Vincennes University
Financial Report
2014-2015

ennes University

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Vincennes University

Mission

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

Vision

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

Vincennes University
Financial Report 2014-2015

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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF VINCENNES UNIVERSITY, VINCENNES, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Vincennes University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the University, as of June 30, 2015 and 2014, and the respective changes in financial position, where applicable, and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, in fiscal year 2015, the University adopted new accounting guidance GASB Statement 68 *Accounting and Financial Reporting for Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2015, 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

Paul D. Joyce, CPA
State Examiner

Vincennes University Treasurer's Report

Vincennes University was once known as a small community college in southwest Indiana. Although our founding mission remains at the core of everything we do, we now have a much bigger story to tell. With locations all across the state of Indiana and sites throughout the country, VU has taken the college founded in 1801 by William Henry Harrison to a statewide and even nationwide reputable institution of higher education. VU now enrolls nearly 19,000 students from every county in Indiana, 40 other states and 15 countries.

Our success would not be possible without the tremendous support of the State of Indiana. The 2015 legislative session was one of the most successful sessions in VU's history. Indiana's legislators clearly recognize the high-quality education coming from Vincennes University. The Indiana General Assembly designated $6 million for VU to establish ten Career and Technical Early Colleges throughout the state. Additionally, the General Assembly approved an 85,000 plus square-foot, $27 million Center for Science, Engineering and Mathematics to be constructed on the Vincennes campus. Combined with the new Student Union currently under construction, the footprint of Vincennes University continues to grow. Also funded through the 2015 legislative session was the new Mock Mine Training Facility that will be located at VU's Gibson County campus. The coal industry plays an important role in the state's economy and VU is honored to invest in the safety of our miners.

We recognize that our greatest asset is the well-being of our faculty and staff. In January 2015, Vincennes University opened the University Primary Care Center. With a renewed dedication on becoming a workplace where employee wellness and overall well-being are our priority, VU is proud to provide this high-quality medical clinic free of charge to our employees, retirees, their spouses and dependents who participate in a VU health insurance plan. With nearly 2,000 individuals covered by VU's health insurance and claims exceeding $11 million, we continue to look for innovative ways to cut costs while providing high quality care for our employees and their families. Additionally, VU recently launched its new Employee Wellness Program. Vincennes University has made a substantial financial investment in the University Primary Care Center and the Employee Wellness Program but it is truly an investment in our employees.

It is through diligent cost saving measures that Vincennes University remains financially strong and continues to be Indiana's most affordable residential college. This is an exciting time for VU as we are well positioned for future growth. I am grateful for the hard work and dedication of our Board of Trustees, Faculty and Staff, and most importantly, our students. I am pleased to present the 2014-2015 Vincennes University Financial Report for the fiscal year ended June 30, 2015. This report is a complete and permanent record of the financial status of Vincennes University for the period stated.

Respectfully submitted,

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

Management's Discussion & Analysis

Vincennes University is proud to present its financial statements for fiscal year 2015. The following discussion and analysis provides an overview of the financial position and activities of Vincennes University (the "University") for the fiscal years ended June 30, 2015 and 2014, along with comparative information for the fiscal year ended June 30, 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

One of the first two-year colleges in America, Vincennes University is also Indiana's oldest college. Currently, the University is a comprehensive public institution of higher learning with a fall 2014 enrollment of approximately 10,327 full-time equivalents. The University offers a broad range of degrees including baccalaureate programs. These degrees include Bachelor of Science degrees in Health Care Management, Homeland Security and Public Safety, Education-Science Concentration, Education – Special Education Concentration, Education – Math Concentration, Nursing, and Technology. Vincennes University has a statewide mission and is a state-supported university. Major extension sites are located in Fort Branch, Jasper and Indianapolis, Indiana. The University also offers over 800 courses through its Distance Education program and at thirteen military sites across the United States. The University is accredited by the Higher Learning Commission.

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

USING THE FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University. The difference between total assets/deferred outflow of resources and total liabilities/deferred inflow of resources --net position-- is one indicator of the current financial condition of the University, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2015, 2014 and 2013 is summarized as follows:

Statement of Net Position	2015 (in thousands)	2014 (in thousands)	2013 (in thousands)
Current Assets	$ 52,132	$ 44,973	$ 34,128
Non-current Assets			
Investments	107,692	100,623	102,429
Capital Assets, net	212,994	210,725	201,634
Other	15,899	11,506	9,706
Total Assets	**$ 388,717**	**$ 367,827**	**$ 347,897**
Deferred Outflows	**$ 299**	**$ 174**	**$ 127**
Current Liabilities	$ 26,644	$ 20,970	$ 21,260
Non-current Liabilities	57,348	62,311	62,584
Total Liabilities	**$ 83,992**	**$ 83,281**	**$ 83,844**
Deferred Inflows	$ 127	$ -	$ -
Net Position	**$ 304,897**	**$ 284,720**	**$ 264,180**

The University's financial position remained strong at

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

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

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

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

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

Net Position

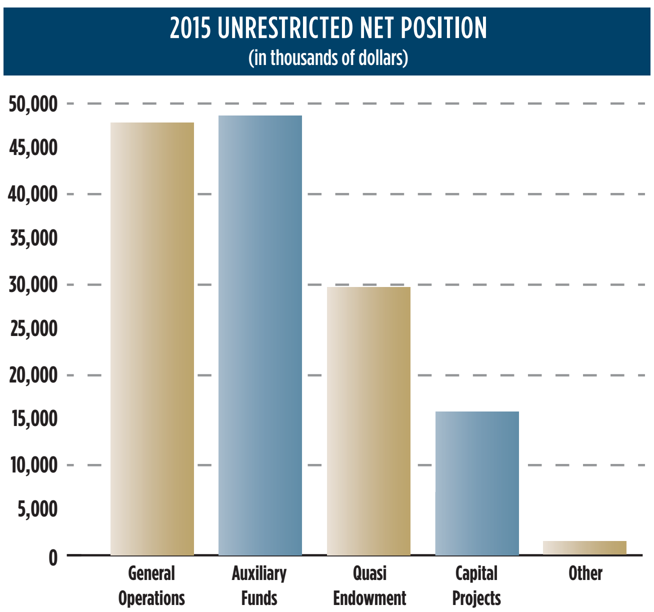
Net position represents the residual interest in the University's assets after liabilities are deducted. A summarized comparison of the University's net position is presented below:

