

GRAND VALLEY STATE UNIVERSITY

# ANNUAL FINANCIAL REPORT 2016

LAKER EFFECT

*Proven financial accountability.*



# **Grand Valley State University**

---

**Financial Report  
with Additional Information  
June 30, 2016**

# Grand Valley State University

---

## Contents

<b>Report Letter</b>	1-3
<b>Administrative Officers</b>	4
<b>Management's Discussion and Analysis - Unaudited</b>	5-18
<b>Financial Statements</b>	
Statement of Net Position	19
Statement of Revenue, Expenses, and Changes in Net Position	20
Statement of Cash Flows	21-22
Discretely Presented Component Unit - 38 Front Avenue	23
Statement of Fiduciary Net Position - Employee Benefit Plans	24
Statement of Changes in Fiduciary Net Position - Employee Benefit Plans	25
Notes to Financial Statements	26-68
<b>Required Supplemental Information</b>	69
Professional Support Staff Employees' Retirement Plan:	
Schedule of Changes in the Plan's Net Pension Liability and Related Ratios	70
Schedule of Investment Returns	70
Schedule of Employer Contributions	71
Maintenance, Grounds, Service Employee's Retirement Plan:	
Schedule of Changes in the Plan's Net Pension Liability and Related Ratios	72
Schedule of Investment Returns	72
Schedule of Employer Contributions	73
Other Postemployment Benefits - Schedule of Funding Progress	74
<b>Other Supplemental Information</b>	75
Schedule of Changes in Fiduciary Net Position by Employee Retirement Plan	76
Schedule of University and Foundation Endowments and Similar Funds	77-94
Schedule of Net Position by Fund	95-96
Schedule of Revenue, Expenses, and Changes in Net Position by Fund	97-98

## Independent Auditor's Report

To the Board of Trustees  
Grand Valley State University

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Grand Valley State University (the "University"), a component unit of the State of Michigan, its discretely presented component unit, and its pension trust funds as of and for the years ended June 30, 2016 and 2015 and the related notes to the financial statements, which collectively comprise Grand Valley State 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The discretely presented component unit was not audited under *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 entity'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 entity'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.

To the Board of Trustees  
Grand Valley State University

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University, its discretely presented component unit, and its pension trust funds as of June 30, 2016 and 2015 and the respective changes in its financial position and, where applicable, its cash flows 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 basic financial statements, effective July 1, 2015, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the net pension liability and related ratios, investment returns, employer contributions for each retirement plan, and schedule of other postemployment benefit plan funding progress, as identified in the table of contents, 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, which 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 supplemental 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 Grand Valley State University's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees  
Grand Valley State University

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016 on our consideration of Grand Valley State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Grand Valley State University's internal control over financial reporting and compliance.

*Plante & Morse, PLLC*

November 4, 2016

**As of June 30, 2016**

### **Board of Trustees**

David S. Hooker    Chair  
John C. Kennedy    Vice Chair  
Victor M Cardenas  
Mary L. Kramer  
John G. Russell  
Megan S. Sall  
David L. Way  
Kate Pew Wolters

### **Board of Trustees - Honorary Life Members**

Donna K. Brooks  
Dorothy A. Johnson

### **Executive and Board Officers**

Thomas J. Haas    President  
Gayle R. Davis    Provost and Executive Vice President for  
Academic and Student Affairs  
James D. Bachmeier    Vice President for Finance and Administration  
and Treasurer, Board of Trustees  
Jesse M. Bernal    Vice President for Inclusion and Equity  
Lynn M. Blue    Vice President for Enrollment Development  
Thomas A. Butcher    Vice President and General Counsel  
Teri L. Losey    Executive Associate to the President and  
Secretary, Board of Trustees  
Karen M. Loth    Vice President for Development  
Matthew E. McLogan    Vice President for University Relations  
Brian C. Copeland    Associate Vice President for Business and  
Finance and Assistant Treasurer, Board of  
Trustees

