

Financial
Report 2016



PURDUE
UNIVERSITY®

LETTER OF TRANSMITTAL

October 12, 2016

To the Board of Trustees of Purdue University:

We are pleased to submit this, the 94th annual financial report of Purdue University. This report is for the fiscal year that ended June 30, 2016, and sets forth the complete and permanent record of the financial status of the University for the year.

The University Financial Statements have been audited by the Indiana State Board of Accounts, and the Auditors' Report appears herein.

Respectfully submitted,

MITCHELL E. DANIELS, JR.
President

Respectfully submitted,

WILLIAM E. SULLIVAN
Treasurer and Chief Financial Officer

Approved for publication and transmission to the governor of the state.

BOARD OF TRUSTEES

July 1, 2015-June 30, 2016

The responsibility for making rules and regulations to govern the University is vested in a 10-member Board of Trustees appointed by the governor. The selection of these Trustees is prescribed in Indiana Code IC 21-23-3. Three of the Trustees are selected by the Purdue Alumni Association. The remaining seven Trustees are selected by the governor. Two of the Trustees must be involved in agricultural pursuits, and one must be a full-time student of Purdue University. All Trustees serve for a period of three years except for the student member, who serves for two years.

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Student Trustee, Cloverdale, Indiana

Don Thompson
Chicago, Illinois

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As of June 30, 2016

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Steven R. Schultz, University Legal Counsel

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Thomas L. Keon, Chancellor, Purdue University Northwest

Stephen R. Turner, Vice Chancellor for Finance and Administration, Purdue University Northwest

David Wesse, Vice Chancellor for Financial and Administrative Affairs, Indiana University-Purdue University Fort Wayne

REPORT OF THE PRESIDENT

This report presents Purdue University's financial statements for the fiscal years ended June 30, 2016 and 2015. We provide this information on our financial position and the results of operations as part of the University's commitment to report annually on its fiscal affairs. These financial statements have been audited by the Indiana State Board of Accounts and their report, which is an unmodified opinion, appears on pages 5 and 6.

Consistent with the charge of the Commission for Higher Education's new strategic plan, *Reaching Higher, Delivering Value*, Purdue continues to deliver higher education at the highest proven value. Through freezing tuition for four straight years with a fifth year planned, reducing the cost of living on campus, and finding innovative ways to lower textbook costs, Purdue's total cost of attendance is lower than it was four years ago. Lowering our students' cost of attendance has contributed to a decrease in the average debt of our undergraduate students, as well as an overall decrease in the number of our students graduating with debt. Purdue's innovation reaches beyond the classroom and has led to our inaugural Back-A-Boiler program, providing our students a unique, debt-free option to further their education. We will continue our efforts to provide creative solutions to the challenge of student access and affordability.

Within the past two years, we have developed the state's first competency based degree, consolidated two campuses into a new Purdue Northwest, launched a record number of startup companies, have been issued a record number of utility patents, and secured new levels of research funding. We have received a record number of applications from prospective students, have created new Summer Start programs aligned with state goals of access and completion, and achieved big increases in graduation rates, number of students studying abroad, and number of Hoosier students.

We have never strayed from our land grant charge and continue to invest in those disciplines most crucial to Indiana's economic future. We are expanding our College of Engineering and our department of Computer Science, have transformed our College of Technology into the Purdue Polytechnic Institute, and are investing in the life sciences to cure disease and develop plant technology to feed a growing population. As it was in our founding, nearly 150 years ago, the State of Indiana is an important partner in our success.

The research of today becomes the education of tomorrow and the pace of innovation is unprecedented. At Purdue, we accept that we are training students for careers that may not yet exist based on technologies that have not yet been developed. In this idea economy where critical thinking, problem solving, technical communication, and entrepreneurship are prized, a Purdue degree is a valuable asset. Providing higher education at the highest proven value is more than a slogan on this campus — it represents an unwavering commitment to our mission of developing the next generation of educated citizens, thought leaders, and a competitive and talented workforce.

Though the future remains uncertain, we will continue to invent tomorrow today in our classrooms, our research enterprise, and in our administrative functions. Innovation and strong, financial strategies deployed across all aspects of the University will enable us to meet the challenges of a global economy. I encourage you to read our financial statements, which provide a deeper understanding of the finances of the University, and see firsthand how we are realizing our resource stewardship responsibilities. We are grateful for your continued support of this great University.

Sincerely,

Mitchell E. Daniels, Jr.
President



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF PURDUE UNIVERSITY, WEST LAFAYETTE, INDIANA

Report on the Financial Statements

We have audited the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows of the business-type activities and the aggregate discretely presented component units of Purdue University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements.

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 Purdue Research Foundation (Foundation), a component unit of the University as discussed in Note 1, which represents 95 percent, 98 percent, and 91 percent, respectively, of the total assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 aggregate discretely presented component units of the University, as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof and for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Purdue's Share of the Net Pension Liability Indiana Public Employee Retirement Fund (PERF), Schedule of Purdue's Contributions Indiana Public Employee Retirement Fund (PERF), and Retirement Plans - Schedule of Funding Progress Police/Fire Supplemental 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 Letter of Transmittal, Report of Treasurer, Board of Trustees, Officers of the University, In-State Enrollment, and Acknowledgements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2016, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

October 12, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016 and 2015

We are pleased to present this financial discussion and analysis of Purdue University (the University). It is intended to provide an overview of the financial position and activities of the University for the fiscal years ended June 30, 2016 and 2015, along with comparative financial information for the fiscal year ended June 30, 2014. This discussion has been prepared by management to assist readers in understanding the accompanying financial statements and footnotes.

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. The University's financial Statements, related footnote disclosures, and discussion and analysis have been prepared by University management in accordance with Governmental Accounting Standards Board (GASB) principles.

Statement of Net Position is the University's balance sheet. The statement presents the University's financial position by reporting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the fiscal years audited. The statement as a whole provides information about the adequacy of resources to meet current and future operating and capital needs. Net position is the residual of all other elements presented in the Statement of Net Position and is one indicator of the current financial condition of the University.

Statement of Revenues, Expenses, and Changes in Net Position is the University's income statement. The statement presents the total revenues earned and expenses incurred by the University during the fiscal year, along with the increase or decrease in net position. This statement depicts the University's revenue streams, along with the categories of expenses supported by that revenue. Changes in net position are an indication of improvement or decline in the University's overall financial condition.

Statement of Cash Flows provides additional information about the University's financial results by presenting detailed information about cash activity during the year. The statement reports the major sources and uses of cash and is useful in the assessment of the University's ability to generate future net cash flows, the ability to meet obligations as they come due, and the need for external financing.

The financial information presented in this report is designed to enable the user to review how the University managed its resources to meet its primary missions of discovery, learning, and engagement. It should be recognized that a presentation of the financial performance of the University is not a full measure of the value of these functions as they were carried out during the year. This report deals with the costs and sources of revenue used to provide the quality and diversity in higher education that the University believes is necessary to meet its goals and objectives. We suggest that you combine this financial analysis and discussion with relevant non-financial indicators to assess the University's performance. Examples of non-financial data indicators include trend and quality of applicants, freshman class size, student retention, the condition of our facilities, and campus safety metrics. Information about non-financial indicators is not included in this analysis but may be obtained from the University's Office of Institutional Research, Assessment and Effectiveness online at <https://www.purdue.edu/datadigest/>.

Statement of Net Position

A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2016, 2015, and 2014, is summarized below.

Table 1

Summary Statement of Net Position (Dollars in Thousands)

	2016	2015	2014
Current Assets	\$ 885,552	\$ 918,164	\$ 660,052
Capital Assets	2,248,707	2,114,025	2,072,125
Other Assets	2,743,364	2,646,778	2,701,680
Total Assets	5,877,623	5,678,967	5,433,857
Deferred Outflows of Resources	68,933	22,829	7,227
Current Liabilities	353,370	335,965	355,176
Noncurrent Liabilities	1,145,850	1,025,445	891,527
Total Liabilities	1,499,220	1,361,410	1,246,703
Deferred Inflows of Resources	20,394	19,633	12
Net Investment in Capital Assets	1,316,781	1,236,479	1,166,479
Restricted - Nonexpendable	625,253	590,555	548,952
Restricted - Expendable	962,781	1,034,870	995,855
Unrestricted	1,522,127	1,458,849	1,483,083
Total Net Position	\$ 4,426,942	\$ 4,320,753	\$ 4,194,369

Assets

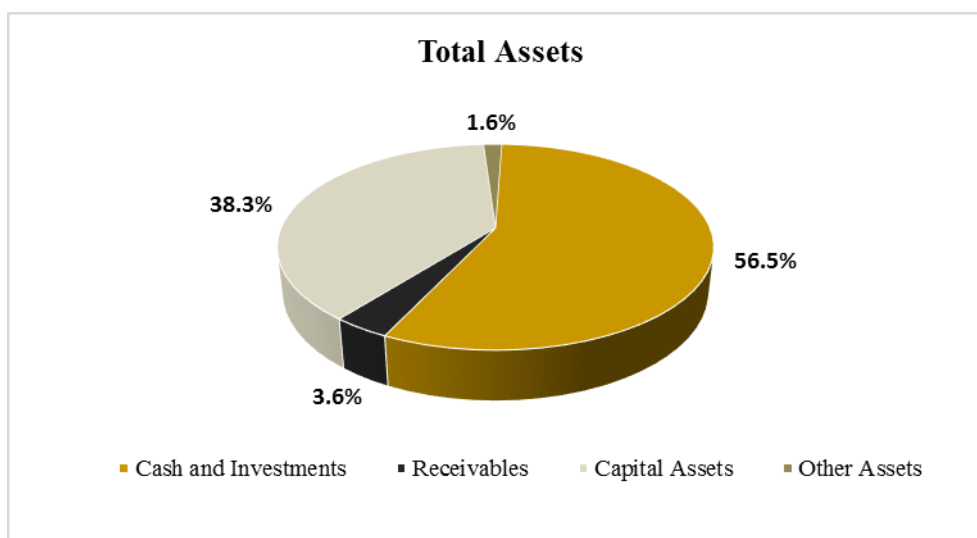
Current assets include those that may be used to support current operations, such as cash and cash equivalents, accounts receivable, and inventories. Capital assets include non-depreciable land, as well as buildings and equipment, net of depreciation. Other assets include pledges receivable, investments, and funds held in trust by others.

Current assets decreased approximately \$32.6 and increased \$258.1 million during the respective fiscal years, resulting in balances of approximately \$885.6 and \$918.2 million at June 30, 2016 and 2015. As of June 30, 2016 cash and cash equivalents were approximately \$444.5 million, a decrease of approximately \$111.4 million from the balance of \$555.9 million at June 30, 2015. Included in this amount is \$123.6 million at June 30, 2016 and \$108.5 million at June 30, 2015, that represent invested bond proceeds related to the University's capital financing activities. The remaining \$320.9 million as of June 30, 2016 and \$447.4 million as of June 30, 2015 of cash and cash equivalents were available for operations.

Noncurrent assets increased approximately \$231.3 million, or 4.9% during fiscal year 2016, due predominantly to the acquisition of capital assets, an increase in investments, and an increase in funds held in trust by others. For the fiscal year ended June 30, 2015, noncurrent assets decreased approximately \$13.0 million, or .3% due primarily to the decrease in market value of investments. Please reference a more detailed discussion in the Statement of Revenues, Expenses, and Changes in Net Position section and in Notes 2 and 4.

As of June 30, 2016 and 2015, total assets were approximately \$5.9 and \$5.7 billion, an increase of \$198.7 and \$245.1 million, or 3.5% and 4.5% respectively, over the previous year. The overall growth in assets is attributed to increases in cash, investments, and capital assets.

Figure 1 represents the composition of total assets.



Total Assets		
<i>(Dollars in Thousands)</i>		
Cash and Investments	\$ 3,321,526	56.5%
Receivables	212,571	3.6%
Capital Assets	2,248,707	38.3%
Other Assets	94,819	1.6%
Total Assets	\$5,877,623	100.0%

Deferred Outflows of Resources

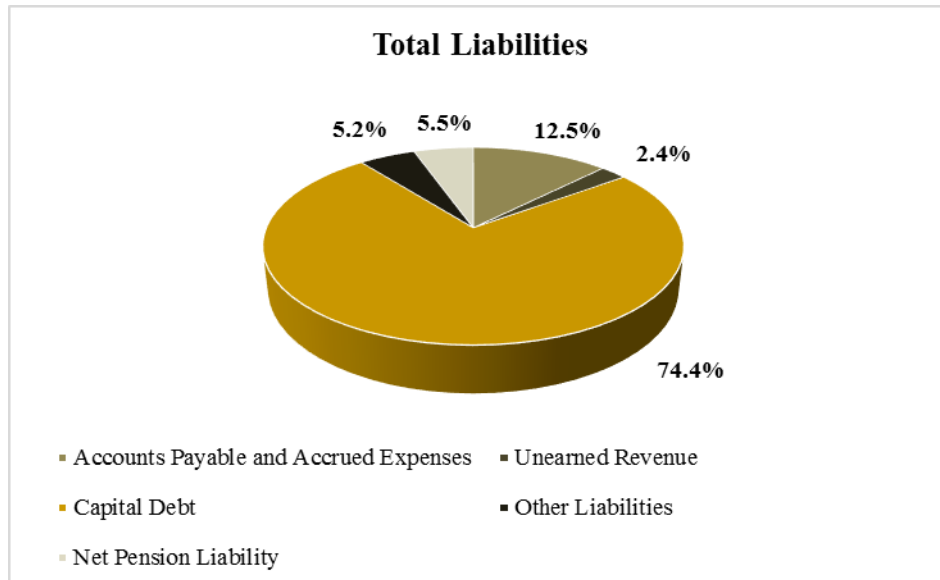
Deferred outflows of resources represent consumption of resources applicable to a future reporting period, but do not require a further exchange of goods and services. Deferred outflows represent the consumption of net position applicable to a future reporting period and so will not be recognized as expenses or expenditures until then. The amounts recorded result from pension related items and capital debt refunding transactions.

Liabilities

Current liabilities generally are due and payable over the course of the following fiscal year. These include accounts and other payables, unearned revenues, current portion of long-term debt, and salaries along with related compensation payables. Current liabilities include variable-rate demand bonds, although most of the bonds are expected to be paid in future fiscal years. Noncurrent liabilities include bonds, notes, and leases payable. Total liabilities were approximately \$1.5 billion and \$1.4 billion as of June 30, 2016 and 2015, respectively.

Bonds, leases, and notes payable increased by \$120.1 million in fiscal year 2016 and \$46.7 million in fiscal year 2015. A discussion of the University's capital financing activities appears in the Debt and Financing Activities section below as well as in Note 6.

Figure 2 represents the composition of total liabilities.



Total Liabilities
(Dollars in Thousands)

Accounts Payable and Accrued Expenses	\$ 187,594	12.5%
Unearned Revenue	36,482	2.4%
Capital Debt	1,115,743	74.4%
Other Liabilities	77,439	5.2%
Net Pension Liability	81,962	5.5%
Total Liabilities	\$1,499,220	100.0%

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to a future reporting period and so will not be recognized as revenue until that reporting period. Deferred inflows do not require further exchange of goods or services. The amounts recorded relate to pension related items and debt refunding.

Net Position

Net position is the residual of all other elements presented in the Statement of Net Position. Net position is classified into four categories:

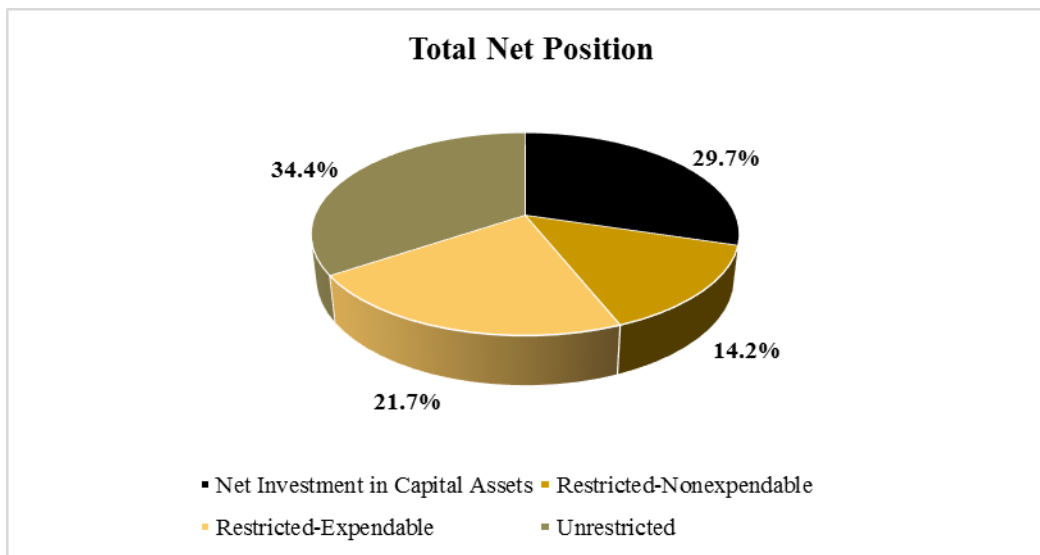
Net Investment in Capital Assets represents the University's investment in capital assets such as movable equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt.

Restricted–Nonexpendable represents the corpus of the University's permanent endowment received from donors for the purpose of creating present and future income. The corpus must be held inviolate and in perpetuity.

Restricted–Expendable represents the portion of net position that may be spent provided certain third party restrictions are met. Examples include balances from scholarships, grant and contracts, and spendable earnings from endowments.

Unrestricted represents the portion of net position that have no third-party restrictions. Management designates the majority of this balance for specific purposes to fulfill strategic initiatives and operational needs.

Figure 3 represents the composition of net position.



Total Net Position			
<i>(Dollars in Thousands)</i>			
Net Investment in Capital Assets	\$	1,316,781	29.7%
Restricted-Nonexpendable		625,253	14.2%
Restricted-Expendable		962,781	21.7%
Unrestricted		1,522,127	34.4%
Total Net Position	\$	4,426,942	100.0%

Net investment in capital assets increased \$80.3 and \$70.0 million in fiscal years 2016 and 2015, respectively. For the periods ended June 30, 2016 and 2015, the University added capital assets of \$299.3 and \$209.2 million, offset by annual depreciation of \$161.9 and \$157.8 million, respectively. Additional details are provided in the Capital Asset and Debt Administration section of this analysis.

The restricted-nonexpendable balance increased \$34.7 and \$41.6 million in fiscal years 2016 and 2015, respectively, primarily resulting from contributions to endowments. Restricted-expendable balances decreased \$72.1 million in fiscal year 2016, driven by the decrease in market value of investments. In fiscal year 2015, restricted-expendable net position increased \$39.0 million, due to increases of \$32.8 million in sponsored grants and contracts, gifts provided by donors, and a \$6.2 million dollar prior period adjustment to incorporate the net position of student organizations.