Summary of Net Position	2015 (in thousands)	2014 (in thousands)	2013 (in thousands)
Net Investment in Capital Assets	$152,099	$144,955	$135,878
Restricted:			
Non-expendable	2,380	2,380	2,380
Expendable	6,445	4,763	4,946
Unrestricted:			
Designated - Capital & Other	17,614	14,580	13,683
Designated for Quasi-Endowment	29,605	29,209	28,673
General Operations	47,994	42,599	36,176
Auxiliary	48,760	46,234	42,444
Total Net Position	**$304,897**	**$284,720**	**$264,180**

Net Investment in Capital Assets represent the institution's equity in property, plant and equipment net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflow of resouces that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position is not subject to externally imposed stipulations. However, many of the University's unrestricted net assets have been designated or reserved for specific purposes such as auxiliaries, quasi endowment, dormitory reserves, and repair and replacement reserves for capital and infrastructure. Unrestricted net assets include board designated quasi endowment funds of $29.6 million. All income and gain derived from these quasi-endowment funds are used for the purpose of funding various designated University activities. General Operations' net assets increased $5.4 million which is largely attributable to the increase in the market value of investments and the University's ongoing cost containment. Investments in capital assets increased $7.1 million with the completion of Ebner Residence Hall, the steam line replacement, Tecumseh Dining Center HVAC System and various renewal and replacement projects. The following graph shows the unrestricted net assets of $144 million by designation:



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the University, as well as the nonoperating revenues and expenses. Governmental appropriations, while budgeted for operations, are considered nonoperating revenues as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. A summarized comparison of the University's Statement of Revenues, Expenses and Changes in Net Position is presented below:

Statement of Revenues, Expenses & Changes in Net Position	2015 (in thousands)	2014 (in thousands)	2013 (in thousands)
Operating Revenue:			
Tuition and Fees, Net	$ 28,359	$ 27,731	$ 27,286
Auxiliary, Net	19,208	18,021	17,377
Grant and Contracts	16,265	15,333	16,376
Other	1,241	1,139	721
Total Operating Revenue	$ 65,073	$ 62,224	$ 61,760
Operating Expenses	$121,694	$117,938	$118,338
Net Operating Income (Loss)	$ (56,621)	$ (55,714)	$ (56,578)
Non-Operating Revenues (Expenses):			
Governmental Appropriations	$ 46,395	$ 45,586	$ 41,960
Federal and State Student Aid	25,813	24,966	24,074
State Grant Revenue	3,756	-	-
Gifts (Including Endowment and Capital)	739	496	581
Investment Income	2,688	1,189	(455)
Gain (Loss) on Disposition of Capital Assets	(210)	240	(78)
Other Income and Expense	(3,294)	(2,518)	(2,626)
Total Non-Operating Revenue	$ 75,887	$ 69,959	$ 63,456
Income before Other Revenues, Expenses, Gains or Losses	$ 19,266	$ 14,245	$ 6,878
Other Revenues, Expenses, Gains or Losses			
Capital Appropriation	$ 5,705	$ 6,295	$ -
Special - Withdrawal from PERF Pension Plan Obligation	(4,710)	-	-
Increase in Net Position	$ 20,261	$ 20,540	$ 6,878
Net position - Beginning of year	$284,720	$264,180	$257,302
Prior Period Adjustment for Change in Accounting Principle	(84)	-	-
Net position - End of year	$304,897	$284,720	$264,180

Revenues

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

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

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

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

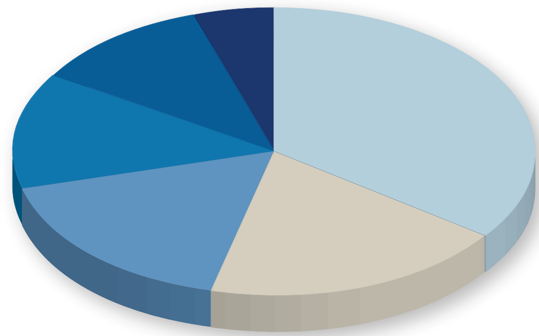
Non-operating revenue increased from the previous fiscal year. The activity includes the following:

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

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

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

The following is a graphic illustration of revenues by source (both operating and nonoperating) used to fund the University for the year ended June 30, 2015.



Expenses

A comparative of the University's expenses for the years ending June 30, 2015, 2014 and 2013 is as follows:

Expense By Natural Object	2015 (in thousands)	2014 (in thousands)	2013 (in thousands)
Operating:			
Compensation and Benefits	$ 66,307	$ 62,627	$ 64,036
Supplies, Services & Equipment	33,857	34,114	33,827
Depreciation	11,062	11,018	9,843
Scholarships and Fellowships	10,468	10,179	10,632
Total Operating Expenses	$121,694	$117,938	$118,338
Non-Operating:			
Interest and Other	8,214	2,519	2,626
Total Expenses	$129,908	$120,457	$120,964

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

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

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

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

STATEMENT OF CASH FLOWS

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

A comparative of the Statement of Cash Flows for the years ended June 30, 2015, 2014 and 2013 is as follows:

Statement of Cash Flows	2015 (in thousands)	2014 (in thousands)	2013 (in thousands)
Cash Received from Operations	$ 65,030	$ 62,149	$ 61,501
Cash Expended for Operations	(116,114)	(111,406)	(107,583)
Net Cash Used in Operating Activities	$ (51,084)	$ (49,257)	$ (46,082)
Net Cash Provided by Non-Capital Financing Activities	76,252	72,197	63,174
Net Cash Provided by (Used In) Investing Activities	(6,905)	9,918	7,588
Net Cash used in Capital and Related Financing Activities	(11,098)	(19,641)	(26,096)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 7,165	$ 13,217	$ (1,416)
Cash and Cash Equivalents - Beginning of Year	28,168	14,951	16,367
Cash and Cash Equivalents - End of Year	$ 35,333	$ 28,168	$ 14,951

The University's cash and cash equivalents increased $7.2 million from the previous year. The increase in the cash and cash equivalents was primarily related to positive operations and the decrease in the funding of capital assets and construction projects.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

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

The Indiana General Assembly has given the University bonding authority in the amount of $20 million for the construction of a $27 million Science, Engineering and Mathematics facility on the Vincennes Campus which will be named Updike Hall. Construction will begin during fiscal year 2016. The 85,000 plus square-foot building will feature labs for engineering, chemistry, physics and biology as well as earth, environmental and agricultural sciences. The new center's name honors the family of William E. (Bill) Updike. Mr. Updike is a 1968 VU alumnus and is president and owner of CMA Supply Company in Indianapolis. The Updike family has provided a $2 million lead gift for the new facility.

