THE TRUSTEES of INDIANA UNIVERSITY ("INDIANA UNIVERSITY")
Annual Disclosure Document
December 14, 2018

This filing relates to the following bonds outstanding as of June 30, 2018 for the issues occurring in the month and year specified:

Indiana University Student Fee Bonds, Series S: February 2008
Indiana University Student Fee Bonds, Series T-2: April 2010
Indiana University Student Fee Bonds, Series U: July 2011
Indiana University Student Fee Bonds, Series V-1 & V-2: October 2012
Indiana University Student Fee Bonds, Series W-1 & W-2: January 2015
Indiana University Student Fee Bonds, Series X: August 2016
Indiana University Student Fee Bonds, Series Y: October 2018

Indiana University Consolidated Revenue Bonds, Series 2009A: April 2009
Indiana University Consolidated Revenue Bonds, Series 2010B: May 2010
Indiana University Consolidated Revenue Bonds, Series 2011A: March 2011
Indiana University Consolidated Revenue Bonds, Series 2012A: January 2012
Indiana University Consolidated Revenue Bonds, Series 2015A: April 2015
Indiana University Consolidated Revenue Bonds, Series 2016A: April 2016

Indiana University Certificates of Participation, Series 2009B: December 2009
Indiana University Certificates of Participation, Series 2012A: February 2012
Indiana University Certificates of Participation, Series 2013A: March 2013

Indiana University Lease Purchase Obligations, Series 2014A: February 2014
Indiana University Lease Purchase Obligations, Series 2015A: May 2015
Indiana University Lease Purchase Obligations, Series 2017A: March 2017

Annual Financial Information Disclosure as of December 14, 2018
Exhibit A – Audited Financial Statements for the Fiscal Year Ended June 30, 2018
Exhibit B – Certificate RE: Audited Financial Statements
Exhibit C – Certificate RE: Annual Financial Information Disclosure
Schedule I to Exhibits B and C

INDIANA UNIVERSITY

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INDIANA UNIVERSITY

General

Indiana University (the "University" or "IU") is a major public research institution and one of the largest universities in the nation. It was established by the Indiana General Assembly (the "General Assembly") in 1820 as Indiana Seminary located in Bloomington. It was designated as Indiana College by the General Assembly in 1828 and became Indiana University in 1838. The University has core campuses in Bloomington and Indianapolis, (Indiana University Purdue University at the Indianapolis Campus ("IUPUI"), the latter of which has satellite campuses located in Columbus and Fort Wayne. Regional campuses serving other areas of Indiana, are located in Gary ("Northwest"), Kokomo, New Albany ("Southeast"), Richmond ("East"), and South Bend, (collectively, "Regionals"). The University has IU Online for distance education, offering more than 100 online academic programs. The University encompasses a total of 3,034 acres. The Bloomington campus is the oldest and largest campus of the University, occupying 1,939 acres, and is the primary residential campus. IUPUI is the home of the Indiana University School of Medicine, the School of Dentistry, and the School of Nursing.

As of July 1, 2018, the realignment of the former Indiana University-Purdue University Fort Wayne campus became effective to better provide for educational interests and economic growth in northeast Indiana. IU Fort Wayne manages the health science programs and related admissions. Prior to that time, Fort Wayne students could seek IU related coursework. Unless specified with this document, campus information before July 1, 2018 excludes the Fort Wayne campus.

As of fall 2017, Indiana University changed official census enrollment to exclude high school students who are taking college courses simultaneously, which is referred to as dual credit. For the fall semester of 2018 the University's headcount enrollment was 94,244. The University's total full time equivalent enrollment for the fall semester of 2018 was 81,870.

Forward-looking Statements

Certain information contained in this document, including in particular, that titled "Student Enrollment," "Fees - Student Budget," "Operating Budget and Related Procedures," "State Appropriations to the University," and "Capital Program" and under the financial report accompanying this document —"Management Discussion and Analysis", contains "forward-looking statements" based on current expectations, estimates, forecasts and projections about and assumptions made by the University. These forward-looking statements may be identified by the use of forward-looking terms such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," and "seeks" or the negatives of such terms or other variations on such terms or comparable terminology. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially. These risks and uncertainties include demographic changes, demand for higher education services and other services of the University, competition with other higher education institutions and general domestic and international economic conditions including those of the state of Indiana (the "State"). Additionally, certain information contained in this document titled "Financial Operations of the University," "Physical Plant - Capital Assets, Net," "Postemployment Benefits," "Related Organization," "Required Supplementary Information," "Retirement Plans," and "Risk Management" are from current and/or prior audited IU financial reports; the "Indiana University Foundation - Indiana University Foundation Financial Summary" (the "Foundation") is from its current and/or prior audited financial reports. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. The University disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Academic Colleges, Schools & Divisions of the University

The University divides the academic year into two academic semesters and an additional summer session. The University offers courses in the arts, humanities, social, behavioral, physical and life sciences, and professional fields. Many courses are available in online and hybrid formats. Additional programs include military science, professional practice, and special summer session programs.

The major areas and fields of study at the University's campuses are as shown as of fall 2018.

University Schools, Colleges and Divisions

Bloomington	**IUPUI continued**
College of Arts and Sciences	School of Nursing
School of Art, Architecture + Design	School of Public and Environmental Affairs
School of Global and International Studies	School of Science (Purdue)
The Media School	School of Social Work
Hutton Honors College	University College
Jacobs School of Music	University Graduate School
Kelley School of Business	**East**
Maurer School of Law	Purdue Polytechnic Richmond
School of Education	School of Business and Economics
School of Informatics, Computing, and Engineering	School of Education
School of Medicine [1]	School of Humanities and Social Sciences
School of Nursing	School of Natural Science and Mathematics
School of Optometry	School of Nursing and Health Sciences
School of Public and Environmental Affairs	School of Social Work
School of Public Health	**Kokomo**
School of Social Work	Division of Allied Health Sciences
University Division	Purdue Polytechnic Kokomo
University Graduate School	School of Business
IUPUI	School of Education
Herron School of Art and Design	School of Humanities and Social Sciences
Honors College	School of Nursing
IU-Fort Wayne	School of Sciences
School of Dentistry	**Northwest**
School of Medicine [1]	College of Arts and Sciences
School of Nursing	College of Health and Human Services
School of Social Work	School of Medicine [1]
IUPU-Columbus	School of Nursing
Division of Business	School of Public and Environmental Affairs
Division of Education	School of Social Work
Division of Liberal Arts	School of Business and Economics
Division of Mechanical Engineering	School of Education
Division of Nursing	**South Bend**
Division of Science	College of Liberal Arts and Sciences
Honors Program	Ernestine M. Raclin School of the Arts
University College	Judd Leighton School of Business and Economics
Kelley School of Business	Purdue Polytechnic South Bend
Lilly Family School of Philanthropy	School of Education
Richard M. Fairbanks School of Public Health	School of Social Work
Robert H. McKinney School of Law	Vera Z. Dwyer College of Health Sciences
School of Dentistry	**Southeast**
School of Education	Division of General Studies
School of Engineering and Technology (Purdue)	Purdue Polytechnic New Albany
School of Health and Human Sciences	School of Arts and Letters
School of Informatics and Computing	School of Business
School of Liberal Arts	School of Education
School of Medicine [1]	

[1] The Indiana University School of Medicine has a Statewide Medical Education System, consisting of centers at Bloomington, Evansville, Fort Wayne, Indianapolis, Muncie, Northwest-Gary, South Bend, Terre Haute and West Lafayette.

Authorized Degree Programs and Degrees Conferred

For the academic year ended June 30, 2018, 854 Indiana University degree programs, including some offered through online education, were authorized and implemented on the University's campuses. Four-year programs leading to baccalaureate degrees constitute the largest single category, accounting for 419 programs. Advanced degrees (doctoral and professional) and master's degrees account for 416 programs. Associate degrees account for 19 programs.

During the academic year ended June 30, 2018, the University awarded a total of 20,627 degrees consisting of 14,379 bachelor's degrees, 4,587 master's degrees, 1,522 professional and doctoral degrees, and 139 associate degrees.

Accreditations and Memberships

At Indiana University, each campus is fully accredited by the Higher Learning Commission and the American Council on Education. Indiana University Bloomington is a member of the Association of American Universities.

The Board of Trustees of the University

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

The current members and officers of the Board of Trustees are listed below:

Board of Trustees Members

Board of Trustees Officers

Michael J. Mirro	Chair of the Trustees
Patrick A. Shoulders	Vice Chair of the Trustees
Donald S. Lukes	Treasurer of the Trustees
John A. Sejdinaj	Assistant Treasurer of the Trustees
Deborah A. Lemon	Secretary of the Trustees
Jacqueline A. Simmons	Assistant Secretary of the Trustees

Administrative Officers of the University

As the chief executive of the University, the President is appointed by the Trustees and is responsible for the operation of the entire University within the framework of policies approved by the Trustees. The President is responsible for accomplishing the objectives of the University, for determining missions and priorities for its various units, and for the effective and efficient planning, use, and management of its resources. The following is a list of University officers.

Michael A. McRobbie	President
John S. Applegate	Executive Vice President for University Academic Affairs
Jay L. Hess	Executive Vice President for University Clinical Affairs
Nasser H. Paydar	Executive Vice President and Chancellor, IUPUI
Lauren K. Robel	Executive Vice President and Provost, Indiana University Bloomington
Hannah Buxbaum	Vice President for International Affairs
Fred H. Cate	Vice President for Research
G. Frederick Glass	Vice President and Director of Intercollegiate Athletics
Thomas A. Morrison	Vice President for Capital Planning and Facilities
Michael M. Sample [1]	Vice President for Government Relations
John A. Sejdinaj	Vice President and Chief Financial Officer
Jacqueline A. Simmons	Vice President and General Counsel
William B. Stephan [1]	Vice President for Engagement
Bradley C. Wheeler	Vice President for Information Technology and Chief Information Officer and Vice President for Communications and Marketing
John Whelan	Vice President for Human Resources
James C. Wimbush	Vice President for Diversity, Equity, and Multicultural Affairs
Kathryn Cruz-Uribe	Chancellor of Indiana University East
Jann Joseph	Interim Chancellor of Indiana University South Bend
William J. Lowe	Chancellor of Indiana University Northwest
Susan Sciame-Giesecke	Chancellor of Indiana University Kokomo
Ray Wallace	Chancellor of Indiana University Southeast

[1] Effective July 1, 2018, Vice President ("VP") Stephan assumed responsibility for IU federal relations activities working closely with VP Sample. Effective January 1, 2019, he will assume joint responsibility with VP Sample for IU state relations activities and assume full responsibility for this area on July 1, 2019.

The following are President Emeriti of the University, with most recent listed first:

Adam W. Herbert	President Emeritus of the University
Thomas Ehrlich	President Emeritus of the University

These are brief biographical sketches of certain officers:

MICHAEL A. MCROBBIE – Michael A. McRobbie took office as the 18th President of the University on July 1, 2007. Under his leadership, IU has seen a major expansion in the size, quality, and diversity of its student body; a large-scale academic restructuring; a reinvigoration of the global partnerships that support the University's international academic and educational programs; the greatest sustained period of renovation, renewal and repurposing of our existing facilities, and the construction of new facilities, in IU's history; the completion of the $1.1 billion "Matching the Promise" endowment campaign at IU Bloomington and the $1.3 billion "IMPACT" campaign on the IUPUI campus; and the launch of the $3 billion "For All Bicentennial Campaign," an ongoing university-wide campaign that will continue through IU's bicentennial year of 2020. McRobbie also oversaw the development of *The Bicentennial Strategic Plan for Indiana University*, a set of bold goals designed to keep Indiana University on the course of greatness in its third century. McRobbie joined the University in 1997 as Vice President for Information Technology and Chief Information Officer. He assumed the additional position of Vice President for Research in 2003. He was named Interim Provost and Vice President for Academic Affairs of the Bloomington campus in 2006. McRobbie holds professorships in computer science, informatics, and philosophy, and adjunct professorships in cognitive science and information science. A member of many national and international industrial, governmental, and scientific boards and committees, McRobbie was a co-founder of the high-performance broadband Asia Pacific Advanced Network, which supports the research and education community all across the Asia-Pacific region. A native of Australia who became a U.S. citizen in 2010, he earned a Bachelor of Arts degree from the University of Queensland and a Doctoral degree at the Australian National University. He has also received honorary degrees from the Australian National University, Griffith University in Australia, the University of Queensland, the South East European University in Macedonia, and Sungkyunkwan University in Seoul, South Korea. In 2012, McRobbie became the first sitting IU President to be elected a member of the American Academy of Arts and Sciences. In 2016, he was elected as a member of the Council on Foreign Relations. Additionally, McRobbie has been elected an honorary member of the Australian Academy of Humanities and appointed as an Officer in the General Division of the Order of Australia, one of that nation's highest honors.

JOHN A. SEJDINAJ – John Sejdinaj was named Vice President and Chief Financial Officer of the University in August 2016. Sejdinaj provides leadership for the management of (a) the Controller's Office, which includes Financial Management Services (external financial reporting, tax compliance, cost accounting, cash control, general ledger operations, accounts payable and payroll); (b) Procurement Services, which includes Indiana University Purchasing Department, Travel Management Services, Business Diversity and Licensing and Trademarks; (c) the Office of the Treasurer, which includes Capital Finance, Financial Literacy, Insurance and Loss Control, Investments, Treasury Operations, and University Bursar; and (d) University Budget Office. Before joining the staff of Indiana University, Sejdinaj was Vice President for Finance at the University of Notre Dame. He also served in various financial roles in budgeting, treasury, capital planning and investments at Notre Dame. Throughout his career, he has improved business processes, developed financial strategies, and enabled financial staff to support academic and administrative units. Before coming to Notre Dame, he enjoyed a successful career in banking and investment banking. Sejdinaj earned his bachelor's degree from Notre Dame and a Master of Business Administration degree from DePaul University.

DONALD S. LUKES – Donald Lukes was named Treasurer of the University in July 2015 and Treasurer of the Trustees effective August 2015, after previously serving as Associate Vice President & Associate Treasurer since April 2014 and Assistant Treasurer of the Trustees since August 2014. Lukes is responsible for Capital Finance, Financial Literacy, Insurance and Loss Control, Investments, Treasury Operations, and University Bursar. Before joining the staff of Indiana University, Lukes spent ten years in the energy and utility industry where he had various roles including directing treasury operations, debt and acquisition financing, and insurance as well as managing business development efforts. Lukes is a Certified Public Accountant and a Chartered Global Management Accountant. He previously served as an auditor for a public accounting firm. Lukes graduated with a B.S. in Accounting and an M.B.A. in Finance and Strategic Management from the IU Kelley School of Business.

Facilities

Square Footage As of fall 2018, there were 816 buildings on the campuses, excluding Fort Wayne, encompassing 34.2 million gross square feet, of which approximately 20.2 million square feet are assignable to operating units. As of fall 2017, there were 821 buildings on campuses, excluding Fort Wayne.

Libraries The University's library system serves all campuses with separate collections as well as interlibrary loan programs. As of June 30, 2018, the library system holdings included 13.9 million volumes. The University's libraries are open to residents of the State as well as University faculty and staff.

The Lilly Library on the Bloomington campus houses the University's collections of rare books and manuscripts. Its holdings number more than 450,000 books, over 8,500,000 manuscripts and 150,000 pieces of sheet music.

Information Technology Services University Information Technology Services ("UITS") is responsible for the continued development of a high-performance computing and communications infrastructure and the information technology environment that contains tools and services that support the University's academic, research, and administrative work, including a high-speed campus network with wireless access; central web hosting; tools and support for instruction and research; supercomputers for data analysis and visualization; thousands of virtual servers in the state-of-the-art, disaster-resistant Data Center; and hundreds of public-access, Internet-connected workstations. Interconnecting these resources is a high-speed statewide fiber optic network connecting all University campuses. The network is connected to national and international research and education networks, such as the Internet2 Network. UITS has offices at IU Bloomington, IUPUI, IU East, IU Kokomo, IU Northwest, IU South Bend, and IU Southeast, and employs approximately 1,000 highly trained professionals to support and expand the University's information technology capabilities. UITS is composed of six divisions: Research Technologies; Learning Technologies; Client Services and Support; Enterprise Systems; Networks; and Clinical Affairs Information Technology Services, all working together to support the University community in its use of information technology. UITS reports to the Office of the Vice President for Information Technology and Chief Information Officer, which provides leadership for the continued development of information technology at IU.

Research As of fall 2018, the University had approximately 1.0 million assignable square feet of laboratories and service areas used for research purposes, primarily on the Bloomington and IUPUI campuses. The nature and function of this research space ranges from highly specialized to broad multi-disciplinary uses, with an emphasis on life and medical sciences.

Housing Facilities All undergraduate first-year students on the Bloomington campus are required to live in on-campus housing facilities, which include residence halls, on-campus apartments, and fraternity and sorority houses. As of fall 2018, the Bloomington campus provided residence hall housing for 11,057 students and apartment housing for 1,613 students. Occupancy in Bloomington campus residence halls and apartment housing was 99% for both. On the Bloomington campus, as of fall 2018, approximately 7,192 undergraduate students participated in Greek life in 38 fraternities and 33 sororities, with 18 fraternities and 21 sororities providing on-campus housing for 3,333 of their members. As of fall 2018, the residence facilities on the IUPUI campus provided living quarters for 2,399 students, through a combination of apartment style housing, traditional co-ed residence halls, and townhouse units. As of fall 2018, occupancy in IUPUI campus housing was 100%. As of fall 2018, the South Bend campus provided living quarters for approximately 387 students with housing occupancy at 98%. As of fall 2018, the Southeast campus provided living quarters for approximately 395 students with housing occupancy at 100%. Other Regionals have no student residence facilities.

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

Athletic Facilities Indiana University's Bloomington campus is home to a 52,929-seat Memorial Stadium for football which includes Wilkinson Performance Center, Shuel Academics Center and the recently opened Excellence Center in the South End Zone along with 17,222-seat Simon Skjodt Assembly Hall for basketball. Additional facilities include Andy Mohr Field, Bart Kaufman Field, Bill Armstrong Stadium (Jerry Yeagley Field), Cook Hall, Counsilman-Billingsley Aquatic Center, Gladstein Fieldhouse, Henke Hall of Champions, IU Championship Golf Course (with driving range), IU Cross Country Course, IU Field Hockey, John Mellencamp Pavilion, Robert C. Haugh Track & Field Complex (Hayes Track), University Gymnasium, varsity soccer practice fields, varsity tennis outdoor courts. The athletics program currently has under way a rebuild of the 18-hole

Championship Golf Course and driving range and an approximately 3,000-seat multisport gymnasium called Wilkinson Hall for volleyball and wrestling competitions and other sports practices. The IUPUI campus is home to the IU Natatorium and the Michael A. Carroll Track, Soccer Stadium, and other athletic facilities. Other Regionals have various athletic facilities.

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

Faculty and Staff

The following table shows the Full Time Equivalent ("FTE") Faculty and Staff of the University for the years shown:

Full Time Equivalent Faculty and Staff [1]

Fall Semester	Instructional Faculty and Administrators [2]	Staff [3]	Total FTE
2014	5,961	12,314	18,275
2015	5,986	12,283	18,269
2016	6,102	12,684	18,786
2017	6,167	12,949	19,116
2018	6,325	13,241	19,566

Source: University Institutional Research and Reporting

[1] Prior to July 1, 2018, IU faculty and staff at the Fort Wayne Campus were excluded from this report.

[2] Instructional Faculty and Administrators are defined as Academic Staff who are Tenure/Tenure Track Faculty, Non Tenure Track Faculty and Executive/Administrators with faculty status.

[3] Staff are defined as Academic Professionals, Executive/Administrators without faculty status, and Support Staff: Professional, Administrative (secretarial/clerical), Functional (paraprofessional/technical), and Infrastructure (skilled crafts, service/maintenance). University employees represented by unions are a subset of the reported staff figure.

The percentage of faculty at the University's Bloomington and IUPUI campuses who had tenure are 76% and 68%, respectively, as of the fall semester of 2018. Percent of tenured faculty is calculated by dividing the number of full-time faculty and administrators who are tenured by the total number of full-time faculty and administrators who are eligible for tenure. As of the fall semester of 2018, 98% of Bloomington campus faculty (including visiting faculty) and academic administrators with professional rank held a doctoral or professional degree. This percentage was 92% at IUPUI and 88% at the other campuses.

Indiana University recognizes four employee unions, which include: the International Alliance of Theatrical Stage Employees ("IATSE") for stagehand employees on the Bloomington campus; the American Federation of State, County and Municipal Employees ("AFSCME") Service Staff, for certain custodian, craft, maintenance and food service personnel on the Bloomington, IUPUI, and South Bend campuses; AFSCME Police for certain police officers on the Bloomington, IUPUI, East, Kokomo, Northwest, South Bend, and Southeast campuses; and the Communications Workers of America ("CWA") for certain clerical, technical, and support personnel on the Bloomington and Northwest campuses. In total, these four employee unions currently provide exclusive representation to over 3,000 University employees across all campuses, excluding Fort Wayne. University administration meets and confers with each union about specific working conditions under the framework of "Conditions for Cooperation," a policy statement adopted by the Trustees, but does not negotiate collective bargaining agreements. As an instrumentality of the State, the University and its employees are not subject to the provisions of the National Labor Relations Act, as amended, but are governed by State law, which prohibits strikes by public employees. Each union's status as exclusive representative of certain University employees is conditioned upon their disavowal of the right to strike in accordance with such law and Trustees policy.

Student Quality

In fall 2018, 94.6% of Bloomington campus beginning students ranked in the upper 50% of their high school class. During the same period, 68.9% of beginning students ranked in the upper 25% of their high school class, and 34.7% of beginning students ranked in the top 10%.

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

Undergraduate Beginner Average SAT Scores

Academic Year Ended	Indiana University		National	
June 30	Historic Scale	Current Scale [1]	Historic Scale	Current Scale
2015	1068	1148	1010	NA
2016	1073	1151	1006	NA
2017	1072	1149	1002	NA
2018	NA	1153	NA	1060
2019	NA	1160	NA	1068

Source: University Institutional Research and Reporting

[1] In March 2016, the College Board SAT test structure changed to the current SAT test scale ("Current Scale"). Prior to the Current Scale is referred to as the "Historic Scale" and conversion to the Current Scale is shown to allow for meaningful comparison. Indiana University scores were converted to the Current Scale using the official College Board conversion scale.

Student Admissions

Of Indiana University's total fall 2018 degree-seeking enrollment, students come from 50 states, Washington D.C., and 93 foreign countries. Students from the State make up 68% of the student population. Out-of-state students make up 19% of the student population and students from foreign countries make up 13% of the student population.

The following table sets forth the total number of beginning student applications received, applications accepted, percent accepted, and the percent of acceptances for beginning students who enrolled. These numbers are aggregate numbers, combined for all campuses.

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Undergraduate Applications and Enrollments [1]

Academic Year Ended June 30	Applications Received	Applicants Accepted	Percent Accepted	Percent of Accepted Enrolled
2015	58,204	43,299	74.4%	35.2%
2016	56,659	42,858	75.6	35.5
2017	57,037	43,919	77.0	34.1
2018 [3]	62,681	48,035	76.6	32.5
2019 [2]	69,974	54,653	78.1	29.1

Source: University Institutional Research and Reporting

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

[2] Beginning in fall 2018, IU includes IU Fort Wayne. Information prior to fall 2018 does not include Fort Wayne.

[3] As of August 2016, applicants to IU Bloomington apply electronically via "Apply IU", Common Application, or Coalition Application. The Common Application is used by more than 700 colleges and universities in the United States and around the world. The Coalition Application makes use of a centralized toolkit populated by high school students to submit their college applications and is used by more than 100 public and private United States universities and colleges. The Bloomington campus had its first full year of adoption within academic year ended 2018.

Student Enrollment

Headcount enrollments ("HC") for Bloomington, IUPUI and Regionals of the University for the fall semester are shown in the following table.

Total Official Headcount Enrollment by Campus [1, 3]

Fall Semester	Bloomington	IUPUI [2]	Regionals	Enrollment IU Campuses
2014	42,634	30,690	23,444	96,768
2015	43,145	30,105	22,710	95,960
2016	43,698	29,804	21,683	95,185
2017	43,710	29,791	21,197	94,698
2018	43,503	29,579	21,162	94,244

Source: University Institutional Research and Reporting

[1] As of fall 2017, Indiana University changed official census enrollment to exclude high school students who are taking college courses simultaneously, which is referred to as dual credit. This change affected Bloomington and Regionals. The IUPUI campus uses a program referred to as Special Programs for Academic Nurturing ("SPAN"), in which high school students pay full price and are and will continue to be reflected in census. In preparation for the dual-credit enrollment process change, prior years' data through fall 2016 used a more generic definition which excluded all high school students. Fall 2014 through fall 2016 excludes high school students and fall 2017 forward excludes Advanced College Program ("ACP") students.

[2] Beginning in fall 2018, IU included IU Fort Wayne in IUPUI and Enrollment IU Campuses enrollment statistics consistent with how the satellite campus IUPU-Columbus has been reported.

[3] Regionals and Enrollment IU Campuses data prior to fall 2018 does not include the Fort Wayne Campus. Before the realignment on July 1, 2018 Fort Wayne students could take IU related coursework with 6,104 students showing within total headcount enrollment for 2017, which are no longer shown above. Enrollment IU Campuses reflects only IU students and IU administered campuses.

Projected headcount enrollments for Bloomington, IUPUI and Regionals of the University for the fall semesters are as shown in the following table.

Projected Headcount Enrollment by Campus [1, 2, 3]

Fall Semester	Bloomington	IUPUI	Regionals	Enrollment IU Campuses
2019	43,563	29,992	20,862	94,417
2020	43,830	30,568	20,940	95,338
2021	44,097	30,915	21,126	96,138
2022	44,417	31,688	21,174	97,279

Source: University Institutional Research and Reporting

[1] The projections presented in this table were prepared based on the Fall 2018 Enrollment Study. No representation can be made as to the ability of the University to achieve these projections.

[2] The figures shown within the Total Official Headcount Enrollment by Campus table are used as the basis for the Fall 2018 Enrollment Study.

[3] Indiana University did not historically estimate IU students at the Fort Wayne campus. However, due to more direct administration of certain programs (e.g. Nursing, Dental Education, Medical Imaging, Social Work) beginning in fall 2018, IU includes IU Fort Wayne in IUPUI and Enrollment IU Campuses enrollment projections for the above mentioned programs.

The following table sets forth the total official and projected headcount enrollment of undergraduate and graduate and professional students, combined for all campuses, for the fall semester of the years indicated. The table also includes full-time equivalent enrollment and fiscal year credit hours taken.

Undergraduate and Graduate Headcount Enrollment, Full-Time Equivalent Enrollment and Total Fall Credit Hours Taken

Fall Semester	Undergraduate Headcount	Graduate & Professional HC	HC Enrollment IU Campuses	Full-Time Equivalent	Fall Credit Hours
Actual [1,3]					
2014	76,877	19,891	96,768	81,578	1,192,248
2015	76,051	19,909	95,960	81,303	1,188,251
2016	75,030	20,155	95,185	82,093	1,199,662
2017	74,606	20,092	94,698	82,127	1,200,258
2018	73,738	20,506	94,244	81,870	1,196,030
Projected [2,4]					
2019	74,023	20,394	94,417	83,008	1,195,342
2020	74,955	20,383	95,338	84,044	1,209,803
2021	75,669	20,469	96,138	84,749	1,219,868
2022	76,839	20,440	97,279	85,771	1,235,152

Source: University Institutional Research and Reporting

[1] Fall 2014 through fall 2016 excludes high school students and fall 2017 excludes ACP students. This affects Undergraduate, Enrollment IU Campuses, Full-Time Equivalent and Fall Credit Hours.

[2] The projections presented in this table were prepared based on the Fall 2018 Enrollment Study. No representation can be made as to the ability of the University to achieve these projections.

[3] The figures shown within the tables for fall 2014 through fall 2018 were used as the basis for the Fall 2018 Enrollment Study. The Fall 2018 Enrollment Study projects FTE enrollment aligned with the Indiana Commission for Higher Education definition treating all doctoral, professional, or master's seeking students as graduates taking a standard course load of 12 credit hours per term. IU's official term enrollment reports treat professional-practice graduates as taking a standard course load of 15 credit hours per term and professional-research graduates as taking a standard course load of 12 credit hours per term.

Students enrolled in distance education are included in the section Student Enrollment presented above. The following table shows the distance education participation over the past five years, combined for all campuses.

Total Students Enrolled in Distance Education[1]

Fall Semester	Bloomington Headcount	IUPUI Headcount	Regionals Headcount	Enrollment HC IU Campuses	Full-Time Equivalent [2]	Fall Credit Hours
2014	4,139	9,885	7,908	21,932	6,936	99,703
2015	4,420	9,806	9,514	23,740	7,753	111,445
2016	6,199	10,591	10,110	26,900	8,794	126,570
2017	7,490	11,179	10,596	29,265	9,697	139,557
2018	7,814	11,620	11,209	30,643	10,348	148,722

Source: Office of Online Education

[1] Distance education includes asynchronous online and synchronous live video options.

[2] The full-time equivalent enrollment aligns with IU's official term enrollment reports which treat undergraduate and professional-practice graduates as taking a standard course load of 15 credit hours per term with doctoral and professional-research graduates taking a standard course load of 12 credit hours per term. Historical FTE previously did not use this credit hour basis and has been updated for consistency.