Consistent with operational results as detailed in the Statement of Revenues, Expenses, and Changes in Net Position section, the unrestricted net position had an increase of \$63.3 million in fiscal 2016. In fiscal year 2015, there was an overall decrease of \$24.2 million in unrestricted net position, due to the negative prior period adjustment of \$85.7 million in net pension obligation required by the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, offset by an increase of \$61.5 million related to operational results.

Statement of Revenues, Expenses, and Changes in Net Position

Revenues are classified for financial reporting as either operating or nonoperating. Operating revenues are generated by providing goods and services to our students and other important constituents of the University. Operating revenues include tuition and fees, grants and contracts, and sales and services. Tuition and fees and housing revenue assessed to students are reported gross with the related scholarship allowance presented separately. Nonoperating revenues are those received by the University without providing a corresponding good or service and include our state appropriations,

investment income, and private gifts. Because Purdue is a public university, nonoperating revenues are an integral part of the operating budget. Private gifts for capital projects and additions to the University's endowment are also considered nonoperating sources of revenue.

A summarized comparison of the University's revenues, expenses, and changes in net position is presented below.

Table 2

Summary Statement of Revenues, Expenses, and Changes in Net Position (Dollars in Thousands)

	2016	2015	2014
Operating Revenues			
Tuition and Fees	\$ 880,699	\$ 862,346	\$ 839,367
Less: Scholarship Allowance	(113,897)	(114,833)	(112,112)
Grants and Contracts	356,066	360,411	344,537
Auxiliary Enterprises	269,863	256,547	268,822
Less: Scholarship Allowance	(14,750)	(14,585)	(14,254)
Other Operating Revenues	111,245	121,917	108,849
Total Operating Revenues	1,489,226	1,471,803	1,435,209
Operating Expenses			
Depreciation	161,889	157,751	148,356
Other Operating Expense	1,812,701	1,729,893	1,759,325
Total Operating Expenses	1,974,590	1,887,644	1,907,681
Net Operating Loss	(485,364)	(415,841)	(472,472)
Nonoperating Revenue	511,670	572,397	803,113
Capital and Endowments	79,883	49,392	51,770
Total Nonoperating Revenues	591,553	621,789	854,883
Increase in Net Position	106,189	205,948	382,411
Net Position, Beginning of Year	4,320,753	4,194,369	3,811,958
Prior Period Adjustments		(79,564)	
Net Position, Beginning of Year, as restated		4,114,805	
Net Position, End of Year	\$ 4,426,942	\$ 4,320,753	\$ 4,194,369

Figures 4 and 5 provide information about the University's sources of revenues, excluding endowments and capital, for fiscal years 2016 and 2015. The University had an increase in the net position of \$106.2 million for fiscal year ended June 30, 2016 as compared to an increase in net position before prior period adjustments of \$205.9 million for fiscal year 2015.

Figure 4: University Revenue by Category for FY 2016

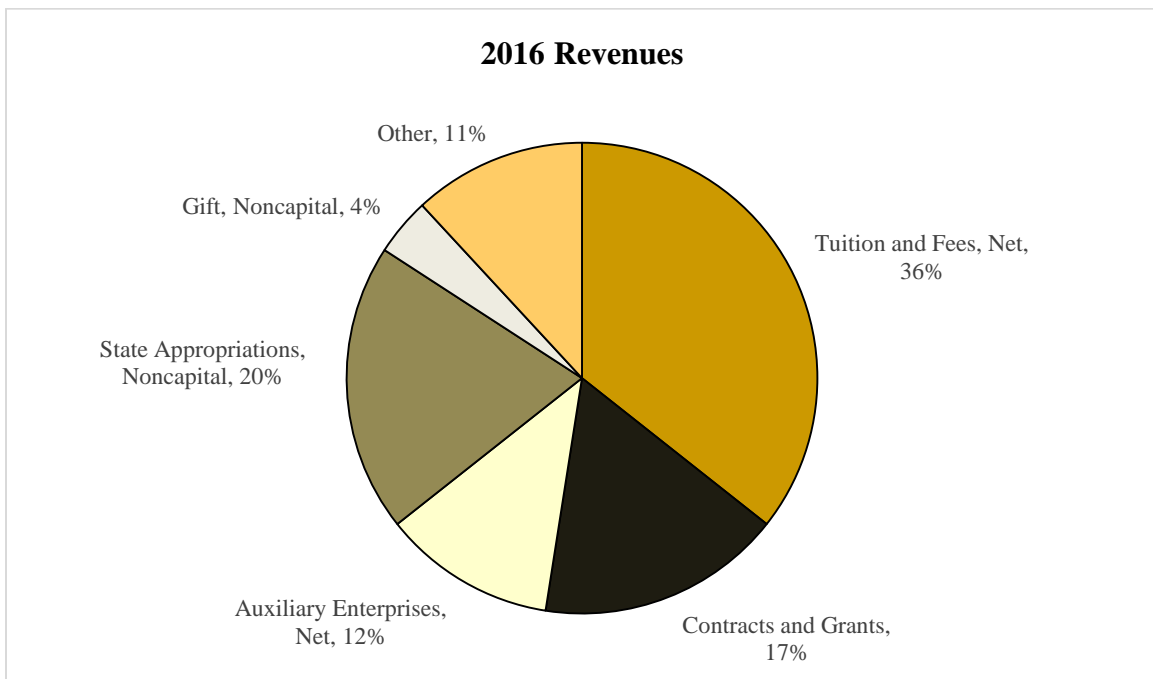
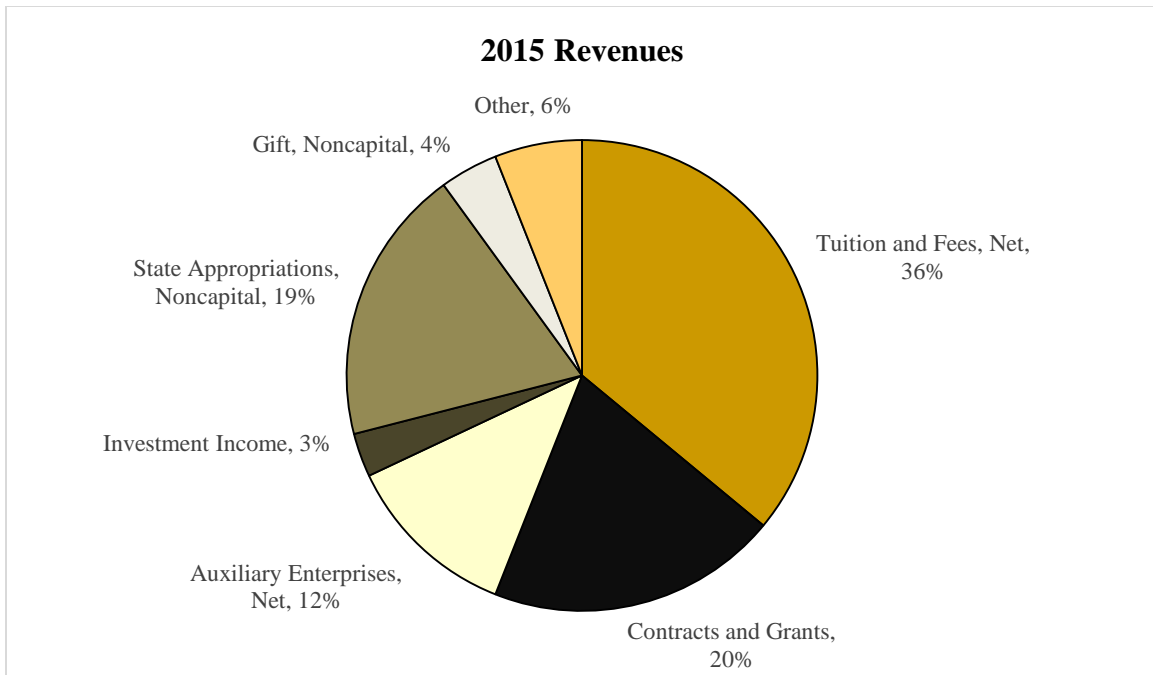


Figure 5: University Revenue by Category for FY 2015



Total operating revenues increased \$17.4 million, or 1.2% from fiscal year 2015 to fiscal year 2016. From fiscal year 2014 to fiscal year 2015, total operating revenues increased \$36.6 million, or 2.6%. Net tuition and fee revenue increased by \$19.3 million in fiscal year 2016, primarily resulting from increased enrollment at the West Lafayette campus, an increase in summer enrollment, and a modest rate increase at regional campuses. Enrollment patterns for the past five years are illustrated below.

Operating grants and contracts revenue decreased \$4.3 million and increased \$15.9 million in fiscal years 2016 and 2015 respectively, principally due to fluctuations in grant revenue from industrial sponsors. Total operating expenses for fiscal year 2016 increased by \$86.9 million, or 4.6%, over fiscal year 2015. Fiscal year 2015 decreased \$20.0 million, or 1.1% from fiscal year 2014. Details are described in Note 8.

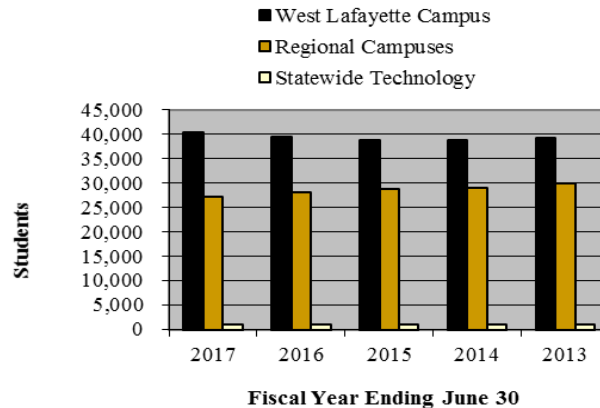
Fiscal years 2016 and 2015 non-operating revenues before capital and endowments, net of expenses, decreased by \$60.7 and \$230.7 million respectively, primarily due to a reduction in investment income related to fluctuations in the market. The net investment performance of the University's endowment was -3.4% for fiscal year 2016 using the most recent data available, compared to 2.4% for fiscal year 2015. The endowment was invested in private investments (48.6%), public equities (39.9%), and in fixed income investments (11.5%). The portfolio composition did not materially change from the prior year.

Capital and Endowment income for fiscal year 2016 increased \$30.5 million or 61.6% over fiscal year 2015, and decreased \$2.4 million or 4.6% between fiscal years 2015 and 2014, primarily due to fluctuations in state capital appropriations, private gifts for endowments, and capital gifts.

Statement of Cash Flows

The Statement of Cash Flows provides a means to assess the financial health of the University by presenting relevant information about the cash receipts and cash payments of the University during the fiscal year. It assists in determining the University's ability to generate future net cash flows to meet its obligations as they become due and to determine the need for external financing. The Statement of Cash Flows presents sources and uses of cash and cash equivalents in four activity-based categories: operating, noncapital financing, investing, and capital and related financing. Table 3 provides a summarized comparison of the University's sources, uses, and changes in cash and cash equivalents.

Five-Year Enrollment Data* Fall Semester Enrollment



*Enrollment figures do not include Purdue University students enrolled at the Indiana University-Purdue University Indianapolis campus.

Table 3**Summary Statement of Cash Flows (Dollars in Thousands)**

	2016	2015	2014
Cash Used by Operating Activities	\$ (348,832)	\$ (256,769)	\$ (321,369)
Cash Provided by Noncapital Financing Activities	589,807	562,058	577,382
Cash Provided (Used) by Investing Activities	(141,103)	22,586	(50,525)
Cash Used by Capital and Related Financing Activities	(211,320)	(151,388)	(262,238)
Net Increase (Decrease) in Cash and Cash Equivalents	(111,448)	176,487	(56,750)
Cash and Cash Equivalents, Beginning of Year	555,901	379,414	436,164
Cash and Cash Equivalents, End of Year	\$ 444,453	\$ 555,901	\$ 379,414

The cash provided by noncapital financing activities reflects the non-operating revenue changes described above. The cash used by investing activities in fiscal year 2016 reflected deployment of cash into investments, while the previous cash provided by investing activities in fiscal year 2015 represented the return of cash to operations, making those funds available for use in other areas of the University. The fluctuation in cash flows used by capital and related financing activities reflects the financing strategy and timing of the University's capital plan, which is outlined in the Capital Asset and Debt Administration section.

Capital Asset and Debt Administration**Significant Construction Projects**

The University continues to expand its campuses and renovate existing facilities to meet the needs of its students, faculty, and staff. Significant construction projects (over \$20 million) completed during Fiscal Years 2016 and 2015 are presented in Table 4, significant projects in progress at June 30, 2016 are presented in Table 5. No significant projects had been authorized by the Board of Trustees but not started as of June 30, 2016.

Table 4**Significant Construction Projects Completed (Dollars in Thousands)****Projects Completed in 2016**

PNC - Student Services & Activities Complex	\$ 34,700
Total Significant Construction Projects Completed	\$ 34,700

Projects Completed in 2015

Vawter Field Housing (Third Street Suites)	\$ 37,397
Total Significant Construction Projects Completed	\$ 37,397

Table 5**Significant Construction Projects in Progress (Dollars in Thousands)**

	Project Budget
Wilmeth Active Learning Center	\$ 66,000
Honors College and Residences	90,000
Flex Lab Facility	54,000
Electrical Engineering and Multiple Building Renovations (EGP)	21,725
Creighton Hall of Animal Sciences and Land O' Lakes Center for Experiential Learning Complex	60,000
Football Performance Complex	65,000
Total Significant Construction Projects in Progress	\$ 356,725

Debt and Financing Activities

Bonds, Leases, and Notes Payable totaled \$1.1 billion as of June 30, 2016 and represents approximately 74.4% of the total liabilities of the University. As of June 30, 2015, Bonds, Leases and Notes Payable totaled \$995.6 million and approximately 73.1% of the total liabilities of the University. The University's debt portfolio as of June 30, 2016 consists of \$80.3 million of variable rate instruments (7.2%), compared to \$1.04 billion in fixed rate obligations (92.8%). As of June 30, 2015, the University's debt portfolio consisted of \$81.3 million of variable rate instruments (8.2%), compared to \$914.3 million in fixed rate obligations (91.8%). Additional details about University indebtedness are provided in Note 6.

As of June 30, 2016 and 2015, the University had a credit rating of Aaa from Moody's Investors Service and AAA from Standard & Poor's. The University was in a limited group of public higher education institutions with such a credit rating – only eight schools are so rated by Moody's and only seven by Standard & Poor's. In addition, the University's variable rate debt maintains short-term ratings from Moody's of Aaa/VMIG-1 and by Standard & Poor's of A-1+.

Economic Outlook

As a result of the 2015-17 budget and legislative process, fiscal year 2017 state operating appropriations increased by \$976,000 for the University to \$326 million, the increase being distributed among the campuses as follows: West Lafayette, (-\$50,000), Fort Wayne (\$484,000), and Purdue Northwest (\$542,000). The State of Indiana provided \$21.1 million in this biennium toward the university's repair and rehabilitation needs, \$10.5 million annually. The regional campuses received an additional appropriation of \$12.5 million to support deferred maintenance (\$10.0 million IPFW, \$2.5 million Purdue Northwest), which was received in fiscal year 2016.

Academic year 2016-17 tuition rates for both Indiana resident and nonresident students remain flat at the West Lafayette campus for the fourth year in a row. Regional campus modest tuition increases for undergraduates are as follows: Fort Wayne (1.65%) and Purdue Northwest (1.65%). Each campus continues its efforts to identify operational efficiencies, cost savings initiatives and new sources of revenue to supplement its operating budget. Efforts to support student affordability and accessibility are a priority for all of our campuses.

Enrollment at all Purdue campuses was 68,818* for the fall semester of the 2016-2017 academic year. Enrollment at the West Lafayette campus was 40,451 up 1,042 from the fall semester of the prior academic year. First-year students totaled 7,243. Purdue continues to experience record-high retention and graduation rates due to a university-wide commitment to student success. The first-year retention rate at the West Lafayette campus is at 91.8 percent compared to 92.8 percent last year, and the second-year retention rate is at 88.0 percent, up from last year's 87.7 percent. The four-year and six-year graduation rates increased to 55.9 percent and 77.0 percent from 51.5 percent and 75.4 percent, respectively. The class average SAT scores remained comparable at 1782 on the critical reading, math, and writing sections. In nine years, the cumulative point gain for incoming students' SAT scores is 98.

*Enrollment figures do not include Purdue University students enrolled at the Indiana University-Purdue University Indianapolis campus.