In fiscal years 2016 and 2017, up to $3 million per year will be available to VU from the State of Indiana's Career and Technical Education Innovation and Advancement fund to provide career and technical education in selected Career Centers across the state. VU will utilize its Early College model in this initiative.

The State has given approval and made $2 million dollars available for a mock mine to be built at the Gibson Center for Applied Technology. Construction for this project will begin during fiscal year 2016.

Health care and prescription drug costs are an ongoing concern as the costs of the University's health benefits continue to increase. The University is actively confronting this challenge. *Living Well*, the University's employee wellness program, was implemented in fiscal year 2015 with the goal of educating and engaging employees in the management of their overall health and well-being.

The January 2015 opening of the VU Primary Care Center represents a major step toward achieving increased access to quality health services for employees, and students. The University is dedicated in its efforts to reduce access and cost barriers that can prevent, or postpone, appropriate utilization of health services. Increased focus on preventive and timely care is beneficial to both employees and the University.

Management's prudent use of resources and the ability to recognize workforce changes and adapt programming to meet employers' needs will ensure that the University continues to remain financially sound.

VINCENNES UNIVERSITY STATEMENT OF NET POSITION

As of June 30, 2015 and June 30, 2014

ASSETS	2015	2014
Current Assets		
Cash and Cash Equivalents	$ 35,333,117	$ 28,167,710
Short-term Investments	3,784,156	1,279,371
Funds held with Bond Trustee	13,923	13,919
Accounts Receivable (Less Allowance of $ 4,131,698 2015 and $4,035,545 2014)	9,565,121	12,359,432
Current Portion of Notes Receivable	683,122	597,120
Inventories	2,150,859	2,044,506
Accrued Interest Income	298,546	278,933
Prepaid Expenses	303,655	231,810
Total Current Assets	**$ 52,132,499**	**$ 44,972,801**
Non-current Assets		
Funds held with Bond Trustee for Debt Service	219,715	221,543
Investments	107,691,664	100,623,292
Notes Receivable	598,024	609,416
OPEB Asset	15,081,322	10,675,126
Capital Assets, Net of Accumulated Depreciation	212,993,775	210,725,161
Total Non-current Assets	**$ 336,584,500**	**$ 322,854,538**
Total Assets	**$ 388,716,999**	**$ 367,827,339**
DEFERRED OUTFLOWS		
Accumulated decrease in fair value of hedging derivatives	215,142	174,189
Deferral of Resources Indiana State Teachers Pension Plan	83,559	-
Total Deferred Outflows	**$ 298,701**	**$ 174,189**
LIABILITIES		
Current Liabilities		
Accounts Payable	2,501,092	2,749,683
Accounts Payable - Withdrawal from PERF Pension Plan Obligation	4,710,488	-
Accrued Payroll and Deductions Payable	4,327,528	3,939,048
Accrued Vacation Liability	1,125,720	1,135,046
Unearned Revenue	3,109,503	3,120,027
Accrued Interest on Debt	340,994	362,347
Bonds Payable	4,859,000	4,685,400
Deposits	209,998	224,614
Deposits Held in Custody for Others	4,337,417	3,637,561
Other Liabilities	1,122,043	1,115,882
Total Current Liabilities	**$ 26,643,783**	**$ 20,969,608**
Non-current Liabilities		
Bonds Payable (Net of Unamortized Bond Premium (Discount) of $1,117,401 2015 and $1,287,775 2014)	55,991,801	61,021,175
Net Pension Liability	25,064	-
Derivative Instrument - Interest Rate Swap	215,142	174,189
Advances from Federal Government	1,116,332	1,116,332
Total Non-current Liabilities	**$ 57,348,339**	**$ 62,311,696**
Total Liabilities	**$ 83,992,122**	**$ 83,281,304**
DEFERRED INFLOWS		
Net Difference in the projected and actual investments along with Indiana State Teachers 2015 Pension Contributions	126,905	-
NET POSITION		
Net Investment in Capital Assets	152,099,424	144,955,506
Restricted for Non-expendable:		
Scholarships & Instruction	2,379,586	2,379,586
Expendable:		
Capital Projects	3,564,759	1,804,636
Loan Funds	413,699	496,964
Scholarships & Instruction	2,466,138	2,461,229
Unrestricted	143,973,067	132,622,303
Total Net Position	**$ 304,896,673**	**$ 284,720,224**

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

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

As of June 30, 2015 with comparative figures for 2014

Assets	2015	2014
Unrestricted Funds		
Cash	$ 79,381	$ 88,925
Amount Due from Agency Funds	47,437	12,855
Other Accounts Receivable	788	1,500
Accrued Interest Receivable	1,425	1,654
Investments	2,710,270	2,616,368
Equipment	19,535	20,114
Accum. Deprec. - Equipment	(16,213)	(15,653)
Prepaid Expense	3,213	7,055
Property	998,139	994,659
Total Unrestricted Funds	**$ 3,843,975**	**$ 3,727,477**
Current Restricted Funds		
Cash	$ -	$ 25,442
Accrued Interest Receivable	29,468	11,420
Investments	51,469,707	46,655,873
Other Accounts Receivable	100,963	4,379
Prepaid Expense	54,500	60,032
Total Current Restricted Funds	**$51,654,638**	**$46,757,146**
Endowment Funds		
Accrued Interest Receivable	$ 14,304	$ 17,275
Investments	27,211,365	27,325,143
Prepaid Expense	2,166	2,135
Total Endowment Funds	**$27,227,835**	**$27,344,553**
Total Assets	**$82,726,448**	**$77,829,176**

Liabilities & Fund Balances	2015	2014
Accounts Payable	$ 3,302	$ 6,272
Vacation Accrual	11,054	9,859
Deferred Income Other	2,380	9,896
Due VU General Fund	36,546	14,211
Refundable Advance	770,200	770,200
Net Assets	3,020,493	2,917,039
Total Unrestricted Funds	**$ 3,843,975**	**$ 3,727,477**
Accounts Payable	$ 8,116	$ 13,677
Due to VU General Fund	-	129
Due to Unrestricted	7,198	-
Funds Held in Trust	46,013,336	41,908,126
Deferred Income Other	130,310	90,945
Net Assets	5,495,678	4,744,269
Total Current Restricted Funds	**$51,654,638**	**$46,757,146**
Accounts Payable	$ 10,601	$ 6,357
Due to Unrestricted	135,612	12,855
Net Assets	27,081,622	27,325,341
Total Endowment Funds	**$27,227,835**	**$27,344,553**
Total Liabilities and Fund Balance	**$82,726,448**	**$77,829,176**