Fees

The University operates its programs on a two semester and summer session basis. Tuition, fees and other costs of attending the University vary by campus and curriculum. Educational costs charged include instructional fees, fees associated with specific courses and/or academic programs, and room and board (if the student lives on campus). In addition, individual campuses charge other mandatory fees to support certain services. Payments may be made in full by a specified date or students may make partial payments with subsequent installments over the semester or session, depending on the plan offered, for a small service charge.

Regular Instructional Fee Rates The Trustees approve tuition and fee rates for on-campus classes on a biennial basis. The following two tables indicate tuition and fees for undergraduate and graduate & professional students by academic year. Bloomington campus undergraduate students taking between 12 and 18 hours are assessed a banded instructional fee. All other IU campuses will have banded instructional fees for undergraduate students taking between 12 and 18 hours, beginning with academic year 2016-17. Graduate students are assessed fees on a credit-hour basis, except students in the MBA, Law (J.D.), Medicine, Dentistry, and Optometry (O.D.) programs, which pay higher flat fees. All students, regardless of program or level, who enroll in classes coded as online education will be assessed a distance education course fee. These rates vary by campus and are not listed under the Undergraduate Students Tuition and Fees nor the Graduate and Professional Students Tuition and Fees tables. All fully-online student tuition rates are subject to approval of the highest level financial officer of the University, to whom such authority has been delegated by the Trustees in order that rate approval will not be bound by the biennial fee approval schedule for on-campus tuition. Amounts for "Tuition & Fees" are for full-time students for the fall and spring semester combined, including mandatory fees.

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Undergraduate Tuition and Required Fees per Student [1, 2]

Academic Year Ended June 30	2015	2016	2017	2018	2019
Bloomington					
Resident Tuition & Fees	$10,388	$10,388	$10,388	$10,533	$10,680
Non-Resident Tuition & Fees	33,241	33,740	34,246	34,845	35,455
IUPUI					
Resident Tuition & Fees	8,909	9,056	9,205	9,334	9,465
Non-Resident Tuition & Fees	30,088	29,775	29,792	29,806	29,822
East					
Resident Tuition & Fees [3]	6,787	6,929	7,072	7,207	7,344
Non-Resident Tuition & Fees [3]	18,081	18,379	18,683	19,038	19,399
Kokomo					
Resident Tuition & Fees [3]	6,810	6,941	7,072	7,207	7,344
Non-Resident Tuition & Fees [3]	18,081	18,379	18,683	19,038	19,399
Northwest					
Resident Tuition & Fees [3]	6,853	6,962	7,072	7,207	7,344
Non-Resident Tuition & Fees [3]	18,081	18,379	18,683	19,038	19,399
South Bend					
Resident Tuition & Fees [3]	6,905	6,986	7,072	7,207	7,344
Non-Resident Tuition & Fees [3]	18,081	18,379	18,683	19,038	19,399
Southeast					
Resident Tuition & Fees [3]	6,827	6,949	7,072	7,207	7,344
Non-Resident Tuition & Fees [3]	18,081	18,379	18,683	19,038	19,399

Source: University Bursar

[1] Only the general on-campus undergraduate rates are listed. Online programs have differing rates and some programs have additional program fees.

[2] IUPUI and Regionals tuition & fees are based on 15 credit hours per semester.

[3] Through academic year 2016, Regionals had varying amounts as shown, which became standardized in academic year 2017.

Graduate Tuition and Required Fees per Student [1, 2]

Academic Year Ended June 30	2015	2016	2017	2018	2019
Bloomington					
Graduate Resident Tuition & Fees	$9,497	$9,743	$9,996	$10,279	$10,563
Graduate Non-Resident Tuition & Fees	26,595	28,112	29,720	31,448	33,271
MBA Resident Tuition & Fees	25,500	25,500	25,500	26,265	27,053
MBA Non-Resident Tuition & Fees	44,460	44,460	44,460	47,128	49,955
Law Resident Tuition & Fees	29,820	30,500	31,250	32,750	34,250
Law Non-Resident Tuition & Fees	48,626	50,500	52,000	53,000	54,000
IUPUI					
Graduate Resident Tuition & Fees	8,976	9,184	9,396	9,527	9,662
Graduate Non-Resident Tuition & Fees	24,015	24,032	24,049	24,287	24,542
Dentistry Resident Tuition & Fees	31,549	32,117	32,695	33,676	34,686
Dentistry Non-Resident Tuition & Fees	66,036	68,348	70,740	73,923	77,250
Medicine Resident Tuition & Fees	33,349	33,682	34,019	34,496	34,979
Medicine Non-Resident Tuition & Fees	53,703	55,314	56,974	58,569	60,209
Regionals					
Graduate Resident Tuition & Fees	6,857	7,047	7,242	7,453	7,669
Graduate Non-Resident Tuition & Fees	15,353	15,798	16,256	16,737	17,232

Source: University Bursar

[1] Only general graduate rate and certain professional rates are listed.

[2] Graduate/professional tuition rates are set by quality, competition, ranking and markets. They vary by program. Only general graduate rate and top earning professional rates are listed.

Student Budget The following Estimated Total Cost of Attendance is being used by the University's Bloomington Student Central on Union for financial aid considerations and represents an estimate of standard per student costs for undergraduate on-campus first-year students at the Bloomington campus for the academic year shown.

Estimated Total Cost of Attendance for the Academic Year Ending June 30, 2019
for an Undergraduate On-campus First-Year Student

Cost of Attendance	Resident	Non-Resident
Instructional and Mandatory Fees	$10,680	$35,456
Room/Board [1]	$10,466	$10,466
Books/Supplies	930	930
Total Direct Costs	$22,076	$46,852
Miscellaneous	$2,100	$2,100
Transportation	602	602
Total Indirect Costs	$2,702	$2,702
Estimated Total Cost of Attendance	$24,778	$49,554

Source: University Bursar

[1] All undergraduate first-year students on the Bloomington campus are required to live on campus, currently defined as residence halls, on-campus apartments, and fraternity and sorority houses. The rate shown is the most prevalent for room and board.

Student Financial Assistance

Approximately 69% of the students at Indiana University receive financial assistance that is processed through IU. Financial assistance includes loans for students and their parent(s), gift aid, and work study. Gift aid does not need to be earned (like work study) or repaid (like loans). Gift aid examples include scholarships, grants to help students with financial need, fee remission for University employees, and federal veterans' benefits designated for tuition and fees. Financial assistance is funded from federal, State, University, and private sources.

Student Financial Assistance [1]
(dollars in thousands)

Award Year [2]	2013-14	2014-15	2015-16	2016-17	2017-18
Gifts and Grants	$ 548,653	$ 576,346	$ 600,274	$ 635,693	$ 673,752
Loans	579,682	572,409	553,293	539,577	526,022
Work Study	4,447	4,508	4,805	4,436	4,103
Total Financial Assistance	$1,132,782	$1,153,263	$1,158,372	$1,179,706	$1,203,877

Source: University Institutional Research and Reporting

[1] Student Financial Assistance shown summarizes the financial assistance, including parent loans, provided to IU students who were enrolled at census or as of an end-of-year snapshot, or who received a degree in the 12-month period between September 1, 2017 and August 31, 2018. All figures include both degree-seeking and non-degree students. A substantial portion of the funds provided are derived from sources outside of Indiana University, including federal, State, and private sources. Historically, federal loans, grants and other programs have provided a large portion of student financial assistance. All programs furnished by the federal and state governments are subject to appropriation and funding by the respective legislatures. There can be no assurance that the current amounts of federal and State financial assistance for students will be available in the future at the same levels and under the same terms and conditions as presently apply.

[2] Student Financial Assistance shown summarizes the financial assistance, including parent loans, provided to IU students who were enrolled at census for the fall, spring, or trailing summer reporting terms; as of an end-of-year snapshot for the period between September 1 and August 31; or who received a degree in the 12-month period between September 1 and August 31.

Financial Operations of the University

The University financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). The University reports on a consolidated basis, with a comprehensive, entity-wide presentation of the University's assets and deferred outflows, liabilities and deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. All significant intra-University transactions are eliminated upon consolidation. The University follows all applicable GASB pronouncements.

The University reports as a special-purpose government entity engaged primarily in business-type activities, as defined by GASB. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. As a component unit of the State, the University is included as a discrete entity in the State of Indiana's Comprehensive Annual Financial Report.

The Statement of Revenues, Expenses and Changes in Net Position of the University, in table format for the fiscal years shown, was as follows:

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

Fiscal Year Ended June 30	2014	2015	2016	2017	2018
Operating revenues					
Tuition and fees	$1,303,046	$1,357,804	$1,402,098	$1,452,395	$1,487,951
Less scholarship allowance	(223,516)	(238,845)	(246,282)	(271,601)	(283,150)
Federal grants and contracts	290,301	293,846	298,221	320,054	328,545
State and local grants and contracts	19,962	21,104	24,437	19,088	20,886
Nongovernmental grants and contracts	146,211	136,521	145,893	130,447	132,693
Sales and services of educational units	65,374	39,397	41,358	39,422	39,244
Other revenue	222,871	279,096	266,032	274,003	299,324
Auxiliary enterprises [1]	370,992	318,681	324,447	352,214	360,043
Total operating revenues	**2,195,241**	**2,207,604**	**2,256,204**	**2,316,022**	**2,385,536**
Operating expenses					
Compensation and benefits	1,850,432	1,877,249	1,949,096	2,009,667	2,074,590
Student financial aid	152,532	151,579	147,832	144,186	154,703
Energy and utilities	77,361	78,084	73,465	76,121	75,391
Travel	48,840	52,945	54,996	59,967	57,214
Supplies and general expense	564,623	557,070	565,528	617,809	655,071
Depreciation and amortization expense	145,158	146,888	150,707	155,553	158,141
Total operating expenses	**2,838,946**	**2,863,815**	**2,941,624**	**3,063,303**	**3,175,110**
Total operating loss	**(643,705)**	**(656,211)**	**(685,420)**	**(747,281)**	**(789,574)**
Nonoperating revenues (expenses)					
State appropriations	519,417	535,021	545,330	558,111	576,597
Grants and contracts	112,795	113,373	104,976	99,581	107,028
Investment income	95,560	23,694	32,543	82,401	43,611
Gifts	108,305	109,144	112,079	136,468	138,290
Interest expense	(36,547)	(34,520)	(31,668)	(33,308)	(31,679)
Net nonoperating revenues	**799,530**	**746,712**	**763,260**	**843,253**	**833,847**
Income before other revenues, expenses, gains, or losses	**155,825**	**90,501**	**77,840**	**95,972**	**44,273**
Capital appropriations	25,876	26,794	14,844	31,083	46,239
Capital gifts and grants	19,102	20,870	12,970	23,173	21,817
Additions to permanent endowments	387	240	2	4,026	225
Total other revenues	**45,365**	**47,904**	**27,816**	**58,282**	**68,281**
Increase in net position	**201,190**	**138,405**	**105,656**	**154,254**	**112,554**
Net position, beginning of year	3,389,998	3,591,188	3,605,629	3,711,285	3,865,539
Adjustment per change in accounting principle [2, 3]		(123,964)			(195,954)
Net position, beginning of year, as restated		3,467,224			3,669,585
Net position, end of year	**$3,591,188**	**$3,605,629**	**$3,711,285**	**$3,865,539**	**$3,782,139**

Source: Audited IU Financial Report

[1] Net of scholarship allowance of $27,612; $30,086; $32,023; $35,689; and $39,775 (in thousands) for fiscal years 2014 through 2018, respectively.

[2] Per Audited IU Financial Report for fiscal year 2015, Note 1 Organization and Summary of Significant Accounting Policies, New Accounting Pronouncements: Adoption of New Standard - The GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Statement No. 68 required 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 was a clarification to GASB 68, which required 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 enhanced accountability and transparency through revised note disclosures and required supplementary information ("RSI") for material items. In accordance with the statement, the University reported a $123,964,000

change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014. June 30, 2014, amounts were not restated to reflect the impact of GASB 68 because the information was not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

[3] Audited IU Financial Report fiscal year 2018, Note 1 Organization and Summary of Significant Accounting Policies, New Accounting Pronouncements: Adoption of New Standard - The GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB 75 requires governments providing postemployment benefits other than pensions (OPEB) to recognize their unfunded actuarial accrued liability on the balance sheet and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and RSI for material items. The university reported a $195,954,000 change in accounting principle adjustment to unrestricted net position as of July 1, 2017. Amounts as of June 30, 2017, have not been restated to reflect the impact of GASB 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ending June 30, 2017.

Net position is the residual of all other elements presented in the Statement of Net Position. Net position is classified into three major categories: (1) Net investment in capital assets consists of the University's investment in capital assets, such as equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt; (2) Restricted net position consists of amounts subject to externally imposed restrictions governing usage and is divided into two sub-categories: (a) Restricted non-expendable funds are subject to externally imposed stipulations that they be retained in perpetuity. These balances represent the corpus (historical value) of University's permanent endowment funds. (b) Restricted expendable funds are available for expenditure by the University, but must be spent according to restrictions imposed by third parties; (3) Unrestricted net position includes amounts institutionally designated or committed to support specific purposes.

The composition of net position for the fiscal years shown was as follows:

Total Net Position
(dollars in thousands)

Fiscal Year Ended June 30	**2014**	**2015**	**2016**	**2017**	**2018**
Net Investment in Capital Assets	$1,830,756	$1,924,031	$2,048,226	$2,200,168	$2,320,100
Restricted	255,247	298,663	246,074	230,713	286,520
Unrestricted [1]	1,505,185	1,382,935	1,416,985	1,434,658	1,175,519
Total Net Position [2, 3]	$3,591,188	$3,605,629	$3,711,285	$3,865,539	$3,782,139
Net Investment in Capital Assets	51.0%	53.3%	55.2%	56.9%	61.3%
Restricted	7.1%	8.3%	6.6%	6.0%	7.6%
Unrestricted	41.9%	38.4%	38.2%	37.1%	31.1%
Total Net Position	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Audited IU Financial Report; Management Discussion and Analysis, Net Position

[1] The University's Unrestricted Net Position is the largest portion of the Available Funds balance. Available Funds are the source of payment for the University's Certificates of Participation, Lease Purchase Obligations, collectively referred to as "Obligations", Consolidated Revenue Bonds, and commercial paper (see "Available Funds" and "Indebtedness of the University").

[2] Per Audited IU Financial Report for fiscal year 2015, Note 1 Organization and Summary of Significant Accounting Policies, New Accounting Pronouncements: Adoption of New Standard - The GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Statement No. 68 required 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 was a clarification to GASB 68, which required 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 enhanced accountability and transparency through revised note disclosures and RSI for material items. In accordance with the statement, the University reported a $123,964,000 change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014. June 30, 2014, amounts were not restated to reflect the impact of GASB 68 because the information was not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

[3] Audited IU Financial Report fiscal year 2018, Note 1 Organization and Summary of Significant Accounting Policies, New Accounting Pronouncements: Adoption of New Standard - The GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB 75 requires governments providing OPEB to recognize their unfunded actuarial accrued liability on the balance sheet and to more comprehensively and comparably

measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and RSI for material items. The university reported a $195,954,000 change in accounting principle adjustment to unrestricted net position as of July 1, 2017. Amounts as of June 30, 2017, have not been restated to reflect the impact of GASB 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ending June 30, 2017.

Operating Budget and Related Procedures

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

The University has adopted a balanced operating budget for the fiscal year ending June 30, 2019. The total Fiscal 2019 operating budget for all campuses of Indiana University, is approximately $3.7 billion. Unrestricted funds are used for instruction, research, scholarships and fellowships, student services, and other institutional support. The use of restricted funds is determined by the funding source: federal, state, or local government; private industry; or foundation support. The auxiliary fund groups have been established by the Trustees to carry out activities supporting the University's teaching, research and public service missions and include student housing, athletics, parking operations, and student unions, among other activities.

Summary of Operating Budget Fiscal Year Ending June 30, 2019 [1, 2]
(dollars in thousands)

Campus	Unrestricted	Restricted	Auxiliary Enterprises	Total
Bloomington	$1,170,074	$185,382	$348,972	$1,704,428
IUPUI	1,034,574	404,948	94,438	1,533,960
Regionals	252,831	40,254	10,565	303,650
University Administration	58,931	23,661	32,679	115,271
Total	$2,516,410	$654,245	$486,654	$3,657,309

Source: University Budget Office
[1] Excludes capital projects, investment income not specifically budgeted as general fund support, most gifts, and scholarship allowance
[2] Includes IU Fort Wayne

State Appropriations to the University

The University has historically received, and continues to expect to receive, appropriations from the General Assembly. Operating appropriations are disbursed on a monthly basis. Other types of appropriations are generally disbursed on a quarterly or semi-annual basis. These appropriations are applied to the educational and general expenditures and certain capital construction activities of the University. The General Assembly has historically appropriated to the University an amount equal to the annual debt service requirements due on previously approved and outstanding Student Fee Bonds (the "Fee Replacement" appropriations). This appropriation is renewed on a biennial basis because the Constitution of the State prohibits a sitting General Assembly from binding subsequent General Assemblies to the continuation of any funds, including Fee Replacement appropriations. In the 45 plus years of making Fee Replacement appropriations, the State has never failed to fully fund or otherwise provide for a Fee Replacement obligation established by a prior General Assembly. The University expects that the policy of Fee Replacement appropriations will be continued in future years.

For fiscal year 2019, total State operating and restricted special appropriations to the University increased by 2.7% or $16,117,000.

The tables below present State appropriations "As Appropriated" to and "As Received" by the University for the fiscal years shown, including the unrestricted general operating and restricted special appropriations, the Fee Replacement appropriations, and the general maintenance, repair and rehabilitation and capital appropriations.

State Appropriations
(dollars in thousands)

Fiscal Year Ended June 30	**2015**	**2016**	**2017**	**2018**	**2019 (est.)**
As Appropriated					
Unrestricted General Operating & Restricted Special	$482,110	$498,882	$510,904	$520,366	$525,216
Fee Replacement [1]	52,910	46,465	50,221	53,381	55,161
General Maintenance, R&R and Capital Cash [2]	53,036	28,194	28,194	16,186	25,673
Total Appropriated	$588,056	$573,541	$589,319	$589,933	$606,050
As Received					
Unrestricted General Operating & Restricted Special	$472,510	$508,482	$510,904	$520,366	$525,216
Fee Replacement [1]	52,910	46,448	47,156	53,381	55,161
General Maintenance, R&R and Capital Cash [3]	26,794	14,276	27,842	52,901	31,306
Total Received/Anticipated to be Received	$552,214	$569,206	$585,902	$626,648	$611,683

Source: Office of the Treasurer; University Budget Office

[1] The variances in "As Appropriated" and "As Received" for Fee Replacement primarily reflects issuance and refunding of student fee bonds.

[2] "As Appropriated" for fiscal year 2015, General Maintenance, R&R and Capital Cash, includes a one-time capital appropriation of $25,000,000 for the 2013-15 biennium which was later repurposed. In fiscal years 2016 and 2017, the "As Appropriated" amount reflects one-half of the 2015-17 biennium amount for General Maintenance, R&R and Capital Cash.

[3] "As Received" General Maintenance, R&R and Capital Cash for fiscal year 2019 includes $15,134,730 received through December 1, 2018. The balance of the estimate includes $7,227,511 of 2015-17 R&R appropriations and $8,943,400 of 2017-19 R&R appropriations.

Indiana University Foundation

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

The Foundation is governed by a Board of Directors, of which three members must be current members of the Trustees and one member must be the President of the University. The assets and income of the Foundation are held and accounted for separately from the funds of the University. As of June 30, 2018, the assets of the Foundation and the assets of the University managed by the Foundation had a fair value of approximately $3,058,468,863, the majority of which consisted of funds restricted for University purposes.

Assets, net assets, and annual income of the Foundation and the annual distributions to the University for the fiscal years shown are set forth below.

Indiana University Foundation Financial Summary
(dollars in thousands)

Fiscal Year Ended June 30	Assets [1]	Net Assets	Total Support and Other Revenue [2]	Total University Grants and Aid [3]
2014	$ 2,596,504	$ 2,165,174	$ 433,845	$ 141,231
2015	2,625,027	2,185,976	212,520	151,624
2016	2,601,156	2,125,248	129,528	136,856
2017	2,861,379	2,362,845	445,600	162,974
2018	3,058,469	2,580,900	489,328	221,140

Source: Indiana University Foundation - The Foundation financial statements as of June 30, 2018 may be obtained at: http://iufoundation.iu.edu/about/financial.html.

[1] Assets that the Foundation held for the University and for University affiliates had corresponding liabilities reported on the Foundation's Statement of Financial Position for each of the fiscal years shown above. The portion of those assets held for the University and for University affiliates, which represent endowment funds managed by the Foundation, total $265,276,627; $269,459,832; $246,649,991; $268,807,457; and $279,513,120 for the fiscal years shown, respectively. Additional information with respect to University endowment funds is contained within the Endowments section below. See "Endowments".

[2] Primary sources of revenue and support are contributions and investment income.

[3] From Note 10, Grants and Aid to the University, excluding foundation programs.

Annual Fund Raising The Foundation, for the benefit of the University, conducts ongoing annual fund raising campaigns, as well as major gift and special development programs, to raise funds for endowments, research, student support, scholarships, awards, capital projects and special programs.

The following table summarizes the annual contributions through the Foundation for each of the fiscal years indicated:

Private Contributions to the Indiana University Foundation

Fiscal Year Ended June 30	Number of Donors	Receipts (dollars in thousands)
2014	119,892	$ 158,143
2015	107,979	142,999
2016	113,234	168,125
2017	113,648	230,446
2018	110,584	211,254

Source: Indiana University Foundation

University-held Endowments

Endowments are funds in which donors or other outside agencies have stipulated, as a condition of the gift, that the principal be maintained in perpetuity. Funds functioning as endowments, also referred to as "quasi-endowments," are resources which the University, rather than the donor, has determined to retain and manage like endowments. Funds that the University sets aside as quasi-endowments may be unrestricted or restricted as to the purpose.

The fair value of endowments and quasi-endowments held by the University are shown below for the fiscal years indicated.

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University-held Endowments and Quasi-Endowments [1]
(dollars in thousands)

Fiscal Year Ended June 30	Fair Value
2014	$ 254,779
2015	243,458
2016	222,157
2017	246,140
2018	253,469 [2]

Source: Office of the Treasurer (unaudited)

[1] Includes only University Endowments and Quasi-Endowments including endowments held for the benefit of Riley Children's Foundation of approximately $8 million as of June 30, 2018 and real estate at fair value. The University directs giving to the Foundation and the fair value amounts of the Foundation-held Endowments and Quasi-Endowments are not shown.

[2] The fair value as of September 30, 2018 was $258,465,269 (unaudited).

Physical Plant

As of June 30, 2018, the various campuses of the University covered a total of 3,034 acres. As of fall 2018, there were 816 buildings on the campuses, encompassing 34.2 million gross square feet, of which 20.2 million square feet is assignable to operating units. Not included in the assignable square feet are service, building and parking garage circulation and construction areas, restrooms, hallways, and wall thicknesses. Academic and administrative activities are assigned 11.1 million square feet; auxiliary enterprise services are assigned 9.1 million square feet.

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

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

Fiscal Year Ended June 30	Capital Assets, Net [1]
2014	$ 2,729,895
2015	2,815,801
2016	2,984,285
2017	3,147,159
2018	3,278,609

Source: Audited IU Financial Report

[1] Net of accumulated depreciation

Capital Program

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

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

The following table and information summarizes the capital projects that are currently included in the University's near-term financing plan. The University retains the right to change the projects and/or amounts considered within its capital program without notice.

Planned Capital Projects
(dollars in thousands)

Estimated Fiscal Year of Initial Financing [1]	Bond Type [2]	Project Name	Campus	Financing Amount
2018	Consolidated Revenue Bonds [3]	11th St. Parking Garage/Office Bldg. [4, 5]	Bloomington	$ 35,000
2018	Lease Purchase Obligations [3]	Wilkinson Hall (Volleyball/Wrestling Indoor Arena) [4, 5]	Bloomington	17,000
2019	Lease Purchase Obligations [3]	Regional Academic Health Sciences Building [5]	Bloomington	45,000
2019	Lease Purchase Obligations [3]	Golf Course Renovation [5,6]	Bloomington	9,300
2019	Consolidated Revenue Bonds [3]	Bloomington housing projects [7]	Bloomington	129,000
			Total	$235,300

Source: Office of the Treasurer
[1] The timing of financings is uncertain.
[2] Borrowing may span multiple fiscal years and may be initially financed with commercial paper ("CP").
[3] Payable from certain legally available funds of the University.
[4] 11th St. Parking Garage/Office Bldg. and Wilkinson Hall have been partially financed by CP for the $20.4 million of CP outstanding at 6/30/18 and 12/1/18.
[5] These projects have received State Budget Committee approvals.
[6] The financing amount may be reduced by gifts.
[7] Certain projects have received State Budget Committee approvals. The final financing structure is yet to be determined.

Indebtedness of the University

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

The University has never failed to pay punctually, and in full, all amounts due for principal of and interest on any indebtedness. All long term debt principal outstanding as of December 1, 2018 was fixed-rate debt while commercial paper principal outstanding as of December 1, 2018 was variable-rate debt, with no associated swaps.

A summary of the total outstanding bonded indebtedness (unaudited) as of December 1, 2018 follows.

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Facilities Indebtedness as of December 1, 2018 [1]
(dollars in thousands)

Type of Issuance	Original Principal	Principal Outstanding
Student Fee Bonds [2]	$ 516,505	$377,925
Consolidated Revenue Bonds [3]	498,540	389,810
Obligations [3,4]	191,330	170,715
Commercial Paper [3]	20,400	20,400
Total	$1,226,775	$958,850

Source: Office of the Treasurer
[1] This table does not reflect unamortized bond premium or deferred outflows and reflects bonds with varying Base CUSIP designations.
[2] Secured by a pledge of Student Fees
[3] Payable from certain legally available funds of the University
[4] Lease Purchase Obligations and Certificates of Participation

Sources of Payment for Indebtedness (in alphabetical order by type of issuance)

Certificates of Participation, Lease Purchase Obligations (collectively referred to as "Obligations"), Consolidated Revenue Bonds, and commercial paper are payable from Available Funds. The language used to define Available Funds varies slightly between the applicable documents for Consolidated Revenue Bonds, commercial paper, and Obligations. However, the calculation for the balance of Available Funds that was reported as of June 30 of each fiscal year is the same, irrespective of the applicable documents.

Consolidated Revenue Bonds and Commercial Paper; Available Funds; Exclusions; Balances. Available Funds are defined in the bond documents for Consolidated Revenue Bonds and commercial paper as (a) the net income of certain facilities, and (b) any and all other funds of the University legally available for transfer to the sinking fund. Available Funds include, but are not limited to, unrestricted operating fund balances, auxiliary fund balances, and certain other fund balances of the University and selected related entities, in each case without any priority among any such fund balances and only to the extent not pledged, restricted, or specifically authorized for other purposes, now or in the future, or otherwise restricted by law. Available Funds do not include (i) student fees pledged for other purposes or otherwise restricted by law; (ii) other specifically identified revenues or funds pledged or otherwise dedicated or restricted for other purposes; or (iii) moneys appropriated by the Indiana General Assembly and specifically authorized for other purposes or otherwise restricted by law. No assurance can be provided as to the availability or adequacy of any Available Funds as of any particular date. The University retains the right to use Available Funds for the payment of other obligations of the University and to use any or all Available Funds for other lawful corporate purposes of the University. In particular, Available Funds may be used to pay costs of any facilities, financing expenses, amounts payable under any credit facility, and amounts payable (such as termination payments, etc.) under any derivative agreement.

Lease Purchase Obligations and Certificates of Participation Available Funds; Exclusions; Balances. Available Funds are defined in the Leases as any and all monies of the University which are legally available for the payment of any obligations thereunder, including unrestricted operating fund balances, auxiliary fund balances and certain other fund balances of the University, in each case without any priority among any such fund balances and only to the extent not pledged, restricted of specifically authorized for other purposes, now or in the future, or otherwise restricted by law, but excluding mandatory student fees or state appropriations, except to the extent that such funds are expressly authorized for this purpose by the Indiana General Assembly. No assurance can be provided as to the availability or adequacy of any Available Funds as of any date. The University retains the right to use Available Funds for the payment of other obligations of the University and to use any or all Available Funds for other lawful corporate purposes of the University. In particular. Available Funds may be used to pay cost of any facilities, financing expenses, amounts payable under any credit facility and amounts payable (such as termination payments, etc.) under any derivative agreement.

The following table presents certain Available Funds balances as of the end of the fiscal year for each of the past five years.

Available Funds [1]
(dollars in thousands)

Fiscal Year Ended June 30	**2014**	**2015**	**2016**	**2017**	**2018**
Indiana University [2,3,4]	$1,505,185	$1,382,935	$1,416,985	$1,434,658	$1,175,519
Indiana University Foundation	352,268	365,637	349,219	376,848	393,776
Available Funds [1]	$1,857,453	$1,748,572	$1,766,204	$1,811,506	$1,569,295

Sources: Audited IU Financial Report; Indiana University Foundation (unaudited)

[1] Amounts included unrestricted net position of the University as of June 30 of each year. Amounts also include certain quasi-endowment funds held by the Foundation designated for general use by specific schools or departments, that could be used to replace other revenues budgeted for such schools or departments, allowing such budgeted revenues to be applied to debt service on outstanding obligations in the event other Available Funds are not sufficient to pay such debt service.