Purdue University

Statement of Net Position

As of June 30 (Dollars in Thousands)

	<u>2016</u>	<u>2015</u>
Assets and Deferred Outflows of Resources:		
Current Assets:		
Cash and Cash Equivalents	\$ 444,453	\$ 555,901
Investments	268,835	206,413
Accounts Receivable, Net	86,311	68,924
Pledges Receivable, Net	24,152	21,335
Notes Receivable, Net	8,667	9,076
Other Receivables	5,294	7,181
Other Assets	47,840	49,334
Total Current Assets	885,552	918,164
Noncurrent Assets:		
Investments	2,608,238	2,550,827
Pledges Receivable, Net	38,136	34,395
Notes Receivable, Net	50,011	48,332
Interest in Charitable Remainder Trusts	9,362	13,224
Funds Held in Trust by Others	37,617	-
Capital Assets, Net	2,248,707	2,114,025
Total Noncurrent Assets	4,992,071	4,760,803
Total Assets	5,877,623	5,678,967
Deferred Outflows of Resources:		
Debt Refunding	22,580	8,818
Defined Benefit Pension Items	46,353	14,011
Liabilities and Deferred Inflows of Resources:		
Current Liabilities:		
Accounts Payable and Accrued Expenses	125,180	107,326
Unearned Revenue	36,482	38,667
Deposits Held in Custody for Others	19,880	22,494
Accrued Compensated Absences	25,538	26,407
Bonds (net), Leases, and Notes Payable	146,290	141,071
Total Current Liabilities	353,370	335,965
Noncurrent Liabilities:		
Accrued Compensated Absences	36,876	32,506
Other Post Employment Benefits	31,397	36,693
Net Pension Liability	81,962	74,323
Funds Held in Trust for Others	6,783	7,465
Advances from Federal Government	19,379	19,891
Bonds (net), Leases, and Notes Payable	969,453	854,567
Total Noncurrent Liabilities	1,145,850	1,025,445
Total Liabilities	1,499,220	1,361,410
Deferred Inflows of Resources:		
Debt Refunding	-	6
Defined Benefit Pension Items	20,394	19,627

Statement of Net Position

As of June 30 (Dollars in Thousands)

(continued from previous page)

	<u>2016</u>	<u>2015</u>
Net Position:		
Net Investment in Capital Assets	\$ 1,316,781	\$ 1,236,479
Restricted:		
Nonexpendable:		
Instruction and Research	315,687	297,209
Student Aid	283,208	264,021
Other	26,358	29,325
Total Nonexpendable	625,253	590,555
Expendable:		
Instruction, Research and Public Service	257,668	241,957
Student Aid	101,217	93,157
Construction	77,637	76,072
Other	526,259	623,684
Total Expendable	962,781	1,034,870
Unrestricted	1,522,127	1,458,849
Total Net Position	\$ 4,426,942	\$ 4,320,753

The Accompanying Notes are an Integral Part of these Financial Statements



Purdue University

Statement of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30 (Dollars in Thousands)

	<u>2016</u>	<u>2015</u>
Operating Revenues:		
Tuition and Fees	\$ 880,699	\$ 862,346
Less: Scholarship Allowance	(113,897)	(114,833)
Federal Appropriations	14,796	21,750
County Appropriations	8,501	8,283
Grants and Contracts	356,066	360,411
Sales and Services	79,172	81,033
Auxiliary Enterprises	269,863	256,547
Less: Scholarship Allowance	(14,750)	(14,585)
Other Operating Revenues	8,776	10,851
Total Operating Revenues	1,489,226	1,471,803
Operating Expenses:		
Compensation and Benefits	1,292,247	1,218,807
Supplies and Services	442,099	439,007
Depreciation Expense	161,889	157,751
Scholarships, Fellowships, & Student Awards	78,355	72,079
Total Operating Expenses	1,974,590	1,887,644
Net Operating Loss	(485,364)	(415,841)
Nonoperating Revenues (Expenses):		
State Appropriations	411,503	399,039
Grants and Contracts	54,248	59,260
Private Gifts	89,500	83,129
Investment Income	(21,617)	58,858
Interest Expense	(27,302)	(32,035)
Other Nonoperating Revenues (Net of Nonoperating Expenses of \$1,358 and \$932, respectively)	5,338	4,146
Total Nonoperating Revenues before Capital and Endowments	511,670	572,397
Capital and Endowments:		
State Capital Appropriations	38,251	-
Capital Gifts	10,078	14,029
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	31,774	31,712
Gain (Loss) on Retirement of Capital Assets (Net of Proceeds and Insurance Recoveries)	(220)	3,651
Total Capital and Endowments	79,883	49,392
Total Nonoperating Revenues	591,553	621,789
INCREASE IN NET POSITION	106,189	205,948
Net Position, Beginning of Year	4,320,753	4,194,369
Prior Period Adjustments	-	(79,564)
Net Position, Beginning of Year, as restated	4,320,753	4,114,805
Net Position, End of Year	\$ 4,426,942	\$ 4,320,753

The Accompanying Notes are an Integral Part of these Financial Statements

Purdue University

Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Tuition and Fees, Net of Scholarship Allowances	\$ 766,307	\$ 752,027
Federal Grants	14,796	21,750
County Grants	8,501	8,283
Grants and Contracts	346,412	370,989
Sales and Services	80,549	81,357
Auxiliary Enterprises, Net of Scholarship Allowances	253,141	241,181
Other Operating Revenues	4,708	12,651
Compensation and Benefits	(1,301,720)	(1,223,684)
Supplies and Services	(442,831)	(451,382)
Scholarships, Fellowships and Student Awards	(77,444)	(72,059)
Student Loans Issued	(10,054)	(8,480)
Student Loans Collected	8,803	10,598
Cash Used by Operating Activities	(348,832)	(256,769)
Cash Flows From Noncapital Financing Activities:		
State Appropriations	418,684	391,858
Grants and Contracts	54,248	59,260
Gifts for Other than Capital Purposes	118,267	105,895
Funds Held in Trust for Others	(6,729)	3,019
Other Nonoperating Revenues, Net	5,337	2,026
Cash Provided by Noncapital Financing Activities	589,807	562,058
Cash Flows From Investing Activities:		
Purchases of Investments	(5,568,733)	(3,201,885)
Proceeds from Sales and Maturities of Investments	5,400,511	3,196,463
Interest and Dividends on Investments, Net	27,119	28,008
Cash Provided (Used) by Investing Activities	(141,103)	22,586
Cash Flows From Capital and Related Financing Activities:		
Debt Repayment	(249,289)	(130,634)
Capital Debt Proceeds	323,986	191,377
Interest Expense	(38,723)	(39,599)
Capital Gifts Received	7,865	15,129
State Appropriations for Capital Projects	32,957	-
Construction or Purchase of Capital Assets	(288,116)	(187,661)
Cash Used by Capital and Related Financing Activities	(211,320)	(151,388)
Net Increase (Decrease) in Cash and Cash Equivalents	(111,448)	176,487
Cash and Cash Equivalents, Beginning of Year	555,901	379,414
Cash and Cash Equivalents, End of Year	\$ 444,453	\$ 555,901

Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)
 (continued from previous page)

Reconciliation of Cash Used for Operating Activities (Indirect Method)	<u>2016</u>	<u>2015</u>
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	\$ (485,364)	\$ (415,841)
Depreciation Expense	161,889	157,751
Noncash Investing, Capital, and Financing Activities	1,753	(3)
Changes in Assets and Liabilities:		
Accounts Receivable	(9,420)	12,977
Notes Receivable	(1,270)	2,592
Other Assets	1,495	(4,560)
Accrued Compensated Absences	3,501	1,556
Other Post Employment Benefits	(5,296)	(1,875)
Net Pension Liability and Related Deferrals	(23,935)	(7,692)
Accounts Payable	13,329	(6,927)
Unearned Revenue	(5,002)	5,292
Advances from Federal Government	(512)	(39)
Cash Used by Operating Activities	\$ (348,832)	\$ (256,769)

The Accompanying Notes are an Integral Part of these Financial Statements



Component Units

As of June 30 (Dollars in Thousands)

Consolidated Statement of Financial Position

	2016	2015 (as restated)
Assets:		
Cash and Cash Equivalents	\$ 11,564	\$ 14,400
Accounts Receivable, Net	33,531	38,973
Other Assets	19,793	21,354
Investments	2,444,820	2,521,319
Lease Purchase Agreements	123,937	129,264
Construction in Progress	7,524	-
Notes Receivable, Net	10,195	11,625
Interest in Charitable Perpetual Trusts	14,068	15,677
Capital Assets, Net of Accumulated Depreciation	202,145	186,526
Irrevocable Trust	37,617	-
Total Assets	2,905,194	2,939,138
Liabilities:		
Accounts Payable and Accrued Expenses	27,464	25,494
Due on Split Interest Agreements	48,609	57,100
Deposits Held in Custody for Others	1,517,709	1,607,232
Bonds (Net), Leases, and Notes Payable	372,867	253,843
Other Liabilities	19,578	19,672
Total Liabilities	1,986,227	1,963,341
Net Assets:		
Temporarily Restricted	639,352	701,292
Permanently Restricted	144,236	141,793
Unrestricted	135,379	132,712
Total Net Assets	\$ 918,967	\$ 975,797

Component Units

For the Years Ended June 30 (Dollars in Thousands)

Consolidated Statement of Activities

	2016	2015 (as restated)
Revenue and Support		
Amount Received for Purdue University Research Projects	\$ 25	\$ 3,591
Less Payments to Purdue University	(25)	(3,591)
Administrative Fee on Research Projects	-	-
Contributions	21,391	68,880
Income on Investments	23,288	20,019
Net Unrealized and Realized Gains	(34,060)	16,583
Decrease in Value of Split Interest Agreements	299	(2,432)
Increase in Interests in Perpetual Trusts	(1,609)	(339)
Rents	18,358	16,899
Royalties	4,122	5,105
Other	33,299	33,614
Total Revenue and Support	65,088	158,329
Expenses and Losses		
Expenses for the Benefit of Purdue University		
Contributions to Purdue University	21,412	20,363
Patent and Royalty	3,819	3,654
Grants	8,079	52,595
Services for Purdue University	2,188	830
Other	6,251	3,661
Total Expenses for the Benefit of Purdue University	41,749	81,103
Administrative and Other Expenses		
Salaries and Benefits	29,777	27,108
Property Management	16,047	15,872
Professional Fees	13,289	10,880
Supplies	1,482	1,578
Interest	10,149	9,569
Research park	444	2,541
Other	8,981	10,057
Total Administrative and Other Expenses	80,169	77,605
Change in Net Assets	(56,830)	(379)
Net Assets, Beginning of Period	975,797	976,176
Net Assets, End of Period	\$ 918,967	\$ 975,797

Note 1 — Basis of Presentation and Summary of Significant Accounting Policies

For the Fiscal Year Ended June 30, 2016

ORGANIZATION:

Established in 1869, Purdue University (the University) is the land-grant University for the state of Indiana. The University is a comprehensive degree-granting research University with 29 schools and colleges on its main campus in West Lafayette and the following regional campuses:

Indiana University-Purdue University Fort Wayne

Purdue University Calumet

Purdue University North Central

Effective July 1, 2016, Purdue University Calumet and Purdue University North Central have merged and are operating as Purdue University Northwest.

In addition to its academic programs offered at the above campuses, the University offers learning and other assistance programs at several other locations in the state of Indiana through:

Purdue Polytechnic Institute Statewide

College of Agriculture Purdue Extension

Technical Assistance Program

The responsibility for making rules and regulations to govern the University is vested in a 10-member Board of Trustees (the Trustees). The selection of these Trustees is prescribed in Indiana Code IC 21-23-3. Three of the trustees are selected by the Purdue Alumni Association. The other seven trustees are selected by the governor. Two of the trustees must be involved in agricultural pursuits, and one must be a full-time student of the University. All trustees serve for a period of three years, except for the student member, who serves for two years.

REPORTING ENTITY:

Governmental Accounting Standards Board (GASB) Statement No. 14 *The Financial Reporting Entity* as amended by GASB No. 39 *Determining Whether Certain Organizations Are Component Units* and GASB No. 61 *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34* define the financial reporting entity as an entity that consists of the primary government, Purdue University, and all of its component units. Component units are legally separate organizations which have a fiscal dependency and financial benefit or burden relationship with the primary government and other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

Purdue International, Inc. (PII) is a separately incorporated, not-for-profit entity established in 2014 to provide an international focus on facilitating the University's international education, research, and exchange activities. In this regard, PII serves as the flagship entity for Purdue's global affairs programs. PII was a modification of The Purdue Foundation, Inc., which was created in 1979.

The University is the sole beneficiary of PII and the governing body is substantively the same as the University's governing body. As a result, PII is reported as a blended component unit of the University and consolidated within the University's statements. PII is an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Complete financial statements for PII may be obtained by writing to: Purdue International, Inc., c/o Accounting Services, 401 S. Grant Street, West Lafayette, IN 47907.

There are three discretely presented component units, which are defined as organizations that raise and hold economic resources for the direct benefit of the University. These units are not consolidated within the University's statements, but their summary financial information is presented in Note 10 and in a consolidated statement presentation immediately following the University's statements as required by GASB Statement No. 39, as amended by GASB Statement No. 61. All of the current discretely presented component units report under Financial Accounting Standards Board (FASB)

standards, including FASB Statement No. 117 *Financial Reporting of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

Purdue Research Foundation (PRF) was created in 1930 as a separately incorporated, not-for-profit entity. Its primary purpose is to promote the educational purpose of the University; award scholarships, grants, or other financial assistance to students and faculty; seek, acquire, invest, and hold gifts and endowments for the needs of the University; and acquire property or facilities for the future use or benefit of the University. The economic resources received or held by PRF are entirely, or almost entirely, for the direct benefit of the University; however, the University does not appoint the voting majority of PRF's Board of Directors. As a result, PRF is reported as a discretely presented component unit. PRF is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. PRF includes several wholly owned subsidiary LLC corporations, all of which support the purposes of PRF and the University. PRF also includes the wholly owned subsidiary McClure Park, LLC, which is a for-profit Indiana corporation that was formed to acquire, construct, lease, operate, convey, and mortgage real estate and personal property of every kind and any interest therein. McClure Park wholly owns single member limited liability subsidiaries and participates in several limited liability corporations primarily accounted for using the equity method. Complete financial statements for the foundation can be obtained by writing to: Purdue Research Foundation, 1281 Win Hentschel Boulevard, West Lafayette, IN 47906.

Ross-Ade Foundation was created in 1923 as a separately incorporated, not-for-profit entity. The Ross-Ade Foundation constructs athletic and parking facilities on behalf of the University. The Ross-Ade Foundation provides services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, benefits the University even if it does not provide services directly to it. The University appoints the voting majority of the Ross-Ade Foundation's Board of Directors, but it is not substantively the same as the University's Board of Directors. As a result, the Ross-Ade Foundation is reported as a discretely presented component unit. The Ross-Ade Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: Ross-Ade Foundation, 1281 Win Hentschel Boulevard, West Lafayette, IN 47906.

IPFW Foundation was created in 1958 to promote the educational purposes of Indiana University-Purdue University Fort Wayne. The IPFW Foundation accomplishes that purpose by owning and leasing land and buildings, receiving gifts of money or property, and investing, transferring, or leasing personal or real property for educational or charitable purposes. The IPFW Foundation provides services entirely to the University or otherwise exclusively benefits the University even if it doesn't provide services directly to it; however, the University does not appoint the voting majority of the IPFW Foundation's Board of Directors. As a result, the IPFW Foundation is reported as a discretely presented component unit. The IPFW Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: IPFW Foundation, c/o Matt Whitney, 2101 East Coliseum Blvd., KT G06, Fort Wayne, IN 46805-1499.

The University has an association with Indiana University-Purdue University Indianapolis for which it is not financially accountable nor does it have primary access to the resources. Accordingly, this organization has not been included in the University's financial statements.

RELATIONSHIP TO THE STATE OF INDIANA:

As one of seven public universities in the state, the University is a component unit of the state of Indiana. The University receives funding from the state for operations, repair and maintenance, construction, and debt service. A segment of its nonexempt employees participate in the state's public employees' retirement program.

TAX-EXEMPT STATUS:

The income generated by the University, as an instrument of the State, is generally excluded from federal income taxes under Section 115(a) of the Internal Revenue Code. The University also has a determination letter from the Internal Revenue Service stating it is exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Income generated from activities unrelated to the University's exempt purpose is subject to tax under Internal Revenue Code Section 511(a)(2)(B). There was no tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2016 and 2015.

BASIS OF PRESENTATION:

The financial statements of the University have been prepared in accordance with the principles contained in GASB Statement No. 34 *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* as amended by GASB Statement No. 35 *Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities*.

During fiscal year 2016, the University adopted GASB Statement 72 *Fair Value Measurement and Application* and GASB Statement 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The effect of GASB Statement 72:

This Statement establishes investment valuation techniques that are appropriate for specific investment categories in the measurement of fair value. Required disclosures are made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Note 2 includes these updated disclosures.

The effect of GASB Statement 76:

This Statement supersedes GASB Statement 55 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. It identifies the GAAP Hierarchy within the context of the current governmental financial reporting environment, reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

During fiscal year 2015, the University adopted GASB Statements 68 *Accounting and Financial Reporting for Pensions* and GASB Statement 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The effect of GASB Statements 68 and 71:

Changed the definition of reportable pension liability from Net Pension Obligation to Net Pension Liability, which dramatically increased the liability and required a prior period adjustment in order to record the additional liability for defined benefit pension plans from previous years. These statements also introduced new deferred inflow and outflow items related to defined benefit pension plans. Changes to the Required Supplementary Information related to defined benefit pension plans also resulted from these new GASB statements. In accordance with the adoption of these statements, the University has reported an \$85.7 million change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014.

BASIS OF ACCOUNTING:

The University is considered a special-purpose government engaged only in business-type activities for financial reporting purposes. Accordingly, the University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

The University applies all applicable GASB pronouncements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash and Cash Equivalents. Cash and cash equivalents include cash, revolving and change funds, cash in transit, credit card deposits in transit, unspent debt proceeds, and certain investments with original maturities of three months or less. It is the University's practice to invest operating cash balances and bond proceeds in investments of varying maturity dates. Investments exclusive of endowment funds that are included in cash equivalents represent short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity date that they present insignificant risk of changes in value due to changes in interest rates.

Investments. Investments, exclusive of institutional physical properties, are generally reported at fair value. Fair value is generally based on quoted market prices as of June 30, except for certain investments, primarily private equity partnerships, hedge funds, and similar alternative investments for which quoted market prices are not available. The estimated fair value of these investments is based on the valuations provided by external investment managers within the past fiscal year through June 30. Because alternative investments are not readily marketable, their estimated value may differ from the value that would have been used had a ready market value for such investments existed. Investments, exclusive of endowment funds, may be classified current or noncurrent, depending on the individual investment's maturity date at June 30. Endowment funds are included in noncurrent investments.

Accounts Receivable. Accounts receivable primarily represent grant, contract, and student payments due to the University and are shown net of an allowance for doubtful accounts.

Pledges Receivable. Pledges receivable are accrued as of the end of the fiscal year, provided the pledge is verifiable, measurable, and probable of collection. Pledges receivable do not include gifts made in anticipation of estates, telephone solicitations, or promises of endowment funds. An allowance for uncollectible pledges is calculated based on the University's experience.

Notes Receivable. Notes receivable primarily consist of student loans due to the University and are shown net of allowance for doubtful accounts.

Other Receivables. Other receivables represent state appropriations receivable at June 30, 2016 and 2015.

Other Assets. Other assets include the following types of assets:

Inventories. Inventories principally consist of consumable supplies and items held for resale or recharge within the University, and are valued using a variety of methods, including first in first out (FIFO), weighted average and moving average, depending upon the type of inventory. Agricultural commodities are reported using the consumption method, measured by physical count and are stated at market value.

Prepaid Expenses. Prepaid expenses include amounts paid for services attributable to future fiscal years. These services include insurance, operating leases, services of consultants, subscriptions, and certain subcontracts.

Interest in Charitable Trusts and Contracts. The University and PRF act as trustees for certain endowments and trust funds, for which they or others have beneficiary interests. In addition, the University and PRF have beneficiary interests in insurance contracts and gift annuity programs.

Various revocable and irrevocable trusts established for the benefit of the University, PRF, the former Purdue Alumni Foundation, and affiliates exist where PRF acts as trustee, commonly referred to as the PRF Trust Funds. The Internal Revenue Service has determined that the PRF Trust Funds are exempt from federal income tax as defined in Sections 642 and 664 of the Internal Revenue Code.

The University records its interest in PRF Trust Funds' charitable remainder trusts based on the estimated present value of future cash flows. Future cash flows are estimated using an assumed investment rate of return on the underlying investments that will satisfy the trust requirements and an applicable discount rate at the time of contribution. Change in fair value from one fiscal year to the next is reflective of changes in the market value of the underlying investments, new

trusts being added, and the maturation and liquidation of existing trusts.

PRF records its interest in a charitable perpetual trust (for which a bank acts as trustee) at the fair value of the trust's assets. The increase in the estimated present value of future cash flows of PRF's interest in the charitable perpetual trust is recorded as an increase to permanently restricted net assets in PRF's consolidated statements of activities.