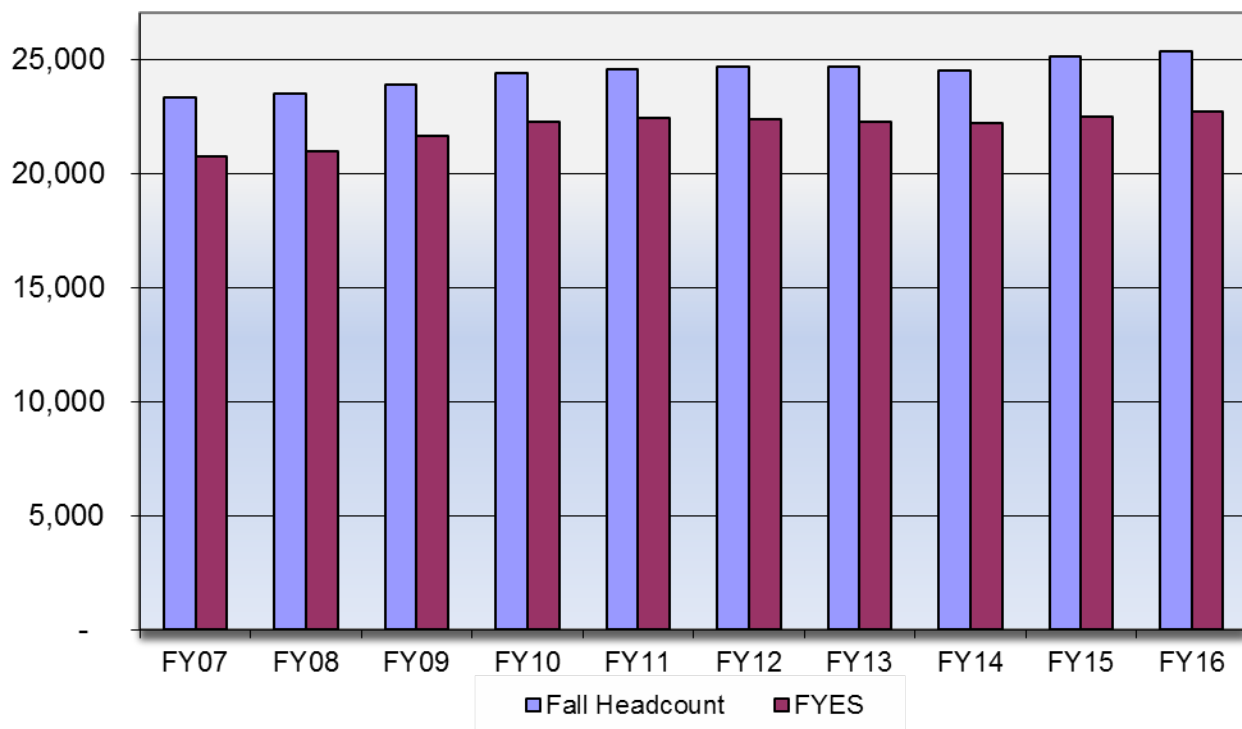
# Grand Valley State University

## Management's Discussion and Analysis - Unaudited

### Financial and Enrollment Highlights for the Year Ended June 30, 2016

- Enrollment increased by 1 percent based on headcount - 25,325 students in the fall 2015 semester compared to 25,094 in the fall 2014 semester. FYES (fiscal year equated students) increased from 22,446 to 22,705.
- Operating revenue increased by 3.9 percent. Increases in tuition revenue, housing, and dining revenue were partially offset by higher scholarship allowances, resulting in a net increase of \$13.5 million.
- State appropriations increased by 3.4 percent, or \$2.1 million of performance funding.
- Endowment cash and investments ended the year at \$103.4 million as a result of endowment spending and market losses exceeding additions to the endowment. Generous donor support of \$4.2 million in new gifts provides for long-term growth and investment. The 2016 loss of 3.3 percent and the 2015 return of 1.6 percent reflected slowing financial markets after a 16.8 percent gain in 2014.
- The University began construction of an addition for the Performing Arts Center and continued construction on the Hooker-Holton Learning and Living Center and the expansion of the recreation center on the Allendale campus.

### Historical Enrollment





# Grand Valley State University

---

## Management's Discussion and Analysis - Unaudited (Continued)

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of the University. The report consists of three basic financial statements that provide information on the University as a whole: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These statements begin on page 19 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide the readers with an overview of the financial statements.

Effective for the year ended June 30, 2016, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

Effective for the year ended June 30, 2015, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

### **The Statement of Net Position**

The statement of net position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net position - assets and deferred outflows of resources offset by liabilities - is one way to measure the financial health of the University. Assets, deferred outflows of resources, and liabilities are generally measured using current values. Investments are stated at fair value, and capital assets are stated at historical cost less an allowance for depreciation. Net position from 2014 to 2016 has increased by 8.3 percent from \$656.2 million to \$710.6 million.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

A three-year summarized comparison of the University's statement of net position at June 30 follows:

	June 30		
	2016	2015	2014
	(in 000s)		
<b>Current Assets</b>			
Cash and short-term investments	\$ 74,659	\$ 52,738	\$ 59,857
Receivables	78,593	76,738	72,024
Inventory, prepaid expenses, and other	6,318	6,375	5,179
Total current assets	159,570	135,851	137,060
<b>Noncurrent Assets</b>			
Restricted cash	-	27,912	4,763
Endowment cash and investments	103,477	103,864	100,076
Other long-term investments	144,810	141,958	115,460
Long-term receivables	40,118	36,225	37,590
Capital assets - Net of depreciation	673,898	648,192	631,084
Other	2,443	1,746	2,084
Total assets	1,124,316	1,095,748	1,028,117
<b>Deferred Outflows of Resources</b>			
Derivatives	10,060	8,319	5,518
Loss on refunding of bonds payable	11,026	4,442	-
Pension related deferrals	9,580	6,968	-
Total deferred outflows	30,666	19,729	5,518
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	83,533	78,220	78,160
Unearned revenue	20,911	12,374	12,400
Long-term liabilities - Current portion	16,459	15,063	13,691
Total current liabilities	120,903	105,657	104,251
<b>Noncurrent Liabilities</b>			
Unearned revenue - Net of current portion	5,487	5,980	4,447
Federal student loan payable	10,158	10,220	10,258
Long-term liabilities - Net of current portion	276,420	284,440	252,253
Derivative instruments	8,548	6,462	6,166
Net pension liability	19,371	18,938	-
Total liabilities	440,887	431,697	377,375
<b>Deferred Inflows of Resources - Pension related deferrals</b>	3,525	-	-
<b>Net Position</b>			
Net investment in capital assets	410,069	395,746	378,450
Restricted	133,742	133,494	131,056
Unrestricted	166,759	154,540	146,754
Total net position	<b>\$ 710,570</b>	<b>\$ 683,780</b>	<b>\$ 656,260</b>

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

Cash and short-term investments include unrestricted funds, which are used for operating expenditures and are managed within the parameters of the University's investment policy. Restricted cash consists of bond proceeds to construct housing and academic building on the Allendale campus and is classified as noncurrent assets due to the nature of these projects.

Other long-term investments should be looked at in conjunction with cash and short-term investments. This combination of funds comprises the overall pool of cash and investments. There was an increase of \$24.7 million of cash and investments between 2016 and 2015 and \$19.3 million of cash and investments between 2014 and 2015. The statement of cash flows on page 21 explains the sources and uses of cash.

Current receivables, which include grants, state appropriations, capital appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year increased by \$6.5 million between 2014 and 2016. In 2015, there was a \$6.7 million increase in state appropriation receivable due to the construction of the P. Douglas Kindschi Hall of Science. The charter school appropriation receivable increased in both 2015 and 2016 due to the opening of new schools as well as normal operating increases.

Other current assets consist mainly of inventories and prepaid expenses. These assets fluctuate based on timing of inventory purchases and payments of vendor service agreements.

Fluctuating financial markets impacted endowment investments from 2014 to 2016. Endowment investments generated a loss of 3.3 percent in 2016 after a 1.6 percent return in 2015 and a 16.8 percent return in 2014. The University (along with its investment advisory committee and outside consultants) continues to closely monitor endowment investment strategy and asset allocations.

Long-term receivables, which include pledges, student notes, and a third-party notes receivable, increased by \$2.5 million between 2014 and 2016. The increase was mainly due to new pledges received for the health-related capital initiatives. The new pledge receivables are offset by donor payments received on previous pledges. Long-term pledges are discounted to net present value for financial statement purposes. Student notes receivable are decreasing slightly.

Capital assets increased by \$25.7 million between 2015 and 2016 as a result of several construction projects on the Allendale campus. The Hooker-Holton Learning and Living Center was ready for students starting in fall 2016. Phase 1 of the student recreation center was also completed in August 2016. Phase 2 of the student recreation center and the addition to the performing arts center continue to be under construction for the coming year. These additions, totaling \$51.8 million, were offset by depreciation expense of \$25.1 million as well as disposals.