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

VINCENNES UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2015 and June 30, 2014

		2015		2014
Operating Revenues				
Student Tuition & Fees	$	42,219,381	$	40,865,931
Scholarship Allowance - Tuition & Fees		(13,860,335)		(13,134,790)
Grants and Contracts		16,265,083		15,332,988
Auxiliary Enterprises		24,775,140		23,128,039
Scholarship Allowance - Auxiliary Enterprises		(5,567,387)		(5,107,462)
Other Revenues		1,240,698		1,139,691
Total Operating Revenues	**$**	**65,072,580**	**$**	**62,224,397**
Operating Expenses				
Salaries and Wages		46,909,610		46,257,064
Benefits		19,397,011		16,369,914
Scholarships and Fellowships		10,468,494		10,179,284
Supplies and Other Services		32,262,118		32,819,260
Equipment		1,595,061		1,294,164
Depreciation		11,061,711		11,018,395
Total Operating Expenses	**$**	**121,694,005**	**$**	**117,938,081**
Operating Income (Loss)	**$**	**(56,621,425)**	**$**	**(55,713,684)**
Non-Operating Revenues (Expenses)				
Governmental Appropriations		46,394,509		45,586,206
Federal and State Student Aid		25,813,023		24,965,609
State Grant Revenue		3,755,638		-
Gifts and Bequests		739,478		496,303
Investment Income		2,091,933		529,034
Endowment Income		596,168		659,820
Gain (Loss) on Disposition of Capital Assets		(210,430)		240,454
Interest & Other Costs on Capital Asset - Related Debt		(2,407,667)		(2,494,416)
Other Non-Operating Revenues (Expenses)		(885,243)		(24,100)
Total Non-Operating Revenues (Expenses)	**$**	**75,887,409**	**$**	**69,958,910**
Income before other revenues, expenses, gains or losses	$	19,265,984	$	14,245,226
Other Revenues, Expenses, Gains or losses				
Capital Appropriations	$	5,704,868	$	6,295,132
Special - Withdrawal from PERF Pension Plan		(4,710,488)		-
Increase in Net Position	**$**	**20,260,364**	**$**	**20,540,358**
Net Position - Beginning of Year	**$**	**284,720,224**	**$**	**264,179,866**
Prior Period Adjustment for Change in Accounting Principle - Note 17	**$**	**(83,915)**	**$**	**-**
Net Position - End of Year	**$**	**304,896,673**	**$**	**284,720,224**

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

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

For the year ending June 30, 2015 with comparative figures for 2014

Support and Revenue	Unrestricted	Current Restricted	Endowment	2015 Total	2014 Total
Contributions	$ 323,457	$ 1,424,366	$ 404,453	$ 2,152,276	$ 1,119,149
Grants and Contracts	-	10,000	-	10,000	3,030,000
Other Income	75,664	111,662	874	188,200	257,280
Investment Income	98,912	107,841	811,722	1,018,475	5,930,042
Unrealized Loss on Investments	(38,954)	(36,171)	(407,262)	(482,387)	(1,488,750)
Administrative Income	314,413	-	-	314,413	283,547
Alumni Income & Community Series	23,961	174,940	-	198,901	165,736
Total Support and Revenue	**$ 797,453**	**$ 1,792,638**	**$ 809,787**	**$ 3,399,878**	**$ 9,297,004**

Expenses					
Program Expenditures	$ 254,408	$ 890,298	$ 826,267	$ 1,970,973	$ 1,780,834
Management and General	306,108	35,364	324,779	666,251	643,653
Fundraising	131,008	20,502	-	151,510	182,202
Total Expenses	**$ 691,524**	**$ 946,164**	**$ 1,151,046**	**$ 2,788,734**	**$ 2,606,689**
Increase (Decrease) in Net Assets	**$ 105,929**	**$ 846,474**	**$ (341,259)**	**$ 611,144**	**$ 6,690,315**
Net Assets Adjustments:					
Additions	6,525	20,039	99,981	126,545	62,433
Deductions	(9,000)	(115,104)	(2,441)	(126,545)	(62,433)
Total Change in Net Assets	**$ 103,454**	**$ 751,409**	**$ (243,719)**	**$ 611,144**	**$ 6,690,315**
Net Assets - Beginning of Year	**$ 2,917,039**	**$ 4,744,269**	**$ 27,325,341**	**$ 34,986,649**	**$ 28,296,334**
Net Assets - End of Year	**$ 3,020,493**	**$ 5,495,678**	**$ 27,081,622**	**$ 35,597,793**	**$ 34,986,649**

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

VINCENNES UNIVERSITY STATEMENT OF CASH FLOWS

For the year ended June 30, 2015 and June 30, 2014

		2015		2014
Cash Flows From (For) Operating Activities				
Tuition and Fees	$	28,023,299	$	27,871,668
Grants and Contracts		16,565,500		15,215,808
Payments to Suppliers		(35,067,156)		(36,494,202)
Payments to Employees		(46,772,417)		(46,334,520)
Payments for Benefits		(23,576,751)		(18,222,905)
Payments for Scholarships and Fellowships		(10,468,494)		(10,179,284)
Loans Issued to Students		(228,663)		(175,582)
Collection of Loans to Students		154,056		137,382
Auxiliary Enterprise		19,120,395		17,979,685
Other Receipts		1,166,544		944,679
Net Cash Used in Operating Activities	**$**	**(51,083,687)**	**$**	**(49,257,271)**
Cash Flows From (For) Non-Capital Financing Activities				
Governmental Appropriations		45,584,492		45,586,206
Gifts and Grants for Other than Capital Purposes		29,988,732		25,050,350
Funds Held in Trust for Others		678,747		1,560,561
Net Cash Provided by Non-Capital Financing Activities	**$**	**76,251,971**	**$**	**72,197,117**
Cash Flows From (For) Capital & Related Financing Activities				
Proceeds from Capital Debt		-		4,526,800
Capital Appropriations		9,517,531		2,287,085
Capital Grants and Gifts Received		100,000		263,715
Proceeds (Loss) from Sale of Capital Assets		(60,314)		67,739
Insurance Recovery		-		93,622
Purchases of Capital Assets and Construction		(13,372,456)		(19,846,481)
Bond Reserve Cash Returned (Deposited)		1,824		4,714
Principal Paid on Capital Debt		(4,685,400)		(4,375,800)
Interest Paid on Capital Debt & Lease		(2,599,394)		(2,662,392)
Net Cash Used in Capital and Related Financing Activities	**$**	**(11,098,209)**	**$**	**(19,640,998)**
Cash Flows From (For) Investing Activities				
Proceeds from Sales and Maturities of Investments		18,290,646		23,087,263
Investment Income		6,228,886		4,521,219
Purchase of Investments		(31,424,200)		(17,691,036)
Net Cash Provided By (Used In) Investing Activities		**(6,904,668)**		**9,917,446**
Net Increase in Cash		**7,165,407**		**13,216,294**
Cash and Cash Equivalents - Beginning of Year		**28,167,710**		**14,951,416**
Cash and Cash Equivalents - End of Year	**$**	**35,333,117**	**$**	**28,167,710**