[2] Audited IU Financial Report fiscal year 2015, Note 1 Organization and Summary of Significant Accounting Policies, New Accounting Pronouncements: Adoption of New Standard - The GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Statement No. 68 required 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 was a clarification to GASB 68 which required 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 enhanced accountability and transparency through revised note disclosures and RSI for material items. In accordance with the statement, the University reported a $123,964,000 change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014. June 30, 2014, amounts were not restated to reflect the impact of GASB 68 because the information was not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

[3] Audited IU Financial Report fiscal year 2018, Note 1 Organization and Summary of Significant Accounting Policies, New Accounting Pronouncements: Adoption of New Standard - The GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 requires governments providing OPEB to recognize their unfunded actuarial accrued liability on the balance sheet and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and RSI for material items. The university reported a $195,954,000 change in accounting principle adjustment to unrestricted net position as of July 1, 2017. Amounts as of June 30, 2017, have not been restated to reflect the impact of GASB 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ending June 30, 2017.

[4] Unrestricted Net Position is the largest component of Available Funds. See Financial Operations of the University, Net Position

Student Fee Revenues Student Fee Bonds are payable from Student Fees. The total amount and composition of student fee revenues of the University, including instructional fees and other fees charged, for each of the last five fiscal years follow.

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Student Fee Revenues [1]
(dollars in thousands)

Fiscal Year Ended June 30	2014	2015	2016	2017	2018
Student Fees Per Student Fee Bonds Indenture	$1,303,046	$1,357,804	$1,402,098	$1,452,395	$1,487,951
Student Fees Per Financial Report					
Tuition and Fees	$1,303,046	$1,357,804	$1,402,098	$1,452,395	$1,487,951
Less Scholarship Allowance	(223,516)	(238,845)	(246,282)	(271,601)	(283,150)
Tuition and Fees Net of Scholarship Allowance [2]	$1,079,530	$1,118,959	$1,155,816	$1,180,794	$1,204,801

Source: Audited IU Financial Report

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

[2] See "Financial Operations of the University - Statement of Revenues, Expenses and Changes in Net Position." Gross Tuition and fees for fiscal years 2014 through 2017 were shown as Student Fees under the Statement of Revenues, Expenses and Changes in Net Position within the University's audited financial report through June 30, 2017.

Information from Financial Report

The following sections from "Related Organization" to "Required Supplementary Information" are taken from the accompanying notes and Required Supplementary Information which are part of the Indiana University Financial Report 2017-18 with the same titles.

Related Organization

The University is a major beneficiary of the Riley Children's Endowment of which a majority of the board of directors is appointed by, or serve by virtue of position with, Indiana University. Riley Children's Foundation net assets were $375,433,000 and $359,741,000 at June 30, 2018 and 2017, respectively, and are not included in the financial statements of the University.

Risk Management

The University is exposed to various risks of loss, including torts, theft, damage or destruction of assets, errors or omissions, job-related illnesses or injuries to employees, and health care claims on behalf of students, employees, and their dependents. The University manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds, as well as from a wholly-owned captive insurance company, Old Crescent Insurance Company ("OCIC"). The University is self-funded for damage to buildings and building contents for the first $100,000 per occurrence with an additional $400,000 per occurrence covered by OCIC, with commercial excess property coverage above this amount. The University is self-funded for comprehensive general liability and automobile liability for the first $100,000 per occurrence with an additional $900,000 per occurrence covered by OCIC and with supplementary commercial liability umbrella policies. The University has a malpractice and professional liability policy in the amount of $400,000 for each claim and $1,200,000 annually in aggregate provided by OCIC. The University is self-funded for the first $850,000 for each Workers' Compensation claim and $125,000 in the aggregate for all claims in excess of $850,000 for each claim. Workers' Compensation claims above these amounts are covered by commercial insurance and are subject to statutory limits. The University is self-funded for the first $850,000 for employer liability claims with an additional $1,000,000 in coverage through commercial insurances. The amount of settlements has not exceeded insurance coverage in any of the past three fiscal years.

The University has three health care plans for full-time appointed employees, one of which is also available to retirees not eligible for Medicare. All of the employee plans are self-funded. The University records a liability for incurred but unpaid claims for University-sponsored, self-funded health care plans. This liability is estimated to be no more than 12.5% of the paid self-funded claims during the fiscal year, and totals $27,344,000 and $25,150,000 at June

30, 2018 and 2017, respectively. In addition, a potential claims fluctuation liability of $9,876,000 has been recorded at June 30, 2018 and 2017.

Changes in the balances of accrued insurance liabilities were as follows:

(dollars in thousands)

Fiscal Year	Beginning Balances	Claims Incurred	Claims Paid	Ending Balances
2017	$ 29,866	$ 205,733	$ 210,449	$ 25,150
2018	25,150	235,388	233,194	27,344

Source: Audited IU Financial Report

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

The University also provides health care plans for international students, graduate assistants, fellowship recipients, and medical residents. These plans consist of fully insured and self-funded plans, along with a stop/loss provision. The University has recorded a liability for incurred but unpaid claims for University-sponsored, self-funded health care plans in the amount of $1,652,000 and $1,656,000 at June 30, 2018 and 2017. These plans are funded by direct charges to the associated schools and/or departments.

Retirement Plans

The University provided retirement plan coverage to 19,517 and 19,220 active employees, as of June 30, 2018 and June 30, 2017, respectively, in addition to contributing to the Federal Insurance Contributions Act ("FICA") as required by law.

Retirement and Savings Plan All Support and Service employees with at least a 50% full-time equivalent ("FTE") appointment and Temporary with Retirement employees scheduled to work at least 1,000 hours or more in a calendar year hired on or after July 1, 2013, participate in the Retirement and Savings Plan. This is a defined contribution plan under IRC 401(a). The University contributed $4,271,000 during fiscal year ended June 30, 2018, and $3,759,000 during fiscal year ended June 30, 2017, to TIAA-CREF for the plan. The University contributed $965,000 during fiscal year ended June 30, 2018, and $740,000 during fiscal year ended June 30, 2017, to Fidelity Investments for the plan. Under this plan, 2,212 and 1,995 employees directed University contributions to TIAA-CREF as of June 30, 2018 and 2017, respectively. In addition, 506 and 424 employees directed University contributions to Fidelity Investments as of June 30, 2018 and 2017, respectively.

Academic and Professional Staff Employees Appointed academic and professional staff employees with at least 50% FTE are covered by the IU Retirement Plan. This is a defined contribution plan under IRC 403(b). The University contributed $59,328,000 during fiscal year ended June 30, 2018, and $59,540,000 during fiscal year ended June 30, 2017, to TIAA-CREF for the IU Retirement Plan. The University contributed $48,693,000 during fiscal year ended June 30, 2018, and $44,973,000, during fiscal year ended June 30, 2017, to Fidelity Investments for the IU Retirement Plan. Under this plan, 7,026 and 7,137 employees directed University contributions to TIAA-CREF as of June 30, 2018 and 2017, respectively. In addition, 7,799 and 7,265 employees directed University contributions to Fidelity Investments as of June 30, 2018 and 2017, respectively.

In addition to the above, the University provides early retirement benefits to full-time appointed academic and professional staff employees who were in positions Grade 16 and above on or before June 30, 1999. There were 796 and 856 active employees on June 30, 2018 and 2017, respectively, covered by the IU Supplemental Early Retirement Plan ("IUSERP"), a defined contribution plan in compliance with IRC 401(a), with participant accounts at TIAA-CREF and Fidelity Investments. The University contributed $2,164,000 and $2,277,000 to IUSERP during fiscal years ended June 30, 2018 and 2017, respectively. The same class of employees covered by the IU Retirement Plan 15% Level of Contributions on or before July 14, 1988, is covered by the IU 18/20 Retirement Plan This plan is a combination of IRC Section 403(b) and Section 457(f) and can be found under Postemployment Benefits section.

The IU 18/20 Retirement Plan allows this group of employees to retire as early as age 64, provided the individual has at least 18 years of participation in the IU Retirement Plan and at least 20 years of continuous University service.

IU Replacement Retirement Plan Funding Policy and Annual Pension Cost The University has established an early retirement plan for eligible employees to accommodate IRS requirements and as authorized by the Trustees. This plan is called the IU Replacement Retirement Plan. It is a single-employer plan and is qualified under IRC Section 401(a), with normal benefits payable for the participants' lifetime. Trust and recordkeeping activities are outsourced to the TIAA-CREF Trust Company. There were 76 and 78 employees eligible to participate as of June 30, 2018 and 2017, respectively. University contributions related to this plan totaled $1,004,000 and $1,192,000, for fiscal years ended June 30, 2018 and 2017, respectively, with no employee contributions. These amounts represent 100% of the funding policy contribution. As of June 30, 2018 and 2017, the net pension liability was $4,879,000 and $6,656,000, respectively.

Indiana Public Employees' Retirement Fund The University contributes to the Indiana Public Employees' Retirement Fund ("PERF"), a defined benefit pension plan with an annuity savings account provision. Indiana Public Retirement System ("INPRS") administers the cost-sharing, multiple-employer public employee retirement plans, which provide retirement benefits to plan members and beneficiaries. Support, technical, and service employees with at least a 50% FTE appointment hired prior to July 1, 2013, participate in the PERF plan. There were 2,885 and 3,280 active University employees covered by this retirement plan as of June 30, 2018 and 2017, respectively. State statutes authorize the University to contribute to the plan and govern most requirements of the system. The PERF retirement benefit consists of the pension and an annuity savings account, both of which are funded by employer contributions. Contributions to PERF are determined by INPRS Board of Trustees in accordance with IC 5-10.2-2-11 and are based on actuarial investigation and valuation. Per IC 5-10.2-4-4, key elements of the pension formula include years of PERF creditable service multiplied by average annual compensation multiplied by 1.1%, resulting in an annual lifetime benefit. Cost of living adjustments ("COLA") for members in pay status are not guaranteed by statute, but may be granted by the Indiana General Assembly on an ad hoc basis. Refunds of employee contributions are included in total benefit payments. Participants must have at least ten years of PERF creditable service to have a vested right to the pension benefit. The annuity savings account consists of contributions set by state statute at 3.0% of compensation plus the earnings credited to members' accounts. Participants are 100% vested from inception in the annuity savings account. The University has elected to make the contributions for the annuity savings account on behalf of the members. 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 financial report and corresponding fiduciary net position is prepared using the accrual basis of accounting in conformity with Generally Accepted Accounting Principles ("GAAP"). INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations. Investments of the pension plan are valued as follows: Pooled and non-pooled investments are reported at fair value. Short-term investments are reported at cost. Fixed income and equity securities are valued based on published market prices, quotations from national security exchanges, or using modeling techniques that approximate a fair value for securities that are not traded on a national exchange. Alternative investments are valued based on quoted market prices or using estimates of fair value in the absence of readily determinable public market values. Derivative instruments are marked to market daily. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 1-888-464-6777, or by reviewing the Annual Report online at www.in.gov/inprs/annualreports.htm.

Required and actual contributions made by the University totaled $16,403,000 and $18,802,000 for fiscal years ended June 30, 2018 and 2017, respectively. This represented an 11.2% University pension benefit contribution for fiscal years ended June 30, 2018 and 2017, and a 3.0% University contribution for the annuity savings account provisions each year.

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

Indiana Public Employees' Retirement Fund. At June 30, 2018, the University reported a liability of $92,066,000 for its proportionate share of the net pension liability, as compared to $95,689,000 for the year ended June 30, 2017. The June 30, 2018, net pension liability of $92,066,000 at the measurement date was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, which used update procedures to roll forward the estimated liability to June 30, 2017.

The University's proportion of the net pension liability was based on wages reported by the University relative to the collective wages of the plan. This basis measures the proportionate relationship of an employer to all employers and is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2017, the University's proportion was 2.06%, a decrease of 0.05 percentage points from its proportion measured as of June 30, 2016, which was 2.11%. Pension expense of the University as of June 30, 2018 and 2017, was $14,285,000 and $12,913,000, respectively.

At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(dollars in thousands)

PERF		
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 1,748	$ 71
Changes of assumptions	1,478	–
Net difference between projected and actual earnings on pension plan investments	9,947	–
Changes in proportion and differences between University contributions and proportionate share of contributions	16,867	18,730
University contributions subsequent to the measurement date	13,331	–
Total	$ 43,371	$ 18,801

Source: Audited IU Financial Report

Deferred outflows of resources in the amount of $13,331,000 related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(dollars in thousands)

PERF		
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 2,144	$ 177
Changes of Assumptions	4,222	–
Net difference between projected and actual earnings on pension plan investments	15,662	–
Changes in proportion and differences between University contributions and proportionate share of contributions	27,564	38,043
University contributions subsequent to the measurement date	14,705	–
Total	$ 64,297	$ 38,220

Source: Audited IU Financial Report

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

(dollars in thousands)

Fiscal Year Ended June 30	PERF
2018	$ 2,793
2019	6,821
2020	2,121
2021	(495)
2022	–
Thereafter	–

Source: Audited IU Financial Report

Actuarial Assumptions. The total pension liability as of June 30, 2017, and June 30, 2016, based on the results of actuarial valuation dates of June 30, 2016, and June 30, 2015, and rolled forward, respectively, were determined using the following actuarial assumptions, which were applied to all periods included in the measurement:

PERF		
	Measurement date as of June 30, 2016	**Measurement date as of June 30, 2017**
Cost of living	1.0%	1.0%
Inflation	2.25% average	2.25% average
Future salary increases	2.50% to 4.25%	2.50% to 4.25%
Investment rate of return	6.75%, net of pension plan investment expense	6.75%, net of pension plan investment expense
Mortality rates	Based on RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables	Based on RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables for disabled members

Source: Audited IU Financial Report

The actuarial assumptions used in the valuations of June 30, 2017, were adopted by the Indiana Public Retirement System Board pursuant to the experience studies completed in April 2015, which reflected the experience period from July 1, 2010, through June 30, 2014. The valuations of June 30, 2017, incorporate member census data as of June 30, 2016, adjusted for certain activity during fiscal year 2017. Standard actuarial techniques were used to roll forward valuation results over one year.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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PERF				
	Measurement date as of June 30, 2016		Measurement date as of June 30, 2017	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	22.0%	5.7%	22.0%	4.9%
Private Equity	10.0%	6.2%	14.0%	5.7%
Fixed Income – Ex Inflation-Linked[1]	24.0%	2.7%	20.0%	2.3%
Fixed Income – Inflation-Linked	7.0%	0.7%	7.0%	0.6%
Commodities	8.0%	2.0%	8.0%	2.2%
Real Estate	7.0%	2.7%	7.0%	3.7%
Absolute Return	10.0%	4.0%	10.0%	3.9%
Risk Parity	12.0%	5.0%	12.0%	5.1%
Total	**100.0%**		**100.0%**	

Source: Audited IU Financial Report
[1] Includes cash & cash equivalents

Discount rate. The discount rate used to measure the total pension liability was 6.75% for PERF at June 30, 2017 and 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's proportionate share of the PERF net pension liability. The following table presents the University's proportionate share of the PERF net pension liability using the discount rate of 6.75% for both years, 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 or 1-percentage-point higher than the current rate:

(dollars in thousands)

PERF			
Sensitivity of Net Pension Liability	**1% Decrease (5.75%)**	**Current Discount Rate (6.75%)**	**1% Increase (7.75%)**
June 30, 2017	$137,432	$ 95,689	$60,994
June 30, 2018	$134,275	$ 92,066	$56,979

Source: Audited IU Financial Report

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS financial report.

Payable to the Pension Plan The University reported a payable of $1,192,000 at June 30, 2018, and $579,000 at June 30, 2017, for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2018, and June 30, 2017, respectively.

Postemployment Benefits

Plan Description The University provides certain postemployment benefits for retired employees. The IU 18/20 Plan, Medical, and Life Insurance benefits are presented for financial statement purposes as a consolidated plan (the "Plan") under the requirements for reporting Other Postemployment Benefit Plans ("OPEB") required by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB 75"). For comparative purposes, the disclosures for fiscal year ending June 30, 2017 under GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45") are presented at the end of this note.

The Plan is a single-employer defined benefit plan administered by Indiana University. The 18/20 Plan provides interim benefits to full-time appointed academic and professional staff employees who meet the following eligibility requirements: covered by the IU Retirement Plan 15% level on or before July 14, 1988, and has 18 years of participation in the IU Retirement Plan 15% level, at least 20 years of continuous full-time University service, and at least 64 years of age. This group of employees is eligible to receive monthly payments based on a hypothetical monthly annuity amount at age 70, up to the amount of terminal base salary, calculated as the average budgeted base salary for the five 12-month periods immediately preceding retirement. The 18/20 Plan was adopted by the Trustees and is closed to new entrants.

The University provides medical care coverage to individuals with retiree status and their eligible dependents. The cost of the coverage is borne fully by the individual. However, retiree medical care coverage is implicitly more expensive than active-employee coverage, which creates an implicit rate subsidy. The University provides retiree life insurance benefits in the amount of $6,000 to terminated employees with retiree status. The health and life insurance plans have been established and may be amended under the authority of the Trustees. The Plan does not issue a stand-alone financial report. Reflected in this note are benefits related to early retirement incentive plans, approved by executive management in fiscal year 2014, which include five years of annual contributions to a health reimbursement account.

Funding Policy The contribution requirements of plan members and the University are established and may be amended by the Trustees. The University contribution to the 18/20 Plan and retiree life insurance is based on pay-as-you-go financing requirements. Plan members do not make contributions. The medical plans are self-funded and each plan's premiums are updated annually based on actual claims. Retirees receiving medical benefits paid $826,000 in premiums in the fiscal years ended June 30, 2018. The University contributed $37,188,000 to the consolidated OPEB Plan in fiscal years ended June 30, 2018. The University does not maintain a separate legal trust to house assets used to fund postemployment benefits.

As of June 30, 2018 measurement date the number of plan participants consisted of the following:

	OPEB		
	18/20 Plan	**Retiree Health Insurance**	**Retiree Life Insurance**
Active employees	166	17,437	18,754
Inactive employees receiving benefits	233	487	5,734
Total	**399**	**17,924**	**24,488**

Source: Audited IU Financial Report

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources At June 30, 2018, the university reported $268,543,000 for its total OPEB liability and $21,931,000 for its total OPEB expense. The total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2018.

Changes in the total reported liability for postemployment benefits obligations and total OPEB expense for the year ended June 30, 2018, are summarized as follows:

(dollars in thousands)

OPEB				
	18/20 Plan	**Retiree Health Insurance**	**Retiree Life Insurance**	**Total**
Total OPEB liability, beginning of year	$ 156,905	$ 40,456	$ 35,897	$ 233,258
Service cost	3,442	3,111	1,095	7,648
Interest	5,169	1,494	1,301	7,964
Changes in assumptions	(790)	3,498	(909)	1,799
Differences between expected and actual experience	(3,625)	58,618	69	55,062
Benefit payments	(32,188)	(3,714)	(1,286)	(37,188)
Total OPEB liability, end of year	**$ 128,913**	**$ 103,463**	**$ 36,167**	**$ 268,543**
OPEB expense	**$ 8,121**	**$ 11,507**	**$ 2,303**	**$ 21,931**

Source: Audited IU Financial Report

There were significant changes in assumptions and differences between expected and actual experience during fiscal year 2018. The discount rate changed from 3.58% as of July 1, 2017 to 3.87% as of June 30, 2018. There was a change in cost methods from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level percent of Salary. The medical plan available to retirees has been changed from the PPO $900 Deductible plan (which is no longer offered) to the Anthem PPO HDHP plan. The mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. The health care trend rates have been reset to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0% which resulted in an increase in liabilities. The university has not had a recent experience study. The actuarial assumptions for non-18/20 Plans have not been updated since the 2006 valuation.

At June 30, 2018, the university reported deferred outflows and inflows of resources related to OPEB from the following sources:

(dollars in thousands)

OPEB		
	Deferred Outflow of Resources	**Deferred Inflows of Resources**
Changes in Assumptions:		
18/20 Plan	$ –	$ 703
Retiree health insurance	3,109	–
Retiree life insurance	–	808
Differences between expected and actual		
18/20 Plan	–	3,222
Retiree health insurance	52,105	–
Retiree life insurance	61	–
Total	**$ 55,275**	**$ 4,733**

Source: Audited IU Financial Report

These amounts will be recognized in OPEB expense as follows:

(dollars in thousands)

OPEB				
Fiscal Year Ending June 30	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total
2019	$ (491)	$ 6,902	$ (93)	$ 6,318
2020	(491)	6,902	(93)	6,318
2021	(491)	6,902	(93)	6,318
2022	(491)	6,902	(93)	6,318
2023	(491)	6,902	(93)	6,318
Thereafter	(1,472)	20,705	(280)	18,953

Source: Audited IU Financial Report

Actuarial Assumptions. The total OPEB liability as of June 30, 2018, is based on the results of an actuarial valuation date as of June 30, 2018, with no adjustments to get to the June 30, 2018 measurement date. Significant actuarial methods and assumptions used to calculate the university's total OPEB liability were:

OPEB	
	Measurement Date as of June 30, 2018
Payroll growth (medical/life plan)	3.0%
Payroll growth (18/20 plan)	2.5%
Inflation	3.0%
Health care cost trend rates	9.0% for fiscal year 2019 to 5.0% for fiscal year 2027 and later years
Mortality rates	Based on RPH-2017 Total Data Set Mortality Table fully generational using Scale MP-2017
Actuarial cost method	Entry Age Normal Level % of Salary

Source: Audited IU Financial Report

Discount rate. The discount rate used in valuing OPEB liabilities as of June 30, 2018, was 3.87% and 3.58% as of July 1, 2017. The discount rate must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer GO 20 index was used for the current discount rate.

Sensitivity of total OPEB liability to the discount rate. The following table presents the June 30, 2018, total OPEB liability using the discount rate of 3.87% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

(dollars in thousands)

OPEB			
Sensitivity of Total OPEB Liability	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
18/20 plan	$ 131,328	$ 128,913	$ 126,456
Retiree health insurance	112,520	103,463	95,165
Retiree life insurance	42,410	36,167	31,232
Total	**$ 286,258**	**$ 268,543**	**$ 252,853**

Source: Audited IU Financial Report

Sensitivity of total OPEB liability to the health care trend rate. The following table presents the June 30, 2018, total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

(dollars in thousands)

OPEB			
Sensitivity of Total OPEB Liability	**1% Decrease (8% decreasing to 4%)**	**Current Trend (9% decreasing to 5%)**	**1% Increase (10% decreasing to 6%)**
Retiree health insurance [1]	$ 92,104	$ 103,463	$ 116,891

Source: Audited IU Financial Report

[1] The 18/20 and retiree life insurance plans are not included above as they do not have a health care component.

Funded Status and Funding Progress for Fiscal Year Ended June 30, 2017, Under GASB 45 Retirees receiving medical benefits paid $1,532,000 in premiums in the fiscal year ended June 30, 2017. The university contributed $40,370,000 to the consolidated OPEB Plan in fiscal year ended June 30, 2017.

The funding progress of the plan as of the most recent and preceding valuation date are as follows:

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
July 1, 2016	–	244,371	244,371	0.0%	1,169,353	20.9%

Source: Audited IU Financial Report

Actuarial Methods and Assumptions for Fiscal Year Ended June 30, 2017, Under GASB 45 Projections of benefits for financial reporting purposes are based on the Plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the University and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit cost method was used in the actuarial valuation of June 30, 2016. The actuarial assumptions include a 4.5% investment rate of return, which is a blended rate of (1) the expected long-term investment returns on plan assets and (2) the University's investments which is calculated based on the funded level of the Plan at June 30, 2017; and an annual healthcare cost trend rate that ranges from 8.5% in fiscal year 2018 to 5.0% in fiscal year 2025. The rate includes a 3% inflation assumption. The Unfunded Actuarial Accrued Liability is being amortized over 25 years using level dollar amounts on an open group basis.

Annual OPEB Cost and Net OPEB Obligation for Fiscal Year Ended June 30, 2017, Under GASB 45 The University's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of twenty-five years.

The following table shows the University's annual OPEB cost for the year, the amount actually contributed to the plan, and the University's net OPEB obligation as provided by the actuarial results for the fiscal years ended June 30, 2017:

Annual Other Postemployment Benefit Plans Cost
(dollars in thousands)

Fiscal Year Ended June 30	2017
Annual OPEB cost	$ 41,109
Less Employer contribution	(40,370)
Increase in OPEB obligation	739
Net OPEB obligation, beginning of year	36,565
Net OPEB obligation, end of year	$ 37,304
Percentage of annual OPEB cost contributed	98.20%

Source: Audited IU Financial Report

Required Supplementary Information

Indiana Public Employees' Retirement Fund

Schedule of the University's Proportionate Share of the Net Pension Liability for the Indiana Public Employees' Retirement Fund (last 10 years) [1]
(dollars in thousands)

	Measurement Date as of June 30, 2014	Measurement Date as of June 30, 2015	Measurement Date as of June 30, 2016	Measurement Date as of June 30, 2017
University's proportion of the net pension liability	3.85%	3.30%	2.11%	2.06%
University's proportionate share of the net pension liability	$101,229	$134,565	$95,689	$92,066
University's covered-employee payroll	$185,019	$156,848	$139,508	$128,504
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	54.71%	85.79%	68.59%	71.64%
Plan fiduciary net position as a percentage of the total pension liability	84.30%	77.30%	75.30%	76.60%

Source: Audited IU Financial Report
The amounts presented for each fiscal year were determined as of June 30. For Measurement Dates as of June 30, 2014 through June 30, 2016, University's covered-employee payroll and University's proportionate share of the net pension liability as a percentage of its covered-employee payroll have changed since prior reporting.

[1] GASB Statement No. 68 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to those presented. Additional years will be included in future reports as data becomes available.

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Schedule of the University's Contributions for the Indiana Public Employees' Retirement Fund (last 10 years) [1]

(dollars in thousands)

	Fiscal Year 2015	**Fiscal Year 2016**	**Fiscal Year 2017**	**Fiscal Year 2018**
Contractually required contribution	$17,484	$15,637	$13,980	$13,978
Contributions in relations to the contractually required contribution	$(17,484)	$(15,637)	$(13,980)	$(13,978)
Contribution deficiency	–	–	–	–
University's covered-employee payroll	$156,848	$139,508	$128,504	$124,694
Contributions as a percentage of covered-employee payroll	11.15%	11.21%	10.88%	11.21%

Source: Audited IU Financial Report

The amounts presented for each fiscal year were determined as of June 30. For Measurement Dates as of June 30, 2015 through June 30, 2017, University's covered-employee payroll and University's proportionate share of the net pension liability as a percentage of its covered-employee payroll have changed since prior reporting.

Changes of Benefit Terms. None

Changes of Assumptions. For active and inactive vested members, the INPRS Board approved a $400 salary load to be added to approximate the impact on average monthly earnings of unused sick leave accumulated at termination of employment. For disabled members, the mortality assumption is updated from the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality tables to the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables.

[1] GASB Statement No. 68 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to those presented. Additional years will be included in future reports as data becomes available.

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Other Postemployment Benefit Plans

Schedule of the University's Total Liability for Other Postemployment Benefit Plans (last 10 years) [1] Under GASB 75

(dollars in thousands)

OPEB Liability Fiscal Year 2018				
	18/20 Plan	**Retiree Health Insurance**	**Retiree Life Insurance**	**Total**
Service Cost	$ 3,442	$ 3,111	$ 1,095	$ 7,648
Interest	5,169	1,494	1,301	7,964
Changes in assumptions	(790)	3,498	(909)	1,799
Differences between expected and actual experience	(3,625)	58,618	69	55,062
Benefit payments	(32,188)	(3,714)	(1,286)	(37,188)
Net change in total OPEB liability	**$ (27,992)**	**$ 63,007**	**$ 270**	**$ 35,285**
Total OPEB liability, beginning of year	$ 156,905	$ 40,456	$ 35,897	$ 233,258
Total OPEB liability, end of year	$ 128,913	$ 103,463	$ 36,167	$ 268,543
Covered employee payroll	$ 23,729	$ 1,211,908	$ 1,211,908	
Total liability as a percentage of covered employee payroll	543.3%	8.5%	3.0%	

Source: Audited IU Financial Report

Changes of Benefit Terms: There were no changes of benefit terms for the plan year ended June 30, 2018; however, the medical plan available to retirees has been changed from the PPO $900 Deductible plan (which is no longer offered) to the Anthem PPO HDHP plan.

Changes in Assumptions: The discount rate was 3.87% as of June 30, 2018, and 3.58% as of July 1, 2017. The actuarial cost method was updated from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level % of Salary. The mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. The health care trend rates have been reset to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%.

[1] GASB Statement No. 75 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to 2018. Additional years will be included in future reports as data becomes available.