Capital assets increased by \$17.1 million between 2014 and 2015 as a result of several construction projects on the Allendale campus. Laker Marketplace opened in April 2015. The most expansive project, the construction of the science laboratory building, opened for the fall 2015 semester as the P. Douglas Kindschi Hall of Science. Construction began in the spring for new housing and academic building and an addition to the recreation center. These additions, totaling \$38.9 million, were offset by depreciation expense of \$21.8 million.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

The L. William Seidman Center is capitalized on the 38 Front Avenue's statement of net assets. Further detail regarding capital asset activity for both the University and 38 Front Avenue is presented in Note 3 on pages 46-48.

Deferred outflows of resources are funds expended by the University that are applicable to a future accounting period. The University continues to carry deferred outflows related to derivatives. The balance increased by \$1.7 million from 2015 to 2016 and by \$2.8 million from 2014 to 2015 due to market value fluctuations. The balance is chiefly offset by derivative instruments, reflected in noncurrent liabilities. More detailed information regarding these swaps is presented in Note 5 to the financial statements.

With the issuance of bonds in September 2014, a deferred outflow was established from the portion of debt that continues to be held in escrow. In May 2016, the University issued advanced refunding bonds that resulted in deferred outflows of \$6.8 million. These deferred outflows will be amortized over the life of the corresponding bonds, which are expected to generate savings on interest expense going forward. More detailed information regarding the debt transaction is presented in Note 4 to the financial statements.

In 2015, deferred outflows related to pensions of \$7.0 million resulted from the implementation of GASB Statement No. 68. This balance includes \$3.8 million, resulting from changes in actuarial assumptions due to use of new mortality table (RP 2014) and \$1.0 million from differences between actual and expected experience. These balances will be amortized over approximately 10 years. The remaining \$2.2 million resulted from the shortfall between actual to projected investment earnings, which will be amortized over five years. In 2016, deferred outflows increased by \$2.6 million due to another shortfall between actual to projected investment earnings. Deferred inflows of \$3.5 million were primarily a result of changes in assumptions used in the plans. More detailed information regarding the defined benefit pension plans is presented in Note 6 to the financial statements.

Accounts payable and accrued liabilities remained consistent between 2014 and 2015 and then increased by \$5.3 million in 2016. The increase was due to the timing of payroll, payments in accounts payable and the additional Charter Schools payables.

Unearned revenue includes receipts from tuition, grants, and contracts that pertain to a future fiscal year, and remained steady between 2014 and 2015. In 2016, \$7.8 million in pledges were offset by deferred revenue since the related capital project had not yet been approved by the board.

Current maturities in long-term debt increased by \$2.8 million between 2014 and 2016 based on the scheduled principal payments.

Noncurrent liabilities include unearned revenue, federal student loans payable, derivative instruments, net pension liability, and the long-term portion of bonds payable.

Long-term liabilities decreased by \$8.0 million between 2015 and 2016 due to principal payments made. Long-term liabilities increased by \$32.2 million between 2014 and 2015 due to the issuance of bonds for the new housing and classroom building construction.

# Grand Valley State University

---

## Management's Discussion and Analysis - Unaudited (Continued)

In 2016, the University received an A1 bond credit rating from Moody's Investors Service, and its A+ rating from Standard & Poors remained unchanged. More detailed information about the University's long-term debt is presented in Note 4 to the financial statements. Financing activity to construct the L. William Seidman Center is covered in the 38 Front Avenue financial reporting included in Note 4 to the financial statements.

Long-term liabilities also include the recognized portion of the liability for retiree medical benefits, as required by Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$12.2 million, which included an assumption change to utilize the MP-2014 headcount weighted mortality table as published by the Society of Actuaries. Further information regarding the plan and funding status is detailed in Note 6.

As discussed previously, GASB Statement No. 68 requires that the net pension liability for the University's sponsored defined benefit retirement plans be recognized on the University's financial statements. In accordance with the statement, the University has reported a change in accounting principle adjustment to unrestricted net position of \$9,948,539, which is the net of the net pension liability and related deferred outflows as of July 1, 2014. In addition to the detailed information provided in Note 6 concerning each defined benefit plan, there is a comprehensive analysis provided in the required supplemental information beginning on page 69.

The total net position of the University increased by \$54.3 million between 2014 and 2016, mostly due to the investments in infrastructure on the Allendale campus to support a growing student body as well as generous support from donors to endowments. Further detail regarding the designation by the University of unrestricted net position for certain purposes is summarized in Note 1 to the financial statements.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### The Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents the operating results of the University, as well as the nonoperating revenue and expenses. Annual state appropriations, while budgeted for operations, are considered nonoperating revenue according to accounting principles generally accepted in the United States of America.

	Year Ended June 30		
	2016	2015	2014
	(in 000s)		
<b>Operating Revenue</b>			
Student tuition and fees	\$ 300,497	\$ 287,040	\$ 272,393
Less scholarship allowance	(51,230)	(48,375)	(45,203)
Auxiliary	68,923	67,210	64,228
Less scholarship allowance	(9,718)	(9,885)	(9,099)
Grants and contracts	24,961	24,491	22,304
Other	22,249	21,705	19,970
Total operating revenue	355,682	342,186	324,593
<b>Operating Expenses</b>	435,592	417,456	402,175
<b>Net Operating Loss</b>	(79,910)	(75,270)	(77,582)
<b>Nonoperating Revenue (Expense)</b>			
State appropriations	65,275	63,200	57,824
Government grants	28,795	29,219	29,578
Gifts (including endowment and capital)	11,818	8,580	11,129
Capital appropriations, grants, and other	7,912	18,934	509
Investment income - Net of fees	2,117	3,818	21,482
Other loss and expense	(9,217)	(11,012)	(4,012)
Net nonoperating revenue	106,700	112,739	116,510
<b>Net Increase in Net Position</b>	26,790	37,469	38,928
<b>Net Position - Beginning of year</b>	683,780	656,260	617,332
<b>Adjustment for Change in Accounting Principle</b>	-	(9,949)	-
<b>Net Position - End of year</b>	<b>\$ 710,570</b>	<b>\$ 683,780</b>	<b>\$ 656,260</b>

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

Revenue generated by tuition and fees increased by 4.7 percent in 2016 and 5.4 percent in 2015. In both 2016 and 2015, the tuition rate increased 3 percent and higher enrollment accounted for the remaining increase.

Scholarship allowances as a percentage of tuition and fees slightly increased to 17.0 percent in 2016 from 16.9 percent in 2015 and 16.6 percent in 2014. The University continues to increase levels of scholarship support to mitigate the financial impact of tuition rate increases. The method to calculate scholarship allowance is described in Note 1.

