 million.
- Federal and State Student Aid remained relatively unchanged.
- State and grant revenue reported for 2018 is \$4.5 million. This total represents the University's required revenue reporting for the Teachers' Retirement Fund Pre-1996 State Contributions. An equal amount is reported as a benefit cost, resulting in a \$0 net effect on the Statement of Revenues, Expenses, and Changes in Net Position.

- The University disposed of the remaining value of the McCormick Science Center during fiscal year 2017. The University had no major dispositions during fiscal year 2018.

Fiscal Year 2017

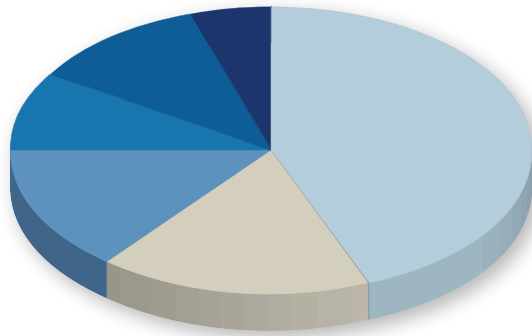
Operating revenue for fiscal year 2017, is \$60.8 million. Operating revenues decreased \$2.7 million, or 4.2 percent, in 2017. The changes in revenue are related to the following activities:

- Student tuition and fees, net of scholarship allowances and bad debt, decreased 4.8 percent, to \$28.1 million. The decrease in tuition reflects the changing composition of the student enrollment model and related changes in fee structure.
- Auxiliary revenues are generated primarily from student housing, bookstores, student activities, and workshops. Net auxiliary revenues decreased \$1.1 million, or 6.8 percent in fiscal 2017. Student housing decreased \$1.1 million, or 6.8 percent, from a decline in residence hall occupancy. A portion of the decreased revenue for auxiliary enterprises was offset by a \$610 thousand reduction in auxiliary bad debt allowance.
- The University received an estimated 50 percent of grant and contract revenue from federal agencies, 23 percent from state agencies, and 27 percent from nongovernmental agencies in fiscal year 2017.

Non-operating revenue decreased \$10.2 million in fiscal year 2017. Activity related to the net decrease included:

- Government Appropriations increased 2.3 percent in fiscal year 2017, to \$53.3 million.
- The 10 percent decrease in Federal and State Student Aid is in line with corresponding enrollment changes.
- State and grant revenue reported for 2017 is \$4.6 million. This total represents the University's required revenue reporting for the Teachers' Retirement Fund Pre-1996 State Contributions. An equal amount is reported as a benefit cost, resulting in a \$0 net effect on the Statement of Revenues, Expenses, and Changes in Net Position.
- Investment income decreased approximately \$4.0 million from the prior year which was reflective of the market conditions.

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund the University for the year ended June 30, 2018.



- 44% Government Appropriations
- 17% Net Tuition and Fees
- 14% Non-Operating Student Aid
- 9% Auxiliary Funds
- 11% Grants and Contracts
- 5% Other Income

Expenses

A comparative of the University's expenses for the years ending June 30, 2018, 2017, and 2016 is as follows:

Expense By Natural Object	2018 (in thousands)	2017 (in thousands)	2016 (in thousands)
Operating:			
Compensation and Benefits	\$ 68,746	\$ 63,860	\$ 71,149
Supplies, Services and Equipment	32,772	33,323	33,786
Depreciation	10,369	9,580	9,347
Scholarships and Fellowships	8,177	8,181	8,539
Total Operating Expenses	\$120,064	\$114,944	\$122,821
Non-Operating:			
Interest and Other	2,976	6,797	8,873
Total Expenses	\$123,040	\$121,741	\$131,694

Fiscal Year 2018

For fiscal year 2018, total expenses of \$123 million included operating expenses of \$120 million and interest expense and other non-operating expenses of \$3 million.

Operating expenses increased \$5.1 million, or 4.4 percent, during fiscal year 2018. Significant changes include:

- Compensation and benefits together make up 57.3 percent of total operating expenses. Of the total operating expense increase, compensation and benefits accounted for a majority of this change. Benefits increased \$5.36 million

as a result of not funding the OPEB trust account this year. Contributions to the trust account are netted against benefit expense which caused a decrease in this line item. Since the University is close to fully funding the OPEB liability, the impact of GASB 75 and the funding requirements will be evaluated to determine future contributions in the upcoming year.

- Overall, there was a 1.7 percent decrease in supplies, services and equipment. Most auxiliary enterprises reported decreases in supply and equipment purchases in 2018.
- Scholarships and fellowships remained relatively unchanged from the prior year. With the enrollment decrease, the University committed institutional dollars to fund scholarships causing this expense to remain constant.

A prior period adjustment for change in accounting principle totaling \$20 million was recognized in 2018 as a result of GASB 75. The change in the actuarial valuations methods required the University to recognize the \$20 million decrease to net position.

Fiscal Year 2017

For fiscal year 2017, total expenses of \$121.7 million included operating expenses of \$114.9 million and interest expense and other non-operating expenses of \$6.7 million.

Operating expenses decreased \$7.9 million, or 6.4 percent, in fiscal year 2017. Significant changes include:

- Compensation and benefits together make up 55.6 percent of total operating expenses. Of the \$7.9 million decrease in operating expenses, compensation and benefits account for \$7.3 million of the change. Compensation decreased \$2 million from employee retirements and attrition. Additionally, the Indiana State Teachers' Retirement Fund Pre-1996 State Contributions decreased \$4.1 million in fiscal 2017, reducing benefit costs. The University is required to report the State's contribution as a benefit cost and also as non-operating revenue, resulting in a \$0 net effect on the Statement of Revenues, Expenses, and Changes in Net Position.

- Overall, there was a 1.4 percent decrease in supplies, services and equipment. Most auxiliary enterprises reported decreases in supply and equipment purchases in 2017. Major equipment purchases for the statewide Career and Tech Centers accounted for a \$1.4 million increase in general fund equipment costs.

- Scholarships and fellowships decreased 4.2 percent for fiscal year 2017, in line with the decrease in aid eligible students.

Non-operating expenses include University donations to the City of Vincennes and a loss on disposition associated with the new construction of Updike Hall, Center for Science, Engineering and Mathematics.

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, 2018, 2017 and 2016 is as follows:

Statement of Cash Flows	2018 (in thousands)	2017 (in thousands)	2016 (in thousands)
Cash Received from Operations	\$ 58,377	\$ 60,908	\$ 64,369
Cash Expended for Operations	(109,378)	(110,715)	(120,842)
Net Cash Used in Operating Activities	\$ (51,001)	\$ (49,807)	\$ (56,473)
Net Cash Provided by Non-Capital Financing Activities	78,250	76,576	86,240
Net Cash Used in Investing Activities	(12,419)	(5,272)	(21,626)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(14,800)	(31,342)	804
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 30	\$ (9,845)	\$ 8,945
Cash and Cash Equivalents - Beginning of Year	34,433	44,278	35,333
Cash and Cash Equivalents - End of Year	\$ 34,463	\$ 34,433	\$ 44,278

The University's cash and cash equivalents were relatively unchanged from fiscal year 2017 to 2018. In 2017, the \$9.8 million decrease was primarily related to expenditures for capital assets and debt reduction.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Appropriations from the State of Indiana provide the largest source of funding for the University. Recent trends demonstrate the changing landscape for U.S. colleges and

universities. The University recognizes the importance of strategic direction and the effective alignment of resources to fulfill the mission of the institution. Indiana faces a shortage of sufficiently trained workers to meet employer needs. The ability to attract and retain employers in the state remains vital to Indiana's future sustained economic growth. The University is well positioned for a prominent role in addressing the challenges facing higher education with competitive tuition rates, continued expansion of online and early college course offerings, and innovative technology training.

The University has a number of ongoing projects that include major infrastructure improvements to enhance efficiencies. The Francis Vigo Residence Hall is one of these projects which reopened to students in August, 2018. With capital appropriations from the State, renovations will also be made to the Learning Resource Center, Davis Hall, Wathen Business Building, the Welsh Administration Building, and the Diesel Technology facility.