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

VINCENNES UNIVERSITY STATEMENT OF CASH FLOWS

For the year ended June 30, 2015 and June 30, 2014

	2015	2014
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided by (Used in) Operating Activities:		
Net Operating Revenues and Expenses	$ (56,621,425)	$ (55,713,684)
Special -- Withdrawal from PERF Obligation	(4,710,488)	-
Restatement of Net Position - Net Pension Liability	(83,915)	-
Adjustments to Reconcile Net Operating Revenues (Expenses) to Net Cash Provided by (Used in) Operating Activities		
Depreciation Expenses	11,061,711	11,018,395
Changes in Assets and Liabilities:		
Receivables, Net	(167,891)	(638,277)
Other Receipts	4,043	-
Inventories	(106,353)	189,856
Other Assets	(71,845)	(56,467)
Student Loans	(74,607)	(38,200)
OPEB Asset	(4,406,196)	(1,774,187)
TRF Benefit	68,410	-
Accounts Payable and Accrued Liabilities	4,853,706	(2,632,863)
Unearned Revenue	(10,524)	452,791
Cash Flows Reported in Other Categories:		
Other Non-Operating Revenues (Expenses)	(818,313)	(64,635)
Net Cash Used in Operating Activities	**$ (51,083,687)**	**$ (49,257,271)**

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

Vincennes University Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Reporting Entity:

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

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

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

The Vincennes University Foundation, Inc. is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income therein that the Foundation holds and invests are restricted to the activities of the University by the donors. Since these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. During the year ended June 30, 2015, the VU Foundation distributed $1,679,301 to the University for restricted and unrestricted purposes. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

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

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

Financial Statement Presentation:

The financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments, GASB Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – an amendment of GASB Statement No. 34*, and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB. During fiscal year 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement no. 68*.

Basis of Accounting:

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

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

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

Cash Equivalents:

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

Investments:

The University accounts for its investments at fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Accounts Receivable:

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

Inventories:

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

Non-current Cash and Investments:

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

Capital Assets:

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of $500 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Infrastructure costs are minimal and included in the cost of Building and Improvements. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

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

Deferred Outflow of Resources:

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

Unearned Revenues:

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

Deposits/Deposits Held in Custody for Others:

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

Compensated Absences:

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

Non-current Liabilities:

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

Deferred Inflow of Resources:

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

Net Position:

The University's net position are classified as follows:

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

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

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

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

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

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

Income Taxes:

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

Classification of Revenues:

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

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

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

Scholarship Discounts and Allowances:

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

Component Unit:

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

Unrestricted Net Assets: Unrestricted net assets include all contributions received, without donor restrictions, and all revenue and expenses. Unrestricted net assets include both undesignated and board designated funds.

Undesignated net assets may be used at the discretion of management to support the mission of the Foundation and consist of net assets accumulated from the results of operations. Designated funds are unrestricted net assets designated by the Foundation's Board of Directors as a quasi endowment to be used for the purpose of providing endowment draws to fund operations. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

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

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

Expenses are recognized when incurred.

Investments in marketable securities are stated at fair market value.

Note 2 Cash and Investments

Cash and investments as of June 30, 2015, are stated at market value. Indiana statutes authorize the University to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposits, repurchase agreements, savings and money market accounts, and negotiable order of withdrawal accounts. Cash deposits are insured by agencies of the federal government up to $250,000. Amounts over $250,000 are covered by the Indiana Public Depository Fund, which covers all public funds held in approved depositories. The total amount reported for checking and money market accounts at various banks at June 30, 2015, equaled $35,333,117.

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

As of June 30, 2015, the University had the following investments:

Investment Type	Market Value	Maturity Less than 1 Year	1-5 Years	6-10 Years
U. S. Treasury Notes	$ 4,527,068	$ 1,312,010	$ 1,543,255	$ 1,671,803
U. S. Government Agencies	106,549,907	2,472,146	27,088,245	76,989,516
Mutual Funds	398,845	-	398,845	-
Total	**$ 111,475,820**	**$ 3,784,156**	**$ 29,030,345**	**$ 78,661,319**

Credit Risk: As a means of managing credit risk, University investment policy limits investments to A1 (Standard & Poor's) or P1 (Moody's). If a rating change occurs which disqualifies a security that is already present in the University portfolio it must be sold within 30 days of the discovery, unless it matures within six months of the rating change. At June 30, 2015, the University was in compliance with its credit risk policy for all investments.

Concentration of Credit Risk: The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's investment policy places no limit on the amount that can be invested in any single issuer. There are currently no investments that represent 5 percent or more of the University's total investments being held at a single banking institution. U.S. government issues and U.S. governmental agency securities are exempt from this requirement.

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. University investment policy does not limit the value of investments that may be held by an outside party. Of the University's investments, $4,527,068 of the U.S. Treasury Notes, $13,449,210 of the U.S. Government Agencies, and $398,845 of the Mutual Funds are held by the counter party, a trust department, or an agent not in the University's name.

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

Note 3 Accounts Receivable

Accounts Receivable are primarily comprised of the following:		
Student Tuition	$	7,516,391
Auxiliaries		1,815,461
Sponsored Programs		2,526,566
Refundable Advance		63,805
Other Receivable		769,195
State/Capital Appropriation		1,005,401
Total Accounts Receivable	**$**	**13,696,819**
Allowance for Doubtful Accounts		(4,131,698)
Net Accounts Receivable	**$**	**9,565,121**

Note 4 Inventories

Inventories are stated at the lower of cost or market value. Total inventories were valued at $2,150,859. Of this total, the bookstore's inventory was $1,810,985.