Auxiliary revenue consists of housing, dining, parking, bookstores, vending, golf course, health center, and conference fees from external customers. In 2016, auxiliary revenue increased 2.5 percent. In 2015, auxiliary revenue increased by \$3.0 million, of which housing and dining revenue added \$1.75 million, with higher bookstore sales and parking accounting for the remaining increase. In 2015, the increase in dining revenue of \$1 million was mostly due to a 3.8 percent increase in meal plan participation. The slight increase in housing revenue was due to a combined 1.5 percent rate increase and uptick in occupancy.

Grants and contracts revenue remained steady between 2015 and 2016 after increasing by \$2.2 million between 2014 and 2015. The increase between 2014 and 2015 was mainly due to expanding grants and contracts awarded by the Michigan Economic Development Corporation (MEDC).

Operating expenses increased by \$18.1 million in 2016 and \$15.3 million in 2015. Further analysis of this increase is provided beginning on page 14. Salaries, wages, and benefits comprise the largest operating expense, while instruction is the largest functional category.

State appropriations increased by 3.3 percent or \$2.1 million between 2015 and 2016. State appropriations increased by 9.3 percent or \$5.4 million between 2014 and 2015. In 2015 and 2016, the performance funding that the University received as a percentage of its base funding was the highest compared to other state universities. Performance funding is based on state metrics.

Nonoperating government grants consisting of Pell awards remained steady between 2014 and 2016.

Gifts, including capital and endowment gifts, can fluctuate from year to year. Endowment gifts were up in 2014 and 2016 compared to 2015. Levels of giving vary from year to year in accordance with donor development.

Capital appropriations, grants, and other include awards and other capital income received for special purpose capital projects. In 2015, the State provided \$18.4 million to construct the P. Douglas Kindschi Hall of Science on the Allendale Campus. This was followed by \$7.1 million in 2016 for the same project.

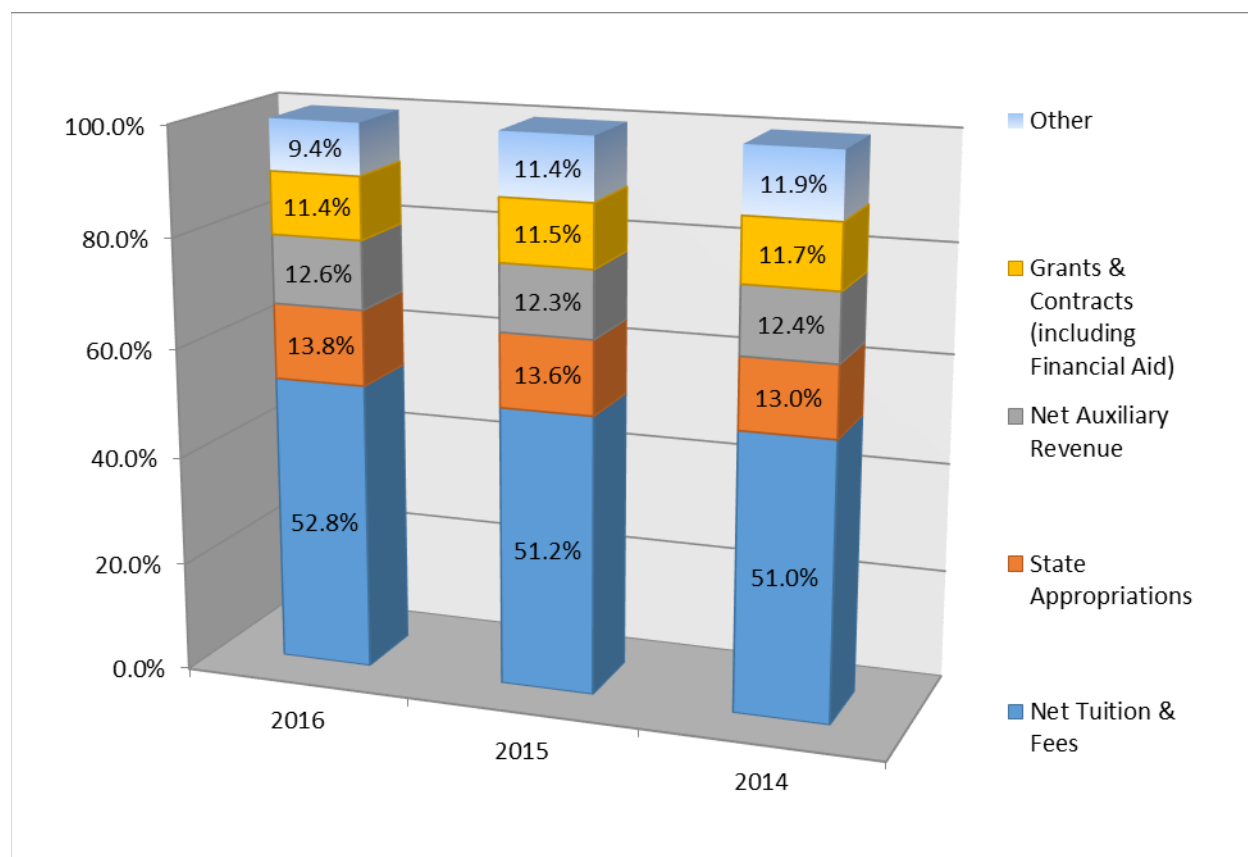
# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

Net investment income consists of realized income (interest, dividends, and realized gains on the sale of investments), unrealized gains/losses, and investment expenses (primarily bank fees). Returns on endowment investments fell to a 3.3 percent loss in 2016 following a 1.6 percent gain in 2015 and a 16.8 percent gain in 2014. Returns on operating investments remained steady. Other nonoperating expense includes interest expense, changes in the fair value of derivative instruments, gains or losses from disposal of assets, and transfers between the University and 38 Front Avenue. Expenses returned to standard levels in 2015, after the University received reimbursement of \$7.2 million from the brownfield credits in 2014.

Revenue for the University consists of four main categories: tuition, state appropriation, auxiliary activities, and grants. The following table shows the breakdown of total revenue, net of scholarship allowances, for the University:

**Total Revenue**



Tuition and fees (net) make the largest contribution to the total revenue of the University. State appropriation is a distant second and is designated to cover financial aid, debt service, utilities, and capital repairs. Grants and contracts include both financial aid grants and grants for restricted purposes such as research and public service. Auxiliary activities are considered self-supporting enterprises. Other revenue includes investment income, gifts, additions to endowment, and capital grants and appropriations.



# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### Operating Expenses by Functional Classification

Functional classifications are the traditional categories that universities have used. They represent the types of programs and services that the University provides.

	2016	2015	2014
	(in 000s)		
Instruction	\$ 158,741	\$ 151,146	\$ 145,522
Research	6,666	6,991	7,852
Public service	27,666	27,201	24,994
Academic support	44,797	42,699	40,581
Student services	29,717	28,193	27,937
Institutional support	37,559	35,197	34,542
Operation and maintenance of facilities	49,725	46,678	40,891
Depreciation	25,151	23,971	23,239
Scholarships and related expenses	14,212	14,766	16,635
Auxiliary activities	41,055	40,328	39,713
Other expenditures	303	286	269
Total	<u>\$ 435,592</u>	<u>\$ 417,456</u>	<u>\$ 402,175</u>

Instructional expenses increased by 5.0 percent between 2015 and 2016 and by 3.9 percent between 2014 and 2015. Instructional expense increases in the health professions have outpaced the average increase. New programs added recently include those of masters level - medical dosimetry, clinical dietetics, and applied linguistics, and those of bachelors level-health information management and global studies and social impact.

Research expenditures include the continuing activities at the Annis Water Resources Institute as well as the Johnson Center for Philanthropy and the Center for Scholarly and Creative Excellence. Expenses declined by 4.6 percent between 2015 and 2016 and by 11.0 percent between 2014 and 2015. The decline was mainly due to various expiring grants.

Public service expenditures include WGVSU public broadcasting, the Michigan Small Business Development Center (SBDC), and the Charter School Office administration. Expenditures remained steady from 2015 to 2016. The increase from 2014 to 2015 was a result of increases in SBDC business accelerator and tech awards, enhancements to charter school operations, and the management of a national chemistry conference in 2015.

Academic support expenditures include continuing education, information technology, student advising, the libraries, academic resources, and administration expenses for the academic deans. Expenditures increased by 4.9 percent from 2015 to 2016 and by 5.2 percent between 2014 and 2015. In addition to general business operating increases, the higher expenditures reflect the University's commitment to student advising and retention.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

Student services expenditures represent student life programming, admissions, records, registration, financial aid, and intercollegiate athletics. Expenses remained steady from 2014 to 2015 and increased by 5.4 percent from 2015 to 2016. This increase resulted from higher student recruitment and athletic activity and championships.

Institutional support expenditures include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. Expenses remained steady from 2014 to 2015 and then increased 6.7 percent from 2015 to 2016. This increase reflected overall operating increases as well as initiatives in the Inclusion and Equity division.

Operation and maintenance of facilities increased by 6.5 percent between 2015 and 2016 and 14.1 percent between 2014 and 2015. The University continued to renovate and reconfigure existing facilities. In addition, furniture and equipment less than \$5,000 for new buildings is not capitalized.

Depreciation includes both academic and auxiliary buildings.

Scholarships and related expenses include work-study programs as well as the portion of financial aid that is not considered a scholarship allowance. To mitigate the impact of tuition increases on enrollment, the University continues to increase need-based scholarships. To look at the overall picture for scholarships and financial aid, it is important to also consider the scholarship allowance that is recorded net of tuition revenue and auxiliary revenue to identify that the total amount of scholarships awarded increased by 3.0 percent in both 2015 and 2016. Total expenditures increased from \$70.9 million in 2014 to \$75.1 million in 2016.

	2016	2015	2014
		(in 000s)	
Scholarship allowance - Tuition	\$ 51,230	\$ 48,375	\$ 45,203
Scholarship allowance - Auxiliary	9,718	9,885	9,099
Scholarship and fellowship expense	<u>14,211</u>	<u>14,766</u>	<u>16,634</u>
Total	<u>\$ 75,159</u>	<u>\$ 73,026</u>	<u>\$ 70,936</u>

Auxiliary activities include housing, dining, parking, bookstores, vending, golf course, health center, and conference services. Debt service, depreciation, and repairs related to housing are included in the other categories of expense. Between 2014 and 2016, auxiliary expenditures remained steady with normal operating increases.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### Operating Expenses by Natural Classification

Operating expenses are summarized here by natural classification. Natural classifications show the type of expense regardless of program.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	(in 000s)		
Salaries and benefits	\$ 266,099	\$ 254,908	\$ 246,565
Scholarships and awards	13,963	14,286	15,805
Utilities	6,837	7,223	7,776
Supplies and other	123,542	117,068	108,790
Depreciation	<u>25,151</u>	<u>23,971</u>	<u>23,239</u>
Total	<u><b>\$ 435,592</b></u>	<u><b>\$ 417,456</b></u>	<u><b>\$ 402,175</b></u>

Salaries and benefit expenses, which represent 61.1 percent of total operating expenses in 2015, increased by 4.4 percent from 2015 to 2016 and by 3.4 percent between 2014 and 2015. These increases mainly reflect the annual salary and benefit program, salary market adjustments, and growth in certain programs.

Scholarships and awards represent financial aid expense less scholarship allowances, work-study wages, and administrative cost recovery on federal financial aid programs. In addition, this category includes awards for graduate assistants and corporate-sponsored programs. To obtain the overall financial aid picture, one must also consider the scholarship allowances.

Utilities declined by 5.3 percent from 2015 to 2016 and by 7.1 percent between 2014 and 2015. These expense reductions are a result of fluctuating weather (impacting the number of heating and cooling days, lower gas prices, and conservation). Offsetting these savings is the increasing square footage served due to additional buildings beginning operations.

Supplies and other expenses increased between 2014 and 2016, mostly due to the renovating and reconfiguring of existing spaces and the noncapitalized portion of major construction projects.

Depreciation continues to rise as a result of the recent significant capital additions. Depreciation includes both academic and auxiliary buildings.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### The Statement of Cash Flows

The statement of cash flows provides information about the cash receipts and cash disbursements of the University during the year. This statement also helps users assess the University's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	(in 000s)		
<b>Net Cash (Used in) Provided by</b>			
Operating activities	\$ (52,483)	\$ (49,358)	\$ (51,294)
Noncapital financing activities	103,399	99,567	96,242
Capital and related financing activities	(56,183)	(7,598)	(51,672)
Investing activities	<u>(10,009)</u>	<u>(13,612)</u>	<u>873</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(15,276)	28,999	(5,851)
<b>Cash and Cash Equivalents - Beginning of year</b>	<u>67,526</u>	<u>38,527</u>	<u>44,378</u>
<b>Cash and Cash Equivalents - End of year</b>	<u><b>\$ 52,250</b></u>	<u><b>\$ 67,526</b></u>	<u><b>\$ 38,527</b></u>

The primary cash receipts from operating activities consist of tuition and housing revenue. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships. From 2014 to 2016, net cash used in operating activities remained consistent.