Schedule of Funding Progress for Other Postemployment Benefit Plans as Reported Under GASB 45

(dollars in thousands)

Actuarial Valuation Date	**Actuarial Value of Assets (a)**	**Actuarial Accrued Liability (AAL) (b)**	**Unfunded AAL (UAAL) (b) – (a)**	**Funded Ratio (a/b)**	**Covered Payroll (c)**	**UAAL as Percentage of Covered Payroll ((b-a)/c)**
July 1, 2014	–	$336,524	$336,524	0.0%	$1,073,719	31.3%
July 1, 2015	–	294,446	294,446	0.0%	1,135,294	25.9%
July 1, 2016 [1]	–	244,371	244,371	0.0%	1,169,353	20.9%

Source: Audited IU Financial Report

[1] Adjustments have been made to the Actuarial Accrued Liability, normal cost, and expected benefit payments for actual provision and premium changes from 2015-16 to 2016-17, which caused a significant decrease in the University's liabilities. Effective January 1, 2017, the University restricted access to retiree health plan benefits exclusively to the PPO HDHP plan. Retirees are required to enroll in this plan immediately after becoming retired or after their COBRA eligibility ends.

Exhibit A –Audited Financial Statements for the Fiscal Year Ended June 30, 2018

ANNUAL FINANCIAL REPORT

INDIANA UNIVERSITY

2017—2018

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Indiana University Annual Financial Report 2017—2018

MESSAGE FROM THE PRESIDENT

Michael A. McRobbie, President, Indiana University

The Honorable Eric J. Holcomb
Governor, State of Indiana
State House, Room 206
200 West Washington Street
Indianapolis, IN 46204

Dear Governor Holcomb:

On behalf of the Trustees of Indiana University, I am pleased to present to you IU's 2017-18 Financial Report.

Indiana University is bustling with activity as we enthusiastically count down to the rapidly approaching 200th anniversary of the university's founding as the Indiana Seminary by the Indiana General Assembly on January 20, 1820. As IU's bicentennial approaches, we continue to make major advancements—in education, research, innovation, philanthropy and engagement in the life of our state—to prepare our university for a third century of excellence and to ensure that we continue to achieve our primary mission of educating outstanding students.

RECORD FRESHMAN CLASS, RECORD DIVERSITY

Despite considerable demographic changes across our state and nation—IU remains the leading destination of choice for Hoosier students in Indiana and continues to attract the best and brightest students from all around the nation and world. Collectively, these students are coming to our campuses for an affordable, accessible, relevant, and top-quality education and the kinds of academic experiences that will help ensure rewarding careers and a lifetime of personal and professional success.

Our enrollment this fall features the largest freshman class in IU's history, totaling nearly 16,000 new students, including record first-year classes at IU Bloomington, IUPUI, IU Kokomo and IU East.

Our freshmen are part of a total official enrollment at IU of 91,515 degree-seeking students on seven campuses. When non-degree-seeking students are counted—which includes thousands of high school students taking dual-credit courses sponsored by the university—IU serves nearly 109,000 students overall, the largest number of any college or university in the Hoosier state.

Once again demonstrating our longstanding commitment to educating Indiana's best and brightest, our undergraduate student body is comprised of more than 75 percent of in-state students. The student bodies at IU Bloomington and IUPUI include students from all 92 Indiana counties, further underscoring the fact that IU continues to educate more Hoosiers than any other university in Indiana.

Our student body also continues to reflect the increasing diversity of our state. For the second consecutive year, IU's student body contains more than 20,000 degree-seeking minority students, setting a new record for diversity at the university and now constituting nearly a quarter of IU's degree-seeking population. This represents nearly a doubling of the number of minority students at IU since 2007. It is testament to our concerted efforts to make IU accessible to all, to better represent the world our students will enter when they graduate, and to support a welcoming and inclusive environment.

Indiana University is also graduating record numbers of students.

In May 2018, a record number of more than 21,000 students received IU degrees during commencement ceremonies across our state. IU's class of 2018 represented the largest group of graduates to be produced by any institution in Indiana—in fact almost as large as the next two combined—and it was also one of its most distinguished. The class included Wells Scholars, Goldwater Scholars, and Boren Scholars.

Viewed in terms of sheer size, the class of 2018 shows again how IU is truly the state's higher education powerhouse and reflects the enormous value Hoosiers continue to place on an IU education. These graduates also serve as a powerful reminder of IU's huge impact on the health, social and cultural fabric, and economic vitality of the Hoosier state.

ENSURING THE VALUE AND AFFORDABILITY OF AN IU EDUCATION

As a public university, we have an obligation to ensure that an IU education remains accessible and affordable for qualified Hoosier students. In recent years, we have redoubled our efforts to ensure quality, value, and affordability in a number of ways.

Undergraduate tuition and fees at IU Bloomington are below the public doctoral university national average and increases over the past five years were significantly lower than the national average. Undergraduate tuition and fees at IU's regional campuses are nearly 17 percent lower than the national average for master's-level institutions. Tuition and fees on IU's regional campuses, which all charge the same amount, are the lowest of any public 4-year institution in the state. Given the lifetime opportunities that a higher education degree affords, including higher earnings, an IU education is a bargain and an excellent personal investment.

Of course, most students do not pay the full tuition price due to various sources of financial assistance, including university-based scholarships and grants. IU provided nearly $112 million in university-funded financial assistance to Hoosier undergraduate students during the 2016-17 academic year, primarily financed from private gifts to IU. Helping greater numbers of students pay for college and expanding IU's financial assistance programs is a primary goal of IU's fundraising efforts, including its current Bicentennial Campaign. Through July of this year, the campaign has endowed over 4,500 new student scholarships and fellowships, totaling nearly $225 million in new funds, a 35 percent increase over the previous 190 years' accumulated total prior to the campaign.

IU has also been a national leader in developing award-winning financial literacy programs that have helped reduce the amount of debt students have incurred for their education. For the five-year period ending with the 2016-17 academic year, Hoosier student debt decreased from $329 million to $248 million, a 25 percent reduction.

A DRAMATIC ACADEMIC TRANSFORMATION

Across the state, IU is preparing students to meet their fullest potential, to make major contributions to the economic development and quality of life in the communities in which they live and work, and to find solutions to the most important problems facing our planet.

IU students are also being exposed to what it will take to meet the needs of our employers—particularly in those strategic sectors of the state's economy, such as information technology, public health, and the life sciences—sectors we know will be vital to the growth of our state. But the state of Indiana simply cannot afford to be a net exporter of talent, which is why IU has become more strategic, deliberate, and intentional in aligning its academic offerings to new and emerging areas of importance to students, as well as Indiana employers.

To this end, IU has recently established ten new schools—as well as new academic programs in such key disciplines as architecture and intelligent systems engineering—all designed to meet the evolving needs of our students and the state—and all based on a strong liberal arts foundation that has made American higher education the best and most admired in the world.

IU ONLINE – DEGREES AND PROGRAMS THAT WORK

We have also seen extraordinary growth in our successful online initiative, which has helped IU, a pioneer in this area for many years, firmly cement its position as the state's online education powerhouse for four-year and graduate online education.

Established more than five years ago, IU Online now offers 124 degree and certificate programs and over 2,000 courses from IU's seven campuses. All programs and courses are developed and taught by IU faculty, coordinated by our faculty and academic administrators across multiple campuses, and subject to the same stringent university processes and approval procedures that our traditional academic programs go through. The result has been an authentically IU experience that is a true extension of IU's faculty and curriculum and one that builds on the best traditional classroom experiences.

A record 30,023 students—nearly a third of this year's student body—are enrolled in at least one online class, a figure that has surged dramatically in the past five years. We also have seen a considerable increase in the number of students (now totaling 8,760 and representing almost one-tenth of IU's total enrollment) taking only online courses.

These are especially noteworthy and important figures when we consider that only about a quarter of Indiana's resident population holds four-year or advanced degrees, ranking the state in the bottom quintile nationally. Twenty-two percent—or nearly 750,000 Hoosiers—have some college education but have not graduated. Our goal is to help more of them graduate, which, in turn, will rapidly increase the percentage of degree holders in the population and open pathways for them to new careers, promotions, and other economic opportunities.

STATEWIDE TRANSFORMATION IN HEALTH SCIENCES EDUCATION AND RESEARCH

Indiana University is also in the midst of a statewide transformation in the area of health sciences education.

IU recently celebrated the opening of the new Stone Family Center for Health Sciences, a 145,000 square-foot facility in downtown Evansville, which houses the IU School of Medicine regional medical education program, along with health science programs offered by the University of Southern Indiana and the University of Evansville. This partnership will help ensure that there will be an adequate number of health care workers serving the citizens of the Evansville area.

In both Indianapolis and Bloomington, we are building new Academic Health Centers to be co-located with new IU Health Hospitals. It has been said that no factor has been more important in the extraordinary advancements that have been made in medical practice in the United States in the last century than the nation's academic health centers. Academic health centers are the main places where much of the nation's education of health care professionals takes place, and where the results of basic laboratory research in the health sciences are applied, trialed, and tested in a clinical setting. These two new academic health centers will allow us to considerably increase the number of students in IU's health sciences programs, thus helping to address the acute statewide shortage of healthcare workers.

Beginning this fall, IU assumed responsibility for all health science academic programs in Fort Wayne. IU Fort Wayne's programs include the IU School of Medicine-Fort Wayne, which has trained physicians for many years in the region, as well as IU nursing, dental, and radiography programs. Enrollment is exceeding expectations, and IU is proud to be serving the needs of the Fort Wayne area by training future generations of healthcare workers.

A LEADING PUBLIC RESEARCH UNIVERSITY

Another major component of Indiana University's heritage is its longstanding status as a national leader in research and the home of scholars with outstanding international recognition.

During FY 2018, IU was awarded $604 million in extramural funding, more than all other Indiana public universities combined. This is the second-highest annual total in IU history—only slightly below the previous record.

With IU's prominence in the life sciences, research funding supports scientific investigation that can result in new discoveries that can improve Hoosier lives. Many of these discoveries can be translated into new products, services, and medical treatments with commercialization potential through the process of technology transfer, leading to new company start-ups and state economic development.

Through the Grand Challenges Program, the most ambitious program of research support in the university's history, IU is investing $300 million in major multidisciplinary research projects aimed at finding solutions to the "grand challenges" of our time—solutions that will provide major improvements in the quality of life for the citizens of the state of Indiana who have helped support IU for nearly 200 years.

The Precision Health Initiative, which was selected as the recipient of the first round of funding, is seeking to cure at least one cancer and one childhood disease, as well as finding ways to prevent one chronic illness and one neurodegenerative disease. The second project funded through our Grand Challenges Program, Prepared for Environmental Change, is helping Indiana communities track environmental change and measure their preparedness for responding to immediate challenges and long-term effects with targeted and strategic investments in agriculture, industry, infrastructure, and public health. IU is also proud to partner with the Governor's Office and the State of Indiana on "Responding to the Addictions Crisis", IU's third Grand Challenges initiative, which focuses the university's resources on addressing the grave and pervasive opioid addiction crisis.

CONCLUSION

All of this is testament to our continued and concerted efforts, as the state's flagship public university, to achieving our top priorities of:

- Providing a contemporary education of the highest quality.
- Producing more and better graduates.
- Ensuring our students are receiving training and experience in areas of importance to the state and nation.
- Keeping an IU education affordable and accessible.
- Better reflecting the rich composition of our state's citizenry.
- Building the foundation for personally and professionally rewarding lives.

This commitment to providing the highest quality education to our students—and to ensuring that the instruction they receive inspires and stimulates the imagination and to creating an engaged citizenry—has been central to our enduring strength for almost two centuries.

The progress we have made suggests how seriously we continue to take our obligation to the residents of our state and how much we value our partnerships with the people's elected representatives, who generously help fund and support our education and research missions.

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

As we approach Indiana University's bicentennial, we must commit to strengthening our powerful partnership with the State of Indiana and its citizens and to extending that partnership over the next 200 years.

Yours sincerely,

Michael A. McRobbie
President

MESSAGE FROM THE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

John A. Sejdinaj, Vice President and Chief Financial Officer, Indiana University

Dear President McRobbie and the Trustees of Indiana University:

I am pleased to present to you the Indiana University Financial Report for the fiscal year ended June 30, 2018. The financial statements have been prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) principles. The accompanying notes and the Management's Discussion and Analysis are integral parts of the financial statements.

The statements are intended to provide a summary of the flow of the economic resources of the university during the fiscal year covering the period of July 1, 2017, through June 30, 2018. The statements report the university's financial position at June 30, 2018, with comparative data from the previous fiscal year. In addition, financial results of the Indiana University Foundation are incorporated in the 2017-2018 financial report.

The financial statements have been audited by the Indiana State Board of Accounts. Their opinion on the financial statements appears after this letter.

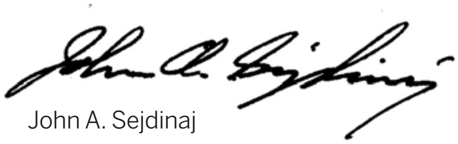
The Indiana University Financial Report is a consolidated report incorporating all seven campuses for which Indiana University has fiscal responsibility and also includes all auxiliary operations. The information presented in the Management's Discussion and Analysis section of the financial report includes indicators that assess Indiana University's fiscal health. Overall, these indicators show that Indiana University continues to have a strong balance sheet reflecting sound and careful fiscal management across the institution.

For the fiscal year ending June 30, 2018, the institution had an increase in net position of $112,554,000, or 3%, over prior year. This positive financial performance was achieved while focusing on affordability. Undergraduate tuition and fee rates increased in 2018 by 1.4% at the Bloomington and IUPUI core campuses and 1.9% at IU's five regional campuses. Complementing these moderate tuition increases was continued financial support for our students with $437,853,000 provided in financial assistance.

Affordability is also maintained through the continued financial support of donors and the state, combined with the fiscal stewardship of those across the university who have allowed us to continue to invest in the programs and facilities required to educate and prepare students to contribute to the state, the nation, and the world. In fiscal year 2018, state support for university operations was $576,597,000, while state support for capital projects was $46,239,000. Simultaneously, donor support brought into the university was $138,290,000.

Indiana University is one of seven public universities that hold an Aaa long-term credit rating from Moody's Investor Services, as well as an AAA rating from Standard and Poor's. These ratings reflect not only IU's strong financial performance and focus on high standards and fiscal management, but also the effective governance of senior leadership and the Board of Trustees, the quality of our academic programs, our ability to plan for the future, and our continued focus on efficiency and affordability.

On behalf of all those responsible for the fiscal stewardship of Indiana University's resources, I submit the Indiana University Financial Report for the fiscal year ending June 30, 2018.



John A. Sejdinaj
Vice President and Chief Financial Officer

STATE OF INDIANA

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF INDIANA UNIVERSITY, BLOOMINGTON, INDIANA

Report on the Financial Statements

We have audited the financial statements of the business-type activities and the discretely presented component unit of Indiana University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Unmodified Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof and for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in fiscal year 2018, the University adopted new accounting guidance GASB Statement 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the University's Proportionate Share of the Net Pension Liability for the Indiana Public Employees' Retirement Fund, Schedule of the University's Contributions for the Indiana Public Employees' Retirement Fund, Schedule of the University's Total Liability for Other Postemployment Benefit Plans Under GASB 75, and Schedule of Funding Progress for Other Postemployment Benefit Plans as Reported Under GASB 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying Message from the President, Message from Vice President and Chief Financial Officer, Trustees and Administrative Officers of Indiana University, and Additional Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Message from the President, Message from Vice President and Chief Financial Officer, Trustees and Administrative Officers of Indiana University, and Additional Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2018, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Paul D. Joyce, CPA
State Examiner

October 25, 2018

Introduction

The following discussion and analysis provides an overview of the consolidated financial position and activities of Indiana University (the "university") for the fiscal year ended June 30, 2018, with selected comparative information for the years ended June 30, 2017 and 2016. This discussion has been prepared by management and should be read in conjunction with the consolidated financial statements and accompanying footnotes, which follow this section.

Indiana University was founded in 1820 and is one of the largest state-supported universities in the United States. The university is a major multicampus public research institution, grounded in the liberal arts and sciences, and a world class leader in professional, medical, and technological education.

Indiana University's mission is to provide broad access to undergraduate and graduate education for students throughout Indiana, the United States, and the world, as well as outstanding academic and cultural programs and student services.

The university seeks to create dynamic partnerships with the state and local communities in economic, social, and cultural development and to offer leadership in creative solutions for 21st-century problems.

Indiana University strives to achieve full diversity and to maintain friendly, collegial, and humane environments with a strong commitment to academic freedom.

The university's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The university's financial statements, related footnote disclosures, and discussion and analysis have been prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

The Indiana University Foundation (IU Foundation) is organized as a not-for-profit corporation under the laws of the State of Indiana for the exclusive purpose of supporting the university by receiving, holding, investing, and administering property and making expenditures to or for the benefit of the university. The IU Foundation is considered a component unit of the university which requires discrete presentation. Accordingly, the IU Foundation's audited financial statements are presented in their original formats on separate pages, along with the university's financial statements.

The Indiana University Building Corporation (IUBC) serves specific purposes on behalf of the university and is shown in a blended presentation with the university's financial statements. The sole purpose of IUBC is to assist the university in the financing and development of university facilities by owning and leasing such facilities to the university on a lease-purchase basis.

About the Financial Statements

The **Statement of Net Position** is the university's balance sheet. The statement presents the university's financial position by reporting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the fiscal year, with comparative information for the prior fiscal year. Net position is the residual value of the university's assets and deferred outflows of resources, after liabilities and deferred inflows of resources are deducted, and is one indicator of the financial condition of the university.

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

The **Statement of Cash Flows** provides additional information about the university's financial results by presenting detailed information about cash inflows and outflows during the year, with comparative information for the prior fiscal year. The statement reports the major sources and uses of cash and is useful in the assessment of the university's ability to generate future net cash flows and to meet obligations as they come due.

Statement of Net Position

A comparison of the university's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2018, 2017, and 2016, is summarized as follows:

Condensed Statement of Net Position
(in thousands of dollars)

	June 30, 2018	*June 30, 2017*	*June 30, 2016*
Current assets	$ 567,218	$ 649,905	$ 681,215
Capital assets, net	3,278,609	3,147,159	2,984,285
Other assets	1,682,820	1,677,406	1,645,925
Total assets	**5,528,647**	**5,474,470**	**5,311,425**
Deferred outflows of resources	**117,817**	**86,345**	**67,186**
Current liabilities	385,295	388,257	416,626
Noncurrent liabilities	1,455,496	1,268,799	1,230,957
Total liabilities	**1,840,791**	**1,657,056**	**1,647,583**
Deferred inflows of resources	**23,534**	**38,220**	**19,743**
Net investment in capital assets	2,320,100	2,200,168	2,048,226
Restricted net position	286,520	230,713	246,074
Unrestricted net position	1,175,519	1,434,658	1,416,985
Total net position	**$ 3,782,139**	**$ 3,865,539**	**$ 3,711,285**

Assets

Current Assets

Current assets include those that are used to support current operations and consist primarily of cash and cash equivalents, net receivables, and short-term investments. Cash balances support commitments to strategic initiatives, capital projects, employee benefit and retirement costs, and self-liquidity requirements, along with ongoing operational needs. The overall fluctuations in current assets are primarily a function of the university's revenue and expense cycles, along with investment activities.

Current assets decreased $82,687,000, or 13%, and $31,310,000, or 5%, in 2018 and 2017, respectively. The decrease in 2018 is primarily attributable to a decrease of $65,028,000, or 32%, in short-term investments and secondarily due to a $15,328,000, or 10%, decrease in net accounts receivable. The objective of the university's investment policy with respect to its operating funds is to adequately provide for the liquidity needs of the university while maximizing the opportunity to increase yield on investments. The management of the university's operating funds permits flexibility while providing a consolidated basis from which to meet liquidity demands. Decisions on management of cash and shorter term holdings are based on asset prices, the economic environment, investment opportunities, and liquidity needs. In 2017, the current asset decrease reflected a payment of $32,656,000 made to the Indiana Public Employees' Retirement Fund to reduce the university's net pension liability. The variations in net accounts receivable in both 2018 and 2017 resulted from the timing of receivables realization as well as natural fluctuations in auxiliary revenue cycles.

Luddy Hall
School of Informatics, Computing, and Engineering; Bloomington

Noncurrent Assets

Major components of noncurrent assets are endowment and operating investments and capital assets, net of accumulated depreciation. Noncurrent assets increased $136,864,000, or 3%, and $194,355,000, or 4%, in 2018 and 2017, respectively. The fair value of the university's noncurrent investments increased $9,051,000, or 1%, and $31,337,000, or 2%, in 2018 and 2017, respectively. Endowment funds are managed by the IU Foundation using a disciplined, consistent, and diversified approach according to the policies and strategic direction of the Foundation Investment Committee and the laws of the State of Indiana.

Capital Assets

The university's investment in capital assets, net of depreciation, which includes land, art and museum objects, infrastructure, equipment, and buildings, grew $131,450,000, or 4%, and $162,874,000, or 5%, in 2018 and 2017, respectively. Additions to capital assets are comprised of new construction and renovations, as well as major investments in equipment and information technology. Funding for capital assets consists of use of net position, capital appropriations, gifts designated for capital purposes, and debt proceeds.

New, expanded, and renovated facilities to support IU's missions of education, research, and the long-term preservation of knowledge are a central priority of the university. They are critical to recruiting and retaining the best faculty and researchers, to ensuring that IU remains competitive in research and scholarship, and to providing a high-quality living and educational environment for IU students on all campuses.

Luddy Hall became the home of the School of Informatics, Computing, and Engineering in January 2018. The 124,000 square-foot facility expands the School's capacity for teaching and research and offers a new environment for collaboration and innovation across informatics, computer science, information and library science, and intelligent systems engineering. The facility includes a 3,500 square-foot innovation center, dedicated space for existing and aspiring entrepreneurial projects, and a 1,500 square-foot fabrication lab. The $40,400,000 facility was funded by gifts and university funds.

The renovation of two buildings in Wells Quadrangle on the Bloomington campus returned these facilities from academic and administrative use to their original function as student housing, in alignment with the Bicentennial Strategic Plan Framework of Excellence "to upgrade and renovate all student residence halls on the Bloomington campus" and "the imperative to meet future needs in accordance with long-term master plans." This $33,300,000 project renovated these two buildings to house 182 beds and constructed a 200-seat dining hall,

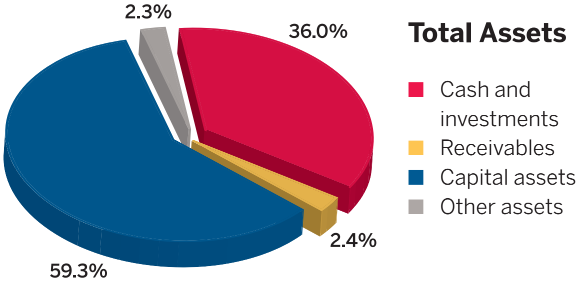
all of which opened for fall semester 2017. The renovation project was designed to foster a sense of community and learning that will grow and thrive in the historic core of the campus, which includes the Wells Quad STEM community, to promote learning outcomes and student success. The project was funded by a combination of debt and university funds.

A new state-of-the-art oral health care clinic was dedicated in March 2018. The 45,000 square-foot facility is part of a plan to ensure the Indiana University School of Dentistry is among the best in the world. The facility will make the school one of the most technologically advanced dental schools in the United States and is emblematic of the exceptional health sciences research and translational practice taking place at the IUPUI campus. The $19,500,000 cost of construction was financed by generous gifts, dental school capital funds, and auxiliary services revenue.

The following table and chart represent the composition of total assets as of June 30, 2018:

Total Assets
(in thousands of dollars)

Cash and investments	$ 1,988,851	36.0%
Receivables	133,858	2.4%
Capital assets	3,278,609	59.3%
Other assets	127,329	2.3%
Total assets	**$ 5,528,647**	**100.0%**



Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred outflows represent the consumption of net position applicable to a future reporting period and so will not be recognized as expenses or expenditures until then. Certain changes in resources related to the net pension liability (see Note 12, Retirement Plans) and the OPEB liability (see Note 13, Postemployment Benefits) are reported as deferred outflows of resources. The amounts recorded also include accumulated deferred charges on refundings of capital debt.

Liabilities

Current Liabilities

Current liabilities are those expected to become due and are payable over the course of the next fiscal year. Current liabilities consist of accounts payable; accrued compensation; and the current portion of compensated absences, unearned revenue, long-term debt, and capital lease obligations.

Current liabilities decreased $2,962,000, or 1%, and $28,369,000, or 7%, in 2018 and 2017, respectively. Accounts payable and accrued liabilities decreased $26,511,000, or 12%, and $33,624,000, or 13%, in 2018 and 2017, respectively. The decrease in 2018 is due in large part to natural fluctuations in building construction and renovation activity along with differences in accrued interest on capital debt. The decrease in 2017 relates to a payment in satisfaction of a previously accrued obligation to the state of Indiana for the university's participation in the state's Public Employee Retirement Fund. The current portion of unearned revenue increased $28,583,000, or 35%, in 2018, related to the timing of sponsored grant spending for which receipts were received in advance of related expenditures.

Noncurrent Liabilities

Noncurrent liabilities increased $186,697,000, or 15%, and $37,842,000, or 3%, in 2018 and 2017, respectively. The university adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB). Accordingly, the university recorded total postemployment benefits liability of $268,543,000 at June 30, 2018 (see Note 13, Postemployment Benefits). Other long-term liabilities decreased $33,870,000, or 50%, in 2018, reflecting the reclassification of $37,304,000 formerly reported on this line to the new reporting line for the OPEB liability. Scheduled principle payments in 2018 contributed to a reduction in bonds and notes payable of $54,718,000, or 6%, while the increase in 2017 was primarily due to the issue of new debt (see Note 8, Bonds and Notes Payable). The noncurrent portion of unearned revenue increased $13,621,000, or 57%, related to the timing of sponsored grant spending for which receipts were received in advance of related expenditures.

Debt and Financing Activity

Institutional borrowing capacity is a valuable resource that is actively managed in support of the institutional mission. Bonds, notes, and capital lease obligations totaled $1,027,435,000 and $1,085,679,000 at June 30, 2018 and 2017, respectively.

In May 2018, the university issued Indiana University Commercial Paper Notes in the amount of $20,400,000. Commercial paper notes are issued by the university from time to time to provide for the temporary financing or refinancing of costs related to certain facilities on all of the Indiana University campuses, including costs of issuance of the notes.

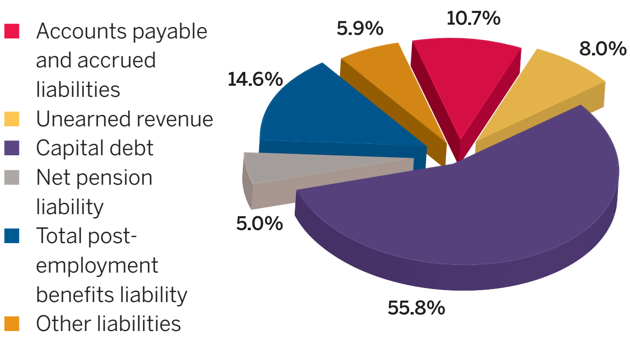
The university's ratings on debt obligations were last reviewed and reaffirmed in August 2018. On August 27, 2018, Moody's Investors Service rated the university's most recent student fee bonds (indicated in Note 17, Subsequent Event as they were not outstanding at June 30, 2018) and reaffirmed its underlying rating on all student fee bonds, consolidated revenue bonds, lease-purchase obligations, and certificates of participation as 'Aaa'. The university's commercial paper program carries a rating of P-1 from Moody's—reaffirmed on August 27, 2018. The university's outlook under Moody's Investors Service is stable. On August 29, 2018, S&P Global Ratings rated the university's most recent student fee bonds (described in Note 17, Subsequent Event as they were not outstanding at June 30, 2018). By referencing the May 9, 2018 credit report, S&P Global Ratings reaffirmed its long-term rating and underlying rating on all student fee bonds, consolidated revenue bonds, certificates of participation, and lease-purchase obligations issued by the university as 'AAA' and the university's commercial paper program as A-1+. The university's outlook under S&P Global Ratings is stable.

The following table and chart represent the composition of total liabilities as of June 30, 2018:

Total Liabilities
(in thousands of dollars)

Accounts payable and accrued liabilities	$ 197,118	10.7%
Unearned revenue	147,980	8.0%
Capital debt	1,027,435	55.8%
Net pension liability	92,066	5.0%
Total postemployment benefits liability	268,543	14.6%
Other liabilities	107,649	5.9%
Total liabilities	**$ 1,840,791**	**100.0%**

Total Liabilities



Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred inflows represent an acquisition of net position applicable to a future reporting period and so will not be recognized as revenue until then. The amounts recorded are related to the net pension liability (see Note 12, Retirement Plans) and the OPEB liability (see Note 13, Postemployment Benefits).

Net Position

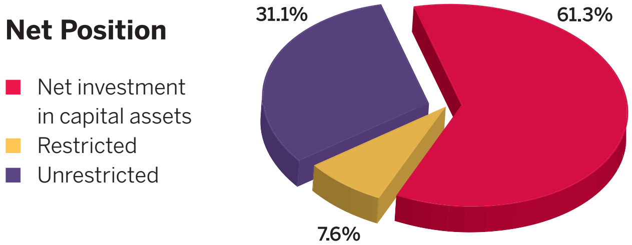
Net position is the residual of all other elements presented in the Statement of Net Position. Net position is classified into three major categories:

- Net investment in capital assets consists of the university's investment in capital assets, such as equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt.
- Restricted net position consists of amounts subject to externally imposed restrictions governing usage and is divided into two sub-categories:
  - Restricted non-expendable funds are subject to externally imposed stipulations that they be retained in perpetuity. These balances represent the corpus (historical value) of the university's permanent endowment funds.
  - Restricted expendable funds are available for expenditure by the university, but must be spent according to restrictions imposed by third parties.
- Unrestricted net position includes amounts institutionally designated or committed to support specific purposes.