Note 5 Derivative Instruments

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2015, classified by type and the changes in fair value of such derivative instrument for the year ended as reported in the 2015 financial statements is as follows:

	Changes in Fair Value		Fair Value at June 30, 2015		
	Classification	Amount	Classification	Amount	Current Notional
Cash flow Hedge: Pay-Fixed Interest Rate Swap	Pay-Fixed Interest Rate Swap	($40,953)	Deferred Outflow of Resources	($215,142)	$6,910,000

As of June 30, 2015, the University determined that the pay-fixed interest rate swap met the criteria for effectiveness. The pay-fixed, receive-variable interest rate swap is designed to synthetically fix the cash flows on the variable rate bonds. The fair value of the interest rate swaps were estimated based on the present value of their estimated future cash flows.

The following table displays the objective and terms of the University's hedging derivative instrument outstanding at June 30, 2015, along with the credit rating of the associated counterparty:

Type	Objective	Current Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-Fixed Interest Rate Swap	Hedge of changes in cash flows on the 2009 Series I Bonds	$6,910,000	12/23/2008	12/1/2028	65% of 6 mo. USD-LIBOR-BBA w/ 1 Day Look back + 208.00 bps	A1

Credit Risk: As a means of managing credit risk, University investment policy limits investments to A1 (Standard & Poor's) or P1 (Moody's). If a rating change occurs which disqualifies a security that is already present in the University portfolio, it must be sold within 30 days of the discovery, unless it matures within six months of the rating change. At June 30, 2015, the University is in compliance with its credit risk policy for all investments. The fair value of the hedging derivative instrument, in a liability position as of June 30, 2015, is $215,142. Since both the derivative instrument and the debt being hedged are with the same counterparty, there is no credit risk exposure since the fair value of the derivative instrument would be netted against the payoff of the debt.

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

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

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

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

Note 6 Capital Assets

	Beginning Balances	*Increases*	*Decreases*	*Transfers*	*Ending Balances*
Capital Assets Not Being Depreciated:					
Land	$ 19,147,785	$ 552,997	$ 31,296	$ -	$ 19,669,486
Construction in Progress	7,420,778	8,133,889	13,500	(6,737,421)	8,803,746
Total Capital Assets Not Being Depreciated	**26,568,563**	**8,686,886**	**44,796**	**(6,737,421)**	**28,473,232**
Capital Assets Being Depreciated:					
Building & Improvements	249,534,953	758,900	520,728	6,434,633	256,207,758
Equipment	54,511,176	4,161,048	2,613,299	302,788	56,361,713
Total Capital Assets Being Depreciated	**304,046,129**	**4,919,948**	**3,134,027**	**6,737,421**	**312,569,471**
Less Accumulated Depreciation For:					
Building & Improvements	81,845,892	6,686,358	468,804	-	88,063,446
Equipment	38,043,639	4,375,353	2,433,510	-	39,985,482
Total Accumulated Depreciation	**119,889,531**	**11,061,711**	**2,902,314**	**-**	**128,048,928**
Total Capital Assets Being Depreciated, Net	**184,156,598**	**(6,141,763)**	**231,713**	**6,737,421**	**184,520,543**
Capital Assets, Net	**$ 210,725,161**	**$ 2,545,123**	**$ 276,509**	**$ -**	**$ 212,993,775**

Note 7 Long-Term Debt

Long-term debt activity for the year ended June 30, 2015 is summarized as follows:

	Interest Rate	Amount Issued	Amount Retired 2014-2015	Amount Outstanding June 30, 2015	Amount Due Within One Year
Dormitory and Dining Facilities Revenue Bonds of 1983, Series A	3.000%	$ 5,000,000	$ 170,000	$ 1,560,000	$ 180,000
Auxiliary Facilities System Revenue Bonds, Series 2006	4.126%	13,440,000	885,000	6,400,000	930,000
Auxiliary Facilities System Revenue Bonds, Series 2009	4.728%	10,160,000	390,000	8,330,000	400,000
Auxiliary Facilities System Revenue Bonds, Series 2013	3.630%	4,526,800	157,800	4,369,000	165,000
Student Fee Bonds, Series H	4.373%	4,545,000	190,000	3,200,000	200,000
Student Fee Bonds, Series I	4.090%	9,095,000	380,000	6,910,000	400,000
Student Fee Bonds, Series J	3.858%	26,795,000	1,700,000	17,495,000	1,750,000
Student Fee Bonds, Series K	3.160%	5,895,000	344,000	4,577,000	354,000
Student Fee Bonds, Series L	2.350%	8,045,000	468,600	6,892,400	480,000
Total Bonds Payable			**$ 4,685,400**	**$ 59,733,400**	**$ 4,859,000**
Unamortized Bond Premium (Discount)				**$ 1,117,401**	
Due Within One Year				**(4,859,000)**	
Total Long-Term Liabilities				**$ 55,991,801**	

Debt obligations are generally callable by the University, bear interest at fixed and variable rates ranging from 2.35% to 4.728%, and mature at various dates through 2034. Maturities and interest on bonds payable for the next five years, and in the next five year periods are as follows:

	Principal	Interest
2016	$ 4,859,000	$ 2,419,394
2017	5,057,400	2,225,412
2018	5,264,800	2,022,325
2019	5,458,800	1,810,775
2020	5,708,400	1,576,915
2021-2025	22,736,200	4,500,888
2026-2030	9,499,800	1,050,689
2031-2034	1,149,000	82,455
Total	**$ 59,733,400**	**$ 15,688,853**

Bonds Secured by Dormitory Revenues

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

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

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

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

Bonds Secured by Student Fees

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

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

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

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

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

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

Funds held with Bond Trustee	
Current Funds Expected to be Depleted Within a Year	
Revenue Bonds, Series 2009	$ 5,550
Revenue Bonds, Series 2006	7,063
Other Bond & Interest Accounts	1,310
Total Current	**$ 13,923**
Dorm & Dining Bonds of 1983 A & B Vigo Hall	219,715
Total Funds held with Bond Trustee	**$ 233,638**

Note 8 Scholarships and Instruction

The endowment funds are classified under net position as Restricted for Scholarship & Instruction. They include both expendable and non-expendable funds. Net position for the endowment funds totaled $4,822,975 as of June 30, 2015 with $3,588,879 of this amount being held in the Opal C. Ramsey fund.

Note 9 TIAA/CREF Pension Plans

Faculty and professional staff hired prior to June 30, 2003, and having five or more years of continued employment participate in a defined contribution retirement income plan with Teachers Insurance and Annuity Association - College Retirement Equity Fund (TIAA-CREF). The University contributes 5% of covered wages for this plan.