The University receives certain charitable contributions from donors which, in accordance with the donors' wishes, are used for annual premium payments toward insurance contracts for which the University is a beneficiary.

PRF holds life income funds for beneficiaries of a gift annuity program. These funds generally pay lifetime income to the beneficiaries, after which the principal is made available to the University in accordance with donor intentions. All life income funds are recorded at fair value net of related liabilities for the present value of estimated future payments due to beneficiaries.

Funds Held in Trust by Others. Funds held in trust by others represent University assets being held in trust for the University by another party. During fiscal year ended June 30, 2016, the University entered into a crossover refunding transaction, where the crossover refunding funds are being held in escrow in an irrevocable trust by the trustee. See Note 6 for additional details.

Capital Assets. Capital assets are stated at cost at the date of acquisition or at fair market value for capital assets donated to the University at the date of gift. Items are capitalized when their value exceeds the threshold shown in the following table and its estimated useful life is greater than one year. Depreciation is computed on a straight-line basis over the estimated useful life, as shown in the following table. Capital assets are removed from the records at the time of disposal.

Renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project. Interest incurred during the construction phase is included as part of the value of the construction in progress.

Assets under capital leases are capitalized when valued over \$500,000 and recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements.

The University does not capitalize works of library collections and art or historical treasures that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

Property Class	Threshold	Useful Life
Land	\$100,000	Not depreciated
Land Improvements	\$100,000	5-25 years
Infrastructure	\$100,000	5-25 years
Buildings and Related Components	\$100,000	10-50 years
Moveable Equipment (including fabricated equipment)	\$5,000	More than one year
Intangible Assets (software)	\$500,000	7 years

Unearned Revenue. Unearned revenue consists of amounts received in advance of an event, such as student tuition and advance ticket sales related to future fiscal years.

Deposits Held In Custody for Others. Deposits of affiliates and others represent cash and invested funds held by the University as a result of agency relationships with various groups. Noncurrent deposits of affiliates represent the portion of endowment and similar funds held by the University on behalf of others.

Accrued Compensated Absences. Liabilities for compensated absences are recorded for vacation leave based on actual amounts earned as of the end of the fiscal year. Exempt employees may accrue vacation benefits up to a maximum of 44 days. Clerical and service staff may earn vacation up to 320 hours. For all classes of employees, accrued vacation is payable upon termination. Upon meeting the definition of an official University retiree, benefits-eligible clerical and service staff receive cash payments for a portion of their accrued sick leave. An estimate of sick leave liability is recorded for the clerical and service staff based on historical payouts. The liability for compensated absences is expected to be funded by various sources of revenue that are available in future years when the liability is paid.

Net Pension Liability and Related Items. The University participates in the Public Employees' Retirement Fund (PERF), an employer cost sharing plan managed by the Indiana Public Retirement System (INPRS). The University's net pension liability, associated deferred outflows and deferred inflows of resources, and pension expense are reported in conformance with GASB 68, using the information reported by INPRS related to our allocated share of these items.

Funds Held In Trust for Others. Liabilities to other beneficiaries related to the Charitable Trusts or endowments where the University serves as trustee for the component unit or related party.

Net Position. University resources are classified for accounting and financial reporting purposes into four net position categories:

Net Invested in Capital Assets. Resources resulting from capital acquisition or construction, net of accumulated depreciation, and net of related debt. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted–Nonexpendable. Net position subject to externally imposed stipulations that the funds be maintained inviolate and in perpetuity. Such assets include the corpus of the University's permanent and term endowments and are categorized as instruction and research, student aid, and other.

Restricted–Expendable. Net position that may be spent provided certain third-party restrictions are met. The following categories of restricted–expendable net position are presented: instruction, research, and public service; student aid; construction; and other. A significant portion of the "Other" category is related to undistributed gains of donor-restricted balances on endowments or quasi-endowments.

Unrestricted. Net position not subject to externally imposed stipulations pertaining to their use. Management may designate that these funds will be spent for certain projects or programs or to fulfill certain long-term goals. Management has designated substantially all unrestricted net position for academic and capital purposes.

Intra-University Transactions. Intra-university transactions are eliminated from the statements to avoid double counting of certain activities. Examples of these transactions are internal loans and sales and services between University departments.

Classification of Revenues and Expenses. The University has classified revenues and expenses as operating or non-operating based upon the following criteria:

Operating Revenues. Revenues derived from activities associated with providing goods and services for instruction, research, public service, health services, or related support to entities separate from the University and that result from exchange transactions. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. Examples include student tuition and fees, grants and contracts, auxiliary operations (such as Intercollegiate Athletics and Housing and Food Services), sales and service operations, federal land-grant appropriations, and county appropriations.

Operating Expenses. Expenses paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the University. Examples include compensation and benefits, travel, and supplies. Graduate, staff, staff dependent, and staff spouse fee remissions are included with compensation and

benefits. Expenses are reported using natural classifications in the Statement of Revenues, Expenses, and Changes in Net Position. Functional classification reporting appears in Note 8. Indirect expenses, such as depreciation, are not allocated across functional categories.

Nonoperating Revenues and Expenses. Revenues and related expenses that do not meet the definition of operating revenues, capital revenues, or endowment additions. These revenues and expenses are primarily derived from activities that are classified as non-exchange transactions, and from activities defined as such by the GASB cash flow standards. Examples include state appropriations, private gifts, investment income, and certain federal financial aid. Nonoperating expenses primarily include interest on short-term and long-term borrowing.

Application of Restricted and Unrestricted Resources. When both restricted and unrestricted resources are available for a particular expenditure, University departments may select the most appropriate source based on individual facts and circumstances. The University, as a matter of policy, does not require monies to be spent in a particular order, only that the expenditure be allowable, allocable, and reasonable to the source selected. Restricted monies are categorized as restricted until the external stipulations have been satisfied.

Tuition and Fees. Tuition and fees assessed to students are reported gross with the related scholarship discount and allowance presented below in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances represent the value of scholarships, grants, and various other types of aid provided by the University. Student loans are not included in this calculation. Student aid applied to housing is shown as an allowance, presented below auxiliary revenues. Aid paid directly to students is shown as scholarships, fellowships, and student awards expenses. Graduate and other employment-related remissions are included with compensation and benefits expenses.

Grants and Contracts. The University has been awarded grants and contracts for which the monies have not been received or expended. These awards have not been reflected in the financial statements but represent commitments of sponsors — both government and other — to provide funds for specific research and training projects.

The University makes commitments to share in the cost of various sponsored projects. Monies to satisfy these commitments are designated when grants and contracts are awarded. As sponsor dollars are spent, the University matches according to the terms of the agreement.

Gifts. The University receives pledges of financial support from many different sources. Gift income is recognized when received or pledged. In-kind gifts of tangible or intangible property are recognized at fair value on the date of gift and are capitalized, if appropriate, subject to the University's policies on capitalization. Revenue from gifts-in-kind of approximately \$459,000 and \$2,801,000 was recognized during the years ending June 30, 2016 and 2015, respectively.

Use of Estimates. Management uses estimates and assumptions in the preparation of the financial statements to conform with generally accepted accounting principles. These estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Period Adjustments. There were no prior period adjustments for fiscal year 2016. In fiscal year 2015, the implementation of GASB Statement 68 Accounting and Financial Reporting for Pensions required a prior period adjustment to record the University's net pension liability and related items, resulting in a decrease of approximately \$85,734,000 to the Unrestricted Balance. An additional prior period adjustment increased Restricted Other Balance in the amount of approximately \$6,170,000 to incorporate the net position of student organizations. As a result of these two prior period adjustments the July 1, 2014 Net Position balance decreased from \$4,194,369,000 as originally stated to \$4,114,805,000.

Note 2 — Deposits and Investments

Deposits. As of June 30, 2016 and 2015, the bank balance of the University's deposits (demand deposit accounts) was approximately \$127,777,000 and \$99,938,000, respectively. Federal depository insurance covered \$250,000 and the remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

University Investments. Authorization for investment activity is stated in Indiana Code IC 21-29-2-1. Additionally, the Bylaws of the Trustees, revised and amended on December 15, 2012, authorize the Treasurer of the Trustees to implement investment activity. Except for some investments that are separately held in accordance with donor restrictions or bond covenants, the University investments are managed under guidance from two separate policies, the Purdue Investment Pool – Cash (PIPC) policy, and the Purdue Endowment Investment Policy (PIP), both of which are endorsed by the Trustees.

At June 30, the University had the following investments (dollars in thousands):

Investment Type	June 30, 2016	June 30, 2015
SEPARATELY HELD INVESTMENTS:		
Land Grant Cash Held by State Treasurer	\$ 340	\$ 340
US Equity	44,337	43,391
Public Real Estate	1,628	1,628
US Agencies	5	5
Venture Capital/Private Equity	1,164	1,740
Short Term Investments	120,620	98,303
BOND PROCEEDS INVESTED:		
Short Term Investments	123,620	108,460
PIPC:		
Short Term Investments	188,490	351,204
Fixed Income:		
Asset-Backed Securities	89,623	76,679
Corporate Bonds	403,182	389,112
Mortgage-Backed Securities	264,845	223,224
US Agencies	140,788	103,665
US Treasuries and Securities	483,522	366,247
PIP:		
Short Term Investments	44,498	27,613
US Equity	288,016	359,361
International Equity	188,702	213,301
Fixed Income	131,997	110,326
Emerging Markets	92,511	103,297
Marketable Alternatives	357,346	384,247
Public Real Estate	42,083	38,502
Private Real Estate	48,743	49,312
Private Natural Resources	70,228	72,918
Venture Capital/Private Equity	195,238	190,266
Total	\$ 3,321,526	\$ 3,313,141

Investment values included accumulated unrealized gains of approximately \$161,019,000 and \$258,774,000 as of June 30, 2016 and 2015, respectively. Investment income included unrealized losses of approximately (\$97,755,000) and (\$81,185,000) during the years ended June 30, 2016 and 2015, respectively.

PRF Investments. PRF investments are managed under the PIP which was also approved by the PRF Directors. The fair value of investments at June 30, 2016 and 2015 is as follows (dollars in thousands):

Investment Type	June 30, 2016	June 30, 2015 (as restated)
Short-Term Investments	\$ 7,050	\$ 45
U.S. Equity	18,214	14,089
Fixed Income	7,585	5,243
Venture Capital	252	276
Pooled Funds:		
Short-Term Investments	106,703	99,554
U.S. Equity	449,117	504,034
International Equity	293,931	333,197
Fixed Income	214,755	225,411
Funds Invested with University	14,085	14,085
Emerging Markets	144,098	161,361
Public Real Estate	65,551	60,144
Private Real Estate	72,173	72,757
Private Natural Resources	109,391	113,905
Hedge Funds	556,619	600,234
Venture Capital/Private Equity	304,112	297,215
Total	\$ 2,363,636	\$ 2,501,550

Investment Policies, Interest Rate, and Credit Risks. As noted above, investments are managed by two separate policies:

The Purdue Board of Trustees adopted the Purdue Investment Pool--Cash (PIPC) investment policy on May 15, 2015. The primary investment objectives of PIPC are 1) the preservation of capital, 2) the maximization of returns within acceptable levels of risk, and 3) management of liquidity requirements. Authorized investments include obligations of the United States (US) government, its agencies, and its instrumentalities; asset-backed and mortgage-backed securities (rated at least AAA or equivalent); corporate notes, corporate bonds, 144A bonds and Yankee bonds (rated investment grade) with demonstrated liquidity and marketability; pooled funds including mutual funds and common trust funds; high-yield bonds, include corporate bonds and bank loans (minimum credit quality of Ba3/BB-); investments managed under the University's endowment investment policy and the PIPC Loan Program supporting projects that are consistent with the mission to support the University and result in a public or charitable benefit or use for the University or its students. Prior to the adoption of the PIPC, the Cash Management Investment Policy (CMIP) outlined the parameters for all investments exclusive of endowment funds.

As of June 30, 2016 and 2015, the University had approximately \$266,788,000 and \$293,001,000 of PIPC investments invested in, and shown as part of the PIP investments in these Note disclosures.

Investments in PIPC shall be diversified, resulting in a portfolio weighted average duration of between two and five years, with an overall credit rating of “AA” as rated by a nationally recognized rating agency such as Moody’s or Standard and Poor’s, assuming the credit worthiness of the United States of America is AAA. If the United States of America is downgraded the portfolio’s overall credit rating may fall in tandem and still be considered in compliance with this policy. Bonds rated BBB or lower will not exceed 20% of the portfolio. Funds not required to meet cash needs will be invested over a longer-term horizon.

The Purdue Endowment Investment Policy (PIP) outlining the parameters for endowment investments was approved on April 13, 2012. Authorized investments include equity, fixed income and alternative investments, including comingled investments. The overall policy objective is to generate real returns greater than its spending rate over the long term. The policy sets forth a diversified approach by and within the asset classes with the balanced goal of maximizing return and preserving purchasing power. Moreover, a single manager or affiliated groups of managers will not represent more than 10% of the total endowment's market value. As a partial hedge against prolonged economic contraction, the University has adopted a target allocation of 15% for fixed income.

Portfolios will be invested in securities that result in a weighted average credit quality rating of at least AA or better with no single fixed income manager having more than 10% of its portfolio in obligations rated less than BBB or its equivalent by Moody's or Standard & Poor's. Any commercial paper in the portfolio must be rated A-1/P-1 by each rating service rating said credit. Any Bankers acceptances and certificates of deposits in the portfolio must be issued by banks having a Keefe, Bruyette & Woods rating of A, A/B, or B.

In addition, separately held, invested bond proceeds follow investment practices in compliance with arbitrage regulations and generally have maturities of three years or less. These investments are readily available to match expected construction expenditures.



The University had the following fixed-income investments and maturities (dollars in thousands):

June 30, 2016	Maturity				Totals
	0-1 year	1-5 years	6-10 years	>10 years	
Separately Managed US Agencies	\$ -	\$ 5	\$ -	\$ -	\$ 5
PIPC:					
Asset-Backed Securities	15,674	68,358	4,680	911	89,623
Corporate Bonds	60,022	232,227	69,856	41,077	403,182
Mortgage-Backed Securities	33,691	77,870	14,798	138,486	264,845
US Agencies	75,462	34,694	24,218	6,414	140,788
US Treasuries and Securities	134,275	293,204	31,247	24,796	483,522
PIP:					
Fixed Income and Other	11,729	77,319	23,107	32,367	144,522
Total	\$ 330,853	\$ 783,677	\$ 167,906	\$ 244,051	\$ 1,526,487

June 30, 2015	Maturity				Totals
	0-1 year	1-5 years	6-10 years	>10 years	
Separately Managed US Agencies	\$ -	\$ 5	\$ -	\$ -	\$ 5
PIPC:					
Asset-Backed Securities	10,782	61,811	3,192	894	76,679
Corporate Bonds	43,608	208,955	96,034	40,515	389,112
Mortgage-Backed Securities	32,097	29,404	21,924	139,799	223,224
US Agencies	42,887	23,214	34,495	3,069	103,665
US Treasuries and Securities	115,871	226,698	14,588	9,090	366,247
PIP:					
Fixed Income and Other	24,006	67,723	26,278	31,019	149,026
Total	\$ 269,251	\$ 617,810	\$ 196,511	\$ 224,386	\$ 1,307,958

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

In accordance with the PIPC, the University manages its exposure to changes in fair values by limiting the weighted average maturity of its investment portfolio to between 2 and 5 years.

The PIP, as a long-term pool of capital, has a fixed income policy target of 15% but does not limit the maturity of the individual holdings as a means to manage interest rate risk.



The distribution of investments by credit ratings is summarized below (dollars in thousands):

	June 30, 2016	% of Total	June 30, 2015	% of Total
Separately Held:				
A	\$ 5	100.00%	\$ 5	100.00%
Total Separately Held	5	100.00%	5	100.00%
PIPC:				
A	147,529	10.67%	154,181	13.30%
AA	61,025	4.42%	60,575	5.23%
AAA	901,955	65.27%	682,456	58.89%
B	5,435	0.39%	546	0.05%
BA	33,266	2.41%	25,523	2.20%
BAA	122,588	8.87%	136,771	11.80%
CAA	-	-	722	0.06%
Unrated	110,162	7.97%	98,153	8.47%
Total PIPC:	1,381,960	100.00%	1,158,927	100.00%
PIP:				
A	16,902	11.69%	21,466	14.40%
AA	7,613	5.27%	7,857	5.27%
AAA	79,109	54.74%	77,565	52.05%
B	574	0.40%	-	-
BA	5,069	3.51%	3,611	2.42%
BAA	16,729	11.57%	20,934	14.05%
Unrated	18,526	12.82%	17,593	11.81%
Total PIP	144,522	100.00%	149,026	100.00%
Total	\$ 1,526,487		\$ 1,307,958	

Investment Custodial Credit Risk. Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party. Therefore, exposure arises if the securities are uninsured, not registered in the University's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the University's name. Open-ended mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security.

Historically, the investment pool managed in accordance with the PIP was a shared investment pool managed by University personnel and the underlying investment instruments were held in the University's or PRF's name based on their ownership basis in the pool. Effective January 1, 2014, the Trustees transferred the investment function from the University to PRF, including the supporting personnel. With this change, the Trustees approved the movement of the investments to the PIP investment pool that is held in PRF's name. The transfer of the underlying investment vehicles from the University's name to PRF's name occurred over the course of 2014 based on the contractual terms of the underlying investment vehicles.

All Separately Held and PIPC investments were maintained in University accounts at the University's custodial banks with the exception of \$340,000 at both June 30, 2016 and 2015 which was held in the State's name. All PIP investments are held at PRF including private placements and investments in limited partnerships which totaled approximately \$671,555,000 and \$696,743,000 respectively at June 30, 2016 and 2015.

Foreign Currency Risk. Endowment equity managers may invest in common stocks, preferred stocks or fixed-income instruments convertible into common stocks, and American Depository Receipts of foreign corporations. The University’s endowment fixed-income managers may invest in foreign fixed-income securities equivalent in quality to permitted domestic securities, but not to exceed 20% of the assets entrusted to the manager. All currency exposures are to be hedged into the U.S. dollar unless otherwise approved by the University. Please refer to the Investment Type table for the University’s exposure to international investments. In addition to those investments, the University estimates its international exposure in its PIP alternative investments was approximately \$105,353,000 and \$113,505,000 as of June 30, 2016 and 2015, respectively.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to magnitude of an entity’s investment in a single issuer. As of June 30, 2016 and 2015, consistent with policy limits, no single issuer, with the exception of U.S. Treasury and Agencies, held more than 5% of total investments.

Donor-Restricted Endowments. The University’s endowment funds (including true, term, and funds functioning as endowments) are invested in a unitized pool. The unitized endowment pool purchases investments to generate present and future income in support of various programs. The Trustees establish the spending policy for the unitized endowment pool. The approved spending policy distributed 5% of the average of the ending values for the prior twelve quarters in semiannual distributions. The distribution includes both income and equity components.