The following table and chart represent the composition of net position as of June 30, 2018:

Total Net Position *(in thousands of dollars)*		
Net investment in capital assets	$ 2,320,100	61.3%
Restricted	286,520	7.6%
Unrestricted	1,175,519	31.1%
Total net position	**$ 3,782,139**	**100.0%**

Net Position



The university's net investment in capital assets reflects the institutional capital investment in sustaining and enhancing the university's mission and strategic plans. The net investment in capital assets increased $119,932,000, or 5%, and $151,942,000, or 7%, in 2018 and 2017, respectively. Growth in this area is managed according to the university's long-range capital plans, along with operating units' needs to support programs and operating needs.

Restricted net position increased $55,807,000, or 24%, and decreased $15,361,000, or 6%, in 2018 and 2017, respectively. Variances in both years are largely due to fluctuations in spending of bond proceeds, which impact the capital projects component of restricted net position.

Unrestricted net position is subject to internal designations and commitments for academic and research initiatives, capital projects, and unrestricted quasi- and term endowment spending plans. Unrestricted net position represents resources available for ongoing operational needs and for funding ongoing obligations, as well as providing flexibility to support the university's mission in changing economic environments. Unrestricted net position decreased $259,139,000, or 18%, and increased $17,673,000, or 1%, in 2018 and 2017, respectively. The 2018 decline is attributable to the change in accounting principle in accordance with GASB 75, as discussed above under Noncurrent Liabilities. The impacts of the postemployment benefits liability of $268,543,000 are reflected in unrestricted net position.

Net position after the change in accounting principle increased $112,554,000, or 3%, in 2018 and $154,254,000, or 4%, in 2017. Net position at June 30, 2018, was $3,782,139,000.

Statement of Revenues, Expenses, and Changes in Net Position

Revenues and expenses are classified as either operating or nonoperating in accordance with GASB principles for classification into these categories. Trends in the relationship between operating revenues and expenses are important indicators of financial condition. Generally, operating revenues are received for providing goods and services and include tuition and fees, grants and contracts, sales and services, and auxiliary revenue. Scholarship allowances are recorded as offsets to gross tuition and fees and auxiliary revenue. Student financial aid in excess of amounts owed for tuition, fees, and housing are recorded as expenses. Nonoperating revenues include state appropriations, revenue from certain grants and contracts, gifts, and investment income. Operating expenses are those incurred to carry out the normal operations of the university. As a public university, Indiana University is required by GASB standards to report certain revenue sources that are an integral part of operations as nonoperating revenues.

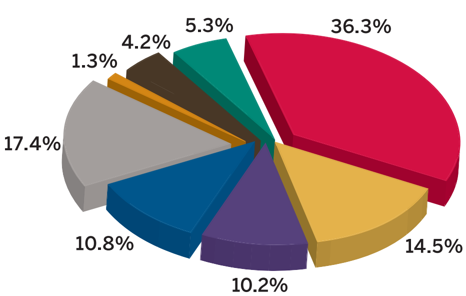
A summarized comparison of the university's revenues, expenses, and changes in net position is presented below:

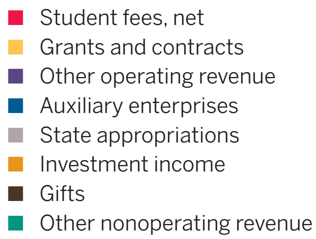
Condensed Statement of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)

		Fiscal Year Ended	
	June 30, 2018	*June 30, 2017*	*June 30, 2016*
Operating revenues	$ 2,385,536	$ 2,316,022	$ 2,256,204
Operating expenses	(3,175,110)	(3,063,303)	(2,941,624)
Total operating loss	**(789,574)**	**(747,281)**	**(685,420)**
Nonoperating revenues	865,526	876,561	794,928
Nonoperating expenses	(31,679)	(33,308)	(31,668)
Income before other revenues, expenses, gains, or losses	**44,273**	**95,972**	**77,840**
Other revenues	68,281	58,282	27,816
Increase in net position	**112,554**	**154,254**	**105,656**
Net position, beginning of year	3,865,539	3,711,285	3,605,629
Adjustment per change in accounting principle	(195,954)	–	–
Net position, beginning of year, as restated	3,669,585	–	–
Net position, end of year	**$ 3,782,139**	**$ 3,865,539**	**$ 3,711,285**

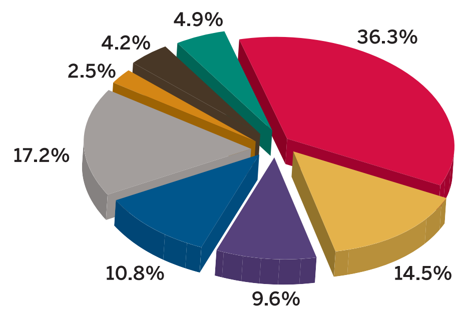
The following charts represent revenues by major source for fiscal years 2018 and 2017:

Revenues 2018





Revenues 2017



Memorial Hall
Student housing; Bloomington

Operating revenues increased $69,514,000, or 3%, and $59,818,000, or 3%, during 2018 and 2017, respectively. The university supports its operations with diverse revenue sources, of which the largest single source is student tuition and fees. Tuition and fees, net of scholarship allowances, increased $24,007,000, or 2%, and $24,978,000, or 2%, during 2018 and 2017, respectively, and represents 36% of total revenue in 2018 and 2017. Tuition and fee revenue is affected by a combination of changes in tuition rates, enrollment, and the mix of student levels and residency. Resident undergraduate tuition and fee rates increased in 2018 by 1.4% at the Bloomington and IUPUI core campuses and 1.9% at IU's five regional campuses. The modest increases reinforce the university's commitment to student affordability. The tuition increases helped to fund student success programming—student academic success, student financial success, and the health and well-being of students. The university has invested significantly in crucial infrastructure to support the research mission across diverse areas of focus. Total operating grant and contract revenues from all sources increased 3% in 2018 and less than 1% in 2017. Other revenue, including hospital and practice plan support for School of Medicine research and other initiatives, increased $25,321,000, or 9%, in 2018.

Operating expenses increased $111,807,000, or 4%, and $121,679,000, or 4%, in 2018 and 2017, respectively. Compensation and benefits, at 65% of total operating expenses, represents the largest single university expense. The university's strategic plan makes a clear statement of commitment to "recruit and retain an outstanding, diverse, and inclusive faculty from researchers, scholars, teachers, and creative artists worldwide who are recognized as among the very best in their fields." Compensation and benefits expense increased $64,923,000, or 3%, and $60,571,000, or 3%, in 2018 and 2017, respectively. The change in 2018 reflects, in part, a net OPEB expense reduction of $15,257,000. University benefit plans play an important role in attracting and retaining employees and the university has implemented initiatives in recent years to control costs without compromising the competitiveness of the benefit package. The university's High Deductible Health Plan (HDHP) lowers employer premiums while providing employees with greater control over healthcare spending. Approximately 93% of employees were enrolled in a HDHP in 2018. While overall health care costs have increased, the university's cost per employee continues to be below market benchmarks, largely due to efforts to control pharmacy costs. A transition to a new pharmacy provider is expected to provide even greater savings going forward. The university's *Bicentennial Strategic Plan* articulates a commitment to access and affordability for students. Representative of the *Bicentennial Strategic Plan* commitment to ensure that an IU education remain "financially accessible for all qualified students," the combination of student financial aid expense and scholarship allowances increased $22,066,000, or 5%, and totaled $437,853,000 in 2018. Energy and utilities expense was essentially flat when comparing 2018 to 2017, with a decrease of $730,000, or 1%, compared to an increase of $2,656,000, or 4%, in 2017. In 2017, a combination of rate increases, a warmer cooling season, and new buildings contributed to overall increased utility costs, while the university continued to benefit from energy efficiency measures and strategies to stabilize rate fluctuations. Supplies and general expense increased $37,262,000, or 6%, and $52,281,000, or 9%, in 2018 and 2017, respectively. In addition to payment timing differences, the increase in 2018 was spread across auxiliary, academic, and capital facilities functions. The increase in 2017 was due in large part to contractual services on sponsored grants.

Nonoperating revenues, net of interest expense, decreased $9,406,000, or 1%, and increased $79,993,000, or 10%, in 2018 and 2017, respectively. State operating appropriations are comprised of appropriations to support the primary general educational mission of the university and student fee replacement appropriations for the purpose of reimbursing a portion of the university's debt service for certain academic facilities. The state of Indiana appropriates operating funds to the state's colleges and universities on a performance-based funding model focused on key student success measures. Non-capital state appropriations totaled $576,597,000 in 2018 and $558,111,000 in 2017, and is the university's second largest revenue source, after tuition and fees. Investment income decreased $38,790,000, or 47%, and increased $49,858,000, or 153%, in 2018 and 2017, respectively, largely due to a combination of realized and unrealized losses in 2018 and realized and unrealized gains in 2017.

The university recognized $46,239,000 and $31,083,000 in capital appropriations for repairs, renovations, and improvements across all campuses in 2018 and 2017, respectively. Revenue recognized as capital appropriations and capital gifts and grants fluctuates as funding is brought in to the university according to the needs of the schools and campuses.

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

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

Comparative Statement of Cash Flows
(in thousands of dollars)

	Fiscal Year Ended		
	June 30, 2018	*June 30, 2017*	*June 30, 2016*
Net cash provided (used) by:			
Operating activities	$ (616,202)	$ (651,135)	$ (518,997)
Noncapital financing activities	821,232	795,174	770,852
Capital and related financing activities	(308,597)	(247,955)	(371,354)
Investing activities	100,096	52,653	117,200
Net increase (decrease) in cash and cash equivalents	**(3,471)**	**(51,263)**	**(2,299)**
Beginning cash and cash equivalents	227,459	278,722	281,021
Ending cash and cash equivalents	**$ 223,988**	**$ 227,459**	**$ 278,722**

The university's cash and cash equivalents decreased $3,471,000 and $51,263,000 in 2018 and 2017, respectively. Net cash flows from operating activities consists primarily of tuition and fees, grants and contracts, and auxiliary enterprise receipts. Payments to employees represent the largest use of cash for operations. Significant sources of cash provided by noncapital financing activities, as defined by GASB, including state appropriations, federal Pell grants, and private noncapital gifts are used to fund operating activities. Fluctuations in capital and related financing activities reflect decisions made relative to the university's capital and financing plans. Cash flows from investing activities include the effects of shifts between cash equivalents and longer-term investments.

Economic Outlook

For the second year in a row, 2018 state general fund revenues exceeded both forecast as well as prior year-to-date levels. Forecasted state revenues for 2018 were $158,600,000, or 1.0%, above forecast and $297,300,000, or 1.9%, above 2017 collections. Sales tax collections, the largest single state tax revenue source, grew at a modest rate of 2.3% over 2017, while individual income tax collections grew at a strong rate of 7.0% over 2017. Rounding out the state's "Big 3" tax revenues, corporate income tax collections declined 32.5% from 2017, largely due to increased refund claims as well as an administrative decision by the Indiana Department of Revenue to re-categorize non-resident partnership withholdings under individual income tax instead of corporate income tax. Corporate income taxes made up only 4.2% of all state tax sources in 2018. It is important to note that state tax revenues in 2018 were impacted modestly by individual and business income tax cuts enacted by the General Assembly in recent years. These tax cuts are being phased-in over several years and considering even their modest impact, supports the conclusion that 2018 was a good tax collection year for the state. Despite some drawdown of state reserves, primarily for one-time spending on K-12 education and Department of Child Services, the state's overall fiscal standing remains strong with total reserve balances totaling $1,785,500,000 at June 30, 2018, or 11.3% of state operating revenues.

For 2019, total state revenues were forecast in December 2017 to increase by $548,900,000, or 3.6%, over 2018 revenues. However, because actual revenue collections in 2018 were above forecast, revenue growth of $290,300,000, or 2.6%, is required to achieve the 2019 revenue forecast level.

Indiana's unemployment rate was 3.4% at the beginning of fiscal year 2019 (in July 2018) and 3.3% at the end of the fiscal year in June 2018. Indiana's rate compared favorably to the national unemployment rate of 4.0% in June 2018. In conclusion, both Indiana and the national economies are expanding, albeit in an environment in which much economic uncertainty continues to exist.

Goodbody Hall
Student housing; Bloomington

STATEMENT OF NET POSITION

(in thousands of dollars)	June 30, 2018	June 30, 2017
Assets		
Current assets		
Cash and cash equivalents	$ 223,988	$ 227,459
Accounts receivable, net	133,858	149,186
Current portion of notes and pledges receivable	13,672	14,703
Inventories	10,172	9,675
Short-term investments	136,879	201,907
Other assets	48,649	46,975
Total current assets	567,218	649,905
Noncurrent assets		
Notes and pledges receivable	54,836	58,473
Investments	1,627,984	1,618,933
Capital assets, net	3,278,609	3,147,159
Total noncurrent assets	4,961,429	4,824,565
Total assets	**5,528,647**	**5,474,470**
Deferred outflows of resources	**117,817**	**86,345**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	197,118	223,629
Unearned revenue	110,592	82,009
Current portion of capital lease obligations	2,468	1,286
Current portion of long-term debt	75,117	81,333
Total current liabilities	385,295	388,257
Noncurrent liabilities		
Capital lease obligations	3,725	2,217
Notes payable	201,618	188,020
Assets held in custody for others	74,043	78,807
Unearned revenue	37,388	23,767
Bonds payable	744,507	812,823
Net pension liability	92,066	95,689
Postemployment benefits liability (total)	268,543	–
Other long-term liabilities	33,606	67,476
Total noncurrent liabilities	1,455,496	1,268,799
Total liabilities	**1,840,791**	**1,657,056**
Deferred inflows of resources	**23,534**	**38,220**
Net Position		
Net investment in capital assets	2,320,100	2,200,168
Restricted for:		
Nonexpendable - endowments	60,213	59,075
Expendable		
Scholarships, research, instruction, and other	130,308	120,751
Loans	19,159	18,720
Capital projects	59,969	15,226
Debt service	16,871	16,941
Unrestricted	1,175,519	1,434,658
Total net position	**$ 3,782,139**	**$ 3,865,539**

The accompanying notes to the financial statements are an integral part of this statement.

Indiana University Foundation

Statements of Financial Position
June 30, 2018 and 2017
(In thousands)

		2018		2017
Assets				
Cash and cash equivalents	$	65,047	$	98,367
Collateral under securities lending agreement		90,182		98,059
Receivables and other assets		23,165		22,438
Due from brokers		31,157		60,381
Promises to give, net		228,242		176,233
Investments		2,558,430		2,347,969
Property, plant, and equipment, net		62,246		57,932
Total assets	$	3,058,469	$	2,861,379
Liabilities and Net Assets				
Liabilities:				
Accounts payable and other	$	8,828	$	7,755
Due to brokers		59,019		87,751
Collateral under securities lending agreement		90,182		98,059
Split interest agreement obligations		38,754		34,766
Assets held for the University		238,529		230,266
Assets held for University affiliates		42,257		39,937
Total liabilities		477,569		498,534
Net assets:				
Unrestricted		84,897		65,679
Temporarily restricted		910,011		890,671
Permanently restricted		1,585,992		1,406,495
Total net assets		2,580,900		2,362,845
Total liabilities and net assets	$	3,058,469	$	2,861,379

See notes to financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

(in thousands of dollars)

	Fiscal Year Ended June 30, 2018	June 30, 2017
Operating revenues		
Tuition and fees	$ 1,487,951	$ 1,452,395
Less scholarship allowance	(283,150)	(271,601)
Federal grants and contracts	328,545	320,054
State and local grants and contracts	20,886	19,088
Nongovernmental grants and contracts	132,693	130,447
Sales and services of educational units	39,244	39,422
Other revenue	299,324	274,003
Auxiliary enterprises (net of scholarship allowance of $39,775 in 2018 and $35,689 in 2017)	360,043	352,214
Total operating revenues	**2,385,536**	**2,316,022**
Operating expenses		
Compensation and benefits	2,074,590	2,009,667
Student financial aid	154,703	144,186
Energy and utilities	75,391	76,121
Travel	57,214	59,967
Supplies and general expense	655,071	617,809
Depreciation and amortization expense	158,141	155,553
Total operating expenses	**3,175,110**	**3,063,303**
Total operating loss	**(789,574)**	**(747,281)**
Nonoperating revenues (expenses)		
State appropriations	576,597	558,111
Grants and contracts	107,028	99,581
Investment income	43,611	82,401
Gifts	138,290	136,468
Interest expense	(31,679)	(33,308)
Net nonoperating revenues	**833,847**	**843,253**
Income before other revenues, expenses, gains, or losses	**44,273**	**95,972**
Capital appropriations	46,239	31,083
Capital gifts and grants	21,817	23,173
Additions to permanent endowments	225	4,026
Total other revenues	**68,281**	**58,282**
Increase in net position	**112,554**	**154,254**
Net position, beginning of year	3,865,539	3,711,285
Adjustment per change in accounting principle	(195,954)	–
Net position, beginning of year, as restated	3,669,585	–
Net position, end of year	**$ 3,782,139**	**$ 3,865,539**

The accompanying notes to the financial statements are an integral part of this statement.

Indiana University Foundation

Statement of Activities
Year Ended June 30, 2018
(In thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and other revenue:				
Contributions	$ 6,931	$ 92,854	$ 140,774	$ 240,559
Investment income, net	16,278	112,979	45,667	174,924
Management/administrative fees	20,665	(17,463)	(33)	3,169
Grants	-	50,686	-	50,686
Other income	11,876	2,742	1,245	15,863
Development service fees from the University	4,416	-	-	4,416
Change in value of split interest agreements	(367)	(1,153)	1,231	(289)
Net assets released from restrictions	230,692	(221,305)	(9,387)	-
Total support and other revenue	290,491	19,340	179,497	489,328
Expenses:				
Grants and aid to the University	226,562	-	-	226,562
Management and general	23,192	-	-	23,192
Fundraising	21,519	-	-	21,519
Total expenses	271,273	-	-	271,273
Change in net assets	19,218	19,340	179,497	218,055
Net assets, beginning of year	65,679	890,671	1,406,495	2,362,845
Net assets, end of year	$ 84,897	$ 910,011	$ 1,585,992	$ 2,580,900

See notes to financial statements.

STATEMENT OF CASH FLOWS

(in thousands of dollars)

	Fiscal Year Ended June 30, 2018	June 30, 2017
Cash Flows from Operating Activities		
Student fees	$ 1,204,253	$ 1,175,160
Grants and contracts	521,971	459,837
Sales and services of educational activities	40,541	39,522
Auxiliary enterprise charges	370,044	350,424
Other operating receipts	294,056	270,950
Payments to employees	(2,086,817)	(2,027,110)
Payments to suppliers	(810,172)	(776,351)
Student financial aid	(155,891)	(145,056)
Student loans collected	13,464	12,266
Student loans issued	(7,651)	(10,777)
Net cash used in operating activities	**(616,202)**	**(651,135)**
Cash Flows from Noncapital Financing Activities		
State appropriations	576,597	554,752
Nonoperating grants and contracts	107,028	99,581
Gifts and grants received for other than capital purposes	137,133	140,896
Direct lending receipts	473,150	518,823
Direct lending payments	(472,676)	(518,878)
Net cash provided by noncapital financing activities	**821,232**	**795,174**
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	46,239	31,083
Capital grants and gifts received	41,039	21,925
Purchase of capital assets	(294,598)	(319,393)
Proceeds from issuance of capital debt, including refunding activity	20,400	134,977
Principal payments on capital debt	(71,526)	(65,864)
Principal paid on capital leases	(2,375)	(1,886)
Interest paid on capital debt and leases	(47,776)	(48,797)
Net cash used in capital and related financing activities	**(308,597)**	**(247,955)**
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	8,311,497	8,493,813
Investment income	55,095	46,970
Purchase of Investments	(8,266,496)	(8,488,130)
Net cash provided by investing activities	**100,096**	**52,653**
Net decrease in cash and cash equivalents	**(3,471)**	**(51,263)**
Cash and cash equivalents, beginning of year	227,459	278,722
Cash and cash equivalents, end of year	**$ 223,988**	**$ 227,459**

The accompanying notes to the financial statements are an integral part of this statement.

Reconciliation of operating loss to net cash used in operating activities:

(in thousands of dollars)

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Operating loss	$ (789,574)	$ (747,281)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	158,141	155,553
Loss on disposal of capital assets	2,266	3,242
Changes in assets and liabilities:		
Accounts receivable	8,539	(15,438)
Inventories	(496)	(695)
Other assets	(1,674)	2,188
Notes receivable	4,669	244
Accounts payable and accrued liabilities	(22,195)	(37,384)
Unearned revenue	42,204	(6,255)
Assets held in custody for others	(4,765)	(898)
Net pension liability and related deferreds	4,057	706
Postemploymnet benefits liability (total)	(2,117)	–
Other noncurrent liabilities	(15,257)	(5,117)
Net cash used in operating activities	**$ (616,202)**	**$ (651,135)**

The accompanying notes to the financial statements are an integral part of this statement.

Note 1—Organization and Summary of Significant Accounting Policies

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

BASIS OF PRESENTATION: The university financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The university reports on a consolidated basis with a comprehensive, entity-wide presentation of the university's assets and deferred outflows, liabilities and deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. All significant intra-university transactions are eliminated upon consolidation. The university follows all applicable GASB pronouncements.

The university reports as a special-purpose government entity engaged primarily in business-type activities, as defined by GASB. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

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

As a component unit of the state, the university is included as a discrete entity in the State of Indiana's Comprehensive Annual Financial Report.

REPORTING ENTITY: The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 80, *Blending Requirements for Certain Component Units*, as well as additional requirements of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, provide criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and classifies reporting requirements for these organizations. Based on these criteria, the financial report includes the university and its blended and discretely presented component units.

DISCRETELY PRESENTED COMPONENT UNIT: The Indiana University Foundation, Inc. (IU Foundation) is organized as a not-for-profit corporation under the laws of the State of Indiana for the exclusive purpose of supporting the university by receiving, holding, investing, and administering property and making expenditures to or for the benefit of the university. The IU Foundation is considered a component unit of the university, which requires discrete presentation. Accordingly, the IU Foundation's audited financial statements are presented in their original formats on separate pages.

The IU Foundation is a not-for-profit organization that reports under FASB standards, including FASB Statement Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation features. No modifications have been made to the IU Foundation's financial information in the university's financial reporting to adjust for these differences. The IU Foundation distributed $221,140,000 and $162,974,000 to the university during fiscal years 2018 and 2017, respectively. Complete financial statements for the IU Foundation can be obtained from: Indiana University Foundation, Attn: Controller, PO Box 500, Bloomington, IN 47402.

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

CASH AND CASH EQUIVALENTS: Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less that bear little or no market risk. Restricted cash and cash equivalents includes unspent bond proceeds restricted for capital expenditures.

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

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

NOTES RECEIVABLE: Notes receivable consists primarily of student loan repayments due to the university.

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

DEFERRED OUTFLOWS OF RESOURCES: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period, but do not require a further exchange of goods or services. The university's total deferred outflows of resources were $117,817,000 and $86,345,000 as of fiscal years 2018 and 2017, respectively. Deferred outflows for the university were as follows:

(dollar amounts presented in thousands)

	Fiscal Year	
Deferred Outflows of Resources Related to:	*2018*	*2017*
Accumulated deferred charges on refundings of capital debt	$ 19,171	$ 22,048
Net pension liability under GASB No. 68, *Accounting and Financial Reporting for Pensions*	43,371	64,297
Total OPEB liability under GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*	55,275	–
Total deferred outflows of resources	**$ 117,817**	**$ 86,345**

UNEARNED REVENUE: Unearned revenue is recorded for current cash receipts of student tuition and fees and certain auxiliary goods and services that will be recorded as revenue in future periods. Also included are amounts received from contract and grant sponsors that have not yet been earned.

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

DEFERRED INFLOWS OF RESOURCES: In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period, but do not require a further exchange of goods or services. The university's total deferred outflows of resources were $23,534,000 and $38,220,000 as of fiscal years 2018 and 2017, respectively. Deferred inflows for the university were as follows:

(dollar amounts presented in thousands)

	Fiscal Year	
Deferred Inflows of Resources Related to:	*2018*	*2017*
Net pension liability under GASB No. 68, *Accounting and Financial Reporting for Pensions*	$ 18,801	$ 38,220
Total OPEB liability under GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*	4,733	–
Total deferred inflows of resources	**$ 23,534**	**$ 38,220**

NET POSITION: The university's net position is classified for financial reporting in the following categories:

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

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

REVENUES AND EXPENSES: University revenues and expenses are classified as either operating or nonoperating as follows:

- *Operating revenues:* Operating revenues result from exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), government and other grants and contracts, and sales and services of auxiliary enterprises (net of scholarship discounts and allowances).
- *Operating expenses:* Operating expenses are incurred to support exchange transactions resulting in operating revenue. Examples include compensation and benefits, student financial aid, and supplies and general expense.
- *Non-operating revenues and expenses:* Non-operating revenues and expenses include those derived from non-exchange transactions such as gifts, certain federal and state grants, and interest expense. Non-operating revenues include significant revenue sources that are relied upon for operations, such as state appropriations, federal Pell grants, and investment income.

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

NEW ACCOUNTING PRONOUNCEMENTS: Adoption of New Standard – The GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 requires governments providing postemployment benefits other than pensions (OPEB) to recognize their unfunded actuarial accrued liability on the balance sheet and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI) for material items. The university reported a $195,954,000 change in accounting principle adjustment to unrestricted net position as of July 1, 2017. Amounts as of June 30, 2017, have not been restated to reflect the impact of GASB 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ending June 30, 2017.

RECLASSIFICATIONS: Certain reclassifications have been made to certain notes for comparative purposes.

Note 2—Deposits and Investments

CUSTODIAL CREDIT RISK – DEPOSITS: The combined bank balances of the university's demand deposits were $78,676,000 and $15,526,000 with balances subject to custodial credit risk in the amount of $7,265,000 and $4,083,000 at June 30, 2018 and 2017, respectively. Of this amount, $5,091,000 and $2,613,000 was uninsured and uncollateralized and $2,174,000 and $1,470,000 was uninsured and collateralized with securities held by the pledging financial institution at June 30, 2018 and 2017, respectively. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The university does not have a formal deposit policy for custodial credit risk, however the university monitors the credit rating and certain financial performance metrics of its custodial and commercial banks on a quarterly basis.

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

At June 30, 2018 and 2017, the university had deposits and investments, including endowment funds, as shown below:

(dollar amounts presented in thousands)

	June 30, 2018	*June 30, 2017*
Cash and cash equivalents	$ 223,988	$ 227,459
Short-term investments	136,879	201,907
Investments	1,627,984	1,618,933
Total deposits and investments	**$ 1,988,851**	**$ 2,048,299**

CUSTODIAL CREDIT RISK – INVESTMENTS: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The university manages custodial credit risk through the types of investments that are allowed by investment policy. The university also monitors the credit rating and certain financial performance metrics of its custodial and commercial banks. The university had $2,290,000 and $4,190,000 exposed to custodial credit risk at June 30, 2018 and 2017, respectively. The university had $39,143,000 and $36,473,000 where custodial credit risk could not be determined at June 30, 2018 and 2017, respectively. The remainder of the university's investments is not exposed to custodial credit risk and reflects either investment securities registered in the name of the university, investment securities loaned for collateral received, or other types of investments not exposed to custodial credit risk.

Sample Gates
Bloomington

INTEREST RATE RISK: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a deposit or investment. The university's policy for controlling its exposure to fair value losses arising from increasing interest rates is to constrain average portfolio duration within ranges of a target portfolio duration set for each portfolio of operating fund investments. The portfolios may seek to enhance returns by attempting to time movements of interest rates within the allowable ranges. The university invests in asset-backed securities, collateralized mortgage obligations, mortgage pass through securities, interest rate swaps, and swaptions that are highly sensitive to interest rate changes.

The university had fixed-rate debt securities with the following maturities at June 30, 2018:

(dollar amounts presented in thousands)

	Fair Value	*Maturities (in years)*			
Deposit and Investment Type	*June 30, 2018*	*Less than 1*	*1–5*	*6-10*	*More than 10*
Corporate bonds	$ 384,165	$ 65,102	$ 244,467	$ 41,662	$ 32,934
Government bonds	299,808	55,270	129,357	63,396	51,785
Asset-backed securities	258,870	916	127,026	22,624	108,304
Government issued asset-backed securities	132,282	2,052	18,324	12,673	99,233
Other fixed income funds	172,706	116,525	18,867	14,958	22,356
Total	**1,247,831**	**$ 239,865**	**$ 538,041**	**$ 155,313**	**$ 314,612**
Deposits and investments not subject to interest rate risk:					
External investment pools	246,439				
Money market funds	195,244				
U.S. equities	176,189				
International equities	71,358				
All other	51,790				
Total deposits and investments	**$ 1,988,851**				

The university had fixed-rate debt securities with the following maturities at June 30, 2017:

(dollar amounts presented in thousands)

	Fair Value	Maturities (in years)			
Deposit and Investment Type	*June 30, 2017*	*Less than 1*	*1–5*	*6-10*	*More than 10*
Corporate bonds	$ 488,325	$ 101,309	$ 291,092	$ 56,332	$ 39,592
Government bonds	425,901	67,776	200,821	90,602	66,702
Asset-backed securities	285,155	2,502	134,692	32,945	115,016
Government issued asset-backed securities	141,945	886	29,420	12,685	98,954
Other fixed income funds	201,718	168,874	13,070	19,774	–
Total	**1,543,044**	**$ 341,347**	**$ 669,095**	**$ 212,338**	**$ 320,264**
Deposits and investments not subject to interest rate risk:					
Money market funds	244,922				
External investment pools	238,758				
All other	21,575				
Total deposits and investments	**$ 2,048,299**				

Certain reclassifications have been made to the prior year for comparative purposes and do not constitute a restatement of prior periods.