The Vincennes University Primary Care Center completed its third full year of operation and added a new provider. The Primary Care Center provides on-site access to medical care for students and employees. Health screenings and expanded wellness initiatives provide important information to employees for use in managing and improving personal health. The University continues to place emphasis on preventive health by recognizing the long-term benefits of employee wellness.

The University remains focused on targeted enrollment goals in a highly competitive environment. The ability to face and effectively address institutional challenges has been a consistent trait in the successful history of the University. Strategic leadership and planning remain key to actively engaging the institution's talent and resources in these efforts.

Dr. David Chu, a Hong Kong business leader and chair of the C.W. Chu Foundation, donated more than \$1 million dollars to Vincennes University during fiscal year 2018. These funds will be used for scholarships and other aid to talented Vincennes University students and to support VU's efforts to establish and enhance relationships with schools and colleges in China.

The University is committed to strong fiscal stewardship of its resources and maintaining its sound financial position. Creatively building upon historical strengths for future growth will enable Vincennes University to further its mission to develop people and enhance communities through accessible, high-quality educational programs, strategic partnerships, and active engagement.

VINCENNES UNIVERSITY STATEMENT OF NET POSITION

As of June 30, 2018 and June 30, 2017

ASSETS	2018	2017
Current Assets		
Cash and Cash Equivalents	\$ 34,463,342	\$ 34,433,507
Short-term Investments	32,730,086	11,325,146
Funds held with Bond Trustee	17,329	15,746
Accounts Receivable (Less Allowance of \$3,231,215 - 2018 and \$4,059,087 - 2017)	8,097,859	7,404,291
Current Portion of Notes Receivable	546,152	691,154
Inventories	1,460,862	1,466,304
Accrued Interest Income	410,173	363,074
Prepaid Expenses	257,881	353,402
Total Current Assets	\$ 77,983,684	\$ 56,052,624
Non-current Assets		
Funds held with Bond Trustee for Debt Service	\$ 216,549	\$ 216,342
Investments	122,213,834	131,192,559
Notes Receivable	436,036	453,502
OPEB Asset	-	25,734,061
Capital Assets, Net of Accumulated Depreciation	233,428,292	225,109,002
Total Non-current Assets	\$ 356,294,711	\$ 382,705,466
Total Assets	\$ 434,278,395	\$ 438,758,090
DEFERRED OUTFLOWS		
Accumulated decrease in fair value of hedging derivatives	\$ 7,195	\$ 184,715
Deferral of Resources Indiana State Teachers Pension Plan	231,516	289,258
Deferral of Resources OPEB	12,165,404	
Total Deferred Outflows	\$ 12,404,115	\$ 473,973
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 2,429,031	\$ 3,777,199
Accrued Payroll and Deductions Payable	4,769,583	4,880,543
Accrued Vacation Liability	1,219,014	1,158,520
Unearned Revenue	3,452,659	2,654,836
Accrued Interest on Debt	292,593	305,412
Bonds Payable	6,462,444	6,243,368
Deposits	188,099	207,006
Deposits Held in Custody for Others	2,615,234	3,691,648
Other Liabilities	3,134,157	1,336,846
Total Current Liabilities	\$ 24,562,814	\$ 24,255,378
Non-current Liabilities		
Bonds Payable (Net of Unamortized Bond Premium (Discount) of \$578,106 - 2018 and \$757,320 - 2017)	\$ 56,270,174	\$ 62,911,832
Net Pension Liability	207,930	283,095
OPEB Liability	309,531	-
Derivative Instrument - Interest Rate Swap	7,195	184,715
Advances from Federal Government	959,902	1,116,332
Total Non-current Liabilities	\$ 57,754,732	\$ 64,495,974
Total Liabilities	\$ 82,317,546	\$ 88,751,352
DEFERRED INFLOWS		
Net Difference in the projected and actual investments along with Indiana State Teachers 2016 Pension Contributions	\$ 135,636	\$ 102,043
Net Differences in OPEB	6,087,844	
Total Deferred Inflows	\$ 6,223,480	\$ 102,043
NET POSITION		
Net Investment in Capital Assets	\$ 170,636,959	\$ 156,541,201
Restricted for Non-expendable:		
Scholarships & Instruction	2,379,586	2,379,586
Restricted for Expendable:		
Capital Projects	14,802,405	5,553,631
Loan Funds	280,510	408,235
Scholarships & Instruction	3,635,012	2,568,575
Unrestricted	166,407,012	182,927,440
Total Net Position	\$ 358,141,484	\$ 350,378,668

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, 2018 with comparative figures for 2017

Assets	2018	2017	Liabilities & Fund Balances	2018	2017
Unrestricted Funds					
Cash	\$ 148,337	\$ 53,060	Accounts Payable	\$ 21,740	\$ 846
Amount Due from Agency Funds	69,981	94,710	Vacation Accrual	19,962	12,712
Other Accounts Receivable	3,570	4,722	Deferred Income Other	1,475	3,060
Accrued Interest Receivable	1,560	1,749	Due VU General Fund	71,467	16,581
Investments	2,246,586	2,462,215			
Equipment	8,107	8,107			
Accum. Deprec. - Equipment	(8,107)	(8,107)			
Prepaid Expense	6,862	5,659	Net Assets	3,360,391	3,587,055
Property	998,139	998,139			
Total Unrestricted Funds	\$ 3,475,035	\$ 3,620,254	Total Unrestricted Funds	\$ 3,475,035	\$ 3,620,254
Current Restricted Funds					
Accrued Interest Receivable	\$ 28,162	25,108	Accounts Payable	\$ 12,008	\$ 5,020
Investments	63,313,443	62,132,507	Due to Unrestricted Funds Held in Trust	42,911	52,465
Other Accounts Receivable	10,370	7,842	Deferred Income Other	59,865,496	57,890,954
Prepaid Expense	37,750	44,266		88,905	88,490
			Net Assets	3,380,405	4,172,794
Total Current Restricted Funds	\$ 63,389,725	\$ 62,209,723	Total Current Restricted Funds	\$ 63,389,725	\$ 62,209,723
Endowment Funds					
Cash	\$ -	\$ 100	Accounts Payable	\$ 14,277	\$ 9,880
Accrued Interest Receivable	19,476	19,586	Due to Unrestricted	27,070	42,245
Investments	28,055,737	27,576,375	Net Assets	28,036,666	27,549,296
Prepaid Expense	2,800	5,360			
Total Endowment Funds	\$ 28,078,013	\$ 27,601,421	Total Endowment Funds	\$ 28,078,013	\$ 27,601,421
Total Assets	\$ 94,942,773	\$ 93,431,398	Total Liabilities and Fund Balance	\$ 94,942,773	\$ 93,431,398