As of June 30, 2016 and 2015, accumulated market appreciation of the PIP pool was approximately \$367,233,000 and \$506,676,000, respectively. Of this amount, 40.87% and 43.13% represents appreciation attributable to donor-restricted (true and term) endowments during the year ended June 30, 2016 and 2015, respectively. The University’s endowment policies are subject to the provisions of Indiana Code IC 30-2-12, “Uniform Management of Institutional Funds.” Under this section, the Trustees may authorize expenditure — consistent with donors’ intent — of net appreciation in the fair value of the assets of the endowment.

Interest in Charitable Trusts and Contracts. As of June 30, 2016 and 2015, the PRF PIP investment pool includes the following PRF Trusts assets (Dollars in Thousands).

	Assets at Fair Value		Beneficiary Interest	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
University	\$ 18,768	\$ 24,004	\$ 9,382	\$ 13,244
PRF	41,492	45,425	16,359	17,361
Related Parties	8	8	3	2
Other Affiliates	200	223	90	101
Total	\$ 60,468	\$ 69,660	\$ 25,834	\$ 30,708

As of June 30, 2016 and 2015, the University PIP investment pool includes endowment assets of approximately \$6,783,000 and \$7,465,000, which are offset by Funds Held in Trust obligations to the other beneficiaries (Note 7).

The University also has beneficiary interest in insurance contracts of \$857,000 and \$790,000, respectively, as of June 30, 2016 and 2015.

Fair Value Disclosures

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the University's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The GASB 72 accounting standard for disclosure describes three levels of inputs that may be used to measure fair value, as indicated below:

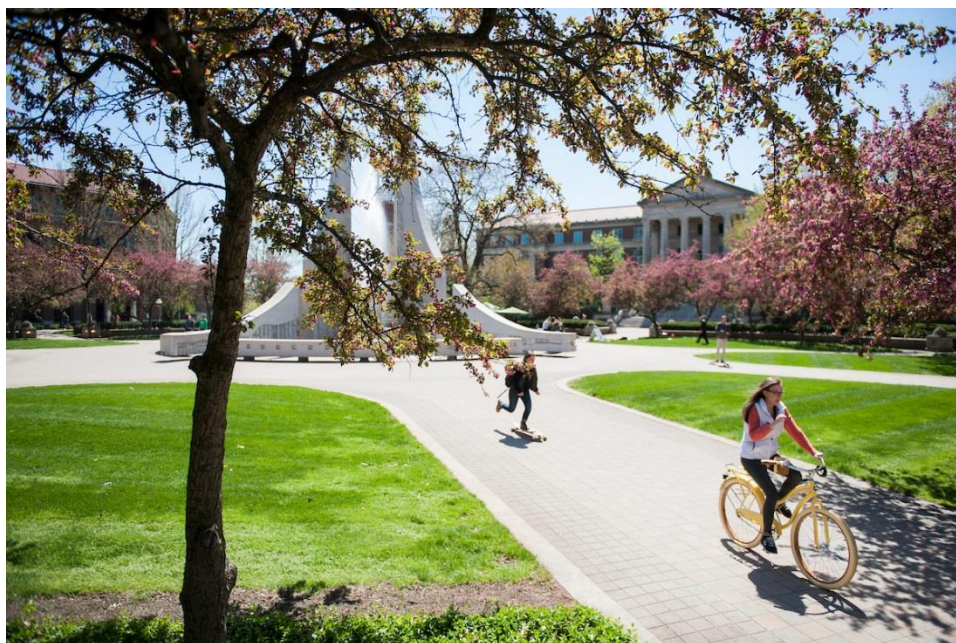
Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2. Significant other 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.

Level 3. Significant unobservable inputs that reflect a reporting entity's own assumptions.

Net Asset Value (NAV). Certain investments are valued using the net asset value (NAV), or its equivalent, provided by the fund as a practical expedient. Those investments include pooled equities, marketable alternative assets, and partnerships and are excluded from the valuation hierarchy.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The fair values of investments that are readily marketable, such as equities, government securities and money market funds, are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing for mutual funds and bonds (Level 2 inputs).



Assets and Liabilities measured at fair value on a recurring basis are summarized below (Dollars in Thousands):

Fair Value Measurements at June 30, 2016						
Investment Type	Level 1	Level 2	Level 3	NAV	Total	
SEPARATELY HELD INVESTMENTS:						
Land Grant Cash Held by State Treasurer	\$ -	\$ 340	\$ -	\$ -	\$ 340	
US Equity	44,337	-	-	-	44,337	
Public Real Estate	-	-	1,628	-	1,628	
US Agencies	-	5	-	-	5	
Venture Capital/Private Equity	-	-	1,164	-	1,164	
Short Term Investments	120,620	-	-	-	120,620	
BOND PROCEEDS INVESTED:						
Short Term Investments	123,620	-	-	-	123,620	
PIPC:						
Short Term Investments	188,490	-	-	-	188,490	
Fixed Income:						
Asset-Backed Securities	-	89,623	-	-	89,623	
Corporate Bonds	-	403,182	-	-	403,182	
Mortgage-Backed Securities	-	264,845	-	-	264,845	
US Agencies	-	140,788	-	-	140,788	
US Treasuries and Securities	482,433	1,089	-	-	483,522	
PIP:						
Short Term Investments	41,284	100	3,114	-	44,498	
US Equity	220,354	10,629	-	57,033	288,016	
International Equity	150,459	-	-	38,243	188,702	
Fixed Income	29,959	102,038	-	-	131,997	
Emerging Markets	55,979	-	-	36,532	92,511	
Marketable Alternatives	-	-	124,521	232,825	357,346	
Public Real Estate	42,083	-	-	-	42,083	
Private Real Estate	-	-	48,743	-	48,743	
Private Natural Resources	-	-	70,228	-	70,228	
Venture Capital/Private Equity	-	6,439	188,799	-	195,238	
Total	\$ 1,499,618	\$ 1,019,078	\$ 438,197	\$ 364,633	\$ 3,321,526	

Fair Value Measurements at June 30, 2015

Investment Type	Level 1	Level 2	Level 3	NAV	Total
SEPARATELY HELD INVESTMENTS:					
Land Grant Cash Held by State Treasurer	\$ -	\$ 340	\$ -	\$ -	\$ 340
US Equity	43,391	-	-	-	43,391
Public Real Estate	-	-	1,628	-	1,628
US Agencies	-	5	-	-	5
Venture Capital/Private Equity	-	-	1,740	-	1,740
Short Term Investments	98,303	-	-	-	98,303
BOND PROCEEDS INVESTED:					
Short Term Investments	108,460	-	-	-	108,460
PIPC:					
Short Term Investments	351,204	-	-	-	351,204
Fixed Income:					
Asset-Backed Securities	-	76,679	-	-	76,679
Corporate Bonds	-	389,112	-	-	389,112
Mortgage-Backed Securities	-	223,224	-	-	223,224
US Agencies	-	103,665	-	-	103,665
US Treasuries and Securities	366,247	-	-	-	366,247
PIP:					
Short Term Investments	26,539	1,074	-	-	27,613
US Equity	283,437	13,031	-	62,893	359,361
International Equity	170,276	-	-	43,025	213,301
Fixed Income	554	109,772	-	-	110,326
Emerging Markets	61,011	-	-	42,286	103,297
Marketable Alternatives	-	-	127,731	256,516	384,247
Public Real Estate	38,502	-	-	-	38,502
Private Real Estate	-	-	49,312	-	49,312
Private Natural Resources	-	-	72,918	-	72,918
Venture Capital/Private Equity	-	5,964	184,302	-	190,266
Total	\$ 1,547,924	\$ 922,866	\$ 437,631	\$ 404,720	\$ 3,313,141

Short Term Investments. Include cash and cash equivalents valued at cost, which approximates fair value. Short-term investments in this category are valued at the quoted market price reported on the active market on which the individual securities are traded on the last day of the business year (Level 1 inputs). There are also investments where cash is held in a financial institution or investment account (Level 2 or Level 3 inputs).

U.S. Equity. Equity investments are generally in separately managed accounts principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). The University also has equity investments in commingled funds that are valued using NAV under the market approach. These investments are able to be redeemed on a short-term basis (Level 2 inputs).

Fixed Income. Fixed income investments include U.S. government bonds and corporate debt valued at the closing price reported in the active market in which the bond is traded (Level 1 inputs). Government agency and asset-backed securities are valued without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities or on models using market information (Level 2 inputs). The University also has fixed income investments held in commingled funds that are valued using NAV under the market approach. These investments are able to be redeemed on a short-term basis (Level 2 inputs).

International Equity. Non-U.S. equity investments are generally in separately managed accounts principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on globally recognized securities exchanges (Level 1 inputs). The University also has an equity investment in a commingled fund that is valued using NAV under the market approach. This investment is able to be redeemed on a short-term basis (Level 2 inputs). There are no unfunded future commitments to these investments.

Emerging Markets. Equity investments held in common stock of developing countries. The fair values of common stocks are determined by obtaining quoted prices on globally recognized securities exchanges (Level 1 inputs). The University also has an equity investment held in a commingled fund that is valued using NAV under the market approach. This investment is able to be redeemed on a short-term basis (Level 2 inputs). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

Marketable Alternatives. Marketable Alternatives include Hedge funds which are investments that employ a variety of strategies including US and global long/short, event and diversified arbitrage. The funds seek to generate positive risk-adjusted returns across a range of market environments. A NAV is used to determine the fair value. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the market approach, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. Redemptions may be made monthly, quarterly, or annually with notice periods ranging from 30 to 90 days. In a few instances, however, lock-ups of up to two years are in place, or the fund balance is in illiquid side pocket investments (Level 3 inputs).

Public Real Estate. Real estate equity investments are generally in separately managed accounts or a fund principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

Private Real Estate. The fair values of the investments in real estate partnerships have been estimated using the NAV of the ownership interest in partners' capital. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed at NAV with the fund managers until the partnerships terminate, which range from 3 to 10 years. Partnership investments are not readily marketable and their estimated value is subject to uncertainty (Level 3 inputs).

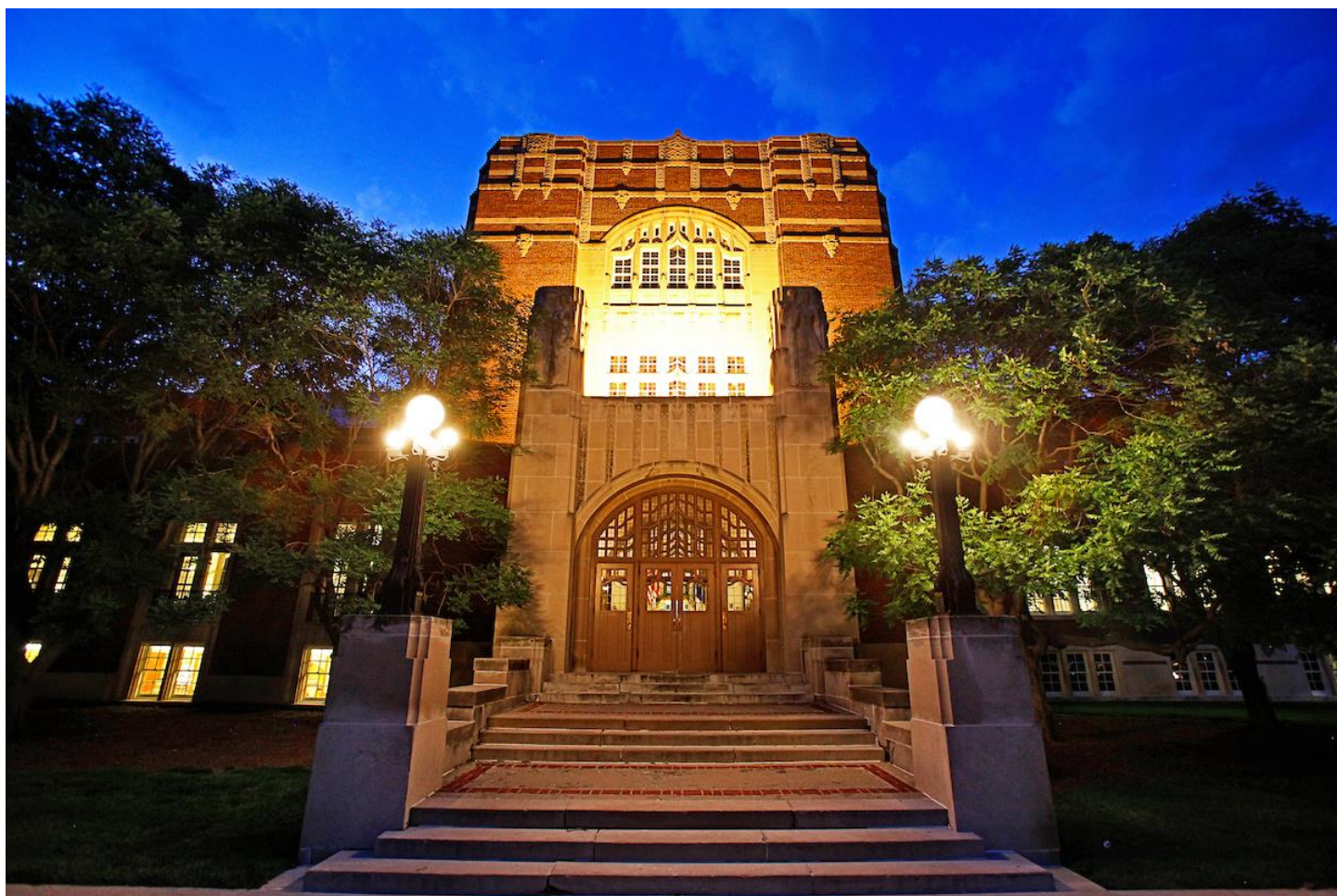
Public Natural Resources. Equity investments relating to oil and gas exploration, supplies and equipment are held in a commingled fund that is valued using NAV under the market approach. These investments are able to be redeemed on a short-term basis (Level 2 inputs). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

Private Natural Resources. The fair values of the investments in energy-related and mineral and mining partnerships have been estimated using the NAV of the ownership interest in partners' capital. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed at NAV with the fund managers until the partnerships terminate, which

range from 5 to 12 years. Partnership investments are not readily marketable and their estimated value is subject to uncertainty (Level 3 inputs).

Venture Capital/Private Equity. The fair values of the investments in buyout and venture partnership have been estimated using the NAV of ownership interest in partners' capital. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed at NAV with the fund managers until the partnerships terminate, which range from 1 to 12 years. Partnership investments are not readily marketable and their estimated value is subject to uncertainty (Level 3 inputs). A special situations private equity investment fund is able to be redeemed on a short-term basis with no significant restrictions (Level 2 inputs).

Interest in Perpetual Trust. The fair value of beneficial interest in trust assets (or any type of beneficial interest) is based on a valuation model that calculates the present value of estimated distributed income. The valuation model incorporates assumptions that market participants would use in estimating future distributed income, using the market approach. The University is able to compare the valuation model inputs and results to widely available published industry data for reasonableness. If not readily comparable to published data, then the University would have to develop a model similar to the above for a Level 3 input. Since the University does not have the ability to redeem these beneficial interests on a short-term basis, they are classified as Level 3 valuations.



Note 3 — Accounts, Pledges, and Notes Receivable

Accounts and notes receivable consisted of the following (dollars in thousands):

	June 30, 2016	June 30, 2015
Grants and Contracts	\$ 46,651	\$ 37,196
Student and General	24,055	20,041
Other Accrued Revenues	18,758	15,418
Less: Allowance for Doubtful Accounts	(3,153)	(3,731)
Total Accounts Receivable, Net	86,311	68,924
Pledges Receivable	64,706	57,826
Less: Allowance for Doubtful Pledges	(2,418)	(2,096)
Net Pledges Receivables	62,288	55,730
Less: Noncurrent Portion	(38,136)	(34,395)
Pledges Receivable, Current Portion	24,152	21,335
Perkins Loans	26,242	25,848
Institutional Loans	21,309	21,090
Other Student Loans and Receivables	12,241	12,207
Less: Allowance for Doubtful Loans	(1,114)	(1,737)
Net Notes Receivables	58,678	57,408
Less: Noncurrent Portion	(50,011)	(48,332)
Notes Receivable, Current Portion	8,667	9,076
State Appropriations Receivable	5,294	7,181
Other Receivables, Current Portion	\$ 5,294	\$ 7,181

Note 4 – Capital Assets (dollars in thousands)

Capital Assets Activity	Balance July 1, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
Capital Assets, Not Being Depreciated:					
Land	\$ 37,181	\$ 3,726	\$ -	\$ -	\$ 40,907
Construction in Progress	130,861	152,338	-	(82,544)	\$ 200,655
Total, Capital Assets, Not Being Depreciated	168,042	156,064	-	(82,544)	241,562
Capital Assets, Being Depreciated:					
Land Improvements	75,474	8	-	-	\$ 75,482
Infrastructure	124,800	11,332	393	19,529	\$ 155,268
Buildings	3,007,452	85,537	5,150	63,015	\$ 3,150,854
Equipment	523,277	46,360	21,143	-	\$ 548,494
Software	58,369	-	-	-	\$ 58,369
Total, Capital Assets, Being Depreciated	3,789,372	143,237	26,686	82,544	3,988,467
Less Accumulated Depreciation:					
Land Improvements	61,223	1,942	-	-	\$ 63,165
Infrastructure	52,995	7,423	76	-	\$ 60,342
Buildings	1,319,970	110,522	4,244	-	\$ 1,426,248
Equipment	362,785	35,496	19,636	-	\$ 378,645
Software	46,416	6,506	-	-	\$ 52,922
Total Accumulated Depreciation	1,843,389	161,889	23,956	-	1,981,322
Total Capital Assets, Net of Accumulated Depreciation	\$ 2,114,025	\$ 137,412	\$ 2,730	\$ -	\$ 2,248,707

Capital Assets Activity	Balance July 1, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Capital Assets, Not Being Depreciated:					
Land	\$ 28,179	\$ 9,084	\$ 82	\$ -	\$ 37,181
Construction in Progress	130,141	80,761	-	(80,041)	130,861
Total, Capital Assets, Not Being Depreciated	158,320	89,845	82	(80,041)	168,042
Capital Assets, Being Depreciated:					
Land Improvements	73,046	1,607	-	821	75,474
Infrastructure	105,008	12,531	275	7,536	124,800
Buildings	2,881,489	68,587	14,187	71,563	3,007,452
Equipment	508,753	36,592	22,189	121	523,277
Software	58,369	-	-	-	58,369
Total, Capital Assets, Being Depreciated	3,626,665	119,317	36,651	80,041	3,789,372
Less Accumulated Depreciation:					
Land Improvements	59,074	2,149	-	-	61,223
Infrastructure	46,668	6,362	35	-	52,995
Buildings	1,221,281	106,035	7,346	-	1,319,970
Equipment	344,415	38,211	19,841	-	362,785
Software	41,422	4,994	-	-	46,416
Total Accumulated Depreciation	1,712,860	157,751	27,222	-	1,843,389
Total Capital Assets, Net of Accumulated Depreciation	\$ 2,072,125	\$ 51,411	\$ 9,511	\$ -	\$ 2,114,025

During fiscal year 2016, the University incurred \$30,237,000 in interest costs related to the ownership of capital assets. Of this total, \$27,302,000 was charged as interest expense and \$2,935,000 was capitalized.