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

The credit ratings for the university's deposits and investments subject to credit risk as of June 30, 2018 are shown below:

(dollar amounts presented in thousands)

Investment Type	*Fair Value*	*AAA*	*AA*	*A*	*BBB*	*BB*	*Below BB*	*Not Rated*
Corporate bonds	$ 384,165	$ 3,144	$ 21,447	$ 138,567	$ 140,567	$ 51,203	$ 16,419	$ 12,818
Government bonds	299,808	4,731	233,756	28,658	6,238	12,012	10,769	3,644
Asset-backed securities	258,870	168,709	15,062	9,514	11,097	6,113	14,862	33,513
Gov't issued asset-backed securities	132,282	546	3,971	–	1,769	–	125,996	–
Other fixed income funds	172,706	–	–	–	2,178	12,403	10,657	147,468
Money market funds	195,244	192,622	–	–	–	–	–	2,622
External investment pools	246,439	–	–	–	–	–	–	246,439
Total	**1,689,514**	**$ 369,752**	**$ 274,236**	**$ 176,739**	**$ 161,849**	**$ 81,731**	**$ 178,703**	**$ 446,504**
Percentage subject to credit risk		**21.89%**	**16.23%**	**10.46%**	**9.58%**	**4.84%**	**10.58%**	**26.42%**
Not subject to credit risk	299,337							
Total deposits and investments	**$ 1,988,851**							

The credit ratings for the university's deposits and investments subject to credit risk as of June 30, 2017 are shown below:

(dollar amounts presented in thousands)

Investment Type	*Fair Value*	*AAA*	*AA*	*A*	*BBB*	*BB*	*Below BB*	*Not Rated*
Corporate bonds	$ 488,325	$ 4,501	$ 32,868	$ 169,887	$ 188,496	$ 52,573	$ 30,836	$ 9,164
Government bonds	425,901	25,374	333,931	27,095	6,645	7,015	20,572	5,269
Asset-backed securities	285,155	184,737	19,209	12,725	11,508	4,918	18,209	33,849
Gov't issued asset-backed securities	141,945	2,453	4,773	–	1,952	398	132,275	94
Other fixed income funds	201,718	–	–	–	760	12,596	12,743	175,619
Money market funds	244,922	243,010	–	–	–	–	–	1,912
External investment pools	238,758	–	–	–	–	–	–	238,758
Total	**2,026,724**	**$ 460,075**	**$ 390,781**	**$ 209,707**	**$ 209,361**	**$ 77,500**	**$ 214,635**	**$ 464,665**
Percentage subject to credit risk		**22.70%**	**19.28%**	**10.35%**	**10.33%**	**3.82%**	**10.59%**	**22.93%**
Not subject to credit risk	21,575							
Total deposits and investments	**$2,048,299**							

CONCENTRATION OF CREDIT RISK: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The university's investment policy requires that deposits and investments are to be diversified to the extent that the securities of any single issuer shall be limited to 3.5% of the market value in a particular manager's portfolio. The individual issuer limit does not apply to securities within a broadly-diversified passively managed index fund designed to represent a broad market or U.S. Government and U.S. governmental agency securities.

FOREIGN CURRENCY RISK: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a government's deposits and investments. The university's policy for controlling exposure to foreign currency risk is to constrain deposits and investments in non-U.S. dollar denominated debt to 25% of an individual manager's portfolio or as specified in each manager's guidelines. Minimal foreign currency exposure could occur if one of the university's investment managers purchases non-U.S. dollar holdings and does not hedge the currency. At June 30, 2018 and 2017, the university had immaterial amounts of deposits and investments exposed to foreign currency risk.

ENDOWMENTS: Endowment funds are managed pursuant to an Investment Agency Agreement between the Trustees of Indiana University ("trustees") and the IU Foundation dated November 14, 2005, which delegates investment management responsibilities to the IU Foundation. Indiana Code 30-2-12, U*niform Management of Institutional Funds*, sets forth the provisions governing the investment of endowment assets and the expenditure of endowment fund appreciation. The code requires that the trustees and their agents act in good faith and with the care a prudent person acting in a like position would use under similar circumstances, with respect to the investment of endowment assets. The code also sets forth provisions governing the expenditure of endowment fund appreciation, under which the trustees may authorize expenditure, consistent with donor intent. The trustees may, at their discretion, direct all or a portion of the university's endowment funds to other deposits or investments, exclusive of the IU Foundation's investment funds. Funds held by endowments managed by the IU Foundation are used to acquire pooled shares. The spending policy of the trustees is to distribute 4.5% of the twelve quarter rolling average of pooled fund share values multiplied by the current number of shares held. The amounts of net appreciation on investments of donor-

Tobias Pavilion Overlooking Conrad Prebys Amphitheater
In front of Bryan House; Bloomington

restricted endowments that are available for expenditure are $40,534,000 and $34,898,000 as of June 30, 2018 and 2017, respectively. These amounts are reported as expendable restricted for scholarships, research, instruction, and other in net position.

Endowment funds have a perpetual investment horizon and, as appropriate, may be invested in asset classes better suited to IU Foundation's longer time horizon, including but not limited to: stocks, bonds, real estate, private placements, and alternative investments. Endowment assets may be invested in commingled funds, direct investments, or a combination of the two. Assets will typically be diversified among high quality stocks and bonds. Additional asset classes such as absolute return, private equity, and real asset investments, may be included when it is reasonable to expect these investments will either increase return, reduce risk, or both. Participation in the pooled investments is achieved by owning units of the Pooled Long-Term Fund and considered an external investment pool to the university. The external investment pool is not registered with the Securities and Exchange Commission and does not have regulatory oversight. The Investment Committee of the IU Foundation Board of Directors provides direct oversight of the pool. At June 30, 2018, all endowments held with the IU Foundation were invested in pooled funds. The fair value of the university's position in the pool is the same as the value of the pool shares. The Pooled Long-Term portfolio is diversified based on manager selection, investment style, geography, and asset type to avoid any disproportionate risk related to any one industry or security.

POOLED SHORT TERM FUND (PSTF): Spending policy distributions from the Endowment funds are held in the PSTF until utilized by the university. The IU Foundation's PSTF Investment Policy Statement governs the deposit and investment of PSTF assets. Objectives of the PSTF include providing for the preservation of capital for account holders and maintenance of adequate liquidity to meet spending requirements.

The PSTF deposits and investments are managed to address appropriate diversification, specifically to mitigate interest rate risk and protect the fund against a concentration of credit risk. The IU Foundation's PSTF policy limits commercial paper, Certificates of Deposit, Bankers' Acceptances, and Repurchase Agreements to $10,000,000 per issuer with the exception of U.S. Treasuries and Agencies, or accounts collateralized by Treasuries or Agencies. In addition, individual funds or managers such as money market funds and short-term bond funds, are not to exceed $50,000,000 or 15% of the portfolio.

Note 3—Fair Value Measurements

The university categorizes its fair value measurements within the fair value hierarchy as established by GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The university had the following recurring fair value measurements as of June 30, 2018:

(dollar amounts presented in thousands)

		Fair Value Measurements Using		
	June 30, 2018	*Quoted Prices in Active Markets for Identical Assets (Level 1)*	*Significant Other Observable Inputs (Level 2)*	*Significant Unobservable Inputs (Level 3)*
Investments by fair value level:				
Debt securities				
Corporate bonds	$ 384,165	$ –	$ 383,662	$ 503
Collateralized obligations and mortgage-backed securities	391,152	–	386,424	4,728
Government bonds	272,846	–	272,828	18
Inflation index linked notes	21,412	–	21,412	–
Bank loans	33,825	–	33,825	–
Commingled funds	22,356	18,134	–	4,222
Municipal and provincial bonds	6,399	–	6,399	–
Total debt securities	**1,132,155**	**18,134**	**1,104,550**	**9,471**
Equity securities	246,953	246,953	–	–
External investment pool	246,439	–	–	246,439
Real estate	6,269	–	–	6,269
All other	15,761	418	15,343	–
Total investments by fair value level	**1,647,577**	**$ 265,505**	**$ 1,119,893**	**$ 262,179**
Investments measured at the net asset value (NAV):				
Commingled bond fund	116,525			
Venture capital	761			
Total investments measured at the NAV	**117,286**			
Total investments measured at fair value	**$ 1,764,863**			

The university had the following recurring fair value measurements as of June 30, 2017:

(dollar amounts presented in thousands)

		Fair Value Measurements Using		
	June 30, 2017	*Quoted Prices in Active Markets for Identical Assets (Level 1)*	*Significant Other Observable Inputs (Level 2)*	*Significant Unobservable Inputs (Level 3)*
Investments by fair value level:				
Debt securities				
Corporate bonds	$ 488,325	$ –	$ 485,322	$ 3,003
Collateralized obligations and mortgage-backed securities	428,007	–	426,658	1,349
Government bonds	388,494	–	388,335	159
Inflation index linked notes	44,730	–	44,730	–
Bank loans	32,844	–	32,844	–
Commingled funds	22,375	22,375	–	–
Municipal and provincial bonds	9,224	–	9,224	–
Total debt securities	**1,413,999**	**22,375**	**1,387,113**	**4,511**
External investment pool	238,758	–	–	238,758
Real estate	6,269	–	–	6,269
All other	14,202	8	14,191	3
Total investments by fair value level	**1,673,228**	**$ 22,383**	**$ 1,401,304**	**$ 249,541**
Investments measured at the net asset value (NAV):				
Commingled bond fund	146,499			
Venture capital	1,113			
Total investments measured at the NAV	**147,612**			
Total investments measured at fair value	**$ 1,820,840**			

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The university's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Debt securities classified in level 1 at June 30, 2018 and 2017, are valued using prices quoted in active markets for those securities.

The fair value of debt securities at June 30, 2018 and 2017, are determined primarily based on level 2 inputs. The university estimates the fair value of these investments using observable market-based inputs. Observable inputs are those that market participants would use in pricing the asset based on market data obtained from independent sources such as quoted market prices, reported sales of similar securities, and reference data.

The fair value of debt securities at level 3 at June 30, 2018 and 2017, are determined using extrapolated data, proprietary models, indicative quotes, or similar techniques taking into account the characteristics of the asset.

The fair value of equity securities at level 1 at June 30, 2018, are valued using prices quoted in active markets for those securities.

The fair value of external investment pools at June 30, 2018 and 2017, are determined primarily based on level 3 inputs. A monthly valuation assigned to the shares of the pool is used to determine the fair value of the investment pools. A significant portion of the investment pool, $237,481,000 and $229,152,000 respectively at June 30, 2018 and 2017, was held at the IU Foundation. The fair value hierarchy of the foundation's investments can be found in Note 18, Excerpts from Indiana University Foundation Notes to Financial Statements.

The university holds several parcels of real estate for investment purposes. The fair values of these properties are based on appraisals received in June 2016. Since new appraisals were not received for this fiscal year, real estate is classified as level 3 at June 30, 2018 and 2017.

The fair value of all other investments at June 30, 2018 and 2017, are determined primarily based on level 2 inputs. The university estimates the fair value of these investments using observable market-based inputs.

The university holds shares or interests in commingled bond funds where the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment company as a practical expedient. The commingled bond fund's investment objective is to invest primarily in a portfolio of higher-yielding fixed income securities. There are no unfunded commitments and the investment can be redeemed with a written three-day notice.

The university holds shares or interests in a venture capital investment company where the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment company as a practical expedient. The company invests in venture capital firms with the objective that 60% of these are in Indiana and 60% are in the life sciences field. The unfunded commitment was $4,000 as of June 30, 2018 and 2017. This investment cannot be redeemed until the sixteenth anniversary of the first closing date, which occurs in 2019.

Note 4—Accounts Receivable

Accounts receivable consisted of the following at June 30, 2018 and 2017:

(dollar amounts presented in thousands)

	June 30, 2018	*June 30, 2017*
Student accounts	$ 49,506	$ 48,814
Auxiliary enterprises and other operating activities	62,767	72,165
Federal, state, and other grants and contracts	19,588	20,472
Capital appropriations and gifts	2,451	10,113
Other	8,584	7,712
Current accounts receivable, gross	**142,896**	**159,276**
Less allowance for uncollectible accounts	(9,038)	(10,090)
Current accounts receivable, net	**$ 133,858**	**$ 149,186**

Note 5—Capital Assets

Fiscal year ended June 30, 2018

(dollar amounts presented in thousands)

	Balance June 30, 2017	Additions	Transfers	Retirements	Balance June 30, 2018
Assets not being depreciated:					
Land	$ 80,524	$ 2,536	$ –	$ –	$ 83,060
Art & museum objects	93,928	7,205	–	–	101,133
Construction in progress	228,213	128,134	(161,155)	119	195,073
Total capital assets not being depreciated	**402,665**	**137,875**	**(161,155)**	**119**	**379,266**
Other capital assets:					
Infrastructure	238,810	6,175	3,382	–	248,367
Intangibles	12,329	513	–	–	12,842
Land improvements	83,723	1,556	106	–	85,385
Equipment	461,971	33,472	4,847	27,320	472,970
Library books	186,732	6,561	–	23,441	169,852
Buildings	4,100,948	107,247	152,820	4,441	4,356,574
Total other capital assets	**5,084,513**	**155,524**	**161,155**	**55,202**	**5,345,990**
Less accumulated depreciation for:					
Infrastructure	159,404	5,388	–	–	164,792
Intangibles	9,223	1,649	–	–	10,872
Land improvements	29,529	4,300	–	–	33,829
Equipment	334,411	32,791	–	25,244	341,958
Library books	110,470	17,826	–	23,441	104,855
Buildings	1,696,982	96,187	–	2,828	1,790,341
Total accumulated depreciation, other capital assets	**2,340,019**	**158,141**	**–**	**51,513**	**2,446,647**
Capital assets, net	**$ 3,147,159**	**$ 135,258**	**$ –**	**$ 3,808**	**$ 3,278,609**

Fiscal year ended June 30, 2017

(dollar amounts presented in thousands)

	Balance June 30, 2016	*Additions*	*Transfers*	*Retirements*	*Balance June 30, 2017*
Assets not being depreciated:					
Land	$ 77,409	$ 4,581	$ –	$ 1,466	$ 80,524
Art & museum objects	89,238	4,741	–	51	93,928
Construction in progress	224,336	149,017	(145,138)	2	228,213
Total capital assets not being depreciated	**390,983**	**158,339**	**(145,138)**	**1,519**	**402,665**
Other capital assets:					
Infrastructure	225,690	9,741	3,379	–	238,810
Intangibles	12,329	–	–	–	12,329
Land improvements	74,662	7,186	1,977	102	83,723
Equipment	435,492	38,836	8,375	20,732	461,971
Library books	201,386	7,502	–	22,156	186,732
Buildings	3,870,066	99,889	131,407	414	4,100,948
Total other capital assets	**4,819,625**	**163,154**	**145,138**	**43,404**	**5,084,513**
Less accumulated depreciation for:					
Infrastructure	154,373	5,031	–	–	159,404
Intangibles	7,617	1,606	–	–	9,223
Land improvements	25,430	4,111	–	12	29,529
Equipment	319,095	34,814	–	19,498	334,411
Library books	113,216	19,402	–	22,148	110,470
Buildings	1,606,592	90,589	–	199	1,696,982
Total accumulated depreciation, other capital assets	**2,226,323**	**155,553**	**–**	**41,857**	**2,340,019**
Capital assets, net	**$ 2,984,285**	**$ 165,940**	**$ –**	**$ 3,066**	**$ 3,147,159**

The university incurred interest costs of $46,815,000 and $46,178,000 in fiscal years ending June 30, 2018 and 2017, respectively. Of this amount, $4,851,000 and $4,709,000 was capitalized during the construction of capital assets in fiscal years ending June 30, 2018 and 2017, respectively.

Note 6—Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2018 and 2017:

(dollar amounts presented in thousands)

	June 30, 2018	*June 30, 2017*
Accrued payroll	$ 17,453	$ 16,417
Accrual for compensated absences	43,480	46,826
Interest payable	7,778	12,095
Vendor and other payables	128,407	148,291
Total accounts payable and accrued liabilities	**$ 197,118**	**$ 223,629**

Note 7—Other Liabilities

Other liability activity for the fiscal years ended June 30, 2018 and 2017, is summarized as follows:

Fiscal year ended June 30, 2018

(dollar amounts presented in thousands)

	Balance June 30, 2017	*Additions*	*Reductions*	*Balance June 30, 2018*	*Current*
Bonds, notes, and capital leases payable:					
Bonds payable	$ 887,559	$ –	$ 74,737	$ 812,822	$ 68,315
Notes payable	194,617	20,400	6,597	208,420	6,802
Capital leases payable	3,503	5,014	2,324	6,193	2,468
Total bonds, notes, and capital leases payable	**1,085,679**	**25,414**	**83,658**	**1,027,435**	**77,585**
Other liabilities:					
Unearned revenue	105,776	42,204	–	147,980	110,592
Assets held in custody for others	82,689	–	7,394	75,295	1,252
Compensated absences	75,606	17,494	16,818	76,282	43,480
Net pension liability	95,689	–	3,623	92,066	–
Total postemployment benefits liability	–	268,543	–	268,543	–
Other	38,696	34	37,926	804	–
Total other liabilities	**$ 1,484,135**	**$ 353,689**	**$ 149,419**	**$ 1,688,405**	**$ 232,909**

Fiscal year ended June 30, 2017

(dollar amounts presented in thousands)

	Balance June 30, 2016	*Additions*	*Reductions*	*Balance June 30, 2017*	*Current*
Bonds, notes, and capital leases payable:					
Bonds payable	$ 907,838	$ 52,781	$ 73,060	$ 887,559	$ 74,736
Notes payable	116,069	83,502	4,954	194,617	6,597
Capital leases payable	3,417	1,545	1,459	3,503	1,286
Total bonds, notes, and capital leases payable	**1,027,324**	**137,828**	**79,473**	**1,085,679**	**82,619**
Other liabilities:					
Unearned revenue	112,031	–	6,255	105,776	82,009
Assets held in custody for others	80,201	2,488	–	82,689	3,882
Compensated absences	72,045	21,417	17,856	75,606	46,826
Net pension liability	98,279	–	2,590	95,689	–
Other	44,177	739	6,220	38,696	–
Total other liabilities	**$ 1,434,057**	**$ 162,472**	**$ 112,394**	**$ 1,484,135**	**$ 215,336**

Note 8—Bonds and Notes Payable

The university is authorized by acts of the Indiana General Assembly to issue bonds, notes, and other forms of indebtedness for the purpose of financing construction of facilities that include academic and administrative facilities, research facilities on the Bloomington and Indianapolis campuses, athletic facilities, parking facilities, student housing, health service facilities, student union buildings, and energy savings projects. At June 30, 2018 and 2017, the university had serial bonds and term bonds with maturities that extend to June 1, 2044. At June 30, 2017, the university had capital appreciation bonds outstanding. The university has both tax-exempt and taxable bonds outstanding.

The total outstanding bonds and notes payable at June 30, 2018 and 2017, were $1,021,242,000 and $1,082,176,000, respectively. This indebtedness included principal outstanding at June 30, 2018 and 2017, for bonds issued under Indiana Code (IC) 21-34-6 as student fee debt (Student Fee Bonds) of $348,060,000 and $392,121,000, respectively, and under IC 21-35-3 as consolidated revenue bonds (CRBs) of $389,810,000 and $411,680,000, respectively. This indebtedness also included principal outstanding at June 30, 2018 and 2017, for notes issued under IC 21-33-3-5 as lease-purchase obligations (LPOs) or certificates of participation (COPs), collectively "Obligations", of $171,825,000 and $177,420,000, respectively and under IC 21-32-2 (Temporary Borrowing), commercial paper of $20,400,000 and $0, respectively. Total bonds and notes payable at June 30, 2017 had an additional accreted value of outstanding Student Fee Bonds issued as capital appreciation bonds of $3,031,000, which was not in the principal or face value. The calculation of total bonds and notes payable at June 30, 2018 and 2017, includes the addition of bond premium outstanding of $91,147,000 and $100,955,000, respectively. As of June 30, 2018 and 2017, debt service payments to maturity total $1,300,158,000 and $1,393,645,000 of which $396,441,000 and $450,563,000, respectively, are from bonds eligible for fee replacement appropriations.

On a biennial basis, the Indiana General Assembly authorizes a specific state appropriation to the university for the purpose of reimbursing a portion of the debt service payments on bonds issued under IC 21-34-6 for certain academic facilities. Such academic facilities include classrooms, libraries, laboratories, and other academic support facilities as designated by the Indiana General Assembly. These specific state appropriations are referred to as "fee replacement" appropriations and are received from the State of Indiana on a semi-annual basis. This appropriation is renewed and supplemented on a biennial basis because state statutes prohibit a sitting General Assembly from binding subsequent General Assemblies with respect to future appropriation of funds. In over 45 years of making fee replacement appropriations, the State has never failed to fully fund or otherwise provide for a fee replacement obligation established by a prior General Assembly. The outstanding principal balances that are eligible for fee replacement appropriations as of June 30, 2018 and 2017, are $310,500,000 and $349,967,000, respectively.

In addition to serial and term bonds, the university has issued capital appreciation bonds (CAB). A CAB is a long-term municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity. At maturity, the investor receives both the initial principal amount and the total investment return. CABs are typically sold at a deeply discounted price and are distinct from traditional zero coupon bonds because the investment return is considered to be in the form of compounded interest rather than accreted original issue discount. Total debt service payments to maturity as of June 30, 2017 include CAB payments of $3,980,000, of which $225,000 are eligible for fee replacement appropriations. There were no CABs outstanding as of June 30, 2018.

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

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

Indiana Code 21-32-2 permits the use of debt in the form of temporary borrowing in anticipation of future long-term borrowing for capital projects when such long-term borrowing is authorized under other sections of the Indiana Code. The university has a commercial paper program to provide interim financing for certain capital projects and may continue to do so in the future. The university may issue tax-exempt and/or taxable commercial paper. As of June 30, 2018, the university has commercial paper outstanding, which is considered notes for reporting purposes. As of June 30, 2018, the university has no variable rate bonds outstanding.

As of June 30, 2018 and 2017, outstanding indebtedness from bonds and notes consist of the following:

(dollar amounts presented in thousands)

Series	*New Money Projects at Issuance (acquire, construct, renovate or equip)*	*Issue Date*	*Original Issuance*	*Interest Rate %*	*Final Maturity Date*	*Principal O/S June 30, 2017*	*Principal O/S June 30, 2018*	*Current Principal O/S June 30, 2018*
IC 21-34-6 (Bonds: Student Fee Bonds):								
I	Cyclotron, IMU Ph. I & II, Recreational Sports	8/13/92	$ 45,215		8/1/17	$ 826	$ –	$ –
O	Informatics and Communications Technology Complex, Dunes Medical Ed. Prof. Bldg., IUS Library and University Center South and refunding of Student Fee Bonds Series K and M	3/6/03	111,490		8/1/17	7,075	–	–
S	Central Heating Plant, Data Center, Multidisciplinary Science Bldg. II, Medical Education FW and refunding of Tax Exempt Commercial Paper Series 2005A and 2007A	2/21/08	88,345	3.75	8/1/18	8,220	4,205	4,205
T-2	Cyberinfrastructure Bldg., Jordan Hall Lab Renov., VanNuys Medical Science Bldg. Lab Renovations, Education & Arts	4/20/10	51,390	4.51-6.14	8/1/29	48,440	45,405	3,125
U	Neuroscience Research Bldg, South Bend Land Acquisition and refunding of Student Fee Bonds Series N, O, and P	7/26/11	94,460	3.20-5.00	8/1/22	54,645	45,380	9,745

Series	*New Money Projects at Issuance (acquire, construct, renovate or equip)*	*Issue Date*	*Original Issuance*	*Interest Rate %*	*Final Maturity Date*	*Principal O/S June 30, 2017*	*Principal O/S June 30, 2018*	*Current Principal O/S June 30, 2018*
V-1	IUPUI and IUSB Energy Savings Projects and refunding of Student Fee Bonds Series P, Q & R and Qualified Energy Savings Notes 2005, 2007 and 2008	10/26/12	$ 60,265	5.00	8/1/26	$ 52,480	$ 47,370	$ 5,100
V-2	Refunding of Student Fee Bonds Series P	10/26/12	47,485	1.61-2.23	8/1/20	30,785	27,210	10,960
W-1	Franklin Hall, Arts & Sciences	1/14/15	58,960	2.00-5.00	8/1/34	55,175	53,110	2,165
W-2	Refunding of Student Fee Bonds Series R and S	1/14/15	62,765	4.00-5.00	8/1/32	62,765	62,765	–
X	Crescent II (Kirkwood, Maxwell, Owen) and refunding of Student Fee Bonds Series R and U	8/4/16	71,710	1.25-5.00	8/1/35	71,710	62,615	4,305
	Subtotal Student Fee Bonds					**392,121**	**348,060**	**39,605**
	Add unamortized bond premium					40,234	35,570	4,315
	Total Student Fee Bonds					**432,355**	**383,630**	**43,920**
IC 21-35-3 (Bonds: CRBs):								
2008A	New Athletics Facilities (Memorial Stadium North End Zone and Cook Basketball Practice), Walther Hall, IUSB Housing, IUS Housing and refunding of Facility Revenue Bonds Series 2000, Student Residence System Bonds Series 1998 and 2004A, and Tax Exempt Commercial Paper Series 2005A and 2007A	2/7/08	182,755		6/1/18	8,725	–	–
2009A	Ashton Housing, University Tower Food Ct., Parking Lot	4/2/09	69,090	5.00	6/1/19	6,880	3,525	3,525
2010B	Briscoe Quad, Tulip Tree Apts, Gateway Garage	5/27/10	92,080	4.21-5.64	6/1/35	69,225	66,095	3,215
2011A	Riverwalk Garage	3/10/11	16,040	3.00-5.00	6/1/30	6,790	6,065	750

Series	New Money Projects at Issuance (acquire, construct, renovate or equip)	Issue Date	Original Issuance	Interest Rate %	Final Maturity Date	Principal O/S June 30, 2017	Principal O/S June 30, 2018	Current Principal O/S June 30, 2018
2012A	Eigenmann, Forest Dining Hall, Forest, Read Dining, Spruce Hall, Teter, Wright Place, Science Engineering Lab Bldg., Housing Infrastructure and refunding of Facility Revenue Bonds Series 2004A and Student Residence System Bonds Series 2004B	1/25/12	$ 94,490	5.00	6/1/37	$ 81,575	$ 77,765	$ 3,945
2015A	Read Residence. Hall Renov. Ph. II, North Hall, and refunding of Facility Revenue Bonds Series 2000 and Consolidated Revenue Bonds (CRB) Series 2008A and 2009A	4/1/15	146,960	3.00-5.00	6/1/42	146,075	144,620	8,425
2016A	Wells Quad Renov and refunding of CRB 2008A, CRB 2009A, and CRB 2011A	4/5/16	93,070	2.75-5.00	6/1/41	92,410	91,740	690
Subtotal Consolidated Revenue Bonds						**411,680**	**389,810**	**20,550**
Add unamortized bond premium						43,524	39,382	3,845
Total Consolidated Revenue Bonds						**455,204**	**429,192**	**24,395**
Subtotal bonds						**803,801**	**737,870**	**60,155**
Add unamortized bond premium						83,758	74,952	8,160
Total bonds						**887,559**	**812,822**	**68,315**
IC 21-33-3-5 (Notes: COPs):								
2009B	Auxiliary Library Facility II and HPER Courtyard, Cinema/Theatre	12/17/09	18,420	4.45-5.95	12/1/29	15,050	14,035	1,045
2012A	Andy Mohr Field (Softball)/ Bart Kaufman Field (Baseball) and refunding of COPs Series 2003A	2/9/12	23,750	2.50-4.13	12/1/36	18,100	16,950	1,200
2013A	Global & International Student Bldg	3/8/13	22,515	3.00-5.00	6/1/33	19,570	18,710	895
IC 21-33-3-5 (Notes: LPOs):								
2014A	University Hall	2/13/14	21,045	4.00-5.00	6/1/35	19,665	18,945	745
2015A	Assembly Hall Renovation	5/13/15	31,025	3.13-5.00	6/1/34	30,460	29,240	1,265

Series	New Money Projects at Issuance (acquire, construct, renovate or equip)	Issue Date	Original Issuance	Interest Rate %	Final Maturity Date	Principal O/S June 30, 2017	Principal O/S June 30, 2018	Current Principal O/S June 30, 2018
2017A	Eskenazi Museum of Art, Memorial Stadium Excellence Academy/Stadium Renovation	3/8/17	$ 74,575	2.00-5.00	6/1/44	$ 74,575	$ 73,945	$ 650
Subtotal Obligations						**177,420**	**171,825**	**5,800**
Add unamortized bond premium						17,197	16,195	1,002
Total Obligations						**194,617**	**188,020**	**6,802**
IC 21-32-2 (Notes: Commercial Paper):								
2018A	11th St. Garage/Office Bldg. (& Fine Arts Annex), Wilkinson Hall	5/22/18	20,400	1.48	8/20/18	–	20,400	–
Total commercial paper						**–**	**20,400**	**–**
Subtotal Notes						**177,420**	**192,225**	**5,800**
Add unamortized bond premium						17,197	16,195	1,002
Total Notes						**194,617**	**208,420**	**6,802**
Subtotal bonds and notes payable						**981,221**	**930,095**	**65,955**
Add unamortized bond premium						100,955	91,147	9,162
Total bonds and notes payable						**$ 1,082,176**	**$ 1,021,242**	**$ 75,117**

The principal and interest requirements to maturity for bonds and notes payable are as follows:

(dollar amounts presented in thousands)

Fiscal Year Ended June 30	Bond Principal	Note Principal	Total Principal	Bond Interest	Note Interest	Total Interest	Total Debt Service Payments
2019	$ 60,155	$ 5,800	$ 65,955	$ 33,141	$ 8,035	$ 41,176	$ 107,131
2020	55,795	7,075	62,870	30,796	7,817	38,613	101,483
2021	57,200	7,365	64,565	28,346	7,510	35,856	100,421
2022	49,140	7,670	56,810	25,960	7,185	33,145	89,955
2023	51,270	7,535	58,805	23,583	6,877	30,460	89,265
2024 - 2028	232,520	41,430	273,950	82,771	28,640	111,411	385,361
2029 - 2033	143,400	65,710	209,110	35,609	18,467	54,076	263,186
2034 - 2038	71,540	26,515	98,055	11,225	8,619	19,844	117,899
2039 - 2043	16,850	20,010	36,860	1,623	3,703	5,326	42,186
2044 - 2048	–	3,115	3,115	–	156	156	3,271
Total	**$ 737,870**	**$ 192,225**	**$ 930,095**	**$ 273,054**	**$ 97,009**	**$ 370,063**	**$ 1,300,158**

Bond and note interest shown above are reported gross of (before) any federal interest subsidy as scheduled at issuance to be received on taxable Build America Bonds. Additionally, fiscal years ended June 30, 2029–2033 reflect that Commercial Paper, Series 2018A was issued on May 22, 2018, with a 15-year final maturity. The university expects that capital projects temporarily financed with commercial paper would be long-term financed through the issuance of CRBs, Obligations, or certain Student Fee Bonds which are not eligible for fee replacement for terms of 20 years or longer.