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, 2018 and June 30, 2017

	2018	2017
Operating Revenues		
Student Tuition & Fees	\$ 39,092,911	\$ 41,890,781
Scholarship Allowance - Tuition & Fees	(14,171,038)	(13,782,942)
Grants and Contracts	16,651,852	15,462,457
Auxiliary Enterprises	18,723,140	20,021,218
Scholarship Allowance - Auxiliary Enterprises	(4,647,424)	(4,655,384)
Other Revenues	2,011,823	1,886,942
Total Operating Revenues	\$ 57,661,264	\$ 60,823,072
Operating Expenses		
Salaries and Wages	\$ 46,406,400	\$ 46,877,517
Benefits	22,339,523	16,982,220
Scholarships and Fellowships	8,176,657	8,181,144
Supplies and Other Services	30,105,832	29,219,011
Equipment	2,666,088	4,104,042
Depreciation	10,369,506	9,580,298
Total Operating Expenses	\$ 120,064,006	\$ 114,944,232
Operating Loss	\$ (62,402,742)	\$ (54,121,160)
Non-Operating Revenues (Expenses)		
Governmental Appropriations	\$ 54,080,551	\$ 53,336,062
Federal and State Student Aid	20,545,340	20,434,171
State Grant Revenue	4,453,429	4,596,013
Gifts and Bequests	1,598,440	2,000,059
Investment Income	(68,220)	51,915
Endowment Income	122,175	41,665
Loss on Disposition of Capital Assets	4,407	(3,662,385)
Interest & Other Costs on Capital Asset - Related Debt	(2,324,608)	(2,515,516)
Other Non-Operating Revenues (Expenses)	(651,160)	(619,646)
Total Non-Operating Revenues (Expenses)	\$ 77,760,354	\$ 73,662,338
Income before other revenues, expenses, gains or losses	\$ 15,357,612	\$ 19,541,178
Other Revenues, Expenses, Gains or Losses		
Capital Appropriations	\$ 12,406,602	\$ -
Increase in Net Position	\$ 27,764,214	\$ 19,541,178
Net Position - Beginning of Year	\$ 350,378,668	\$ 330,837,490
Cumulative Effect of Change in Accounting Principle - Note 18	\$ (20,001,398)	\$ -
Net Position - End of Year	\$ 358,141,484	\$ 350,378,668

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, 2018 with comparative figures for 2017

Support and Revenue	Unrestricted	Current Restricted	Endowment	2018 Total	2017 Total
Contributions	\$ 134,524	\$ 292,281	\$ 208,195	\$ 635,000	\$ 625,240
Grants and Contracts	-	107,000	-	107,000	37,000
Other Income	78,740	124,444	-	203,184	197,924
Investment Income (Loss)	91,652	86,618	998,619	1,176,889	666,874
Unrealized Gain (Loss) on Investments	57,836	(54,543)	586,240	589,533	2,501,622
Administrative Income	307,281	-	-	307,281	282,308
Alumni Income & Community Series	14,634	132,655	-	147,289	146,947
Total Support and Revenue	\$ 684,667	\$ 688,455	\$ 1,793,054	\$ 3,166,176	\$ 4,457,915
Expenses					
Program Expenditures	\$ 500,642	\$ 1,386,100	\$ 1,010,278	\$ 2,897,020	\$ 2,835,122
Management and General	310,687	21,995	321,208	653,890	631,141
Fundraising	100,002	46,947	-	146,949	169,818
Total Expenses	\$ 911,331	\$ 1,455,042	\$ 1,331,486	\$ 3,697,859	\$ 3,636,081
Increase (Decrease) in Net Assets	\$ (226,664)	\$ (766,587)	\$ 461,568	\$ (531,683)	\$ 821,834
Net Assets Adjustments:					
Additions	-	-	25,802	25,802	55,081
Deductions	-	(25,802)	-	(25,802)	(55,081)
Total Change in Net Assets	\$ (226,664)	\$ (792,389)	\$ 487,370	\$ (531,683)	\$ 821,834
Net Assets - Beginning of Year	\$ 3,587,055	\$ 4,172,794	\$ 27,549,296	\$ 35,309,145	\$ 34,487,311
Net Assets - End of Year	\$ 3,360,391	\$ 3,380,405	\$ 28,036,666	\$ 34,777,462	\$ 35,309,145

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, 2018 and June 30, 2017

	2018	2017
Cash Flows From (For) Operating Activities		
Tuition and Fees	\$ 25,611,016	\$ 27,777,525
Grants and Contracts	16,765,066	15,146,003
Payments to Suppliers	(32,107,723)	(31,907,542)
Payments to Employees	(46,437,754)	(47,043,838)
Payments for Benefits	(22,377,830)	(23,449,976)
Payments for Scholarships and Fellowships	(8,176,657)	(8,181,144)
Loans Issued to Students	(121,917)	(132,628)
Collection of Loans to Students	284,384	186,006
Repayments of Advances from Federal Government	(156,430)	-
Auxiliary Enterprise	14,148,428	15,430,974
Other Receipts	1,568,242	2,367,895
Net Cash Used in Operating Activities	\$ (51,001,175)	\$ (49,806,725)
Cash Flows From (For) Non-Capital Financing Activities		
Governmental Appropriations	\$ 54,080,551	\$ 53,336,062
Gifts and Grants for Other than Capital Purposes	25,326,083	24,894,171
Funds Held in Trust for Others	(1,156,148)	(1,653,908)
Net Cash Provided by Non-Capital Financing Activities	\$ 78,250,486	\$ 76,576,325
Cash Flows From (For) Capital & Related Financing Activities		
Capital Appropriations	\$ 12,406,602	-
Capital Grants and Gifts Received	99,982	1,356,451
Proceeds (Loss) from Sale of Capital Assets	127,716	32,442
Insurance Recovery	10,774	-
Purchases of Capital Assets and Construction	(18,683,390)	(23,975,615)
Bond Reserve Cash Returned (Deposited)	(1,790)	(181)
Principal Paid on Capital Debt	(6,243,368)	(6,011,520)
Interest Paid on Capital Debt & Lease	(2,516,641)	(2,744,176)
Net Cash Provided by (Used in) Capital & Related Financing Activities	\$ (14,800,115)	\$ (31,342,599)
Cash Flows From (For) Investing Activities		
Proceeds from Sales and Maturities of Investments	\$ 33,707,189	\$ 50,523,430
Investment Income	6,851,454	2,757,417
Purchase of Investments	(52,978,004)	(58,552,736)
Net Cash Used in Investing Activities	\$ (12,419,361)	\$ (5,271,889)
Net Increase (Decrease) in Cash	\$ (29,835)	\$ (9,844,888)
Cash and Cash Equivalents - Beginning of Year	34,433,507	44,278,395
Cash and Cash Equivalents - End of Year	\$ 34,463,342	\$ 34,433,507

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, 2018 and June 30, 2017

	2018	2017
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided by (Used in) Operating Activities:		
Net Operating Revenues and Expenses	\$ (62,402,742)	\$ (54,121,160)
Restatement of Net Position - Net OPEB Liability	(20,001,398)	
Adjustments to Reconcile Net Operating Revenues (Expenses) to Net Cash Provided by (Used in) Operating Activities		
Depreciation Expense	10,369,506	9,580,298
Changes in Assets and Liabilities:		
Receivables, Net	(476,132)	476,630
Other Receipts	34,357	52,011
Inventories	5,442	175,641
Other Assets	95,521	(66,293)
Student Loans	162,467	53,378
Advances from Federal Government	(156,430)	-
OPEB Asset	25,734,061	(5,991,693)
TRF Benefit	16,171	25,642
Net OPEB Liability	(5,768,029)	-
Accounts Payable and Accrued Liabilities	459,504	600,788
Unearned Income	797,823	(603,656)
Cash Flows Reported in Other Categories:		
Other Non-Operating Revenues (Expenses)	128,704	11,689
Net Cash Used in Operating Activities	\$ (51,001,175)	\$ (49,806,725)

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:

Vincennes University (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 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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*. GASB Statement No. 61 and GASB Statement No. 80 modify 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. (Foundation) 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, 2018, the Foundation distributed \$2,267,761 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 Foundation 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's 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 State of America, as prescribed by the GASB. During fiscal year 2018, the University adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*.

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 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.

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 consist 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 recorded using various methods, including 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 Outflows of Resources:

As prescribed by GASB Statement No. 63, the Statement of Financial Position reports a separate section for deferred outflows of resources. The separate financial statement element represents a consumption of net position that applies to a future period. Deferred outflows of resources consist of accumulated changes in the fair value of hedging derivative instruments and the deferral of resources for the Indiana State Teacher's Pension Plan and for the Post Employment Benefit Plan.

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. Included in these liabilities are the Net Pension Liability for the Indiana State Teacher's Pension Plan and the OPEB Liability.

Deferred Inflows of Resources:

As prescribed by GASB Statement No. 63, the Statement of Financial Position reports a separate section for deferred inflows of resources. Deferred inflows of resources is an acquisition of net assets that is applicable to a future reporting period. These inflows include the Net Differences for the projected and actual investments for the Indiana State Teacher's Pension Plan and the OPEB Plan.