Note 5 —Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following (dollars in thousands):

	June 30, 2016	June 30, 2015
Construction Payables	\$ 29,166	\$ 22,134
Accrued Insurance Liabilities	20,550	24,261
Interest Payable	14,550	17,058
Accrued Salaries and Wages	9,628	8,391
Vendor and Other Payables	31,102	35,482
Net Pension Liability	20,184	-
Total Accounts Payable	\$ 125,180	\$ 107,326

Included in Total Accounts Payable is \$20,184,000 related to a one-time supplemental contribution made in August 2016 to the Indiana Public Retirement System in order to fund our supplemental contribution to PERF pursuant to Indiana Public Law 241-2015.

Accrued Insurance Liabilities. The University is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; accident, health, and other medical benefits provided to employees and their dependents; and long-term disability benefits provided to employees. The University handles these risks of loss through combinations of risk retention and commercial insurance. For buildings and contents, the University's risk retention is \$250,000 per occurrence. There is \$2,000,000 retention per occurrence or wrongful act for general, automobile, and professional and educators' legal liability coverage. The University retains the entire risk for medical benefits. The maximum liability to the University for job-related illness or injury is \$500,000 per incident, with a maximum annual aggregate liability of approximately \$8,000,000 as of both June 30, 2016 and 2015.

Separate funds have been established to account for these risks. All departments of the University are charged fees based on actuarial estimates of the amounts necessary to pay claims and to establish reserves for catastrophic losses. During the years ended June 30, 2016 and 2015, the University reflected approximately \$1,753,000 and \$0, respectively, of insurance proceeds as non-operating income.

The University accrues liabilities for claims if information indicates that a loss has been incurred as of June 30, and the amount of the loss can reasonably be estimated. Changes in the balances of accrued insurance liabilities were as follows (dollars in thousands).

	June 30, 2016	June 30, 2015
Beginning Liability	\$ 24,261	\$ 22,329
Claims Incurred	115,370	107,536
Claims Payments	(119,081)	(105,604)
Ending Liability	\$ 20,550	\$ 24,261

Note 6 — Debt Related to Capital Assets

Debt liability activity is summarized below (dollars in thousands):

Debt Related Liabilities	Balance			Balance	
	July 1, 2015	Increases	Decreases	June 30, 2016	Current Portion
Notes Payable	\$ 616	\$ 7,070	\$ 619	\$ 7,067	\$ 415
Leases Payable to Affiliated Foundations	130,326	85,120	5,787	209,659	37,861
Bonds Payable					
Student Facilities System Revenue Bonds	370,870	67,470	67,080	371,260	63,550
Student Fee Bonds	441,905	121,885	130,915	432,875	32,480
Total Bonds Payable	812,775	189,355	197,995	804,135	96,030
Net Unamortized Premiums and Costs	51,921	57,135	14,174	94,882	11,984
Total Debt Related Liabilities	\$ 995,638	\$ 338,680	\$ 218,575	\$ 1,115,743	\$ 146,290

Debt Related Liabilities	Balance			Balance	
	July 1, 2014	Increases	Decreases	June 30, 2015	Current Portion
Commercial Paper	\$ 18,308	\$ -	\$ 18,308	\$ -	\$ -
Notes Payable	710	-	94	616	101
Leases Payable to Affiliated Foundations	142,668	-	12,342	130,326	37,972
Bonds Payable					
Student Facilities System Revenue Bonds	316,205	98,070	43,405	370,870	62,030
Student Fee Bonds	430,775	67,615	56,485	441,905	33,965
Total Bonds Payable	746,980	165,685	99,890	812,775	95,995
Net Unamortized Premiums and Costs	40,292	18,922	7,293	51,921	7,003
Total Debt Related Liabilities	\$ 948,958	\$ 184,607	\$ 137,927	\$ 995,638	\$ 141,071

Commercial Paper. On April 1, 2008, a commercial paper agreement was negotiated with Goldman, Sachs & Company. This agreement authorized a maximum outstanding at any time of \$50,000,000 to finance portions of the costs of certain infrastructure, equipment, and facilities on various campuses. The interest rate is variable and reset based on market conditions. The University can set the maturity dates up to 270 days. On January 7, 2015 all outstanding Commercial Paper debt was paid in full. The program is currently inactive.

Notes Payable. As of June 30, 2016 and 2015, the balance of notes outstanding was approximately \$7,067,000 and \$616,000, respectively, representing financing for various activities.

On November 15, 2015, the University entered into an agreement with Purdue Research Foundation (PRF) that transferred the Bowen Laboratory Facility property to the University in exchange for an agreement to pay the balance of the PRF debt attributable to the Bowen Lab. The initial balance was \$7,070,000, and the balance at June 30, 2016 was \$6,660,000. The current portion of this debt was approximately \$415,000 as of June 30, 2016, with an interest rate ranging between 2.00% and 5.00% as of June 30, 2016.

On June 10, 2010, the University entered into a loan agreement with PRF to refinance its capital lease with PRF. The agreement authorized the transfer of the Schneider Avenue building from PRF to the Calumet campus in exchange for the original promise to pay approximately \$1,140,000 over thirteen annual payments. The outstanding balance of this note was \$407,000 and \$616,000 as of June 30, 2016 and 2015. There is no current portion due as of June 30, 2016 as it was paid during the 2016 fiscal year, and the current portion of the note was approximately \$101,000 as of June 30, 2015. The interest rate for the note was fixed at 8.00% as of June 30, 2016 and 2015.

Leases Payable. Leases payable consisted of the following items (dollars in thousands):

Issue	Issue Date	Interest Rates	Final Maturity Date	Outstanding June 30, 2016	Outstanding	Outstanding
					June 30, 2015	June 30, 2016
Certificates of Participation with Ross-Ade Foundation:						
Series 2006	2006	5.25%	2025	29,445	32,520	2,640
Series 2009B	2009	4.29-5.96%	2019	40,715	42,795	2,135
Series 2011A	2011	0.40%*	2035	32,185	32,185	32,185
Series 2014A	2014	2.66%	2027	21,530	21,955	805
Series 2016A	2016	4.00-5.00%	2037	85,120	-	-
Leases with PRF:						
Kaplan	2012	5.63%	2022	664	755	96
Leases with IPFW Foundation:						
Child Care Center	2011	6.20%	2016	-	116	-
				209,659	130,326	37,861
Net unamortized premiums and costs				19,754	1,901	1,959
Total				\$ 229,413	\$ 132,227	\$ 39,820

*Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2016.

The Certificates of Participation (COPs) are secured by certain real estate and the projects located on that real estate, the lease payments to the Ross-Ade Foundation, and a pledge of available income, except student fees and state appropriations. The University has entered into a lease purchase arrangement whereby on the termination of the stated lease, title to the land and buildings will be conveyed absolutely to the Trustees of the University. At any time during the lease term, the University has the right to acquire the entire title to the facility by paying the Ross-Ade Foundation an amount equal to the then outstanding indebtedness. The Ross-Ade Foundation has created a reserve for valuation to reduce the carrying value of certain properties leased to the University in an amount not greater than the proceeds to be received if disposal was made to the University. During the Fiscal Years June 30, 2016 and 2015, the University included approximately \$32,185,000 in Current Liabilities related to variable rate Certificates of Participation (Series 2011A).

On June 15, 2016, the University issued Certificates of Participation, Series 2016A at par value of \$85,120,000 and a premium of approximately \$18,127,000 to fund the renovation and expansion of the Mollenkopf Football Performance Center at the West Lafayette campus, to pay for allowable construction period interest and costs of issuance, and to effect a cross-over refunding of a portion of Build America Certificates of Participation, Series 2009B (Direct Pay Option) effective July 1, 2019. Debt service on the Series 2016A refunding certificates due up to and including July 1, 2019 will be paid from an irrevocable escrow held by the Escrow Trustee, Bank of New York Mellon. At the cross-over date, \$34,130,000 will be outstanding in Series 2009B and will be called and paid for by the escrowed funds. After that point, the university estimates a reduction in its aggregate debt service payments over the life of the debt of approximately \$2,579,000. An economic loss (difference between the reacquisition cost and unamortized premium) of approximately \$3,471,000 will be created when the cross-over is effected on July 1, 2019 and amortized through 2031. During fiscal 2016, there was no payment of debt service on the Series 2016A Certificates; interest income on the escrowed securities was approximately \$16,000.

As of June 30, 2016 and 2015, long-term debt included amounts relating to properties with book value, net of accumulated depreciation of approximately \$151,122,000 and \$152,159,000, respectively, leased from Ross-Ade Foundation, Purdue Research Foundation, or the IPFW Foundation.

On September 1, 2011, the University entered into a \$615,000 lease agreement with the IPFW Foundation for a child care center near the Fort Wayne campus. The lease was treated as a capital lease with a fair value of \$515,000.

On December 21, 2012 the University entered into a \$1,335,000 lease agreement with Purdue Research Foundation for the real estate commonly known as Kaplan Commons near the Calumet campus. The lease was treated as a capital lease with a fair value of \$1,000,000.



Bonds Payable. As of June 30, 2016 and 2015, the balance of bonds payable was approximately \$879,263,000 and \$862,795,000, respectively. Bonds payable consisted of the following issues (dollars in thousands):

Issuance and Description	Issue Date	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2016	Total Outstanding June 30, 2015	Current Outstanding June 30, 2016
Student Facilities System Revenue Bonds:						
Series 2004A						
Finance construction of Calumet student housing and parking garage facilities	2004	0.41%*	2033	\$ 16,600	\$ 17,600	\$ 16,600
Series 2005A						
Finance construction and renovation of West Lafayette housing and food service facilities	2005	0.40%*	2029	6,020	6,020	6,020
Series 2007A						
Refund a portion of Student Facilities System Revenue Bond Series 2003A and 2003B	2007	5.00-5.25%	2029	57,680	59,840	2,275
Series 2007B						
Finance construction of the new West Lafayette dining court and Fort Wayne student housing facility	2007	5.00%	2018	2,715	3,510	835
Series 2007C						
Renovate a West Lafayette student housing facility, and finance construction on a new West Lafayette student housing facility	2007	0.40%*	2032	25,520	25,520	25,520
Series 2009A						
Finance construction of new West Lafayette and Calumet student housing, renovate a West Lafayette student housing facility, and refund a portion of commercial paper	2009	5.00%	2016	1,055	19,930	1,055
Series 2009B						
Finance Fort Wayne and West Lafayette student housing facilities, and refund a portion of commercial paper	2009	5.00%	2016	1,120	37,510	1,120
Series 2010A						
Taxable Build America Bonds to finance the renovation of West Lafayette student housing facilities, and refund a portion of commercial paper	2010	3.16-5.96%	2030	21,605	22,750	1,165
Series 2011A						
Refund a portion of Student Facilities System Revenue Bond Series 2004A, 2005A, and 2007C	2011	3.75-5.00%	2025	38,360	41,295	3,065
Series 2012A						
Finance construction for the West Lafayette student housing and parking facilities, and to refund a portion of Student Facilities System Revenue Bond Series 2003B and a portion of commercial paper	2012	3.13-5.00%	2032	35,370	38,825	3,645
Series 2015A						
Finance a portion of construction of West Lafayette Honors College and Residence Hall, refund a portion of Series 2007B and of Series 2009A.	2015	3.00-5.00%	2040	97,745	98,070	1,460
Series 2016A						
Finance construction for the West Lafayette Flex Lab Facility, refund portion of Series 2009A and Series 2009B.	2016	3.00-5.00%	2036	67,470	-	790
				371,260	370,870	63,550
Net unamortized premiums and costs				33,360	24,332	3,637
Total Student Facilities System Revenue Bonds				\$ 404,620	\$ 395,202	\$ 67,187

*Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2016.

Issuance and Description	Issue Date	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2016	Total Outstanding June 30, 2015	Current Outstanding June 30, 2016
Student Fee Bonds:						
Series P						
Refund Student Fee Bond Series M	1998	5.25%	2017	6,705	11,475	5,020
Series U						
Refund a portion of Student Fee Bond Series Q	2005	3.85-5.25%	2022	21,855	24,670	2,960
Series W						
Finance West Lafayette strategic infrastructure and utilities improvements	2006		2015	-	1,895	-
Series X						
Finance the construction of the West Lafayette Health and Human Sciences facility, add a wing to the West Lafayette Mechanical Engineering Building, West Lafayette power improvements, construct the Fort Wayne Student Services and Library Complex, for repair and rehabilitation projects, and to refund a portion of commercial paper	2009	5.00%	2019	19,610	85,510	4,555
Series Y						
Refund Student Fee Bond Series S, T, and V	2010	4.50-5.00%	2020	19,505	58,255	3,525
Series Z-1						
Finance a portion of construction of the West Lafayette Student Fitness and Wellness Center, Fort Wayne Parking Garage, and West Lafayette Repair & Rehabilitation projects as well as refund Student Fee Bond Series H, K, L, O, and a portion of Series R and a portion of commercial paper	2010	4.00-5.00%	2024	34,365	42,155	5,710
Series Z-2						
Taxable Build America Bonds to finance a portion of the construction of the West Lafayette Student Fitness and Wellness Center and the Fort Wayne Parking Garage, and a portion of West Lafayette Repair & Rehabilitation projects	2010	2.24-5.33%	2035	96,805	99,305	3,680
Series AA						
Finance a portion of construction of the West Lafayette Student Fitness and Wellness Center, Health and Human Sciences Facility, Repair & Rehabilitation projects on the West Lafayette campus and Purdue North Central Student Services and Activities complex	2012	3.00-5.00%	2032	49,160	51,025	1,940
Series BB1						
Finance a portion of construction of North Central Student Services and Activities Complex, Repair and Rehabilitation projects on the West Lafayette campus, refund energy improvement projects on all campuses originally financed with tax-exempt commercial paper and partially refund Series W.	2015	3.00-5.00%	2034	45,135	48,630	4,225
Series BB2						
Taxable debt for reallocation of Drug Discovery from tax-exempt Series AA	2015	0.89-3.81%	2032	17,850	18,985	865
Series CC						
Finance construction of West Lafayette Agriculture & Life Sciences Facility and partially refund Series X and Series Y	2016	3.00-5.00%	2036	121,885	-	
				432,875	441,905	32,480
Net unamortized premiums and costs				41,768	25,688	6,388
Total Student Fee Bonds				\$ 474,643	\$ 467,593	\$ 38,868

The Student Facilities System Revenue Bonds are secured by a pledge of certain auxiliary net income and all other available funds, except student fees and state appropriations. Student Fee Bonds are secured by a pledge of mandatory student fees.

As of both June 30, 2016 and 2015, the University had approximately \$48,140,000 and \$49,140,000 included in Current Liabilities related to variable rate Student Facility System Revenue demand bonds (Series 2004A, Series 2005A, and Series 2007C). These bonds are backed by certain auxiliary revenues and other available funds, with serial maturities July 1, 2029 through July 1, 2033. The bonds were issued under Indiana Code IC 21-34 and IC 21-35. The proceeds of the bonds were used to provide funds for certain capital improvements, refund certain interim financing, provide for construction period interest for a portion of the bonds, and pay costs incurred to issue the bonds.

The University may direct a change in the type of interest rate borne by the variable rate debt (including variable rate COPs Series 2011A), in whole or in part, at any time from the weekly rate to a rate determined pursuant to one of six additional interest rate modes: a daily rate, a monthly rate, a quarterly rate, a semiannual rate, or a term rate (each an “adjustable rate”), or a fixed rate in accordance with the procedures provided in the indenture. However, if the debt is converted in whole or in part to a fixed rate, the interest rate on the debt so converted may not be subsequently changed to an adjustable rate.

The variable rate bonds and certificates of participation are subject to purchase on the demand of the holder, a “put,” at a price equal to principal plus accrued interest on seven days’ notice and delivery to the University’s remarketing agent. The remarketing agent is authorized to use its best efforts to sell these bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The University is provided a 24-hour notice if the remarketing agent is unable to resell any debt that is put to the University. In such a case, the University is required to provide the funds to satisfy the repurchase of the debt at 100% par value, plus interest accrued to the settlement date of the put. The University has chosen to provide self-liquidity in the event of a put from any holder of these variable rate bonds or certificates of participation.

On January 7, 2015, tax-exempt Student Fee Bonds, Series BB-1 were issued at par value \$48,630,000 and a premium of approximately \$7,210,000. Concurrently, taxable Student Fee Bonds, Series BB-2 were issued for par value of \$18,985,000. The Series BB-1 bonds provided funds for construction of the Student Service and Activities Complex at the Purdue North Central campus and financed various West Lafayette repair and rehabilitation projects. The series also refunded all outstanding commercial paper, a portion of which funded several energy conservation projects at each of the Purdue campuses. A portion of the outstanding Student Fee Bonds, Series W was also refunded in the amount of \$27,800,000, resulting in a reduction in the University's aggregate debt service payments over the life of the debt of approximately \$4,109,000. The refunding resulted in an estimated economic loss of approximately \$1,027,000. The taxable Series BB-2 was issued to reallocate a portion of previously issued tax-exempt Series AA proceeds due to a change in use of a financed facility, the West Lafayette Drug Discovery building. Proceeds of Series AA were reallocated to the Student Services and Activities Complex at the Purdue North Central campus while the taxable proceeds from BB-2 were allocated to the West Lafayette Drug Discovery building.

On March 31, 2015, tax-exempt Student Facilities System Revenue Bonds, Series 2015A, were issued at par value of \$98,070,000 and a net premium of approximately \$11,370,000. The series was issued to finance a portion of the construction of the West Lafayette Honors College and Residence Hall. The series also refunded a portion of each of the outstanding Student Facilities System Revenue Bonds, Series 2007B and Series 2009A bonds, \$18,835,000 and \$12,750,000, respectively. As a result of the refunding, the University will have a reduction in its aggregate debt service payments over the life of the debts of approximately \$5,661,000. The refunding resulted in an economic loss of approximately \$1,380,000.

On May 11, 2016, the University issued Student Facilities System Revenue Bonds, Series 2016A at par value of \$67,470,000 and a premium of approximately \$13,317,000 to partially fund the construction of a the Engineering Flexible Laboratory on the West Lafayette campus, to refund a portion of Student Facilities System Revenue Bonds, Series 2009A

and 2009B, \$17,865,000 and \$35,325,000, respectively, and to pay for allowable costs of issuance. As a result of the refunding, the university anticipates a reduction in its aggregate debt service payments over the life of the debt of approximately \$7,128,000. The refunding resulted in an economic loss (difference between the reacquisition cost and unamortized premium) of approximately \$5,454,000 through 2036 over the term of the refunding bonds.