State appropriation is the primary source of noncapital financing. This source of revenue is categorized as nonoperating and accounts primarily for the higher level of receipts between 2014 and 2016. Other noncapital financing activity includes Pell grants, gifts, and grants for other than capital purposes.

Capital and related financing activities include debt proceeds to finance capital construction. In 2016, the University issued bonds for an advanced refunding of existing bonds. In 2015, the University issued bonds to fund a new housing project, as well as refinance a prior debt issue. In 2014, bonds were issued to fund a portion of the construction of the P. Douglas Kindschi Hall of Science, Laker Marketplace, and AuSable Hall addition. Capital appropriations for the P. Douglas Kindschi Hall of Science were received primarily in 2015 and 2016. Capital outlays declined between 2014 and 2015 with the near completion of the P. Douglas Kindschi Hall of Science and opening of Laker Marketplace. Capital outlays in 2016 continued for the Recreation Center and Performing Arts Center expansions.

Investing activities reflect purchases, sales, and interest income earned on investments. Investments identified in the cash flows statement include both restricted and unrestricted short- and long-term investments.

# Grand Valley State University

---

## Management's Discussion and Analysis - Unaudited (Continued)

### **Economic Factors that Will Affect the Future**

The economic position of the University is closely tied to that of the State of Michigan. The State of Michigan continues to include a performance component to its funding allocations, which includes number of degree completions, level of graduation rates, and operational efficiencies. In total, the University will receive \$68,227,700, or a 4.5 percent funding increase in 2017, following the 3.4 percent increase in 2016. Yet, the University will continue to remain near bottom in state funding per student.

Enrollment is expected to remain steady for upcoming years based on the University's strategic plan for controlled growth. As a student-centered institution, the University emphasizes teaching, learning, and connecting in pursuing its mission of educating students to shape their lives, their professions, and their societies.

# Grand Valley State University

## Statement of Net Position

	June 30	
	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 51,163,658	\$ 39,614,078
Short-term investments (Note 2)	23,494,869	13,123,705
Accounts receivable - Net of allowance of \$681,558 and \$553,758 in 2016 and 2015, respectively	12,687,446	8,621,476
State appropriation receivable	59,510,643	62,870,949
Pledges receivable - Net	2,378,756	1,645,643
Inventories	2,565,331	2,804,400
Prepaid expenses and other	3,752,960	3,570,950
Student notes receivable - Current portion	<u>4,016,220</u>	<u>3,600,000</u>
Total current assets	159,569,883	135,851,201
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	1,086,039	27,911,794
Endowment investments (Note 2)	102,390,958	103,864,825
Notes receivable (Note 1)	25,500,000	25,500,000
Other long-term investments (Note 2)	144,809,667	141,958,412
Pledges receivable - Net	7,297,514	2,410,545
Student notes receivable - Net of allowance of \$395,380 and \$371,026 in 2016 and 2015, respectively	7,320,327	8,313,897
Capital assets - Net (Note 3)	673,898,502	648,191,497
Other assets	<u>2,443,574</u>	<u>1,745,456</u>
Total noncurrent assets	<u>964,746,581</u>	<u>959,896,426</u>
Total assets	1,124,316,464	1,095,747,627
<b>Deferred Outflows of Resources</b>		
Derivatives (Note 5)	10,060,000	8,319,000
Loss on refunding of bonds payable (Note 4)	11,026,300	4,442,243
Pension-related deferrals (Note 6)	<u>9,579,878</u>	<u>6,968,383</u>
Total deferred outflows	30,666,178	19,729,626
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	83,532,709	78,220,323
Unearned revenue	20,910,764	12,374,240
Long-term liabilities - Current portion (Note 4)	<u>16,458,810</u>	<u>15,063,122</u>
Total current liabilities	120,902,283	105,657,685
Noncurrent liabilities:		
Unearned revenue - Net of current portion	5,487,111	5,980,069
Federal student loan payable	10,158,446	10,219,932
Long-term liabilities - Net of current portion (Note 4)	276,419,864	284,440,214
Derivative instruments (Note 5)	8,548,000	6,462,000
Net pension liability (Note 6)	<u>19,371,076</u>	<u>18,937,509</u>
Total noncurrent liabilities	<u>319,984,497</u>	<u>326,039,724</u>
Total liabilities	440,886,780	431,697,409
<b>Deferred Inflows of Resources</b> - Pension related deferrals (Note 6)	3,525,970	-
<b>Net Position</b>		
Net investment in capital assets	410,068,960	395,745,766
Restricted:		
Nonexpendable - Scholarships and academic support	60,309,386	55,453,520
Expendable:		
Scholarships and academic support	44,738,733	48,573,767
Capital projects	26,897,944	27,739,243
Loans	1,795,889	1,727,309
Unrestricted	<u>166,758,980</u>	<u>154,540,239</u>
Total net position	<u>\$ 710,569,892</u>	<u>\$ 683,779,844</u>