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 are also 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 consists 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 includes 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 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 represents 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.

When an expense is incurred for which both restricted and unrestricted resources are available, the University applies the most appropriate fund source based on the relevant facts and circumstances.

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 and Expenses:

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

Operating revenues and expenses: Operating revenues and expenses generally have the characteristics of exchange transactions. These transactions can be defined as an exchange in which two or more entities both receive and sacrifice value, such as purchases and sales of goods and services. Examples of operating revenues include student tuition and fees, net of scholarship discounts and allowances, sales and services of auxiliary enterprises, net of scholarship discounts and allowances, grants and contracts, and other operating revenues. 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. Examples of operating expenses include employee compensation, benefits and related expenses, scholarships and fellowships, utilities, supplies and other services, professional fees, and depreciation expenses of capital assets.

Non-operating revenues and expenses: Non-operating revenues and expenses include activities that have the characteristics of non-exchange transactions. Examples of non-operating revenues include state appropriations, most federal and state student aid, nonexchange grants, gifts and contributions, and investment income. Non-operating revenues and expenses are defined in 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, *Basic Financial Statements – and Management's Discussion Analysis – for State and Local Governments*. Examples of non-operating expenses include interest on capital asset related debt and bond expenses.

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 and 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 value. 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, 2018 and June 30, 2017, are stated at market value. The University's trustees have the responsibility as a fiduciary body for the University's investments. Indiana Code 30-4-3-3 requires the trustees to "exercise judgement and care required by Indiana Code 30-4-3.5," the *Indiana Uniform Prudent Investor Act*. The University invests in obligations of the U.S. Treasury and U.S. agencies, certificates of deposits, 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 by checking and money market accounts at various banks on June 30, 2018 and on June 30, 2017 equaled \$34,463,342 and \$34,433,507 respectively.

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, 2018, the University had the following investments:

Investment Type	Market Value	Maturity		
		Less than 1 Year	1-5 Years	6-10 Years
Certificates of Deposit	\$ 30,746,668	\$ 30,746,668	\$ -	\$ -
U. S. Treasury Bonds	7,000,160	375,304	3,782,412	2,842,444
U. S. Government Agencies	116,793,132	1,608,114	104,731,523	10,453,495
Mutual Funds	403,960	-	403,960	-
Total	\$ 154,943,920	\$ 32,730,086	\$ 108,917,895	\$ 13,295,939

As of June 30, 2017, the University had the following investments:

Investment Type	Market Value	Maturity		
		Less than 1 Year	1-5 Years	6-10 Years
Certificates of Deposit	\$ 17,191,366	\$ 9,099,426	\$ 8,091,940	\$ -
U. S. Treasury Bonds	7,277,989	645,842	3,393,931	3,238,216
U. S. Government Agencies	117,641,667	1,579,878	111,525,173	4,536,616
Mutual Funds	406,683	-	406,683	-
Total	\$ 142,517,705	\$ 11,325,146	\$ 123,417,727	\$ 7,774,832

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. On June 30, 2018 and June 30, 2017, the University was in compliance with its credit risk policy for all investments.

The Moody's credit rating for the investments at June 30, 2018 is as follows:

Rating	Certificates of Deposit	U.S. Treasury Bonds	U.S. Government Agencies	Mutual Funds	Total
AAA	\$ -	\$ 7,000,160	\$ 116,793,132	\$ -	\$ 123,793,292
AA	-	-	-	-	-
A	-	-	-	-	-
BBB	-	-	-	-	-
BB	-	-	-	-	-
Below BB	-	-	-	-	-
Not Rated	30,746,668	-	-	403,960	31,150,628
Total	\$ 30,746,668	\$ 7,000,160	\$ 116,793,132	\$ 403,960	\$ 154,943,920

The Moody's credit rating for the investments at June 30, 2017 is as follows:

Rating	Certificates of Deposit	U.S. Treasury Bonds	U.S. Government Agencies	Mutual Funds	Total
AAA	\$ -	\$ 7,277,989	\$ 117,410,258	\$ -	\$ 124,688,247
AA	-	-	-	-	-
A	-	-	-	-	-
BBB	-	-	-	-	-
BB	-	-	-	-	-
Below BB	-	-	-	-	-
Not Rated	17,191,366	-	231,409	406,683	17,829,458
Total	\$ 17,191,366	\$ 7,277,989	\$ 117,641,667	\$ 406,683	\$ 142,517,705

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, \$7,000,160 of the U.S. Treasury Notes, \$10,241,256 of the U.S. Government Agencies, and \$403,960 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

GASB 72 - *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

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 tables present 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 on June 30, 2018 and June 30, 2017:

June 30, 2018	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury Bonds	\$ 7,000,160	\$ 7,000,160	\$ -	\$ -
Agency Bonds	10,241,256	-	10,241,256	-
Agency Mortgage Securities	106,551,876	-	106,551,876	-
Mutual Funds	403,960	403,960	-	-
Total Investments	\$ 124,197,252	\$ 7,404,120	\$ 116,793,132	\$ -
Interest Rate Swaps	(7,195)	-	(7,195)	-
Total Derivative Instruments	\$ (7,195)	\$ -	\$ (7,195)	\$ -

June 30, 2017	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury Bonds	\$ 7,277,989	\$ 7,277,989	\$ -	\$ -
Agency Bonds	13,781,050	-	13,781,050	-
Agency Mortgage Securities	103,860,617	-	103,860,617	-
Mutual Funds	406,683	406,683	-	-
Total Investments	\$ 125,326,339	\$ 7,684,672	\$ 117,641,667	\$ -
Interest Rate Swaps	(184,715)	-	(184,715)	-
Total Derivative Instruments	\$ (184,715)	\$ -	\$ (184,715)	\$ -

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 years ended June 30, 2018 and June 30, 2017.

Note 6 Derivative Instruments

The fair value balance and notional amount of the derivative instrument outstanding on June 30, 2018 and June 30, 2017, classified by type and the changes in fair value of such derivative instrument for the year ended as reported in the comparative financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2018		
	Classification	Amount	Classification	Amount	Current Notional
Cash flow Hedge: Pay-Fixed Interest Rate Swap	Pay-Fixed Interest Rate Swap	(\$177,520)	Deferred Outflow of Resources	(\$7,195)	\$5,650,000

	Changes in Fair Value		Fair Value at June 30, 2017		
	Classification	Amount	Classification	Amount	Current Notional
Cash flow Hedge: Pay-Fixed Interest Rate Swap	Pay-Fixed Interest Rate Swap	(\$268,702)	Deferred Outflow of Resources	(\$184,715)	\$6,090,000

As of June 30, 2018 and as of June 30, 2017, 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.

Note 4 Accounts Receivable

Accounts Receivable are primarily comprised of the following:

Student Tuition	\$	5,099,182
Auxiliaries		2,307,696
Sponsored Programs		2,568,129
Other Receivable		1,354,067
Total Accounts Receivable	\$	11,329,074
Allowance for Doubtful Accounts		(3,231,215)
Net Accounts Receivable	\$	8,097,859

Note 5 Inventories

Inventories are stated at the lower of cost or market value. Total inventories were valued at \$1,460,862. Of this total, the bookstore's inventory was \$1,089,749.