On May 26, 2016, the University issued Student Fee Bonds, Series CC at par value of \$121,885,000 and a premium of approximately \$25,691,000 to partially fund the construction of the Agricultural and Life Sciences complex at the West Lafayette campus, to pay for allowable costs of issuance, and to refund a portion of Student Fee Bonds, Series X and Y, \$61,570,000 and \$35,380,000, respectively. As a result of the refunding, the university anticipates a reduction in its aggregate debt service payments over the life of the debt of \$13,028,606. The refunding resulted in an economic loss (difference between the reacquisition cost and unamortized premium) of \$9,239,516 through 2028 over the term of the refunding bonds.

On June 30, 2016, the University completed an optional call on the Student Facilities System Revenue Bonds, Series 2004A maturing on July 1, 2033 of \$1,000,000.

Scheduled payments related to debt for the fiscal years ending June 30 are as follows (dollars in thousands):

Fiscal Year	Principal	Interest	Total
2017	\$ 54,099	\$ 39,839	\$ 93,938
2018	54,433	40,922	95,355
2019	88,969	38,912	127,881
2020	55,414	34,812	90,226
2021	53,985	33,043	87,028
2022-2026	270,220	128,488	398,708
2027-2031	258,700	65,171	323,871
2032-2036	157,550	21,089	178,639
2037-2041	27,492	2,313	29,805
	1,020,862	404,589	1,425,451
Net unamortized premiums and costs	94,882	-	94,882
Total	\$ 1,115,744	\$ 404,589	\$ 1,520,333

Defeased Bond Issues. The University defeases bonds by prepayment or issuing new debt. The University's defeased debt is shown below (dollars in thousands). US Treasury obligations have been purchased in amounts sufficient to pay principal and interest payments when due through the call date, and have been deposited in irrevocable trusts with the trustee. Neither the defeased bonds nor the related trusts are reflected in the accompanying financial statements.

Description of Bonds	Final Maturity/ Call Date	Amount Outstanding	
		June 30, 2016	June 30, 2015
Student Fee and Facilities:			
Student Facilities System Revenue Bonds, Series 2007B	1/1/2017	\$18,835	\$18,835
Student Facilities System Revenue Bonds, Series 2009A	1/1/2016	-	12,750
Student Facilities System Revenue Bonds, Series 2009A	1/1/2019	17,865	-
Student Facilities System Revenue Bonds, Series 2009B	7/1/2019	35,325	-
Student Fee Bonds:			
Student Fee Bonds, Series W	1/1/2016	-	27,800
Student Fee Bonds, Series X	7/1/2019	61,570	-
Student Fee Bonds, Series Y	7/1/2020	35,380	-

Operating Leases. The University has entered into various operating leases for facilities. The scheduled payments related to these operating leases for the fiscal years ending June 30 are as follows (dollars in thousands):

Fiscal Year	Lease Payments
2017	\$ 4,115
2018	3,720
2019	2,375
2020	2,404
2021	2,442
Total Future Minimum Payments	\$ 15,056

Note 7— Other Debt Information

Other debt information is summarized below (dollars in thousands):

Long-term Liabilities	Balance			Balance	
	July 1, 2015	Increases	Decreases	June 30, 2016	Current Portion
Accrued Compensated Absences	\$ 58,913	\$ 29,908	\$ 26,407	\$ 62,414	\$ 25,538
Other Post Employment Benefits	36,693	5,911	11,207	31,397	-
Funds Held in Trust for Others	7,465	9,947	10,629	6,783	-
Advances from Federal Government	19,891	-	512	19,379	-
Total	\$ 122,962	\$ 45,766	\$ 48,755	\$ 119,973	\$ 25,538

Long-term Liabilities	Balance			Balance	
	July 1, 2014	Increases	Decreases	June 30, 2015	Current Portion
Accrued Compensated Absences	\$ 57,357	\$ 27,917	\$ 26,361	\$ 58,913	\$ 26,407
Other Post Employment Benefits	38,568	7,672	9,547	36,693	-
Funds Held in Trust for Others	8,153	6,537	7,225	7,465	-
Advances from Federal Government	19,930	-	39	19,891	-
Total	\$ 124,008	\$ 42,126	\$ 43,172	\$ 122,962	\$ 26,407

Other Post-Employment Benefits. The University offers medical insurance for official retirees and their dependents. As of July 1, 2014, separating employees who are 55 or older, and have at least 10 years of service are eligible for official retirement status. Prior to July 1, 2014, the official retirement policy was retirees who are 55 or older whose age and years of service are equal to or are greater than 70 and have at least 10 years of service.

Official retirees under the age of 65 and their dependents are given the option to continue their medical insurance if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. Early retirees enjoy the benefit of a lower insurance cost due to continued participation in the University plan, which creates an implicit rate subsidy.

Purdue's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The actuarial assumptions included are shown on the following pages. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortizes any unfunded actuarial liabilities over a 20-year period.

During the year ended June 30, 2011, the Trustees approved a voluntary early retirement incentive program for employees at least 60 years of age with at least 10 years of employment. The plan was set up to contribute to a health reimbursement account (HRA) in the amount of \$7,000 per year up to a total of \$35,000, which can be used to pay health premiums and other allowable medical expenses. Since the initial early retirement incentive plan, there have been several smaller plans offered with similar arrangements. For the years ended June 30, 2016 and 2015, there were 165 and 523, employees, respectively, participating in the voluntary retirement incentive program. For the years ending June 30, 2016 and 2015, the University had an outstanding liability associated with health reimbursement accounts of approximately \$1,504,000 and \$5,661,000, respectively.

Purdue also offers a long-term disability program providing income continuation payments. Based on date of disability, some additional benefits may be extended. Prior to January 1, 2013, the program included retirement benefit payments, medical and life insurance premium payments for a small required premium paid by the employee. Those who were participating in the program at that date continue to receive the benefits until they reach the age of 65. Individuals with a date of disability beginning January 1, 2013, or after, may continue medical benefits at the existing employee premiums until the employee becomes eligible for Medicare or for a maximum of three years after the employee becomes disabled, whichever comes first. All future and existing disability income benefit liability is fully insured through an insurance carrier.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the health-care 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 presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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. The following tables show 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 (dollars in thousands):

Determination of Annual Required Contribution (ARC)

Cost Element	For Fiscal Year Ending June 30, 2016	For Fiscal Year Ending June 30, 2015
Normal cost	\$ 2,423	\$ 3,179
Amortization of the Unfunded Actuarial Accrued Liability	5,372	5,999
Total Annual Required Contribution (End of year)	\$ 7,795	\$ 9,178

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contributions	Actual Contributions	Percentage Contributed
June 30, 2008	\$ 11,014	\$ 4,880	44%
June 30, 2009	\$ 11,297	\$ 5,293	47%
June 30, 2010	\$ 12,750	\$ 6,242	49%
June 30, 2011	\$ 14,755	\$ 6,138	42%
June 30, 2012	\$ 11,463	\$ 8,032	70%
June 30, 2013	\$ 11,675	\$ 6,190	53%
June 30, 2014	\$ 7,523	\$ 5,134	68%
June 30, 2015	\$ 7,672	\$ 9,547	124%
June 30, 2016	\$ 5,911	\$ 11,207	190%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)
January 1, 2007	-	\$ 72,948	\$ 72,948	0%
January 1, 2009	-	\$ 76,492	\$ 76,492	0%
January 1, 2009*	-	\$ 97,703	\$ 97,703	0%
January 1, 2011**	-	\$ 89,872	\$ 89,872	0%
January 1, 2013	-	\$ 72,335	\$ 72,335	0%
January 1, 2015	-	\$ 51,658	\$ 51,658	0%

* Updated to include the estimated effect of the Retirement Incentive Program

** Updated to incorporate new claim estimates and reduced disability rates based on historical trends

Net OPEB Obligation (NOO)

Actuarial Valuation Date	Fiscal Year End	Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a) + (b) + (c) (d)	Actual Contribution Amount (e)	Net Increase in NOO (d) - (e) (f)	NOO as of End of Year (g)
January 1, 2007	June 30, 2008	\$ 11,014	\$ -	\$ -	\$ 11,014	\$ 4,880	\$ 6,134	\$ 6,134
January 1, 2007	June 30, 2009	\$ 11,363	\$ 307	\$ (373)	\$ 11,297	\$ 5,293	\$ 6,004	\$ 12,138
January 1, 2009	June 30, 2010	\$ 12,949	\$ 607	\$ (806)	\$ 12,750	\$ 6,242	\$ 6,508	\$ 18,646
January 1, 2009	June 30, 2011	\$ 15,060	\$ 932	\$ (1,237)	\$ 14,755	\$ 6,138	\$ 8,617	\$ 27,263
January 1, 2011	June 30, 2012	\$ 12,158	\$ 1,363	\$ (2,058)	\$ 11,463	\$ 8,032	\$ 3,431	\$ 30,694
January 1, 2011	June 30, 2013	\$ 12,458	\$ 1,535	\$ (2,318)	\$ 11,675	\$ 6,190	\$ 5,485	\$ 36,179
January 1, 2013	June 30, 2014	\$ 8,935	\$ 1,447	\$ (2,859)	\$ 7,523	\$ 5,134	\$ 2,389	\$ 38,568
January 1, 2013	June 30, 2015	\$ 9,177	\$ 1,543	\$ (3,048)	\$ 7,672	\$ 9,547	\$ (1,875)	\$ 36,693
January 1, 2015	June 30, 2016	\$ 7,795	\$ 1,468	\$ (3,352)	\$ 5,911	\$ 11,207	\$ (5,296)	\$ 31,397

Valuation Date	January 1, 2015
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	20 years from date of establishment, closed, level percent of pay
Asset valuation method	N/A, no assets in trust
Actuarial assumptions:	
Discount rate	4%
Projected payroll increases	3%
Health care cost trend rate:	
Medical	7.75% graded to 5% over 6 years
Prescription Drugs	7.75% graded to 5% over 6 years
Vision	3%
Administrative Costs	3%
Plan membership:	
	January 1, 2015
Current retirees and surviving spouses	283
Current disabled	149
Current active members	10,851
Total	11,283

Note 8 – Operating Expenses by Function

Operating expenses by functional classification are summarized as follows (dollars in thousands):

June 30, 2016

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	\$ 607,245	\$ 93,102	\$ -	\$ -	\$ 700,347
Research	169,983	69,104	-	-	239,087
Extension and Public Service	87,280	45,913	-	-	133,193
Academic Support	88,641	50,937	-	-	139,578
Student Services	32,205	14,049	-	-	46,254
General Administration and Institutional Support	128,221	43,862	-	-	172,083
Physical Plant Operations and Maintenance	78,370	53,053	-	-	131,423
Depreciation	-	-	161,889	-	161,889
Student Aid	-	-	-	78,355	78,355
Auxiliary Enterprises	100,302	72,079	-	-	172,381
Total	\$ 1,292,247	\$ 442,099	\$ 161,889	\$ 78,355	\$ 1,974,590

June 30, 2015

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	\$ 524,258	\$ 98,199	\$ -	\$ -	\$ 622,457
Research	159,195	62,909	-	-	222,104
Extension and Public Service	69,153	62,172	-	-	131,325
Academic Support	98,897	41,505	-	-	140,402
Student Services	38,582	9,091	-	-	47,673
General Administration and Institutional Support	111,520	33,006	-	-	144,526
Physical Plant Operations and Maintenance	76,855	55,247	-	-	132,102
Depreciation	-	-	157,751	-	157,751
Student Aid	-	-	-	72,079	72,079
Auxiliary Enterprises	140,347	76,878	-	-	217,225
Total	\$ 1,218,807	\$ 439,007	\$ 157,751	\$ 72,079	\$ 1,887,644

Note 9 — Retirement Plans

Authorization. Authorization to establish retirement plans is stated in Indiana Code IC 21-38-7.

All Employees. University employees are participants in various retirement programs, including the Federal Insurance Contributions Act (FICA). During the years ended June 30, 2016 and 2015, the University's contribution to FICA was approximately \$56,301,000 and \$53,524,000, respectively.

Defined Contribution Plans. Certain employees of the University participate in defined contribution plans. Benefit provisions are established and/or amended by the Trustees. University defined contribution plans are all administered through Fidelity Investments. Plan contributions are made at the time the associated payroll is issued, so there is not a material outstanding liability at June 30, 2016 or 2015.

Faculty and Administrative/Professional Staff. Faculty, professional, and certain administrative employees of the University participate in the exempt employees' defined contribution plans. Faculty and management personnel participate immediately upon employment; others must satisfy a three-year waiting period. Effective January 1, 2011, the University contributes 10% of each participating employee's salary to the Purdue University 403(b) defined contribution retirement plan. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan and/or the Purdue University 457(b) deferred compensation plan. Those eligible to participate in the defined contribution plan also participate in the Purdue University 401(a) Profit Sharing Plan. This plan requires a mandatory employee contribution of 4% of their salary. Funds in all exempt employees defined contribution plans are immediately vested, so no forfeitures exist in these plans.

For the years ended June 30, 2016 and 2015, there were 7,201 and 6,884 employees, respectively, participating in the plans with annual pay equal to approximately \$605,385,000 and \$572,478,000, respectively. For the years ended June 30, 2016 and 2015, the University made contributions totaling approximately \$59,249,000 and \$56,445,000, respectively, to these plans.

Clerical, Service, and Operations/Technical Assistants. Clerical, service, and operations/technical assistants hired on or after September 9, 2013 and employed at least half-time participate in the non-exempt employees' defined contribution plan. Benefits-eligible employees in this category participate immediately upon date of employment. The University provides a base contribution of 4% of the participating employee's salary each pay period to the Purdue University 403(b) defined contribution retirement plan. This plan has a three year vesting period for this employee group, and there is not a material forfeiture balance at this time. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan. The University will match voluntary employee pre-tax contributions up to 4% of earnings each pay period. Employees may also contribute voluntarily to the Purdue University 457(b) Deferred Compensation Plan, but these contributions are not matched.

For the years ended June 30, 2016 and 2015, there were 1,615 and 1,088 employees, respectively, participating in the plan with annual pay equal to approximately \$34,150,000 and \$18,333,000, respectively. For the year ended June 30, 2016 and 2015, the University made base contributions totaling approximately \$1,284,000 and \$688,000, respectively, and matching contributions totaling approximately \$1,043,000 and \$540,000, respectively, to the plan.

Defined Benefit Plans. Certain employees of the University participate in defined benefit plans administered by other agencies. Actuarial information related to the University's portion of these plans are disclosed in the Required Supplementary Information (RSI) at the back of the Financial Report.

PERF. Regular clerical and service staff employed at least half-time and hired on or prior to September 8, 2013, participate in the Public Employees Retirement Fund (PERF), a retirement program administered by Indiana Public Retirement System (INPRS), an agency of the state of Indiana. PERF, as part of the implementation of GASB 67 changed from an agent to a cost-sharing, multiple-employer defined benefit plan effective July 1, 2013 based on 35 IAC 21-1-1, 35 IAC 21-1-2, and amended IC 5-10.1-1-11(b).

PERF was established to provide retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the State of Indiana. The PERF retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Employees were eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit plan after 10 years of employment. The monthly pension benefits for members in pay status may be increased periodically for cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

The required contributions are determined by INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. For the years ended June 30, 2016 and 2015, the University was required to contribute 11.2% of the employee's salary. The employee contribution to the Annuity Savings Account in the amount of 3% of the employee's salary is being made by the University on behalf of the employee.

The financial statements of INPRS, including PERF, have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles as applied to government units. Oversight of INPRS' assets is the responsibility of the INPRS Board of Trustees. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control. Both pooled and non-pooled investments are reported at fair value. Benefits are recognized when due and payable to members or other beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. INPRS issues a publicly available financial report that includes financial statements, notes, and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing to: Indiana Public Retirement System, One North Capitol Ave., Suite 001, Indianapolis, IN 46204; or by visiting www.in.gov/inprs/annualreports.htm.

For the years ended June 30, 2016 and 2015, there were 3,410 and 3,967 employees, respectively, participating in PERF. The University's proportionate share of PERF's Net Pension Liability, based on covered payroll of approximately \$120,126,000 was 2.50794% for the measurement date June 30, 2015, which was the date used for this financial report. The proportionate share of the Net Pension Liability as calculated by INPRS under GASB 68 guidance was approximately \$81,962,000 and \$74,323,000 as of June 30, 2016 and 2015.

The University made contributions to the plan totaling approximately \$17,924,000 and \$16,942,000 for the years ending June 30, 2016 and 2015, respectively. The amount of contribution made after the measurement date, which is shown as a deferred outflow was approximately \$15,674,000 and \$13,405,000 for the years ended June 30, 2016 and 2015, respectively. The proportionate shares of pension plan expense for the years ended June 30, 2016 and 2015 as calculated under GASB 68 guidance were approximately \$16,136,000 and \$6,924,000, less net amortization of deferred amounts of approximately \$4,187,000 and \$1,212,000, leaving a net pension expense of approximately \$11,949,000 and \$5,712,000.

The University also made a one-time supplemental contribution in August 2016 in the amount of \$20,184,000 to the Indiana Public Retirement System toward the Unfunded Actuarial Accrued Liability pursuant to Indiana Public Law 241-2015. The liability at June 30, 2016 for this payment is included in Accounts Payable and Accrued Expenses, and additional disclosure is made in Note 5.

Actuarial calculations reflect a long-term perspective and the significant assumptions used in the actuarial valuation to calculate the total pension liability follow. The valuation date for assets was June 30, 2015, and the valuation date for liabilities was June 30, 2014 with standard actuarial roll forward techniques used to project the total pension liability at June 30, 2015. The amortization method and period are Level Dollar Closed over 30 years. The actuarial cost method is entry age normal (Level Percent of Payroll) cost. The employer required contribution is determined using an asset smoothing method. The actuarial assumptions include a 6.75% investment rate of return (net of administrative expenses), inflation rate of 3.0% per year, projected salary increases of 3.25% - 4.5% per year, and 1% per year cost of living adjustments, all based on the period of 5 years ended June 30, 2010, the most recent study date. Mortality rates were based on the 2013 IRS Static Mortality table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term return expectation 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 and 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.