In prior years, the university has defeased several bond issues by issuing new debt. United States Treasury obligations or federal agency securities have been purchased in amounts sufficient to pay principal and interest payments when due, through the maturity or call dates of the defeased bonds. These securities or cash have been deposited in irrevocable trusts as required to defease the bonds. The defeased bonds and the related trusts balances are not reflected within principal outstanding, total debt service, or the university's liabilities.

As of June 30, 2018, the previously defeased bonds held in escrow have the following amounts of principal redeemed:

(dollar amounts presented in thousands)

Defeased Bonds (Refunded)	*Principal Redeemed*	*Call Date*
Student Fee Bonds, Series S	$ 50,165	8/1/2018
Student Fee Bonds, Series U	19,705	8/1/2021
Consolidated Revenue Bonds, Series 2009A	42,965	6/1/2019
Consolidated Revenue Bonds, Series 2011A	5,375	6/1/2020
Total defeased bonds	**$ 118,210**	

In February 2009, the United States Congress enacted the *American Recovery and Reinvestment Act of 2009* (ARRA). ARRA allowed certain tax advantages to state and local governmental entities when such entities issued qualifying taxable obligations, referred to as Build America Bonds (BABs). While the BAB provisions in ARRA expired as of January 1, 2011, the obligation of the U.S. Treasury to make subsidy payments on BABs will remain in effect through the final maturity date of BABs. Although issuers of BABs were eligible to receive subsidy payments from the U.S. Treasury equal to 35% of the corresponding interest payable on the related BABs, subsidies paid after February 28, 2013, were cut due to the federal sequestration. Through June 30, 2018, BABs subsidies for Student Fee Bonds, Series T-2; Consolidated Revenue Bonds, Series 2010B; and Certificates of Participation, Series 2009B combined were reduced by $976,000, which was less than $200,000 per fiscal year that has been effected.

Total federal interest subsidies as scheduled at issuance to be received over the life of the BABs debt outstanding as of June 30, 2018, are $19,540,000. BABs subsidies paid between October 1, 2018, and September 30, 2019, are scheduled to be reduced by 6.20% due to the federal sequestration, as compared to 6.60% in the prior year. For fiscal year ending June 30, 2019, the total expected subsidy reductions due to the sequestration is $144,000, which is subject to changes enacted by Congress at subsequent dates.

On May 22, 2018, the university issued Commercial Paper Notes, Series 2018A as interim financing for certain approved facilities on the various campuses. As of June 30, 2018, such funds have been used to partially finance the Wilkinson Hall project (formerly Volleyball/Wrestling Indoor Arena) and the Parking Garage/Office Building project that includes the Fine Arts Annex (both on the Bloomington campus) and related cost of issuance. The interest rate and term of the notes are subject to market conditions on the maturity date of the notes. The number of days to maturity may not exceed 270 days, with the final maturity of the notes being May 1, 2033. Commercial paper is backed by the university's self-liquidity.

Note 9—Lease Obligations

The university has acquired equipment under various lease-purchase contracts and other capital lease agreements. The cost of equipment held under capital leases totaled $10,596,000 and $6,069,000 as of June 30, 2018 and 2017, respectively. Accumulated amortization of leased equipment totaled $4,537,000 and $2,757,000 at June 30, 2018 and 2017, respectively.

The university entered into agreements for the right to use certain infrastructure assets for a given period of time. The cost of the leased infrastructure assets totaled $8,640,000 and $8,568,000 with accumulated depreciation of $1,195,000 and $703,000 as of June 30, 2018 and 2017, respectively.

The university leases certain facilities. The majority of the facility leases include renewal options and some provide for escalation of rent based on changes in operating costs.

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

(dollar amounts presented in thousands)

	Capital	*Operating*
2019	$ 2,592	$ 14,942
2020	2,007	7,524
2021	1,462	7,165
2022	337	5,239
2023	10	3,227
2024-2028	–	4,099
2029-2033	–	14
Total future minimum payments	6,408	$ 42,210
Less: interest	(215)	
Total principal payments outstanding	**$ 6,193**	

Note 10—Federal Obligations Under Student Loan Programs

Campus based student loans are funded by new allocations received from the federal government, as well as principal and interest collected from previous student loan recipients. The federal government advanced $342,000 and $2,066,000 for health professions and nursing loan programs for fiscal years ended June 30, 2018 and 2017, respectively.

Liabilities at June 30, 2018 and 2017, for loan programs were as follows:

(dollar amounts presented in thousands)

	June 30, 2018	*June 30, 2017*
Current portion of assets held in custody for others	$ 1,252	$ 3,882
Noncurrent liabilities:		
Federal share of interest	48,922	47,623
Perkins loans	8,490	11,483
Health professions loans	13,734	17,142
Nursing loans	2,897	2,559
Total noncurrent portion of assets held in custody for others	74,043	78,807
Total assets held in custody for others	**$ 75,295**	**$ 82,689**

Federal Perkins Loan program expired on September 30, 2017. Barring any subsequent renewal of the program, Perkins federal funds will be required to be repaid over successive future periods.

Note 11—Risk Management

The university is exposed to various risks of loss, including torts, theft, damage or destruction of assets, errors or omissions, job-related illnesses or injuries to employees, and health care claims on behalf of students, employees, and their dependents. The university manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds, as well as from a wholly-owned captive insurance company, Old Crescent Insurance Company (OCIC). The university is self-funded for damage to buildings and building contents for the first $100,000 per occurrence with an additional $400,000 per occurrence covered by OCIC, with commercial excess property coverage above this amount. The university is self-funded for comprehensive general liability and automobile liability for the first $100,000 per occurrence with an additional $900,000 per occurrence covered by OCIC and with supplementary commercial liability umbrella policies. The university has a malpractice and professional liability policy in the amount of $400,000 for each claim and $1,200,000 annually in aggregate provided by OCIC. The university is self-funded for the first $850,000 for each Workers' Compensation claim and $125,000 in the aggregate for all claims in excess of $850,000 for each claim. Workers' Compensation claims above these amounts are covered by commercial insurance and are subject to statutory limits. The university is self-funded for the first $850,000 for employer liability claims with an additional $1,000,000 in coverage through commercial insurances. The amount of settlements has not exceeded insurance coverage in any of the past three fiscal years.

The university has three health care plans for full-time appointed employees, one of which is also available to retirees not eligible for Medicare. All of the employee plans are self-funded. The university records a liability for incurred but unpaid claims for university-sponsored, self-funded health care plans. This liability is estimated to be no more than 12.5% of the paid self-funded claims during the fiscal year and totals $27,344,000 and $25,150,000 at June 30, 2018 and 2017, respectively. In addition, a potential claims fluctuation liability of $9,876,000 has been recorded at June 30, 2018 and 2017.

Changes in the balances of accrued insurance liabilities were as follows:

(dollar amounts presented in thousands)

Fiscal Year	*Beginning Balance*	*Claims Incurred*	*Claims Paid*	*Ending Balance*
2018	$ 25,150	$ 235,388	$ 233,194	$ 27,344
2017	29,866	205,733	210,449	25,150

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

The university also provides health care plans for international students, graduate assistants, fellowship recipients, and medical residents. These plans consist of fully insured and self-funded plans, along with a stop/loss provision. The university has recorded a liability for incurred but unpaid claims for university-sponsored, self-funded health care plans in the amount of $1,652,000 and $1,656,000 at June 30, 2018 and 2017, respectively. These plans are funded by direct charges to the associated schools and/or departments.

Note 12—Retirement Plans

The university provided retirement plan coverage to 19,517 and 19,220 active employees as of June 30, 2018 and 2017, respectively, in addition to contributing to the Federal Insurance Contributions Act (FICA) as required by law.

RETIREMENT AND SAVINGS PLAN

All support and service employees with at least a 50% full-time equivalent (FTE) appointment and temporary with retirement employees scheduled to work at least 1,000 hours or more in a calendar year hired on or after July 1, 2013, participate in the Retirement and Savings Plan. This is a defined contribution plan under IRC 401(a). The university contributed $4,271,000 during fiscal year ended June 30, 2018, and $3,759,000 during fiscal year ended June 30, 2017, to TIAA-CREF for the plan. The university contributed $965,000 during fiscal year ended June 30, 2018, and $740,000 during fiscal year ended June 30, 2017, to Fidelity Investments for the plan. Under this plan, 2,212 and 1,995 employees directed university contributions to TIAA-CREF as of June 30, 2018 and 2017, respectively. In addition, 506 and 424 directed university contributions to Fidelity Investments as of June 30, 2018 and 2017, respectively.

ACADEMIC AND PROFESSIONAL STAFF EMPLOYEES

Appointed academic and professional staff employees with at least 50% FTE are covered by the IU Retirement Plan. This is a defined contribution plan under IRC 403(b). The university contributed $59,328,000 during fiscal year ended June 30, 2018, and $59,540,000 during fiscal year ended June 30, 2017, to TIAA-CREF for the IU Retirement Plan. The university contributed $48,693,000 during fiscal year ended June 30, 2018, and $44,973,000 during fiscal year ended June 30, 2017, to Fidelity Investments for the IU Retirement Plan. Under this plan, 7,026 and 7,137 employees directed university contributions to TIAA-CREF as of June 30, 2018 and 2017, respectively. In addition, 7,799 and 7,265 employees directed university contributions to Fidelity Investments as of June 30, 2018 and 2017, respectively.

In addition to the above, the university provides early retirement benefits to full-time appointed academic and professional staff employees who were in positions Grade 16 and above on or before June 30, 1999. There were 796 and 856 active employees on June 30, 2018 and 2017, respectively, covered by the IU Supplemental Early Retirement Plan (IUSERP), a defined contribution plan in compliance with IRC 401(a), with participant accounts at TIAA-CREF and Fidelity Investments. The university contributed $2,164,000 and $2,277,000 to IUSERP during fiscal years ended June 30, 2018 and 2017, respectively. The same class of employees covered by the IU Retirement Plan 15% Level of Contributions on or before July 14, 1988, is covered by the IU 18/20 Retirement Plan. This plan is a combination of IRC Section 403(b) and Section 457(f) and can be found in Note 13, Postemployment Benefits. The IU 18/20 Retirement Plan allows this group of employees to retire as early as age 64, provided the individual has at least 18 years of participation in the IU Retirement Plan and at least 20 years of continuous university service.

IU REPLACEMENT RETIREMENT PLAN FUNDING POLICY AND ANNUAL PENSION COST

The university has established an early retirement plan for eligible employees to accommodate IRS requirements and as authorized by the trustees. This plan is called the IU Replacement Retirement Plan. It is a single-employer plan and is qualified under IRC Section 401(a), with normal benefits payable for the participants' lifetime. Trust and recordkeeping activities are outsourced to the TIAA-CREF Trust Company. There were 76 and 78 employees eligible to participate as of June 30, 2018 and 2017, respectively. University contributions related to this plan totaled $1,004,000 and $1,192,000 for fiscal years ended June 30, 2018 and 2017, respectively, with no employee contributions. These amounts represent 100% of the funding policy contribution. As of June 30, 2018 and 2017, the net pension liability was $4,879,000 and $6,656,000, respectively.

INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND

The university contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan with an annuity savings account provision. Indiana Public Retirement System (INPRS) administers the cost-sharing, multiple-employer public employee retirement plans, which provide retirement benefits to plan members and beneficiaries. Support, technical, and service employees with at least a 50% FTE appointment hired prior to July 1, 2013, participate in the PERF plan. There were 2,885 and 3,280 active university employees covered by this retirement plan as of June 30, 2018 and 2017, respectively. State statutes authorize the university to contribute to the plan and govern most requirements of the system. The PERF retirement benefit consists of the pension and an annuity savings account, both of which are funded by employer contributions. Contributions to PERF are determined by INPRS Board of Trustees in accordance with IC 5-10.2-2-11 and are based on actuarial investigation and valuation. Per IC 5-10.2-4-4, key elements of the pension formula include years of PERF creditable service multiplied by average annual compensation multiplied by 1.1%, resulting in an annual lifetime benefit. Cost of living adjustments for members in pay status are not guaranteed by statute, but may be granted by the Indiana General Assembly on an ad hoc basis. Refunds of employee contributions are included in total benefit payments. Participants must have at least ten years of PERF creditable service to have a vested right to the pension benefit. The annuity savings account consists of contributions set by state statute at 3.0% of compensation plus the earnings credited to members' accounts. Participants are 100% vested from inception in the annuity savings account. The university has elected to make the contributions to the annuity savings account on behalf of the members. 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 financial report and corresponding fiduciary net position is prepared using the accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP). INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations. Investments of the pension plan are valued as follows: Pooled and non-pooled investments are reported at fair value. Short-term investments are reported at cost. Fixed income and equity securities are valued based on published market prices, quotations from national security exchanges, or using modeling techniques that approximate a fair value for securities that are not traded on a national exchange. Alternative investments are valued based on quoted market prices or using estimates of fair value in the absence of readily determinable public market values. Derivative instruments are marked to market daily. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 1-844-464-6777, or by reviewing the Annual Report online at www.in.gov/inprs/annualreports.htm.

Required and actual contributions made by the university totaled $16,403,000 and $18,802,000 for fiscal years ended June 30, 2018 and 2017, respectively. This represented an 11.2% university pension benefit contribution for fiscal years ended June 30, 2018 and 2017, and a 3.0% university contribution for the annuity savings account provisions each year.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

Indiana Public Employees' Retirement Fund. At June 30, 2018, the University reported a liability of $92,066,000 for its proportionate share of the net pension liability, as compared to $95,689,000 for the year ended June 30, 2017. The June 30, 2018, net pension liability of $92,066,000 at the measurement date was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, which used update procedures to roll forward the estimated liability to June 30, 2017. The university's proportion of the net pension liability was based on wages reported by the university relative to the collective wages of the plan. This basis measures the proportionate relationship of an employer to all employers and is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2017, the university's proportion was 2.06%, a decrease of .05 percentage points from its proportion measured as of June 30, 2016, which was 2.11%. Pension expense of the university as of June 30, 2018 and 2017, was $14,285,000 and $12,913,000, respectively.

At June 30, 2018, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(dollar amounts presented in thousands)

	PERF	
	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Differences between expected and actual experience	$ 1,748	$ 71
Changes of assumptions	1,478	–
Net difference between projected and actual earnings on pension plan investments	9,947	–
Changes in proportion and differences between university contributions and proportionate share of contributions	16,867	18,730
University contributions subsequent to the measurement date	13,331	–
Total	**$ 43,371**	**$ 18,801**

Deferred outflows of resources in the amount of $13,331,000 related to pensions resulting from university contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

At June 30, 2017, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(dollar amounts presented in thousands)

	PERF	
	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Differences between expected and actual experience	$ 2,144	$ 177
Changes of assumptions	4,222	–
Net difference between projected and actual earnings on pension plan investments	15,662	–
Changes in proportion and differences between university contributions and proportionate share of contributions	27,564	38,043
University contributions subsequent to the measurement date	14,705	–
Total	**$ 64,297**	**$ 38,220**

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

(dollar amounts presented in thousands)

Fiscal Year Ending June 30	*PERF*
2018	$ 2,793
2019	6,821
2020	2,121
2021	(495)
2022	–
Thereafter	–

Actuarial Assumptions. The total pension liability as of June 30, 2017, and June 30, 2016, based on the results of actuarial valuation dates of June 30, 2016, and June 30, 2015, and rolled forward, respectively, were determined using the following actuarial assumptions, which were applied to all periods included in the measurement:

	PERF	
	Measurement Date as of June 30, 2017	*Measurement Date as of June 30, 2016*
Cost of living	1.0%	1.0%
Inflation	2.25%, average	2.25%, average
Future salary increases	2.50% to 4.25%	2.50% to 4.25%
Investment rate of return	6.75%, net of pension plan investment expense	6.75%, net of pension plan investment expense
Mortality rates	Based on RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables and Disability Mortality Tables for disabled members	Based on RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables

The actuarial assumptions used in the valuations of June 30, 2017, were adopted by the Indiana Public Retirement System Board pursuant to the experience studies completed in April 2015, which reflected the experience period from July 1, 2010, through June 30, 2014. The valuations of June 30, 2017, incorporate member census data as of June 30, 2016, adjusted for certain activity during fiscal year 2017. Standard actuarial techniques were used to roll forward valuation results over one year.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	PERF			
	Measurement Date as of June 30, 2017		*Measurement Date as of June 30, 2016*	
	Target Allocation	*Long-Term Expected Real Rate of Return*	*Target Allocation*	*Long-Term Expected Real Rate of Return*
Public equity	22.0%	4.9%	22.0%	5.7%
Private equity	14.0%	5.7%	10.0%	6.2%
Fixed income – ex inflation-linked[1]	20.0%	2.3%	24.0%	2.7%
Fixed income – inflation-linked	7.0%	0.6%	7.0%	0.7%
Commodities	8.0%	2.2%	8.0%	2.0%
Real estate	7.0%	3.7%	7.0%	2.7%
Absolute return	10.0%	3.9%	10.0%	4.0%
Risk parity	12.0%	5.1%	12.0%	5.0%
Total	**100.0%**		**100.0%**	

[1] *Includes cash & cash equivalents*

Discount rate. The discount rate used to measure the total pension liability was 6.75% for PERF at June 30, 2017 and 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the university's proportionate share of the PERF net pension liability. The following table presents the university's proportionate share of the PERF net pension liability using the discount rate of 6.75% for both years, 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 or 1-percentage-point higher than the current rate:

(dollar amounts presented in thousands)

	PERF		
Sensitivity of Net Pension Liability	*1% Decrease (5.75%)*	*Current Discount Rate (6.75%)*	*1% Increase (7.75%)*
June 30, 2018	$ 134,275	$ 92,066	$ 56,979
June 30, 2017	137,432	95,689	60,994

Pension Plan Fiduciary Net Position. Detailed information about the pension plans' fiduciary net position is available in the separately issued INPRS financial report.

PAYABLE TO THE PENSION PLAN

The university reported a payable of $1,192,000 at June 30, 2018, and $579,000 at June 30, 2017, for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2018 and 2017, respectively.

Note 13—Postemployment Benefits

PLAN DESCRIPTION

The university provides postemployment benefits for certain retired employees. The IU 18/20 Plan, medical, and life insurance benefits are presented for financial statement purposes as a consolidated plan (the "Plan") under the requirements for reporting Other Postemployment Benefit Plans (OPEB) required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). For comparative purposes, the disclosures for fiscal year ending June 30, 2017 under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45) are presented at the end of this note.

The Plan is a single-employer defined benefit plan administered by Indiana University. The 18/20 Plan provides interim benefits to full-time appointed academic and professional staff employees who meet the following eligibility requirements: covered by the IU Retirement Plan 15% level on or before July 14, 1988, and has 18 years of participation in the IU Retirement Plan 15% level, at least 20 years of continuous full-time university service, and at least 64 years of age. This group of employees is eligible to receive monthly payments based on a hypothetical monthly annuity amount at age 70, up to the amount of terminal base salary, calculated as the average budgeted base salary for the five 12-month periods immediately preceding retirement. The 18/20 Plan was adopted by the Trustees of Indiana University ("trustees") and is closed to new entrants.

The university provides medical care coverage to individuals with retiree status and their eligible dependents. The cost of the coverage is borne fully by the individual. However, retiree medical care coverage is implicitly more expensive than active-employee coverage, which creates an implicit rate subsidy. The university provides retiree life insurance benefits in the amount of $6,000 to terminated employees with retiree status. The health and life insurance plans have been established and may be amended under the authority of the trustees. The Plan does not issue a stand-alone financial report. Reflected in this note are benefits related to an early retirement incentive plan, approved by executive management in fiscal year 2014, which includes five years of annual contributions to a health reimbursement account.

FUNDING POLICY

The contribution requirements of plan members and the university are established and may be amended by the trustees. The university contribution to the 18/20 Plan and retiree life insurance is based on pay-as-you-go financing requirements. Plan members do not make contributions. The medical plans are self-funded and each plan's premiums are updated annually based on actual claims. Retirees receiving medical benefits paid $826,000 in premiums in the fiscal year ended June 30, 2018. The university contributed $37,188,000 to the consolidated OPEB Plan in fiscal year ended June 30, 2018. The university does not maintain a separate legal trust to house assets used to fund postemployment benefits.

As of the June 30, 2018 measurement date, the number of plan participants consisted of the following:

	18/20 Plan	*Retiree Health Insurance*	*Retiree Life Insurance*
Active employees	166	17,437	18,754
Inactive employees receiving benefits	233	487	5,734
Total	**399**	**17,924**	**24,488**

OPEB LIABILITY, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

At June 30, 2018, the university reported $268,543,000 for its total OPEB liability and $21,931,000 for its total OPEB expense. The total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2018.

Changes in the total reported liability for postemployment benefits obligations and total OPEB expense for the year ended June 30, 2018, are summarized as follows:

(dollar amounts presented in thousands)

	18/20 Plan	*Retiree Health Insurance*	*Retiree Life Insurance*	*Total*
Total OPEB liability, beginning of year	$ 156,905	$ 40,456	$ 35,897	$ 233,258
Service cost	3,442	3,111	1,095	7,648
Interest	5,169	1,494	1,301	7,964
Changes in assumptions	(790)	3,498	(909)	1,799
Differences between expected and actual experience	(3,625)	58,618	69	55,062
Benefit payments	(32,188)	(3,714)	(1,286)	(37,188)
Total OPEB liability, end of year	**$ 128,913**	**$ 103,463**	**$ 36,167**	**$ 268,543**
OPEB expense	**$ 8,121**	**$ 11,507**	**$ 2,303**	**$ 21,931**

There were significant changes in assumptions and differences between expected and actual experience during fiscal year 2018. The discount rate changed from 3.58% as of July 1, 2017 to 3.87% as of June 30, 2018. There was a change in cost methods from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level percent of Salary. The medical plan available to retirees has been changed from the PPO $900 Deductible plan (which is no longer offered) to the Anthem PPO HDHP plan. The mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. The health care trend rates have been reset to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0% which resulted in an increase in liabilities. The university has not had a recent experience study. The actuarial assumptions for non-18/20 Plans have not been updated since the 2006 valuation.

At June 30, 2018, the university reported deferred outflows and inflows of resources related to OPEB from the following sources:

(dollar amounts presented in thousands)

	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Changes in Assumptions:		
18/20 Plan	$ –	$ 703
Retiree health insurance	3,109	–
Retiree life insurance	–	808
Differences between expected and actual experience:		
18/20 Plan	–	3,222
Retiree health insurance	52,105	–
Retiree life insurance	61	–
Total	**$ 55,275**	**$ 4,733**

These amounts will be recognized in OPEB expense as follows:

(dollar amounts presented in thousands)

	18/20 Plan	*Retiree Health Insurance*	*Retiree Life Insurance*	*Total*
2019	$ (491)	$ 6,902	$ (93)	$ 6,318
2020	(491)	6,902	(93)	6,318
2021	(491)	6,902	(93)	6,318
2022	(491)	6,902	(93)	6,318
2023	(491)	6,902	(93)	6,318
Thereafter	(1,472)	20,705	(280)	18,953

Actuarial Assumptions. The total OPEB liability as of June 30, 2018, is based on the results of an actuarial valuation date as of June 30, 2018, with no adjustments to get to the June 30, 2018 measurement date. Significant actuarial methods and assumptions used to calculate the university's total OPEB liability were:

	Measurement Date as of June 30, 2018
Payroll growth (medical/life plan)	3.0%
Payroll growth (18/20 plan)	2.5%
Inflation	3.0%
Health care cost trend rates	9.0% for fiscal year 2019 to 5.0% for fiscal year 2027 and later years
Mortality rates	Based on RPH-2017 Total Data Set Mortality Table fully generational using Scale MP-2017
Actuarial cost method	Entry Age Normal Level % of Salary

Discount rate. The discount rate used in valuing OPEB liabilities as of June 30, 2018, was 3.87% and 3.58% as of July 1, 2017. The discount rate must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer Go 20 index was used for the current discount rate.

Sensitivity of total OPEB liability to the discount rate. The following table presents the June 30, 2018, total OPEB liability using the discount rate of 3.87% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

(dollar amounts presented in thousands)

Sensitivity of Total OPEB Liability	*1% Decrease (2.87%)*	*Current Discount Rate (3.87%)*	*1% Increase (4.87%)*
18/20 plan	$ 131,328	$ 128,913	$ 126,456
Retiree health insurance	112,520	103,463	95,165
Retiree life insurance	42,410	36,167	31,232
Total	**$ 286,258**	**$ 268,543**	**$ 252,853**

Sensitivity of total OPEB liability to the health care trend rate. The following table presents the June 30, 2018, total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

(dollar amounts presented in thousands)

Sensitivity of Total OPEB Liability	*1% Decrease (8% decreasing to 4%)*	*Current Trend (9% decreasing to 5%)*	*1% Increase (10% decreasing to 6%)*
Retiree health insurance	$ 92,104	$ 103,463	$ 116,891

The 18/20 and retiree life insurance plans are not included above as they do not have a health care component.

FUNDED STATUS AND FUNDING PROGRESS FOR FISCAL YEAR ENDED JUNE 30, 2017, UNDER GASB 45

Retirees receiving medical benefits paid $1,532,000 in premiums in the fiscal year ended June 30, 2017. The university contributed $40,370,000 to the consolidated OPEB Plan in fiscal year ended June 30, 2017.

The funding progress of the plan as of the preceding valuation date are as follows:

(dollar amounts presented in thousands)

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)*	*Funded Ratio (a/b)*	*Covered Payroll (c)*	*UAAL as Percentage of Covered Payroll ((b-a) / c)*
July 1, 2016	–	$ 244,371	$ 244,371	0.0%	$ 1,169,353	20.9%

ACTUARIAL METHODS AND ASSUMPTIONS FOR FISCAL YEAR ENDED JUNE 30, 2017, UNDER GASB 45

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

The projected unit credit cost method was used in the actuarial valuation of June 30, 2016. The actuarial assumptions include a 4.5% investment rate of return, which is a blended rate of (1) the expected long-term investment returns on plan assets and (2) the university's investments which is calculated based on the funded level of the Plan at June 30, 2017; and an annual healthcare cost trend rate that ranges from 8.5% in fiscal year 2018 to 5.0% in fiscal year 2025. The rate includes a 3.0% inflation assumption. The Unfunded Actuarial Accrued Liability was being amortized over 25 years using level dollar amounts on an open group basis.

ANNUAL OPEB COST AND NET OPEB OBLIGATION FOR FISCAL YEAR ENDED JUNE 30, 2017, UNDER GASB 45

The university's annual OPEB cost (expense) was calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of twenty-five years.