The following tables display the objective and terms of the University's hedging derivative instrument outstanding as of June 30, 2018 and as of June 30, 2017, along with the credit rating of the associated counterparty:

As of June 30, 2018						
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	\$5,650,000	12/23/2008	12/1/2028	65% of 6 mo. USD-LIBOR-BBA w/ 1 Day Lookback + 208.00 bps	Aa3

As of June 30, 2017						
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	\$6,090,000	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. On June 30, 2018 and June 30, 2017, 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, 2018 and June 30, 2017, was \$7,195 and \$184,715. 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

The following are summaries of the University capital asset activity for the fiscal years ended June 30:

2018					
	<i>Beginning Balances</i>	<i>Increases</i>	<i>Decreases</i>	<i>Transfers</i>	<i>Ending Balances</i>
Capital Assets Not Being Depreciated:					
Land	\$ 20,211,558	\$ 1,214,610	\$ 28,334	\$ -	\$ 21,397,834
Construction in Progress	24,576,506	7,199,525	-	(29,688,313)	2,087,718
Total Capital Assets Not Being Depreciated	44,788,064	8,414,135	28,334	(29,688,313)	23,485,552
Capital Assets Being Depreciated:					
Building and Improvements	265,569,916	364,553	932,299	29,688,313	294,690,483
Equipment	36,364,254	10,097,067	577,227	-	45,884,094
Total Capital Assets Being Depreciated	301,934,170	10,461,620	1,509,526	29,688,313	340,574,577
Less Accumulated Depreciation For:					
Building and Improvements	95,300,898	7,742,987	924,471	-	102,119,414
Equipment	26,312,334	2,626,519	426,430	-	28,512,423
Total Accumulated Depreciation	121,613,232	10,369,506	1,350,901	-	130,631,837
Total Capital Assets Being Depreciated, Net	180,320,938	92,114	158,625	29,688,313	209,942,740
Capital Assets, Net	\$ 225,109,002	\$ 8,506,249	\$ 186,959	\$ -	\$ 233,428,292

2017					
	<i>Beginning Balances</i>	<i>Increases</i>	<i>Decreases</i>	<i>Transfers</i>	<i>Ending Balances</i>
Capital Assets Not Being Depreciated:					
Land	\$ 19,894,923	\$ 481,191	\$ 138,656	\$ (25,900)	\$ 20,211,558
Construction in Progress	15,685,067	20,874,711	-	(11,983,272)	24,576,506
Total Capital Assets Not Being Depreciated	35,579,990	21,355,902	138,656	(12,009,172)	44,788,064
Capital Assets Being Depreciated:					
Building and Improvements	260,945,254	402,632	7,787,142	12,009,172	265,569,916
Equipment	35,715,731	2,700,014	2,051,491	-	36,364,254
Total Capital Assets Being Depreciated	296,660,985	3,102,646	9,838,633	12,009,172	301,934,170
Less Accumulated Depreciation For:					
Building and Improvements	92,233,381	7,300,787	4,233,270	-	95,300,898
Equipment	25,848,630	2,279,511	1,815,807	-	26,312,334
Total Accumulated Depreciation	118,082,011	9,580,298	6,049,077	-	121,613,232
Total Capital Assets Being Depreciated, Net	178,578,974	(6,477,652)	3,789,556	12,009,172	180,320,938
Capital Assets, Net	\$ 214,158,964	\$ 14,878,250	\$ 3,928,212	\$ -	\$ 225,109,002

Note 8 Non-Current Liabilities

The non-current liability activity for the fiscal year ended June 30, 2018 is summarized as follows:

	<i>Balance 30-Jun-17</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance 30-Jun-18</i>
Bonds Payable, Net of Unamortized Premium and Discount	\$ 62,911,832	\$ -	\$ 6,641,658	\$ 56,270,174
Net Pension Liability	283,095	-	75,165	207,930
Derivative Instrument - Interest Rate Swap	184,715	-	177,520	7,195
Advances from Federal Government	1,116,332	-	156,430	959,902
OPEB Liability	-	309,531	-	309,531
Total Non-current Liabilities	\$ 64,495,974	\$ 309,531	\$ 7,050,773	\$ 57,754,732

Note 9 Long-Term Debt

Long-term debt activity for the years ended June 30, 2018, and June 30, 2017 is summarized as follows:

	Interest Rate	Amount Issued	Amount Retired 2017-2018	Amount Outstanding June 30, 2018	Amount Due Within One Year	Amount Outstanding June 30, 2017
Dormitory and Dining Facilities Revenue Bonds of 1983, Series A	3.000%	\$ 5,000,000	\$ 190,000	\$ 1,010,000	\$ 190,000	\$ 1,200,000
Auxiliary Facilities System Revenue Bonds, Series 2006	4.126%	13,440,000	1,025,000	3,465,000	1,070,000	4,490,000
Auxiliary Facilities System Revenue Bonds, Series 2009	4.728%	10,160,000	435,000	7,075,000	455,000	7,510,000
Auxiliary Facilities System Revenue Bonds, Series 2013	3.630%	4,526,800	180,000	3,854,000	185,000	4,034,000
Student Fee Bonds, Series H	4.373%	4,545,000	220,000	2,570,000	230,000	2,790,000
Student Fee Bonds, Series I	4.090%	9,095,000	440,000	5,650,000	460,000	6,090,000
Student Fee Bonds, Series J	3.858%	26,795,000	1,895,000	12,030,000	1,965,000	13,925,000
Student Fee Bonds, Series K	3.160%	5,895,000	377,000	3,480,000	389,000	3,857,000
Student Fee Bonds, Series L	2.350%	8,045,000	502,800	5,418,200	514,800	5,921,000
Student Fee Bonds, Series M-1	2.730%	10,000,000	398,618	8,988,427	409,575	9,387,045
Student Fee Bonds, Series M-2	2.420%	10,000,000	579,950	8,613,885	594,069	9,193,835
Total Bonds Payable			\$ 6,243,368	\$ 62,154,512	\$ 6,462,444	\$ 68,397,880
Unamortized Bond Premium (Discount)				578,106		757,320
Due Within One Year				(6,462,444)		(6,243,368)
Total Long-Term Liabilities				\$ 56,270,174		\$ 62,911,832

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 fiscal year 2036. Using rates as of June 30, 2018, scheduled fiscal year maturities of bonds payable and related interest expense are shown below. These amounts assume that the current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates change, interest rates on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. See Footnote 6 for information on derivative instruments.

Fiscal Year Ending June 30,	Fixed Rate Bonds		Variable Rate Bonds		Hedging	Total
	Principal	Interest	Principal	Interest	Derivatives, Net	
2019	6,002,444	2,031,883	460,000	175,139	51,243	8,720,709
2020	6,257,765	1,791,322	480,000	160,424	46,939	8,736,450
2021	5,949,748	1,554,570	500,000	145,079	42,448	8,191,845
2022	6,197,409	1,309,092	510,000	129,178	37,796	8,183,475
2023	5,087,366	1,066,284	520,000	112,962	33,051	6,819,663
2024-2028	17,515,446	2,910,069	2,880,000	303,131	88,692	23,697,338
2029-2033	7,720,720	752,973	300,000	4,746	1,389	8,779,828
2034-2036	1,773,614	65,551	-	-	-	1,839,165
Total	\$ 56,504,512	\$ 11,481,744	\$ 5,650,000	\$ 1,030,659	\$ 301,558	\$ 74,968,473

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 an 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. The bonds 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 Bonds, 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.

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 is 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, 2018, 717 employees were covered by TIAA and total wages were \$39,880,310. During 2017-18, Vincennes University contributed \$3,723,627 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 12 – TRF Pension Plans

General Information about the Teachers' Retirement Pension Plans

General Plan description The Indiana 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

Funds held with Bond Trustee

Current Funds Expected to be Depleted Within a Year

Revenue Bonds, Series 2009	\$ 5,952
Revenue Bonds, Series 2006	7,569
Revenue Bonds, Series 2013	151
Other Bond & Interest Accounts	3,657
Total Current	\$ 17,329
Dorm & Dining Bonds of 1983 A & B Vigo Hall	216,549
Total Funds held with Bond Trustee	\$ 233,878

Note 10 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 \$6,014,598 as of June 30, 2018 with \$3,757,957 of this amount being held in the Opal C. Ramsey fund.