	Target Asset Allocation	Geometric Basis
		Long-Term Expected Real Rate of Return
Public Equity	22.5%	5.3%
Private Equity	10.0%	5.6%
Fixed Income - Ex Inflation-Linked	22.0%	2.1%
Fixed Income - Inflation-Linked	10.0%	0.7%
Commodities	8.0%	2.0%
Real Estate	7.5%	3.0%
Absolute Return	10.0%	3.9%
Risk Parity	10.0%	5.0%

Total pension liability was calculated using the discount rate of 6.75%. The projection of cash flows used to determine the discount rate assumed the contributions would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy, adopted by the Board. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75%). Based on those assumptions, the 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.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 6.75%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
\$ 137,296,712	\$ 81,961,940	\$ 55,563,781

As a result of GASB 68 implementation, new categories of deferred outflows and inflows of resources are required to be reported and disclosed, as follows:

Summary of Deferred Outflows and Inflows of Resources

(Dollars in Thousands)

	As of June 30, 2016	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 4,385	\$ 211
Net difference between projected and actual investment earnings on pension plan investments	17,223	9,606
Change of assumptions	8,635	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	436	10,577
Contribution made after the measurement date	15,674	-
Total Deferred Outflows and Inflows	\$ 46,353	\$ 20,394

	As of June 30, 2015	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ 334
Net difference between projected and actual investment earnings on pension plan investments	-	14,444
Changes in proportion and differences between employer contributions and proportionate share of contributions	606	4,849
Contribution made after the measurement date	13,405	-
Total Deferred Outflows and Inflows	\$ 14,011	\$ 19,627

These deferred outflows and inflows of resources are required to be amortized over either a 4.5 or 5 year life, depending upon the nature of the item. Amortization of these items is presented in the following table:

Amortization of Net Deferred Outflows/Inflows of Resources	
2016	\$ 2,279,524
2017	2,279,524
2018	1,419,590
2019	4,305,772
2020	-
Thereafter	-
Total	\$ 10,284,410

Police/Fire. A supplemental pension program for police officers and firefighters (Police/Fire) was authorized by the Trustees on March 13, 1990, and was established on July 1, 1990. In conjunction with other retirement plans offered by the University, this plan provides police officers and firefighters employed by the University with a total retirement benefit that is comparable to the benefits received by municipal police and fire personnel in Indiana. Benefit provisions are established and/or amended by the Trustees. The program is an agent single-employer defined benefit plan, funded through group annuities, and administered through the Teachers Insurance and Annuity Association (TIAA). The plan provides for vesting after the completion of 10 years of covered employment, and employees are eligible for normal retirement benefits after the completion of 20 years of covered employment, and attainment of 55 years of age. The normal benefit payable under this plan is an amount equal to 50% of the annual base salary of a nonprobationary-level police officer at each campus, as in effect at the time of a member's retirement, reduced by the amount of any pension benefits payable under other University retirement programs, including TIAA-CREF and PERF. Employees covered by this plan are required to make contributions equal to 3% of the current salary for a nonprobationary-level police officer. University contributions are to be in such additional amounts as needed to maintain the plan on an actuarially sound basis. Financial reports related to this plan may be obtained by writing to: Abby Daniels, Public Records Officer; Purdue University, Hovde Hall, 610 Purdue Mall, West Lafayette, IN 47907-2040.

For the years ending June 30, 2016 and 2015, there were 104 and 104 employees, respectively, actively participating in Police/Fire. The University made contributions to this plan totaling approximately \$696,000 and \$1,030,000 for the years ending June 30, 2016 and 2015, respectively.

The pension benefit obligation was computed as part of an actuarial valuation performed as of July 1, 2015. The actuarial valuation was the projected unit credit actuarial cost method over 30 years. The actuarial assumptions include a 6.25% investment rate of return, projected salary increases of 2% per year, and 3% per year cost of living adjustments.

Three-Year-Trend Information (dollars in thousands)

Plan	Annual Required Contribution	Interest on Net Pension Obligation	Adjustment to Annual Required Contribution	Annual Pension Cost	Contributions Made ²	Increase	Net Pension Obligation, Beginning of Year	Net Pension Obligation, End of Year	Percentage of APC Contributed
						(Decrease) in Net Pension Obligation			
Police/Fire									
July 1, 2015 ¹	837	38	(393)	483	725	(242)	(584)	(826)	150%
July 1, 2014	812	44	(271)	585	1,068	(483)	(101)	(584)	183%
July 1, 2013	780	70	180	1,030	1,307	(277)	176	(101)	127%

¹ Actuarial data for 2016 was not available at the time of this report.

² Police/Fire contributions include interest earnings.

Cooperative Extension Service. As of June 30, 2016 and 2015, there were 11 staff members with federal appointments employed by the Indiana Cooperative Extension Service and covered by the Federal Civil Service Retirement System. The University contributed \$71,000 annually of the years ended June 30, 2016 and 2015 to this plan.

Note 10 – Discretely Presented Component Units

Summary financial information as of and for the years ended June 30, 2016 and 2015, for the University's discretely presented component units are presented in the tables below.

Discretely Presented Component Unit Statement of Financial Position

As of June 30, 2016 (Dollars in Thousands)

	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Assets:				
Cash and Cash Equivalents	\$ 11,043	\$ 225	\$ 296	\$ 11,564
Accounts Receivable, Net	33,476	-	55	33,531
Other Assets	19,787	3	3	19,793
Investments	2,372,272	63,011	9,537	2,444,820
Lease Purchase Agreements	-	123,866	71	123,937
Construction in Progress	-	7,524	-	7,524
Notes Receivable, Net	9,116	1,079	-	10,195
Interest in Charitable Perpetual Trusts	14,068	-	-	14,068
Capital Assets, Net of Accumulated Depreciation	194,723	151	7,271	202,145
Irrevocable Trust	-	37,617	-	37,617
Total Assets	2,654,485	233,476	17,233	2,905,194
Liabilities:				
Accounts Payable and Accrued Expenses	22,968	4,419	77	27,464
Due on Split Interest Agreements	48,609	-	-	48,609
Deposits Held in Custody for Others	1,517,709	-	-	1,517,709
Bonds (Net), Leases and Notes Payable	145,751	227,116	-	372,867
Other Liabilities	19,578	-	-	19,578
Total Liabilities	1,754,615	231,535	77	1,986,227
Net Assets:				
Temporarily Restricted	633,375	1,941	4,036	639,352
Permanently Restricted	137,779	-	6,457	144,236
Unrestricted	128,716	-	6,663	135,379
Total Net Assets	\$ 899,870	\$ 1,941	\$ 17,156	\$ 918,967

Discretely Presented Component Unit Statement of Financial Position

As of June 30, 2015 (Dollars in Thousands)

	Purdue Research Foundation (as restated)	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Assets:				
Cash and Cash Equivalents	\$ 13,994	\$ 195	\$ 211	\$ 14,400
Accounts Receivable, Net	38,882	33	58	38,973
Other Assets	21,349	2	3	21,354
Investments	2,510,311	1,052	9,956	2,521,319
Lease Purchase Agreements	-	129,081	183	129,264
Notes Receivable, Net	10,546	1,079	-	11,625
Interest in Charitable Perpetual Trusts	15,677	-	-	15,677
Capital Assets, Net of Accumulated Depreciation	178,849	151	7,526	186,526
Total Assets	2,789,608	131,593	17,937	2,939,138
Liabilities:				
Accounts Payable and Accrued Expenses	25,477	-	17	25,494
Due on Split Interest Agreements	57,100	-	-	57,100
Deposits Held in Custody for Others	1,607,232	-	-	1,607,232
Bonds (Net), Leases and Notes Payable	124,223	129,620	-	253,843
Other Liabilities	19,672	-	-	19,672
Total Liabilities	1,833,704	129,620	17	1,963,341
Net Assets:				
Temporarily Restricted	695,258	1,973	4,061	701,292
Permanently Restricted	134,702	-	7,091	141,793
Unrestricted	125,944	-	6,768	132,712
Total Net Assets	\$ 955,904	\$ 1,973	\$ 17,920	\$ 975,797

Discretely Presented Component Unit Statement of Activities

For the Year Ended June 30, 2016 (Dollars in Thousands)

	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Revenue and Support				
Amount Received for Purdue University Research Projects	\$ 25	\$ -	\$ -	\$ 25
Less Payments to Purdue University	(25)	-	-	(25)
Administrative Fee on Research Projects	-	-	-	-
Contributions	20,328	-	1,063	21,391
Income on Investments	18,188	4,684	416	23,288
Net Unrealized and Realized Gains	(33,333)	-	(727)	(34,060)
Change in Value of Split Interest Agreements	299	-	-	299
Increase in Interests in Perpetual Trusts	(1,609)	-	-	(1,609)
Rents	18,218	8	132	18,358
Royalties	4,122	-	-	4,122
Other	33,277	-	22	33,299
Total Revenue and Support	59,490	4,692	906	65,088
Expenses and Losses				
Expenses for the Benefit of Purdue University				
Contributions to Purdue University	19,951	-	1,461	21,412
Patent and Royalty	3,819	-	-	3,819
Grants	8,079	-	-	8,079
Services for Purdue University	2,188	-	-	2,188
Other	6,178	-	73	6,251
Total Expenses for the Benefit of Purdue University	40,215	-	1,534	41,749
Administrative and Other Expenses				
Salaries and Benefits	29,777	-	-	29,777
Property Management	15,931	-	116	16,047
Professional Fees	13,289	-	-	13,289
Supplies	1,482	-	-	1,482
Interest	5,669	4,480	-	10,149
Research Park	444	-	-	444
Other	8,717	244	20	8,981
Total Administrative and Other Expenses	75,309	4,724	136	80,169
Change in Net Assets	(56,034)	(32)	(764)	(56,830)
Net Assets, Beginning of Period	955,904	1,973	17,920	975,797
Net Assets, End of Period	\$ 899,870	\$ 1,941	\$ 17,156	\$ 918,967

Discretely Presented Component Unit Statement of Activities

For the Year Ended June 30, 2015 (Dollars in Thousands)

	Purdue Research Foundation (as restated)	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Revenue and Support				
Amount Received for Purdue University Research Projects	\$ 3,591	\$ -	\$ -	\$ 3,591
Less Payments to Purdue University	(3,591)	-	-	(3,591)
Administrative Fee on Research Projects	-	-	-	-
Contributions	67,427	974	479	68,880
Income on Investments	14,904	4,663	452	20,019
Net Unrealized and Realized Gains	16,801	-	(218)	16,583
Change in Value of Split Interest Agreements	(2,432)	-	-	(2,432)
Increase in Interests in Perpetual Trusts	(339)	-	-	(339)
Rents	16,771	8	120	16,899
Royalties	5,105	-	-	5,105
Other	33,587	-	27	33,614
Total Revenue and Support	151,824	5,645	860	158,329
Expenses and Losses				
Expenses for the Benefit of Purdue University				
Contributions to Purdue University	19,233	-	1,130	20,363
Patent and Royalty	3,654	-	-	3,654
Grants	52,595	-	-	52,595
Services for Purdue University	830	-	-	830
Other	3,596	-	65	3,661
Total Expenses for the Benefit of Purdue University	79,908	-	1,195	81,103
Administrative and Other Expenses				
Salaries and Benefits	27,108	-	-	27,108
Property Management	14,782	974	116	15,872
Professional Fees	10,880	-	-	10,880
Supplies	1,578	-	-	1,578
Interest	5,220	4,349	-	9,569
Research Park	2,541	-	-	2,541
Other	10,035	10	12	10,057
Total Administrative and Other Expenses	72,144	5,333	128	77,605
Change in Net Assets	(228)	312	(463)	(379)
Net Assets, Beginning of Period	956,132	1,661	18,383	976,176
Net Assets, End of Period	\$ 955,904	\$ 1,973	\$ 17,920	\$ 975,797

Note 11 — Contingent Liabilities and Commitments

Legal Actions. In the normal course of its activities, the University is a party in various legal actions. Although it is involved in a number of claims, the University does not anticipate significant losses or costs. After taking into consideration legal counsel's evaluation of pending actions, the University believes that the outcome thereof will not have a material effect on the financial statements.

Construction Projects. As of June 30, 2016 and 2015, contractual obligations for capital construction projects were approximately \$199,677,000 and \$139,064,000, respectively.

Natural Gas Procurement. The University has entered into various forward contracts to purchase natural gas at a specified time in the future at a guaranteed price. This activity allows the University to plan its natural gas costs for the year and to protect itself against an increase in the market price of the commodity. It is possible that the market price before or at the specified time to purchase natural gas may be lower or higher than the price at which the University is committed to buy. This would reduce or increase the value of the contract. The University could sell the forward contract at a loss or gain and then buy natural gas on the open market. The University is also exposed to the failure of the counterparty to fulfill the contract. The terms of the contract include provisions for recovering the cost in excess of the guaranteed price from the counterparty if the counterparty fails to deliver quantity at the guaranteed price at the specified time resulting in the University having to procure natural gas on the open market.



Required Supplementary Information

**SCHEDULE OF PURDUE'S SHARE OF THE NET PENSION LIABILITY
INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF)**

(Dollar Amounts in Thousands)

June 30,

	2015*		2014*		2013*
Proportion of the Net Pension Liability	2.5%		2.8%		3.0%
Proportionate Share of the Net Pension Liability	\$ 102,146	\$	74,323	\$	103,102
Covered-employee payroll	\$ 120,126	\$	138,081	\$	144,526
Proportionate share of the Net Pension Liability as a percentage of covered-employee payroll	84.8%		53.8%		71.3%
Plan fiduciary net position as a percentage of the total pension liability	77.3%		84.3%		78.8%

**SCHEDULE OF PURDUE'S CONTRIBUTIONS
INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF)**

(Dollar Amounts in Thousands)

June 30,

	2015*		2014*		2013*
Contractually required contribution	\$ 13,431	\$	15,471	\$	13,894
Contributions in relation to the contractually required contribution	\$ 13,431	\$	15,471	\$	13,894
Contribution deficiency	-		-		-
Covered-employee payroll	\$ 120,126	\$	138,081	\$	144,526
Contributions as a percentage of covered-employee payroll	11.2%		11.2%		9.6%

**Based on INPRS previous fiscal year audit and report on allocation of pension amounts. ie: FY2016 Purdue reported amounts based on INPRS FY2015 report.*

Required Supplementary Information
 Retirement Plans--Schedule of Funding Progress Police/Fire Supplemental
 Fiscal Year Ended June 30, 2016
 (Dollar Amounts in Thousands)

Actuarial Valuation Date*	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Total Unfunded (Excess) Actuarial Liability	Funded Ratio	Annual Covered Payroll	Liability to Payroll	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Benefit)
Police/Fire Supplemental										
7/1/2005	16,209	18,724	2,515	86.6%	4,675	53.8%	822	825	100.4%	-
7/1/2006	17,595	19,074	1,479	92.2%	4,595	32.2%	623	846	135.8%	-
7/1/2007	19,679	19,984	305	98.5%	4,854	6.3%	528	645	122.2%	-
7/1/2008	20,014	21,441	1,427	93.3%	5,318	26.8%	685	573	83.6%	-
7/1/2009	19,026	22,190	3,164	85.7%	5,537	57.1%	899	670	74.5%	-
7/1/2010	20,163	23,131	2,968	87.2%	5,582	53.2%	956	878	91.8%	-
7/1/2011	22,560	26,385	3,825	85.5%	5,677	67.4%	1,182	976	82.6%	-
7/1/2012	23,438	27,329	3,891	85.8%	5,648	68.9%	1,286	1,166	90.7%	-
7/1/2013	25,809	27,780	1,971	92.9%	5,611	35.1%	1,030	1,307	126.9%	-
7/1/2014	-	-	-	102.0%	-	-9.8%	-	-	182.6%	-
7/1/2015	-	-	-	0.0%	-	0.0%	-	-	0.0%	-

*Data for 2016 not available from actuaries at date of issuance



Total In-State Enrollment by County

Fall, 2015-16 Academic Year

The overall (in-state and out-of-state) enrollment at Purdue University was 68,659 students for the 2015-16 fall semester. The breakdown was West Lafayette, 39,409, Calumet, 9,301, Fort Wayne, 12,719, North Central 6,158, Statewide Technology, 1,072. Enrollment numbers do not include 5,855 Purdue University students at Indiana University-Purdue University Indianapolis. Although students came to Purdue from all over the world, 64% system-wide came from within Indiana.



County	Statewide				County	Statewide				County	Statewide			
	West Lafayette	Regional Campuses	Technology Locations	Total		West Lafayette	Regional Campuses	Technology Locations	Total		West Lafayette	Regional Campuses	Technology Locations	Total
Adams	62	521	4	587	Henry	66	12	12	90	Posey	62		62	
Allen	706	6,778	1	7,485	Howard	238	19	66	323	Pulaski	36	46	82	
Bartholomew	164	17	54	235	Huntington	69	395	464	Putnam	63	2	65		
Benton	65	6	4	75	Jackson	70	5	14	89	Randolph	35	8	45	
Blackford	15	28		43	Jasper	94	334	428	Ripley	65	7	75		
Boone	408	9	3	420	Jay	17	30	1	48	Rush	32	3	37	
Brown	15	3	6	24	Jefferson	37	1	6	44	Scott	10	2	21	
Carroll	125	3	11	139	Jennings	10		5	15	Shelby	64	9	76	
Cass	110	28	9	147	Johnson	261	13	11	285	Spencer	38	2	41	
Clark	79	8	69	156	Knox	41	5	6	52	St Joseph	648	239	102	
Clay	33	2		35	Kosciusko	161	602	2	765	Starke	27	184	211	
Clinton	125	9	11	145	La Porte	170	1,706	2	1,878	Steuben	57	251	309	
Crawford	4		3	7	Lagrange	43	253		296	Sullivan	13	1	15	
Daviess	21	2	2	25	Lake	985	7,007	1	7,993	Switzerland	8		8	
De Kalb	70	604		674	Lawrence	69	7	3	79	Tippecanoe	2,674	50	137	
Dearborn	102	6	2	110	Madison	175	61	59	295	Tipton	45	2	11	
Decatur	65	2	6	73	Marion	1,286	99	12	1,397	Union	8	1	3	
Delaware	95	37	16	148	Marshall	131	116	14	261	Vanderburg	184	8	192	
Dubois	99	3	1	103	Martin	8	1	2	11	Vermillion	16		16	
Elkhart	269	216	30	515	Miami	68	25	10	103	Vigo	63	9	73	
Fayette	18	1	12	31	Monroe	133	20	1	154	Wabash	61	251	4	
Floyd	84	7	38	129	Montgome	117	3	4	124	Warren	41		3	
Fountain	67	2	4	73	Morgan	109	13	2	124	Warrick	87	7	95	
Franklin	46	4	4	54	Newton	29	76	1	106	Washington	40	1	16	
Fulton	65	119	1	185	Noble	58	541		599	Wayne	64	10	38	
Gibson	54	4	1	59	Ohio	2	1		3	Wells	54	399	453	
Grant	84	60	2	146	Orange	22	2	6	30	White	137	24	165	
Greene	27	8	2	37	Owen	22	2		24	Whitley	63	475	538	
Hamilton	1,677	46	43	1,766	Parke	24			24	Unknown	3,160	57	50	
Hancock	217	14	10	241	Perry	17		1	18	Total	18,260	24,617	1,022	
Harrison	30	2	36	68	Pike	12	2		14				43,899	
Hendricks	453	30	4	487	Porter	407	2,639		3,046					

ACKNOWLEDGEMENTS

The following staff members of the Treasurer's Office prepared the 2015-16 Financial Report.

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