Full-time faculty and professional staff hired after July 1, 2003, participate in the Vincennes University Defined Contribution Retirement Plan in which the University contributes 12% of earned wages.

On July 1, 2013, all newly hired employees eligible for benefits participate in the Vincennes University Defined Contribution Retirement Plan in which the University's contribution rate is 10% of earned wages.

The University's plans are defined contribution plans under IRC 403(b). An agreement between the University and TIAA/CREF is approved by the University Board of Trustees. On June 30, 2015, 535 employees were covered by TIAA/CREF and total wages were $ 28,978,451. During 2014-15, Vincennes University contributed $2,702,435 to TIAA/CREF on the employees' behalf.

TIAA/CREF issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing the Teachers Insurance and Annuity Association - College Retirement Equities Fund, 730 3rd Avenue, New York, NY 10017-3206.

Note 10 – TRF Pension Plans

General Information about the Teachers' Retirement Pension Plans

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

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

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

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

Benefits TRF Pre-1996 is a pay-as-you-go cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees hired before July 1, 1995. There are two aspects to the TRF Pre-1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the State of Indiana. The second portion of the TRF Pre-1996 benefit Structure is the annuity savings account that supplements the defined benefit at retirement. The benefit formula is the years of creditable service times the average highest five-year annual salary times .011. Members can elect at retirement to receive their Annuity Savings account as a monthly supplement to their defined pension benefit or in a total distribution. Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

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

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

This pension plan is a special funding situation in that the State of Indiana, a non-employer contributing entity, is legally responsible for the net pension liability and contributions to the pension plan. These contributions are paid directly to the pension plan and are used to provide pension benefits for members of the pension plan. As a nonemployer contributing entity, the State of Indiana contributed $825.6 million in fiscal year 2014 to TRF Pre-1996. Employers contributed $6.3 million in fiscal year 2014.

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

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

At June 30, 2015, Vincennes University reported a liability of zero dollars. The State's proportionate share of the net pension liability is 100%. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of June 30, 2013. The basis used by actuary to determine the employer's proportionate share is a weighted calculation using a combination of wages reported by employers relative to the collective wages of the plan, and benefits paid to the retirees of employers relative to the total benefits paid by the plan. The weighted calculation is the 45.6 percent for wages and 54.4 percent for the benefits paid, which are determined by the non-retirees and retirees respective net pension liabilities. This method is used as it provided a fairer distribution so that employers with no active employees still show a proportionate share.

For the year ended June 30, 2015, the University recognized pension expense totaling $3,755,638 along with non-operating revenue in the same amount for the State's contribution.

Teachers' Retirement Fund 1996 Account (TRF 1996)

Benefits TRF 1996 is a cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees (hired before July 1, 2011) hired after June 30, 1995. Members who were hired before July 1, 1995 were members of TRF Pre-1996. However, pursuant to the law in place prior to July 1, 2005, if a member of TRF Pre-1996 left employment and re-employed after June 30, 1995, the member and the liability were transferred to TRF 1996. There are two aspects to the TRF 1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the TRF 1996 benefit structure is the annuity savings accounts that supplements the defined benefit at retirement.

The benefit formula is the years of creditable service times the average highest five-year annual salary times .011. Members can elect at retirement to receive their Annuity Savings account as a monthly supplement to their defined pension benefit or in a total distribution. Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

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

Contributions The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provided for periodic employer contributions at actuarially determined rates that expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As the TRF 1996 Account is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers. During fiscal year 2014, all participating employers in the TRF 1996 Account were required to contribute 7.50 percent of the covered payroll in which the University contributed $102,181 based on payroll totaling $1,364,195.

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

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

At June 30, 2015, Vincennes University reported a liability of $25,064 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. Wages reported by employers relative to the collective wages of the plan serve as the basis to determine the employer's proportionate share. This basis of allocations measures the proportionate relationship of an employer to all employers and it consistent with the manner in which contributions to the pension plan are determined. At June 30, 2014, the University's proportion was .05%, which remained constant from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, VU recognized pension expense of $67,809. At June 30, 2015, VU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 245	$ -
Changes of assumptions	-	107,763
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	19,142
Employer contributions subsequent to the measurement date	83,314	-
Totals	$ 83,559	$ 126,905

$83,314 reported as deferred outflows of resources related to pensions resulting from VU's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Year ended June 30:	
2015	$ 28,515
2016	28,515
2017	28,515
2018	28,515
2019	1,575
Thereafter	11,025

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

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

	Net Pension Liability Discount Rate Sensitivity		
	1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
Employer's proportionate share of the net pension liability	$ 412,192	$ 25,064	$ (295,703)

Actuarial Assumptions for TRF Pre-1996 and TRF 1996

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assets	June 30, 2014
Liabilities	June 30, 2013 - Member census data as of June 30, 2013 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2013 and June 30, 2014. Standard actuarial roll forward techniques were then used to project the total pension liability computed as June 30, 2013 to June 30, 2014
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00%
Salary increases	3.00% to 12.50%, including wage inflation
Investment rate of return	6.75%
Cost-of-living adjustments	1% Compounded Annually on Pension Portion
Experience Study Data	Period of 4 years ended June 30, 2011

Mortality rates were based on the 2013 IRS Static Mortality Tables projecting as additional five years with Scale AA (gender specific).

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

Global Asset Classes	Target Allocation	Geometric Bases Long-Term Expected Real Rate of Return
Public Equity	22.50%	6.0%
Private Equity	10.00%	7.7%
Fixed Income - Ex Inflation-Linked	22.00%	2.1%
Fixed Income - Inflation-Linked	10.00%	0.5%
Commodities	8.00%	2.5%
Real Estate	7.50%	3.9%
Absolute Return	10.00%	1.8%
Risk Party	10.00%	4.3%

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

Schedules of Required Supplementary Information

Schedule of Employer's Share of Net Pension Liability

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

Last 10 Fiscal Years*

	2014**
1. Employer's proportion of the net pension liability (asset)	0.00%
2. Employer's proportionate share of the net pension liability (asset)	$ -
3. The portion of the non-employer contribution entities total proportionate share (amount) of the collective NPL associated with the employer.	100%
4. Employer's covered-employee payroll	$ 7,186,887.47
5. Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A
6. Plan fiduciary net position as a percentage of the total pension liability	33.60%

* Complete data for this schedule is not available prior to 2015. ** Measurement Date is 06/30/2014.