Note 11 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

(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 part of 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 non-employer contributing entity, the State of Indiana contributed \$871 million in fiscal year 2017 and \$887.5 million in fiscal year 2016 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

On June 30, 2018 and June 30, 2017, Vincennes University reported a liability of zero dollars. The State's proportionate share of the net pension liability is 100%. In the 2017 actuarial study, reported in the University's 2018 financial statements, standard actuarial roll forward techniques were used to project the total pension liability computed as of June 30, 2016 to the June 30, 2017 measurement date. The basis used by the 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 the 32.2 percent for wages and 67.8 percent for the benefits paid, which are determined by the non-retirees and retirees respective net pension liabilities. This method is used as it provided a fairer distribution so that employers with no active employees still show a proportionate share.

In the 2016 actuarial study, reported in the University's

2017 financial statements, the net pension liability was measured as of June 30, 2016, 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 the 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 35.0 percent for wages and 65.0 percent for the benefits paid, which are determined by the non-retirees and retirees respective net pension liabilities. This method is used as it provided a fairer distribution so that employers with no active employees still show a proportionate share.

For the years ended June 30, 2018 and June 30, 2017, the University recognized pension expense totaling \$4,453,429 and \$4,596,013, 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 accounts 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 teachers 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 2017, all participating employers in the TRF 1996 Account were required to contribute 7.50 percent of the covered payroll in which the University contributed \$71,099 based on payroll totaling \$947,989. During fiscal year 2016, all participating employers in the TRF 1996 Account were required to contribute 7.50 percent of the covered payroll in which the University contributed \$78,351 based on payroll totaling \$1,044,676.

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, 2018, Vincennes University reported a liability of \$207,930 for its proportionate share of the net pension liability. Standard actuarial roll forward techniques were used to project the total pension liability computed as of June 30, 2016 to the June 30, 2017 measurement 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, 2017, the University's proportion was .0314, which remained relatively unchanged from its proportion reported in the prior year.

At June 30, 2017, Vincennes University reported a liability of \$283,095 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the University's proportion was .036, which remained relatively unchanged from its proportion measured as of June 30, 2015.

For the years ended June 30, 2018 and June 30, 2017, VU recognized pension expense of \$83,482 and \$97,278 respectively. On June 30, 2018 and June 30, 2017, VU reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

2018		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,697	\$ 10,080
Changes of assumptions	65,130	33,678
Net difference between projected and actual earnings on pension plan investments	77,404	29,668
Changes in proportion and differences between employer contributions and proportionate share of contributions	159	62,210
Employer contributions subsequent to the measurement date	67,126	-
Totals	\$ 231,516	\$ 135,636

Employer contributions totaling \$67,126 reported as deferred outflows of resources related to pensions resulting from VU's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

2017		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,203	\$ 12,702
Changes of assumptions	82,071	-
Net difference between projected and actual earnings on pension plan investments	125,899	37,076
Changes in proportion and differences between employer contributions and proportionate share of contributions	172	52,265
Employer contributions subsequent to the measurement date	70,913	-
Totals	\$ 289,258	\$ 102,043

Employer contributions totaling \$70,913 reported as deferred outflows of resources related to pensions resulting from VU's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

In the 2017 actuarial study, reported in the University's 2018 financial statements, 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:	
2018	\$ 10,623
2019	26,672
2020	9,304
2021	(4,918)
2022	(1,514)
Thereafter	(11,413)

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	\$ 519,652	\$ 207,930	\$ (43,408)

In the 2016 actuary study, reported in the University's 2017 financial statements, 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:	
2017	\$ 19,984
2018	19,984
2019	38,522
2020	18,460
2021	2,032
Thereafter	17,320

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	\$ 630,229	\$ 283,095	\$ 5,619

Actuarial Assumptions for TRF Pre-1996 and TRF 1996 for 2018

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assets	June 30, 2017
Liabilities	June 30, 2016 - Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2016 to the June 30, 2017 measurement date.
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% Provided on an "ad hoc" basis
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 2006.

For the 2017 valuation, the actuarial assumptions and methods were changed to update the mortality tables to include both a healthy and disabled table for each plan, implemented changes due to the actuarial audits for consistency across all plans, and added a load on final average salary of \$400 to reflect unused sick leave accumulated at the termination of employment for active and active members.

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 Basis Long-Term Expected Real Rate of Return
Public Equity	22.00%	4.9%
Private Equity	14.00%	5.7%
Fixed Income - Ex Inflation-Linked	20.00%	2.3%
Fixed Income - Inflation-Linked	7.00%	0.6%
Commodities	8.00%	2.2%
Real Estate	7.00%	3.7%
Absolute Return	10.00%	3.9%
Risk Party	12.00%	5.1%

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 be 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 were 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.

Actuarial Assumptions for TRF Pre-1996 and TRF 1996 for 2017

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assets	June 30, 2016
Liabilities	June 30, 2015 - Member census data as of June 30, 2015 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2015 and June 30, 2016. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2015 to June 30, 2016
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 2006.

For the actuarial valuation as of June 30, 2016, there were no changes to the actuarial assumptions from the actuarial valuation as of June 30, 2015.

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 Basis Long-Term Expected Real Rate of Return
Public Equity	22.00%	5.7%
Private Equity	10.00%	6.2%
Fixed Income - Ex Inflation-Linked	24.00%	2.7%
Fixed Income - Inflation-Linked	7.00%	0.7%
Commodities	8.00%	2.0%
Real Estate	7.00%	2.7%
Absolute Return	10.00%	4.0%
Risk Party	12.00%	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 be 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 non-employer 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 payments 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 13 Other Postemployment Benefits

This note reports the other postemployment benefits for fiscal years 2018 and 2017. In 2018, the University adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This new GASB required changes to the actuarial valuation methods and the discount rate calculations. In 2017, the University was under the Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting By Employers For Postemployment Benefits Other Than Pensions*. The University had been under this GASB since 2008.

Other Postemployment Benefits – 2018 under GASB 75

Plan description - Vincennes University Healthcare Plan is a single-employer defined benefit healthcare plan administered by Anthem. Vincennes University's Board of Trustees has the authority to establish and amend benefit provisions.

Benefits provided - The plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. Employees are eligible for health care benefits if they meet one of the following:

- Earlier of (a) age 55 with 20 years of service or (b) age 65 with 10 years of service for employees hired prior to July 1, 1997
- Age 55 and rule of 85 (when age plus number of years worked is 85 or greater) for employees hired on/after July 1, 1997

Employees covered by benefit terms - At June 30, 2018 the following employees were covered by the benefit terms:

Active Employees	719
Inactives or beneficiaries currently receiving benefit payments	329
Total	1,048

Contributions - 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, 2018, the University contributed \$2,534,150 for current premiums (approximately 67% of total premiums). Plan members receiving benefits contributed approximately \$1,275,268 or approximately 33% of the total premiums, through their required contribution of \$245 per month for retiree-only coverage, and \$470 per month for retiree and spouse coverage.

Net OPEB Liability – The University’s net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions- The total OPEB liability (asset) as of June 30, 2018, was determined based on an actuarial valuation prepared as of June 30, 2017 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal Level Percentage of Salary
- Inflation - 2.25%
- Payroll Growth – Based on Public Employees Retirement Fund actuarial valuation as of June 30, 2017

Age	Rate
<31	2.0%
31-45	1.5%
46-55	1.0%
56-60	0.5%
61+	0.25%

- Investment Rate of Return –4.6%
- Retirement Age - Retirement rates are as shown below and they are based on the University’s actual retirement experience in 2011 through 2016.

Age	Rate
55-56	3.5%
57-58	4.0%
59	8.0%
60	17.5%
61	30.0%
62	20.0%
63	25.0%
64	30.0%
65-66	40.0%
67+	100.0%

- Turnover Rates - Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. Withdrawal rates are based on standard withdrawal table Saranson T-9 adjusted to reflect the University’s actual withdrawal experience in 2011 through 2016.

- Healthcare cost trend rates: 9.0 percent for 2019, decreasing .5 percent per year to an ultimate rate of 5 percent for 2027 and later years.

- Mortality Rates - RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 (RPH-2017 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2017 using MP-2017 improvement.)