The following table shows the university's annual OPEB cost for the year, the amount actually contributed to the plan, and the university's net OPEB obligation as provided by the actuarial results for the fiscal year ended June 30, 2017:

(dollar amounts presented in thousands)

	Fiscal Year Ended June 30, 2017
Annual OPEB cost	$ 41,109
Less employer contributions	(40,370)
Increase in OPEB obligation	**739**
Net OPEB obligation, beginning of year	36,565
Net OPEB obligation, end of year	**$ 37,304**
Percentage of annual OPEB cost contributed	**98.20%**

Note 14—Related Organization

The university is a major beneficiary of the Riley Children's Endowment of which a majority of the board of directors is appointed by, or serve by virtue of position with, Indiana University. Riley Children's Endowment's net assets were $375,433,000 and $359,741,000 at June 30, 2018 and 2017, respectively, and are not included in the financial statements of the university.

Note 15—Functional Expenses

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

Fiscal year ended June 30, 2018

(dollar amounts presented in thousands)

	Natural Classification						
Functional Classification	*Compensation & Benefits*	*Utilities*	*Supplies & Expenses*	*Scholarships & Fellowships*	*Depreciation*	*Travel*	*Total*
Instruction	$ 973,326	$ 640	$ 127,438	$ 22,760	$ –	$ 21,494	$ 1,145,658
Research	171,778	7	108,513	2,483	–	5,870	288,651
Public service	75,609	367	58,549	2,784	–	4,107	141,416
Academic support	349,962	54	123,500	3,298	–	9,014	485,828
Student services	95,912	15	26,150	2,309	–	3,465	127,851
Institutional support	87,836	63	39,578	12	–	1,797	129,286
Physical plant	96,802	70,525	79,123	43	–	534	247,027
Scholarships & fellowships	17,414	–	1,752	114,792	–	105	134,063
Auxiliary enterprises	205,951	3,720	90,468	6,222	–	10,828	317,189
Depreciation	–	–	–	–	158,141	–	158,141
Total operating expenses	**$ 2,074,590**	**$ 75,391**	**$ 655,071**	**$ 154,703**	**$ 158,141**	**$ 57,214**	**$ 3,175,110**

Campus Gateway
Bloomington

Fiscal year ended June 30, 2017

(dollar amounts presented in thousands)

	Natural Classification						
Functional Classification	*Compensation & Benefits*	*Utilities*	*Supplies & Expenses*	*Scholarships & Fellowships*	*Depreciation*	*Travel*	*Total*
Instruction	$ 969,262	$ 708	$ 123,881	$ 14,721	$ –	$ 22,795	$ 1,131,367
Research	159,534	7	100,984	2,378	–	6,672	269,575
Public service	75,766	387	63,265	2,314	–	4,177	145,909
Academic support	323,742	32	122,043	2,378	–	8,992	457,187
Student services	86,769	18	26,202	1,658	–	3,192	117,839
Institutional support	86,325	54	42,134	9	–	1,677	130,199
Physical plant	94,183	71,311	68,096	25	–	456	234,071
Scholarships & fellowships	13,613	–	1,174	114,753	–	106	129,646
Auxiliary enterprises	200,473	3,604	70,030	5,950	–	11,900	291,957
Depreciation	–	–	–	–	155,553	–	155,553
Total operating expenses	**$ 2,009,667**	**$ 76,121**	**$ 617,809**	**$ 144,186**	**$ 155,553**	**$ 59,967**	**$3,063,303**

Note 16—Commitments and Loss Contingencies

The university had outstanding commitments for capital construction projects of $138,229,000 and $165,843,000 at June 30, 2018 and 2017, respectively.

Wood Fountain
Indianapolis

Note 17—Subsequent Event

On October 3, 2018, the university issued fixed rate new money Student Fee Bonds Series Y with a par amount of $69,470,000. The purpose of the issue was to provide financing for the Old Crescent Renovation Phase III project, which includes the renovation of Ballantine Hall and the Geological Sciences/Geological Survey building, both of which are on the Bloomington Campus. The proceeds were also used to pay costs to issue the bonds, including underwriters' discount. The all-in true interest cost for the bonds was 3.35%. Refer to Note 8, Bonds and Notes Payable for more information on long-term and short-term debt.

Indiana University Foundation

Notes to Financial Statements
(In thousands)

Note 1. Organization and Operations and Significant Accounting Policies

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

The mission of the Foundation is to maximize private support for Indiana University by fostering lifelong relationships with key stakeholders and providing advancement leadership and fundraising services for campuses and units across the University.

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

Indiana University Foundation

Notes to Financial Statements
(In thousands)

Note 3. Fair Value Measurement and Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below.

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values might be materially higher or lower than the values that would have been used had a readily available market for the securities existed. Accordingly, the degree of judgment exercised by the Foundation in determining fair value is greatest for securities categorized in Level 3.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

The Foundation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Foundation's accounting policies regarding the recognition of transfers between levels of the fair value hierarchy. During the fiscal years ended June 30, 2018 and 2017, no such transfers were made.

Investments in money market funds, mutual funds, exchange-traded funds, and securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Indiana University Foundation

Notes to Financial Statements
(In thousands)

Note 3. Fair Value Measurement and Investments (Continued)

Preferred stock and other equities traded on inactive markets or valued by reference to similar instruments are categorized as Level 2 in the fair value hierarchy. Investments in government securities, bonds, corporate notes and debt securities which are traded on a national securities exchange or market are valued at the mean between the current "bid" and "asked" quotations on that day. If a reliable bid and asked quotation cannot be obtained from a national securities exchange, the security is priced at the mean between the bid and asked quotation of a reliable market maker. These financial instruments are classified as Level 2 in the fair value hierarchy.

Investments in real estate are valued by the Foundation using independent appraisals and statements provided by the management companies of the properties. These financial instruments are classified as Level 3 in the fair value hierarchy.

Net asset value (NAV): Investments in non-registered investment companies consisting of certain hedged equity funds, absolute return funds, venture capital funds, buyout funds, distressed, special situation funds, real estate funds, alternative fixed income funds, and natural resource funds are valued at fair value based on the applicable percentage ownership of the underlying investment entities' net assets as of the measurement date as determined by the Foundation, commonly referred to as the practical expedient. In determining fair value, the Foundation utilizes valuations provided by the underlying investment entities. The underlying investment entities value securities and other financial instruments on a fair value based upon market price, when possible, or at fair value determined by the respective entities' investment manager when no market price is determinable. Although the Foundation uses their best judgment in estimating the fair value of alternative investments, there are inherent limitations in any estimation technique. The estimated fair values of certain of the investments of the underlying investment entities, which may include derivatives, securities and other designated or side pocketed investments for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized.

Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and differences could be material.

The practical expedient allows for investments in non-registered investment companies, to be valued at the net asset value (NAV) which represents fair value.

Charitable trusts and gift annuities: Assets received from charitable trusts and gift annuities are recorded at fair value based on donor restriction until the Foundation's obligations to the annuitants have been met. The difference between the fair value of assets contributed and the split interest obligations recorded is recognized as contribution revenue. The Foundation records a split interest agreement obligation to life beneficiaries based on the present value of the estimated payments to designated life beneficiaries.

Liabilities for charitable gift annuities are recorded in an amount equal to the present value of the estimated future obligations based on mortality rates derived from ordinary life annuity tables. In computing the liability, management considers the estimated return on the invested assets and the contractual payment obligation during the expected term of each respective annuity agreement. Fair value estimates are classified as Level 3.

Indiana University Foundation

Notes to Financial Statements
(In thousands)

Note 3. Fair Value Measurement and Investments (Continued)

The following table presents the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2018:

	Quoted Prices for Identical Assets in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Valued Using Net Asset Value **	Total
Assets:					
Investments:					
Domestic equities	$ 534,125	$ 10,918	$ -	$ 73,384	$ 618,427
International equities	305,543	-	-	137,511	443,054
Domestic fixed income	114,552	151,050	-	61,094	326,696
International fixed income	12,001	14,107	-	5,569	31,677
Real estate	8,369	-	24,109	-	32,478
Cash equivalents	26,933	1,800	-	-	28,733
Alternative investments:					
Hedged equity funds	-	-	-	83,263	83,263
Absolute return funds	-	-	-	339,546	339,546
Venture capital	-	-	-	174,310	174,310
Buyouts	-	-	-	148,523	148,523
Distressed / special situations	-	-	-	38,293	38,293
Real estate	-	-	-	113,522	113,522
Alternative fixed income	-	-	-	46,867	46,867
Natural resources	-	-	-	133,041	133,041
	$ 1,001,523	$ 177,875	$ 24,109	$ 1,354,923	$ 2,558,430
Liabilities:					
Split interest agreement obligations	$ -	$ -	$ 38,754	$ -	$ 38,754

INDIANA UNIVERSITY FOUNDATION

Indiana University Foundation

Notes to Financial Statements
(In thousands)

Note 3. Fair Value Measurement and Investments (Continued)

The following table presents the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2017:

	Quoted Prices for Identical Assets in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Valued Using Net Asset Value **	Total
Assets:					
Investments:					
Domestic equities	$ 449,509	$ 11,472	$ -	$ 109,336	$ 570,317
International equities	290,887	-	-	108,929	399,816
Domestic fixed income	108,425	145,616	-	87,642	341,683
International fixed income	3,649	15,280	-	7,427	26,356
Real estate	-	-	19,005	-	19,005
Cash equivalents	41,995	2,627	-	-	44,622
Alternative investments:					
Hedged equity funds	-	-	-	83,204	83,204
Absolute return funds	-	-	-	323,463	323,463
Venture capital	-	-	-	152,858	152,858
Buyouts	-	-	-	105,413	105,413
Distressed / special situations	-	-	-	33,451	33,451
Real estate	-	-	-	78,534	78,534
Alternative fixed income	-	-	-	52,685	52,685
Natural resources	-	-	-	116,562	116,562
	$ 894,465	$ 174,995	$ 19,005	$ 1,259,504	$ 2,347,969
Liabilities:					
Split interest agreement obligations	$ -	$ -	$ 34,766	$ -	$ 34,766

** Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

As of June 30, 2018 and 2017, the Foundation had approximately $609,631 and $493,971, respectively, of unfunded capital commitments to various alternative investments, which have no specific capital call dates and such capital calls are at the discretion of the alternative investment fund managers. Management believes most of the commitments will be called in the next one to five years.

Indiana University Foundation

Notes to Financial Statements
(In thousands)

Note 3. Fair Value Measurement and Investments (Continued)

Financial instruments classified as Level 3 in the fair value hierarchy represent the Foundation's investments in financial instruments in which at least one significant unobservable input is used in the valuation model. The tables below present a reconciliation of activity for the Level 3 financial instruments as of June 30, 2018 and 2017:

	2018	2017
Beginning balance (real estate)	$ 19,005	$ 25,452
Realized and unrealized gains (losses)	(1,659)	(7,496)
Purchases	7,984	3,105
Sales and settlements	(1,221)	(2,056)
	$ 24,109	$ 19,005

The following presents a reconciliation for the changes in the Foundation's liability for charitable remainder and annuity trusts, which is deemed a Level 3 liability:

	2018	2017
Beginning balance	$ 34,766	$ 33,172
Liability portion of charitable gifts received	1,840	3,247
Payments to annuitants	(4,312)	(3,949)
Change in the present value of split interest obligations	6,460	2,296
	$ 38,754	$ 34,766

The table below presents the Foundation's ability to redeem investments valued at net asset value or its equivalent as of June 30, 2018 and 2017, and includes the underlying investment entities' redemption frequency and redemption notice period. The tables also include a summary of the significant categories of such investments measured at net asset value, their attributes and investment strategies as of June 30, 2018 and 2017:

Investment Category and Strategy	2018 Fair Value	2018 Unfunded Commitments	2017 Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Domestic equities[(a)]	$ 73,384	$ -	$ 109,336	quarterly, annually	30-60 days
International equities[(b)]	137,511	-	108,929	weekly, monthly	7-30 days
Domestic fixed income[(c)]	61,094	-	87,642	monthly, bimonthly, quarterly	30-45 days
International fixed income[(d)]	5,569	-	7,427	monthly, bimonthly, quarterly	30-45 days
Hedge equity funds[(e)]	83,263	-	83,204	monthly, quarterly, **** semi-annually, annually	3-95 days
Absolute return funds[(f)]	339,546	-	323,463	monthly, quarterly, **** semi-annually, annually	3-95 days
Venture capital funds[(g)]	174,310	72,360	152,858	Long-term commitment ***	none
Buyout funds[(h)]	148,523	218,475	105,413	Long-term commitment ***	none
Distressed/special situation funds[(i)]	38,293	91,059	33,451	Long-term commitment ***	none
Real estate funds[(j)]	113,522	78,483	78,534	Long-term commitment ***	none
Alternative fixed income[(k)]	46,867	15,507	52,685	Long-term commitment ***	none
Natural resources funds[(l)]	133,041	133,747	116,562	Long-term commitment ***	none
	$ 1,354,923	$ 609,631	$ 1,259,504		

Indiana University Foundation

Notes to Financial Statements
(In thousands)

Note 3. Fair Value Measurement and Investments (Continued)

*** The nature of this investment class is that distributions are received through liquidations of the underlying assets of the underlying investment fund and expected to occur over the remaining life (ranging from one to ten years). These underlying funds generally hold investments that are illiquid in the short term but are expected to be liquid over the long run. Distributions from these underlying funds are at the discretion of the underlying fund manager.

**** As of June 30, 2018, 43 percent of the total Marketable Alternative Investments (Hedged equity funds and Absolute return funds) could be redeemed in 0-6 months, an additional 26 percent could be redeemed between 7-12 months, another 19 percent could be redeemed between 13-24 months, and 6 percent could be redeemed between 25-36 months. The remaining 6 percent is designated as illiquid investments.

(a) This category includes investments held in mutual funds, exchange-traded funds, public equities, partnerships, and limited liability companies located in the United States.

(b) This category includes investments held in mutual funds, exchange-traded funds, partnerships, and limited liability companies located in economies outside of the United States.

(c) This category includes investments that are primarily in both long-term and short-term fixed income securities located in the United States. Management of the investments has the ability to make individual short positions; however, the overall fund position is net long. There were no restricted investments as of June 30, 2018.

(d) This category includes investments that are primarily in both long-term and short-term fixed income securities located in economies outside of the United States. Management of the investments has the ability to make individual short positions; however, the overall fund position is net long. There were no restricted investments as of June 30, 2018.

(e) This category includes investments in hedge funds that invest globally in both long and short common stocks across all market capitalizations. Management of the hedge funds may opportunistically shift investments across sectors, geographies, and net market exposures.

(f) This category includes investments in hedge funds that invest opportunistically across various strategies, including long/short equity, fixed income, distressed credit, merger arbitrage, convertible arbitrage, etc.

(g) This category includes investments that are primarily in early-stage companies in the technology and life science sectors. The nature of investments in this category is that money is distributed as underlying companies are exited via acquisition or Initial Public Offering (IPO). The typical life of a partnership is 10 years but is subject to extensions.

(h) This category includes private equity funds that invest across sectors primarily in the United States, but also internationally. The nature of investments in this category is that money is distributed as underlying companies are recapitalized or exited via acquisition or IPO. The typical life of a partnership is 10 years but is subject to extensions.

(i) This category includes investments that are focused on distressed or secondary investments. The typical life of a partnership is 10 years but is subject to extensions.

(j) This category includes investments that are primarily in U.S. commercial real estate, but also includes real estate funds focused on Europe and Asia. The real estate exposure can include both publicly traded Real Estate Investment Trust funds and private partnerships. The typical life of a partnership is 10 years but is subject to extensions.

(k) This category includes investments that are focused primarily on direct lending across the corporate and real estate sectors. The investments are structured to provide a steady stream of income to the Foundation based on floating interest rate loans. The typical life of a partnership is five years but is subject to extensions.

(l) This category includes investments that are focused on private energy, mining and minerals, and timber. The typical life of a partnership is 10 years but is subject to extensions. Certain funds in this category may provide an income stream as the underlying commodity is harvested/sold.

Indiana University Foundation

Notes to Financial Statements
(In thousands)

Note 3. Fair Value Measurement and Investments (Continued)

In instances in which an underlying investment fund has invested in securities that have less liquidity, such investments may be held in a “side pocket.” Generally side pockets are illiquid with no active market. The fair value of the Foundation’s investment in underlying funds which are designated as side pocketed was $12,247 and $11,617 as of June 30, 2018 and 2017, respectively.

The following table summarizes the qualitative information about certain of the Foundation’s Level 3 inputs as of June 30, 2018 and 2017:

	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges
Real estate investments, 2018	$ 24,109	Market approach	Comparable transactions	N/A
Real estate investments, 2017	$ 19,005	Market approach	Comparable transactions	N/A

A summary of total investment income for the years ended June 30, 2018 and 2017, is as follows:

	2018	2017
Dividend, interest, and other investment income	$ 27,142	$ 20,916
Net realized and unrealized gains on investments	161,457	214,233
Outside investment management fees	(13,675)	(9,232)
	$ 174,924	$ 225,917

Indiana University Foundation

Notes to Financial Statements
(In thousands)

Note 8. Restricted Net Assets

The income generated from restricted net assets is used in accordance with the donors' time and/or purpose restrictions. Foundation operations' and University programs' permanently restricted assets are held in perpetuity. A summary of restricted net assets and the related donor-imposed restrictions as of June 30, 2018 and 2017, are as follows:

	2018		2017	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Foundation operations	$ 4,508	$ 26,042	$ 8,712	$ 24,911
University programs:				
Awards	6,254	28,754	6,138	17,302
Capital and capital improvements	133,564	3,257	134,676	2,495
Fellowships / lectureships	26,823	110,034	25,700	102,108
General endowments	306,906	317,627	295,526	299,067
Medical practice plans	34,565	-	33,662	-
Operations	70,953	8,902	70,412	5,907
Professorships / chairs	112,963	466,742	108,367	398,391
Research	44,801	61,481	45,541	58,973
Scholarships	168,674	563,153	161,937	497,341
	$ 910,011	$ 1,585,992	$ 890,671	$ 1,406,495

Indiana University Foundation

Notes to Financial Statements
(In thousands)

Note 10. Grants and Aid to the University

Program expenditures include support for Foundation and University programs. For the years ended June 30, 2018 and 2017, a summary of these expenditures is as follows:

	2018	2017
Program expenditures:		
Foundation programs:		
Real estate	$ 3,755	$ 3,059
Student foundation	523	565
Air services	881	867
Women's programs	189	16
Miscellaneous	74	93
Total Foundation programs	5,422	4,600
Grants and aid to the University:		
Grants and aid - operating support:		
University support	52,108	31,440
Student scholarship and financial aid	52,025	48,306
Faculty support	32,314	35,578
Faculty research	43,531	6,991
	179,978	122,315
Grants - endowment, capital, land, building and equipment purchases	41,162	40,659
Total University grants and aid	221,140	162,974
	$ 226,562	$ 167,574

Schedule of the University's Proportionate Share of the Net Pension Liability for the Indiana Public Employees' Retirement Fund (last 10 years[1]):

(dollar amounts presented in thousands)

	Measurement Date as of June 30, 2017	*Measurement Date as of June 30, 2016*	*Measurement Date as of June 30, 2015*	*Measurement Date as of June 30, 2014*
University's proportion of the net pension liability	2.06%	2.11%	3.30%	3.85%
University's proportionate share of the net pension liability	$ 92,066	$ 95,689	$ 134,565	$ 101,229
University's covered-employee payroll	$ 128,504	$ 139,508	$ 156,848	$ 185,019
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	71.64%	68.59%	85.79%	54.71%
Plan fiduciary net position as a percentage of the total pension liability	76.60%	75.30%	77.30%	84.30%

The amounts presented for each fiscal year were determined as of June 30.

Schedule of the University's Contributions for the Indiana Public Employees' Retirement Fund (last 10 years[1]):

(dollar amounts presented in thousands)

	Fiscal Year 2018	*Fiscal Year 2017*	*Fiscal Year 2016*	*Fiscal Year 2015*
Contractually required contribution	$ 13,978	$ 13,980	$ 15,637	$ 17,484
Contributions in relations to the contractually required contribution	$ (13,978)	$ (13,980)	$ (15,637)	$ (17,484)
Contribution deficiency	–	–	–	–
University's covered-employee payroll	$ 124,694	$ 128,504	$ 139,508	$ 156,848
Contributions as a percentage of covered-employee payroll	11.21%	10.88%	11.21%	11.15%

The amounts presented for each fiscal year were determined as of June 30.

Changes of Benefit Terms: None

Changes in Assumptions: For active and inactive vested members, the INPRS Board approved a $400 salary load to be added to approximate the impact on average monthly earnings of unused sick leave accumulated at termination of employment. For disabled members, the mortality assumption is updated from the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality tables to the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables.

[1] GASB Statement No. 68 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to those presented. Additional years will be included in future reports as data becomes available.

Schedule of the University's Total Liability for Other Postemployment Benefit Plans (last 10 years[1]) Under GASB 75:

(dollar amounts presented in thousands)

	18/20 Plan	*Retiree Health Insurance*	*Retiree Life Insurance*	*Total*
Service cost	$ 3,442	$ 3,111	$ 1,095	$ 7,648
Interest	5,169	1,494	1,301	7,964
Changes in assumptions	(790)	3,498	(909)	1,799
Differences between expected and actual experience	(3,625)	58,618	69	55,062
Benefit payments	(32,188)	(3,714)	(1,286)	(37,188)
Net change in total OPEB liability	**$ (27,992)**	**$ 63,007**	**$ 270**	**$ 35,285**
Total OPEB liability, beginning of year	$ 156,905	$ 40,456	$ 35,897	$ 233,258
Total OPEB liability, end of year	**$ 128,913**	**$ 103,463**	**$ 36,167**	**$ 268,543**
Covered employee payroll	$ 23,729	$ 1,211,908	$ 1,211,908	
Total liability as a percentage of covered employee payroll	543.3%	8.5%	3.0%	

Notes to RSI under GASB 75:

Changes of Benefit Terms: There were no changes of benefit terms for the plan year ended June 30, 2018; however, the medical plan available to retirees has been changed from the PPO $900 Deductible plan (which is no longer offered) to the Anthem PPO HDHP plan.

Changes in Assumptions: The discount rate was 3.87% as of June 30, 2018, and 3.58% as of July 1, 2017. The actuarial cost method was updated from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level % of Salary. The mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. The health care trend rates have been reset to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%.

[1] GASB Statement No. 75 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to 2018. Additional years will be included in future reports as data becomes available.

Schedule of Funding Progress for Other Postemployment Benefit Plans as Reported Under GASB 45:

(dollar amounts presented in thousands)

Actuarial Valuation Date	*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Unfunded AAL (UAAL) (b - a)*	*Funded Ratio (a/b)*	*Percentage of Covered Payroll (c)*	*UAAL as Covered Payroll ((b-a) / c)*
July 1, 2016*	–	$ 244,371	$ 244,371	0.0%	$ 1,169,353	20.9%
July 1, 2015	–	294,446	294,446	0.0%	1,135,294	25.9%
July 1, 2014	–	336,524	336,524	0.0%	1,073,719	31.3%

Notes to RSI under GASB 45:

*Adjustments have been made to the Actuarial Accrued Liability, Normal Cost, and expected Benefit Payments for actual provision and premium changes from 2015/16 to 2016/17, which caused a significant decrease in the university's liabilities. Effective January 1, 2017, the university restricted access to retiree health plan benefits exclusively to the PPO HDHP plan. Retirees are required to enroll in this plan immediately after becoming retired or after their COBRA eligibility ends.

Administrative Officers

for fiscal year ended June 30, 2018

THE PRESIDENTS AND VICE PRESIDENTS

Michael A. McRobbie
President of the University

Adam W. Herbert
President Emeritus of the University

Thomas Ehrlich
President Emeritus of the University

Kenneth R. R. Gros Louis
University Chancellor, (1936 – 2017)

John Applegate
Executive Vice President for University Academic Affairs

Nasser H. Paydar
Executive Vice President and Chancellor, Indiana University-Purdue University Indianapolis

Lauren K. Robel
Executive Vice President and Provost, IU Bloomington

Fred H. Cate
Vice President for Research

G. Frederick Glass
Vice President and Director of Intercollegiate Athletics

Jay L. Hess
Vice President for University Clinical Affairs, and Dean & Walter J. Daly Professor IU School of Medicine

Thomas A. Morrison
Vice President for Capital Planning and Facilities

Michael M. Sample
Vice President for Government Relations

John A. Sejdinaj
Vice President and Chief Financial Officer

Jacqueline A. Simmons
Vice President and General Counsel

William B. Stephan
Vice President for Engagement

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

James C. Wimbush
Vice President for Diversity, Equity, and Multicultural Affairs

David Zaret
Vice President for International Affairs

THE CHANCELLORS

Terry L. Allison
Chancellor, Indiana University South Bend

Vicky Carwein
Chancellor, Indiana University-Purdue University Fort Wayne, (until October 31, 2017)

Kathryn Cruz-Uribe
Chancellor, Indiana University East (Richmond)

continued on page 74

Ronald Elsenbaumer
Chancellor, Indiana University-Purdue University Fort Wayne, (since November 1, 2017)

William J. Lowe
Chancellor, Indiana University Northwest (Gary)

Susan Sciame-Giesecke
Chancellor, Indiana University Kokomo

Ray Wallace
Chancellor, Indiana University Southeast (New Albany)

OTHER OFFICERS AND SENIOR LEADERS

Karen H. Adams
President's Chief of Staff

J Thomas Forbes
Executive Director and CEO, IU Alumni Association

Donald S. Lukes
Treasurer, Indiana University

Daniel C. Smith
President and CEO, IU Foundation

Amatria, by artist and architect Philip Beesley
Interactive sculpture in the atrium of Luddy Hall; Bloomington

Additional copies of this report may be obtained from:

Office of the Vice President and Chief Financial Officer
Bryan Hall 212
107 S. Indiana Avenue
Indiana University
Bloomington, IN 47405-7000
https://vpcfo.iu.edu/

To print a PDF file of this report, go to https://vpcfo.iu.edu/resources/consolidated-annual-financial-reports.html

For additional information:

General Information

Vice President for Government Relations
201 N. Indiana Avenue
Bloomington, IN 47408
https://gov.iu.edu

Financial Reporting

Associate Vice President and University Controller
Financial Management Services
Poplars 519
400 E. 7th Street
Indiana University
Bloomington, IN 47405-3085
https://fms.iu.edu/

Admissions

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

Gifts

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

Grants

Vice President for Research
Bryan Hall 300
107 S. Indiana Avenue
Bloomington, IN 47405
http://research.iu.edu

Athletics

Athletics Media Relations
Simon Skjodt
Assembly Hall
1001 E. 17th Street
Indiana University
Bloomington, IN 47408
http://iuhoosiers.com

Alumni

Alumni Association
Virgil T. DeVault
Alumni Center
1000 E. 17th Street
Indiana University
Bloomington, IN 47408-1521
http://alumni.iu.edu

IU BLOOMINGTON

IU EAST

IUPUI INDIANAPOLIS

IU KOKOMO

IU NORTHWEST

IU SOUTH BEND

IU SOUTHEAST

INDIANA UNIVERSITY

FULFILLING *the* PROMISE

EXHIBIT B

CERTIFICATE RE: AUDITED FINANCIAL STATEMENTS

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

Dated: December 14, 2018

THE TRUSTEES OF INDIANA UNIVERSITY,
as Obligor

By: Donald S. Lukes

Name: Donald S. Lukes

Title: Treasurer

EXHIBIT C

CERTIFICATE RE: ANNUAL FINANCIAL INFORMATION DISCLOSURE

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

Dated: December 14, 2018

THE TRUSTEES OF INDIANA UNIVERSITY,
as Obligor

By: Donald S Lukes

Name: Donald S. Lukes

Title: Treasurer

Schedule I to Exhibits B and C

THE TRUSTEES of INDIANA UNIVERSITY ("INDIANA UNIVERSITY")

This filing relates to the following bonds outstanding as of June 30, 2018 for the issues occurring in the month and year specified:

Indiana University Student Fee Bonds, Series S: February 2008
Indiana University Student Fee Bonds, Series T-2: April 2010
Indiana University Student Fee Bonds, Series U: July 2011
Indiana University Student Fee Bonds, Series V-1 & V-2: October 2012
Indiana University Student Fee Bonds, Series W-1 & W-2: January 2015
Indiana University Student Fee Bonds, Series X: August 2016
Indiana University Student Fee Bonds, Series Y: October 2018

Indiana University Consolidated Revenue Bonds, Series 2009A: April 2009
Indiana University Consolidated Revenue Bonds, Series 2010B: May 2010
Indiana University Consolidated Revenue Bonds, Series 2011A: March 2011
Indiana University Consolidated Revenue Bonds, Series 2012A: January 2012
Indiana University Consolidated Revenue Bonds, Series 2015A: April 2015
Indiana University Consolidated Revenue Bonds, Series 2016A: April 2016

Indiana University Certificates of Participation, Series 2009B: December 2009
Indiana University Certificates of Participation, Series 2012A: February 2012
Indiana University Certificates of Participation, Series 2013A: March 2013

Indiana University Lease Purchase Obligations, Series 2014A: February 2014
Indiana University Lease Purchase Obligations, Series 2015A: May 2015
Indiana University Lease Purchase Obligations, Series 2017A: March 2017