Schedule of Employer Contributions

Teachers' Retirement Fund Pre-1996 Accounts

Last 10 Fiscal Years*

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

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

Schedules of Required Supplementary Information

Schedule of Employer's Share of Net Pension Liability

Teachers' Retirement Fund 1996 Accounts (TRF 1996)

Last 10 Fiscal Years*

	2014**
1. Employer's proportion of the net pension liability (asset)	0.0005271%
2. Employer's proportionate share of the net pension liability (asset)	$ 25,064
3. Employer's covered-employee payroll	$ 1,364,195.00
4. Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.84%
5. Plan fiduciary net position as a percentage of the total pension liability	99.10%

* Complete data for this schedule is not available prior to 2015. ** Measurement Date is 06/30/2014.

Schedule of Employer Contributions

Teachers' Retirement Fund 1996 Accounts

Last 10 Fiscal Years*

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

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

Note 11 Other Postemployment Benefits

Plan Description

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

Funding Policy

The contribution requirements of plan members for the Vincennes University Healthcare Plan are established by the University. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined by the actuarial study . For the fiscal year ended June 30, 2015, the University contributed $6,428,380 to the plan, including $2,768,380 for current premiums (approximately 70% of total premiums)(and an additional $3,660,000 to prefund benefits.) Plan members receiving benefits contributed approximately $1,305,283 or approximately 30% of the total premiums, through their required contribution of $233 per month for retiree-only coverage, and $466 per month for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation to the plan:

Annual required contribution	$	1,898,593
Interest on net OPEB obligation		(693,883)
Adjustment to annual required contribution		817,474
Annual OPEB cost (expense)	**$**	**2,022,184**
Contributions made		(6,428,380)
Increase (Decrease) in net OPEB obligation	**$**	**(4,406,196)**
Net OPEB obligation - beginning of year		(10,675,126)
Net OPEB obligation (asset) - end of year	**$**	**(15,081,322)**

The University's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	$ 2,022,184	317.9%	$ (15,081,322)
6/30/2014	$ 2,610,611	168.0%	$ (10,675,126)
6/30/2013	$ 3,527,556	148.4%	$ (8,900,939)

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was 77.9% funded. The actuarial accrued liability for benefits was $53,809,446 and the actuarial value of assets was $41,908,125, resulting in an unfunded actuarial accrued liability (UAAL) of $11,901,321. The current year covered payroll (annual payroll of active employees covered by the plan) was $33,687,669, and the ratio of the UAAL to covered payroll was 35.3%.

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

Actuarial Methods and Assumption

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

In the June 30, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The results are projected backwards to July 1, 2014 on a "no gain/loss" basis. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9% for health and 4% for dental initially, reduced by decrements of 0.50% annually to an ultimate rate of 5% for health and dental decreasing by 0.25% annually to an ultimate rate 3%. Both rates included a 3% inflation assumption. The actuarial value of assets for purposes of determining the annual recommended contribution is the market value of the assets. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was 30 years (open amortization).

Note 12 Risk Management

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

For health benefits, the University has an insured self-funded arrangement. The University retains the risk for medical benefits up to a stop loss provision of $325,000 per member. There is a liability for incurred but unpaid claims. This liability is estimated to be $955,376 for the fiscal year 2014-15 and $828,305 for the fiscal year 2013-14.

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

Balance, beginning of year	$	828,305
Claims incurred		10,444,822
Claim payments		(10,317,752)
Balance, end of year	$	955,375

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

Actuarial Valuation Date***	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio OPEB Obligation (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	$ 41,908,125	$ 53,809,446	$ 11,901,321	77.9%	$ 33,687,669	35.3 %
7/1/2013	$ 36,558,776	$ 56,072,810	$ 19,514,034	65.2 %	$ 32,706,475	59.7 %
7/1/2012	$ 31,731,775	$ 59,703,410	$ 27,971,635	53.1 %	$ 34,054,596	82.1 %

**** Measurement date is June 30, 2015 with the results projected backwards to July 1, 2014 on a "no gain/loss" basis.*

Note 13 Deposits Held in Custody of Others

As of June 30, 2015, the University held $4,053,608 in deposits for Complete College America, Inc. The assets were placed in the University's investment portfolio and received a pro-rata share of investment earnings. Complete College America, Inc. is a 501(c)(3), nonprofit charitable organization working to significantly increase the number of Americans with a college degree or credential of value and to close attainment gaps for traditionally underrepresented populations.

NOTE 14 Special Items -- With From PERF Pension Plan Obligation

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

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

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

NOTE 15 Functional Statement

Operating expenses by functional classification are summarized as follows:

	Salaries and Benefits	Scholarships/ Fellowships	Supplies and Other Services	Equipment	Depreciation	Total
Instruction	$ 38,317,243	$ -	$ 8,769,758	$ 252,106	$ -	$ 47,339,107
Academic Support	3,809,510	-	659,020	318,050	-	4,786,580
Public Service	4,895,777	-	3,628,451	132,537	-	8,656,765
Student Service	4,049,114	-	2,275,906	42,197	-	6,367,217
Operation and Maintenance of Plant	4,190,260	-	4,680,370	715,609	-	9,586,239
Institutional Support	5,711,861		1,780,468	101,263	-	7,593,592
Depreciation	-	-	-	-	11,061,711	11,061,711
Auxiliary Enterprises	5,332,856	-	10,468,145	33,299	-	15,834,300
Student Aid Expense	-	10,468,494	-	-	-	10,468,494
Total Operating Expenses	$ 66,306,621	$ 10,468,494	$ 32,262,118	$ 1,595,061	$ 11,061,711	$ 121,694,005

Note 16 Operating Leases

For the fiscal year ended June 30, 2015, the University spent $634,081 on operating leases which are included in supplies and other services in the Statement of Revenue, Expenses, and Changes in Net Position. Of this amount, $505,104 was spent on leasing off-campus classroom and office space, and the remaining amount of $128,977 was spent on equipment leases.

Note 17 - Prior Period Adjustment for Change in Accounting Principle

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

Note 18 Subsequent Events

For fiscal years 2016 and 2017, funds up to $3 million per year will be available to VU from the State of Indiana's Career and Technical Education Innovation and Advancement fund to provide career and technical education in selected Career Centers across the state. VU will utilize its Early College model in this initiative.

The Indiana General Assembly has given the University bonding authority in the amount of $20 million for the construction of a $27 million Science, Engineering and Mathematics facility on the Vincennes Campus which will be named Updike Hall. Construction will begin during fiscal year 2016.

The State has given approval and made $2 million available for a mock mine to be built at the Gibson Center for Applied Technology. Construction for this project will begin during fiscal year 2016.

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