- Spousal Coverage - 65% of male employees and 45% of female employees are assumed to be married at retirement. Husbands are assumed to be three years older than wives. Actual spouse coverage and age is used for retirees.

The University’s last experience study was conducted in 2016.

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 4.6% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments. When the OPEB plan investments are insufficient to meet the cash flow needs of the plan, a yield for 20-year tax exempt general obligation municipal bonds with average rating of AA/Aa or higher (or equivalent quality on another rating scale) must be used.

The long-term expected rate of return on OPEB plan investment is assumed to be 4.60%. This was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. This method was prescribed by GASB 75 which eliminated using general rates of return and best estimates. This change resulted in a discount rate decrease from 6.5% to 4.6%. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation (2.30%). The best estimates of arithmetic real rates of return for each major asset class included in the

OPEB Plan's target asset allocation as of June 30, 2018 are summarized in the following table:

	Target Allocation	Long-Term Expected Return
U.S. Broad Equity	26.0%	6.9%
Global ex-U.S. Equity	8.0%	7.0%
Domestic Fixed Income	41.0%	3.0%
Short Duration Fixed Income	20.0%	2.6%
Cash Equivalents	5.0%	2.3%
Total	100%	4.6%



Changes in Net OPEB Liability – The following table reports the components of changes in net OPEB liability:

	Schedule of Changes in Net OPEB Liability		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances, Beginning of Year	\$51,888,224	\$57,620,887	\$ (5,732,663)
Changes for the Year			
Service cost	270,195		270,195
Interest expense	3,310,012		3,310,012
Changes of assumptions	14,553,977		14,553,977
Difference between expected and actual experience	(7,609,805)		(7,609,805)
Contributions - University	-	2,534,150	(2,534,150)
Contributions - Members	-	-	-
Net Investment income	-	1,997,219	(1,997,219)
Benefits paid	(2,509,814)	(2,509,814)	-
Plan administrative expenses		(49,184)	49,184
Net Changes	8,014,565	1,972,371	6,042,194
Balances, End of Year	\$59,902,789	\$59,593,258	\$ 309,531

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 4.6%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (3.6%) or 1-percentage-point higher (5.6%) than the current rate:

	1% Decrease (3.6%)	Current Discount Rate (4.6%)	1% Increase (5.6%)
Employers' Net OPEB Liability (Asset)	\$9,471,873	\$309,531	\$(7,094,525)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability (asset) of the employer calculated using the healthcare cost trend rate of 9.00% decreasing to an ultimate rate of 5.00%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (8% decreasing to 4%) or 1-percentage-point higher (10% decreasing to 6%) than the current rate:

	1% Decrease (8% Decreasing to 4%)	Healthcare Cost Trend Rates (9% Decreasing to 5%)	1% Increase (10% Decreasing to 6%)
Employers' Net OPEB Liability (Asset)	\$(6,468,610)	\$309,531	\$8,566,141

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the University recognized OPEB expense of \$2,498,784. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,087,844
Changes of assumptions	11,643,182	-
Net difference between projected and actual earnings on OPEB plan investments	522,222	-
Total	\$12,165,404	\$ 6,087,844

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$1,519,389
2020	\$1,519,389
2021	\$1,519,389
2022	\$1,519,393
2023	-
Thereafter	-

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the Vincennes University's Foundation. This report may be obtained by writing the Vincennes University Controller, 1002 North First Street, Vincennes, IN 47591.

Other Postemployment Benefits – 2017 under GASB 45

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, 2017, the University contributed \$6,579,862 to the plan, including \$2,269,862 for current premiums (approximately 70% of total premiums) and an additional \$4,310,000 to prefund benefits. Plan members receiving benefits contributed approximately \$1,303,479 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	\$ 359,603
Interest on net OPEB obligation	(1,283,254)
Adjustment to annual required contribution	1,511,820
Annual OPEB cost (expense)	\$ 588,169
Contributions made	(6,579,862)
Increase (Decrease) in net OPEB obligation	\$ (5,991,693)
Net OPEB obligation - beginning of year	(19,742,368)
Net OPEB obligation (asset) - end of year	\$ (25,734,061)

The University's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 588,169	1118.7%	\$ (25,734,061)
6/30/2016	\$ 1,234,984	477.4%	\$ (19,742,368)
6/30/2015	\$ 2,022,184	317.9%	\$ (15,081,322)

Funded Status and Funding Progress

As of June 30, 2017, the most recent actuarial valuation date, the plan was 97.8% funded. The actuarial accrued liability for benefits was \$50,663,513 and the actuarial value of assets was \$49,546,371 resulting in an unfunded actuarial accrued liability (UAAL) of \$1,117,142. The current year covered payroll (annual payroll of active employees covered by the plan) was \$34,778,458 and the ratio of the UAAL to covered payroll was 3.2%.

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 Assumptions

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, 2017 actuarial valuation, the entry age normal level percentage of salary cost method was used. The results are projected backwards to July 1, 2016 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)
7/1/2016	\$ 49,546,371	\$ 50,663,513	\$ 1,117,142	97.8%	\$ 34,778,458	3.2 %
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, 2017 with the results projected backwards to July 1, 2016 on a "no gain/loss" basis.

Note 14 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; and 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, cyber crime, aviation, worker's compensation, commercial automobile, and medical malpractice are all handled through fully insured commercial policies. During the past three fiscal years, no settled claims have exceeded insurance coverage levels, and there has been no significant reduction in coverage.

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 \$870,234 for the fiscal year 2017-18 and \$680,003 for the fiscal year 2016-17.

The liability, for medical claims incurred but not reported at June 30, 2018, is based on an average monthly claim multiplied by the plan's provider's average turnaround time from when claims are incurred to when the claims are submitted for payment.

Changes in the total reported self-insured health, dental and drug benefit liability during the years ending June 30, 2018 and 2017 were as follows:

	2018	2017
Balance, beginning of year	\$ 680,003	\$ 674,625
Claims incurred	10,736,631	8,714,573
Claim payments	(10,546,400)	(8,709,195)
Balance, end of year	\$ 870,234	\$ 680,003

Note 15 Deposits Held in Custody of Others

As of June 30, 2018, the University held \$2,257,313 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 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	\$ 37,154,098	\$ -	\$ 9,987,635	\$ 1,701,403	\$ -	\$ 48,843,136
Academic Support	4,068,108	-	1,111,747	216,574	-	5,396,429
Public Service	5,538,778	-	3,717,844	91,764	-	9,348,386
Student Service	4,130,641	-	2,743,158	33,799	-	6,907,598
Operation and Maintenance of Plant	3,811,171	-	4,065,944	495,869	-	8,372,984
Institutional Support	10,111,098	-	1,857,408	52,314	-	12,020,820
Depreciation	-	-	-	-	10,369,506	10,369,506
Auxiliary Enterprises	3,932,029	-	6,622,096	74,365	-	10,628,490
Student Aid Expense	-	8,176,657	-	-	-	8,176,657
Total Operating Expenses	\$ 68,745,923	\$ 8,176,657	\$ 30,105,832	\$ 2,666,088	\$ 10,369,506	\$ 120,064,006

Note 17 Operating Leases

For the fiscal year ended June 30, 2018, the University spent \$629,055 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, \$597,996 was spent on leasing off-campus classroom and office space, and the remaining amount of \$31,059 was spent on equipment leases.

The following schedule displays the noncancelable lease agreements for the rental of facilities by fiscal year.

Future Minimum Lease Payments	
Fiscal Year Ending June 30	Total Operating Leases
2019	187,144
2020	7,974
2021	-
2022	-
2023	-
Total Future Minimum Lease Payments	\$ 195,118

Note 18 - Changes in Accounting Principle

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

GASB Statement No. 75 requires reporting the unfunded postemployment liability on the Statement of Net Assets effective for the year ended June 30, 2018. A prior period adjustment for change in accounting principle totaling \$20 million was recognized in 2018 as a result of GASB 75 implementation. The prescribed change in actuarial valuation methods required the University to recognize the \$20 million decrease to net position.

Note 19 Subsequent Events

The Indiana General Assembly's 2017-19 biennium budget included appropriations for University capital projects totaling \$24 million. Renovation projects began in 2017-18 and will continue in 2018-19 when the remaining \$12.5 million in Capital Repair and Rehabilitation funds are received from the State. The appropriated funds are being used for renovations of the Learning Resource Center, Davis Hall, Wathen Business Building, Welsh Administration Building, and the Diesel Technology facility.

Note 20 Vincennes University Foundation Investments

Investments are presented in the financial statements in the aggregate at market value. Realized and unrealized gains (losses) are recorded as current income in the Statement of Activities and Changes in Net Assets. A comparison with book (cost) value is as follows:

	June 30, 2018		June 30, 2017	
	Cost	Market	Cost	Market
Unrestricted	\$ 2,253,918	\$ 2,246,586	\$ 2,301,670	\$ 2,462,215
Current Restricted	59,015,715	63,313,443	58,276,731	62,132,507
Endowment	24,638,499	28,055,737	24,971,091	27,576,375
Totals	\$ 85,908,132	\$ 93,615,766	\$ 85,549,492	\$ 92,171,097
Investments composed of:				
U.S. Government Bonds	\$4,466,432	\$3,278,469	\$3,666,462	\$ 3,651,704
Common Stock	76,995,240	85,902,605	73,536,097	80,171,928
Certificates of Deposit	-	-	820,000	820,532
Miscellaneous Cash Equivalents	4,446,460	4,434,692	7,526,933	7,526,933
Totals	\$ 85,908,132	\$ 93,615,766	\$ 85,549,492	\$ 92,171,097

The market value of the Foundation's investments in U.S. Government Bonds are measured by Level 2 inputs, while all other investments are measured by Level 1 inputs in accordance with ASC 820.



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*

	2017	2016	2015	2014
1. Employer's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%
2. Employer's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
3. The portion of the non-employer contributing entities total proportionate share (amount) of the collective NPL associated with the employer.	100.00%	100.00%	100.00%	100.00%
4. Employer's covered-employee payroll	\$ 4,171,811	\$ 4,958,979	\$ 5,211,158	\$ 7,186,887
5. Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A
6. Plan fiduciary net position as a percentage of the total pension liability	28.80%	28.40%	30.00%	33.60%

* Complete data for this schedule is not available prior to 2014. Measurement Dates are 6/30/2017, 6/30/2016, 6/30/2015 and 6/30/2014.

Schedule of Employer Contributions

Teachers' Retirement Fund Pre-1996 Accounts

Last 10 Fiscal Years*

	2017	2016	2015	2014
Statutorily required contribution	\$ 312,886	\$ 371,923	\$ 293,388	\$ 269,508
Contributions in relation to the statutorily required contribution	\$ 312,886	\$ 371,923	\$ 293,388	\$ 269,508
Contribution deficiency (excess)	-	-	-	-
Employer's covered-employee payroll	\$ 4,171,811	\$ 4,958,979	\$ 5,211,158	\$ 7,186,887
Contributions as percentage of covered-employee payroll	7.50%	7.50%	5.63%	3.75%

* Complete data for this schedule is not available prior to 2014.

Schedule of Employer's Share of Net Pension Liability

Teachers' Retirement Fund 1996 Accounts (TRF 1996)

Last 10 Fiscal Years*

	2017	2016	2015	2014
1. Employer's proportion of the net pension liability (asset)	0.0003140%	0.0003627%	0.0004102%	0.0005271%
2. Employer's proportionate share of the net pension liability (asset)	\$ 207,930	\$ 283,095	\$ 216,002	\$ 25,064
3. Employer's covered-employee payroll	\$ 947,989	\$ 1,044,676	\$ 1,124,175	\$ 1,364,195
4. Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	21.90%	27.10%	19.21%	1.84%
5. Plan fiduciary net position as a percentage of the total pension liability	90.40%	87.80%	91.10%	99.10%

* Complete data for this schedule is not available prior to 2014. Measurement Dates are 6/30/2017, 6/30/2016, 6/30/2015 and 6/30/2014.

Schedule of Employer Contributions

Teachers' Retirement Fund 1996 Accounts

Last 10 Fiscal Years*

	2017	2016	2015	2014
Statutorily required contribution	\$ 71,099	\$ 78,351	\$ 84,313	\$ 102,315
Contributions in relation to the statutorily required contribution	\$ 71,099	\$ 78,351	\$ 84,313	\$ 102,315
Contribution deficiency (excess)	-	-	-	-
Employer's covered-employee payroll	\$ 947,989	\$ 1,044,676	\$ 1,124,175	\$ 1,364,195
Contributions as percentage of covered-employee payroll	7.50%	7.50%	7.50%	7.50%

* Complete data for this schedule is not available prior to 2014.

**Vincennes University Health Care Plan
Schedule of Changes in Net OPEB Liability & Related Ratios**

2018 ***

Total OPEB Liability	
Service cost	\$ 270,195
Interest	3,310,012
Change in assumptions	14,553,977
Differences between expected and actual experience	(7,609,805)
Benefit payments, including refunds of member contributions	(2,509,814)
Net Change in Total OPEB Liability	\$ 8,014,565

Total OPEB Liability - Beginning (a)	\$ 51,888,224
Total OPEB Liability - Ending (a)	\$ 59,902,789

Plan Fiduciary Net Position	
Contributions - employer	\$ 2,534,150
Contributions - member	-
Net Investment income	1,997,219
Benefit payments, including refunds of member contributions	(2,509,814)
Administrative expense	(49,184)
Net Change in Plan Fiduciary Net Position	\$ 1,972,371

Plan Fiduciary Net Position - Beginning (b)	\$ 57,620,887
Plan Fiduciary Net Position - Ending (b)	\$ 59,593,258

Net OPEB Liability (Asset) Beginning (a) - (b)	\$ 5,732,663
Net OPEB Liability (Asset) Ending (a) - (b)	\$ 309,531

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	99.5%
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Covered Employee Payroll	\$ 34,637,847
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Net OPEB Liability (Asset) as a Percentage of Covered- Employee Payroll	0.9%
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*** Only the current year is presented because 10-year data is not yet available.

**Vincennes University Health Care Plan
Schedule of the University's Contributions**

	2018	2017	2016	2015	2014
Actuarially Determined Contribution (ADC)	\$ -	\$ 359,603	\$ 1,060,381	\$ 1,898,593	\$ 2,507,561
Contributions in relation to the ADC	2,534,150	6,579,862	5,896,030	6,428,380	4,384,798
Contribution deficiency (excess)	\$ (2,534,150)	\$ (6,220,259)	\$ (4,835,649)	\$ (4,529,787)	\$ (1,877,237)
Covered employee payroll	\$ 34,637,847	\$ 34,778,458	\$ 34,557,145	\$ 33,687,669	\$ 32,706,475
Contributions as a percentage of covered employee payroll	7.3%	18.9%	17.1%	19.1%	13.4%

	2013	2012	2011	2010	2009
Actuarially Determined Contribution (ADC)	\$ 3,444,271	\$ 3,868,513	\$ 3,573,792	\$ 3,770,668	\$ 3,912,224
Contributions in relation to the ADC	5,234,790	8,522,882	4,839,405	4,813,510	3,042,452
Contribution deficiency (excess)	\$ (1,790,519)	\$ (4,654,369)	\$ (1,265,613)	\$ (1,042,842)	\$ 869,772
Covered employee payroll	\$ 34,054,596	\$ 32,774,506	\$ 33,969,433	\$ 32,980,032	\$ 36,322,467
Contributions as a percentage of covered employee payroll	15.4%	26.0%	14.2%	14.6%	8.4%

The Actuarially Determined Contributions (ADC) shown above are based on the Annual Required Contribution (ARC) calculated in prior GASB 45 actuarial valuations as shown in the University's 2013-2017 financial statements.

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