# Grand Valley State University

## Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2016	2015
<b>Operating Revenue</b>		
Student tuition and fees	\$ 300,496,733	\$ 287,039,733
Scholarship allowances	(51,229,971)	(48,375,412)
Net student tuition and fees	249,266,762	238,664,321
Government grants and contracts	22,643,718	22,580,853
Nongovernmental grants	2,317,573	1,909,588
Sales and services of educational activities	14,626,699	14,282,256
Auxiliary activities	68,922,946	67,210,403
Scholarship allowances	(9,717,849)	(9,884,876)
Net auxiliary activities	59,205,097	57,325,527
Other operating revenue	7,621,756	7,423,059
Total operating revenue	355,681,605	342,185,604
<b>Operating Expenses - Education and general</b>		
Instruction	158,741,420	151,145,579
Research	6,666,237	6,991,086
Public service	27,666,058	27,201,376
Academic support	44,796,813	42,698,950
Student services	29,717,300	28,193,655
Institutional support	37,558,641	35,197,132
Operation and maintenance - Plant	49,724,785	46,678,380
Depreciation expense	25,150,660	23,971,364
Scholarships and related expenses	14,211,559	14,765,608
Auxiliary activities	41,054,962	40,327,710
Loan administrative fees and collection costs	303,578	285,722
Total operating expenses	435,592,013	417,456,562
<b>Operating Loss</b>	(79,910,408)	(75,270,958)
<b>Nonoperating Revenue (Expense)</b>		
State appropriations	65,275,700	63,200,000
Government grants	28,795,393	29,219,454
Gifts	6,553,430	5,992,840
Investment income:		
Interest, dividends, and gains on investments - Net of investment expense of \$1,066,450 and \$1,264,390 in 2016 and 2015, respectively	2,116,776	3,818,423
Change in fair value of derivatives	139,000	206,000
Interest on capital asset - Related debt	(8,630,823)	(9,884,448)
Loss on disposal of assets	(725,270)	(1,334,573)
Net nonoperating revenue	93,524,206	91,217,696
<b>Income - Before other revenues, expenses, gains, or losses</b>	13,613,798	15,946,738
<b>Other</b>		
Capital appropriations	7,114,541	18,406,140
Capital grants and gifts	860,255	232,627
Other capital income	796,750	528,430
Additions to permanent endowments	4,404,704	2,354,051
Total other	13,176,250	21,521,248
<b>Increase in Net Position</b>	26,790,048	37,467,986
<b>Net Position</b>		
Beginning of year	683,779,844	656,260,397
Adjustment for change in accounting principle (Note 1)	-	(9,948,539)
Net position - Beginning of year, as restated	683,779,844	646,311,858
End of year	<b>\$ 710,569,892</b>	<b>\$ 683,779,844</b>

# Grand Valley State University

## Statement of Cash Flows

	Year Ended June 30	
	2016	2015
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 250,064,132	\$ 238,800,294
Grants and contracts	22,814,533	26,528,198
Payments to suppliers	(123,602,053)	(120,378,562)
Payments for utilities	(8,024,472)	(7,223,465)
Payments to employees	(196,014,880)	(188,790,861)
Payments for benefits	(65,888,039)	(63,736,779)
Payments for scholarships and fellowships	(13,963,531)	(14,285,994)
Loans issued to students	(36,273,120)	(34,282,963)
Collection of loans from students	36,850,470	34,876,874
Auxiliary enterprise charges:		
Residence halls	43,011,797	42,619,257
Bookstore	9,478,989	8,836,569
Other	6,784,501	6,076,058
Sales and service of educational activities	14,768,376	14,050,399
Other receipts	7,510,459	7,552,880
Net cash used in operating activities	(52,482,838)	(49,358,095)
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	64,886,664	62,234,090
Government grants	28,404,358	29,249,862
Gifts and grants for other than capital purposes	6,351,081	5,773,626
Private gifts for endowment purposes	4,404,704	2,354,051
Charitable annuities payments - Net	(296,826)	(264,901)
Federal direct loan receipts	160,294,944	161,955,572
Federal direct loan lending disbursements	(160,646,391)	(161,734,776)
Net cash provided by noncapital financing activities	103,398,534	99,567,524
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from capital debt	64,275,910	76,875,840
Capital appropriations	13,498,779	11,696,759
Capital grants and gifts received	2,279,157	3,510,499
Other capital income	661,557	2,110,957
Proceeds from sale of capital assets	90,264	78,188
Lease activity with 38 Front Avenue	985,219	992,376
Purchases of capital assets and construction	(49,864,183)	(42,253,289)
Principal paid on capital debt	(78,210,000)	(50,555,000)
Interest paid on capital debt	(10,410,111)	(10,563,792)
Interest received from note receivable	509,997	510,000
Net cash used in capital and related financing activities	(56,183,411)	(7,597,462)
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales and maturities of investments	14,310,884	27,831,142
Interest on investments	4,842,791	5,131,073
Purchase of investments	(29,162,135)	(46,575,062)
Net cash used in by investing activities	(10,008,460)	(13,612,847)
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(15,276,175)	28,999,120
<b>Cash and Cash Equivalents - Beginning of year</b>	67,525,872	38,526,752
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 52,249,697</b>	<b>\$ 67,525,872</b>



# Grand Valley State University

## Statement of Cash Flows (Continued)

	Year Ended June 30	
	2016	2015
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>		
Cash and cash equivalents (Note 2)	\$ 51,163,658	\$ 39,614,078
Restricted cash and cash equivalents (Note 2)	1,086,039	27,911,794
Total cash and cash equivalents	<b><u>\$ 52,249,697</u></b>	<b><u>\$ 67,525,872</u></b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (79,910,408)	\$ (75,270,958)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	25,150,660	23,971,364
Changes in assets and liabilities:		
Receivables - Net	(2,807,624)	2,421,972
Inventories	239,069	(451,846)
Other assets	(1,228,882)	(470,767)
Accounts payable and accrued liabilities	3,816,555	240,411
Deferred revenue	930,890	(63,260)
Net pension liability and related deferrals	1,348,042	-
Deposits held for others	(21,140)	264,989
Net cash used in operating activities	<b><u>\$ (52,482,838)</u></b>	<b><u>\$ (49,358,095)</u></b>

# Grand Valley State University

## Discretely Presented Component Unit 38 Front Avenue

### Statement of Net Assets

	June 30	
	2016	2015
<b>Assets</b>		
Current assets	\$ 499,631	\$ 471,060
Contribution receivable	1,884,579	1,891,279
Prepaid expenses	96,133	96,133
Capital assets - Net	37,086,293	38,135,815
Other assets	<u>3,522,559</u>	<u>2,551,856</u>
Total assets	<b><u>\$ 43,089,195</u></b>	<b><u>\$ 43,146,143</u></b>
<b>Liabilities</b>		
Current liabilities	\$ 171,568	\$ 170,010
Notes payable - QLICI (Note 4)	22,273,000	22,273,000
Notes payable - University (Note 4)	<u>9,182,220</u>	<u>9,182,220</u>
Total liabilities	31,626,788	31,625,230
<b>Net Assets</b>		
Unrestricted	9,577,832	9,629,635
Temporarily restricted	<u>1,884,575</u>	<u>1,891,278</u>
Total net assets	<u>11,462,407</u>	<u>11,520,913</u>
Total liabilities and net assets (Note 4)	<b><u>\$ 43,089,195</u></b>	<b><u>\$ 43,146,143</u></b>

### Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2016	2015
<b>Revenue</b> - Rental income	\$ 1,739,048	\$ 1,739,183
<b>Expenses</b>		
General and administrative	238,003	237,778
Depreciation	1,049,521	1,049,521
Interest	<u>510,030</u>	<u>510,030</u>
Total expenses	<u>1,797,554</u>	<u>1,797,329</u>
<b>Decrease in Net Assets</b>	(58,506)	(58,146)
<b>Net Assets</b> - Beginning of year	<u>11,520,913</u>	<u>11,579,059</u>
<b>Net Assets</b> - End of year	<b><u>\$ 11,462,407</u></b>	<b><u>\$ 11,520,913</u></b>

# Grand Valley State University

## Statement of Fiduciary Net Position Employee Benefit Plans

	June 30	
	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Money market funds	\$ 804,581	\$ 686,311
Domestic equities	27,080,422	28,371,395
International equities	6,432,231	8,186,182
Domestic bonds	15,244,278	14,808,673
International bonds	1,787,567	1,447,203
Alternative strategies	<u>3,903,018</u>	<u>2,883,105</u>
Total cash and cash equivalents and investments	55,252,097	56,382,869
Accrued income	<u>141,780</u>	<u>140,407</u>
<b>Net Position - Held in trust for pension benefits</b>	<b><u>\$ 55,393,877</u></b>	<b><u>\$ 56,523,276</u></b>

# Grand Valley State University

## Statement of Changes in Fiduciary Net Position Employee Benefit Plans

	Year Ended June 30	
	2016	2015
<b>Additions</b>		
Investment income:		
Interest and dividend income	\$ 1,764,411	\$ 1,464,334
Net depreciation in fair value of investments	<u>(2,247,225)</u>	<u>(393,420)</u>
Total investment income	(482,814)	1,070,914
Employer contributions	2,180,809	2,256,628
Other income	<u>451,474</u>	<u>434,363</u>
Total additions	2,149,469	3,761,905
<b>Deductions</b>		
Benefit payments	3,052,576	2,462,367
Administrative expense	<u>226,292</u>	<u>209,783</u>
Total deductions	<u>3,278,868</u>	<u>2,672,150</u>
<b>Net (Decrease) Increase</b>	(1,129,399)	1,089,755
<b>Net Position Held in Trust for Pension Benefits</b>		
Beginning of year	<u>56,523,276</u>	<u>55,433,521</u>
End of year	<u><b>\$ 55,393,877</b></u>	<u><b>\$ 56,523,276</b></u>

### Note 1 - Summary of Significant Accounting Policies

**Reporting Entity** - Grand Valley State University (the "University") is an institution of higher education created by the Michigan Constitution of 1963 and is considered to be a component unit of the State of Michigan (the "State"). Its board of trustees is appointed by the governor of the State. Accordingly, the University is included in the State's financial statements as a discretely component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

The University has five affiliated organizations that were evaluated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, which the University adopted on July 1, 2011. Each organization is described below, with additional information provided regarding the impact to the University's financial statements and accompanying condensed financial statements.

Grand Valley University Foundation (GVUF) is a Michigan nonprofit corporation established to solicit, collect, receive, and administer funds to advance the mission and goals of the University. In accordance with the provisions of GASB Statement No. 61, GVUF is blended into the University's financial statements because the University has operational responsibility for GVUF and GVUF provides services entirely for the benefit of the University. GVUF obtains an annual financial audit as required by the Michigan Department of Attorney General. The June 30, 2016 audited financial statements for GVUF are located at the University's Business and Finance Office.

University Properties, Inc. (UPI) is a Michigan nonprofit corporation established for the purpose of holding, administering, and further improving real property held by the University. In accordance with the provisions of GASB Statement No. 61, UPI is blended into the University's financial statements because the University has operational responsibility for UPI and services are provided entirely for the benefit of the University.

Grand Valley Research Corporation (GVRC) is a Michigan nonprofit corporation established for educational and scientific purposes to provide support solely to the University. In accordance with the provisions of GASB Statement No. 61, GVRC is considered to be a component unit of the University and the blending method is the appropriate method for inclusion in the University's financial statements because a financial benefit and burden relationship exists with the University.

In September 2014, the University became the sole member owner of Lafayette-Hastings LLC, a Michigan limited liability company that was formed in 2011 for the purpose of real estate management on behalf of the University. Prior to 2014, it was held by GVRC. In accordance with the provisions of GASB Statement No. 61, Lafayette-Hastings LLC is blended into the University's financial statements because the University has operational responsibility for Lafayette Hastings LLC and services are provided entirely for the benefit of the University.

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 1 - Summary of Significant Accounting Policies (Continued)

38 Front Avenue is a Michigan nonprofit corporation formed in 2011. It was formed for the purpose of advancing the expansion of the L. William Seidman College of Business into a new facility. The University has operational responsibility for it as it operates entirely on behalf of the University. Any outstanding debt will be repaid with resources generated by the University.

In accordance with GASB Statement No. 61, 38 Front Avenue is reported as a discrete component unit. 38 Front Avenue obtains an annual financial audit as required by its financing agreements and the June 30, 2016 report can be accessed at the University's business and finance office.

Financial statements for each entity blended in the University's financial reporting follow:

#### Condensed Statement of Net Position

	Grand Valley University							
	Foundation		University Properties, Inc.		Grand Valley Research		Lafayette Hastings, LLC	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Assets</b>								
Current assets	\$ 250,310	\$ 310	\$ 150,295	\$ 130,117	\$ 80,641	\$ 232,478	\$ (276,742)	\$ 156,949
Capital assets (net)	-	-	4,958	4,958	-	-	-	-
Other assets	1,168,662	1,322,333	-	559	644,422	469,421	-	-
Total assets	<u>\$ 1,418,972</u>	<u>\$ 1,322,643</u>	<u>\$ 155,253</u>	<u>\$ 135,634</u>	<u>\$ 725,063</u>	<u>\$ 701,899</u>	<u>\$ (276,742)</u>	<u>\$ 156,949</u>
<b>Liabilities -</b>								
Current liabilities	\$ -	\$ -	\$ 2,476	\$ -	\$ 1,550	\$ -	\$ 165,504	\$ 211,939
<b>Net Position</b>								
Net investment in capital assets	-	-	4,958	4,958	-	-	-	-
Restricted:								
Nonexpendable	981,338	1,124,163	-	-	-	-	-	-
Expendable	437,634	198,480	-	-	-	-	-	-
Unrestricted	-	-	147,819	130,676	723,513	701,899	(442,246)	(54,990)
Total net position	<u>1,418,972</u>	<u>1,322,643</u>	<u>152,777</u>	<u>135,634</u>	<u>723,513</u>	<u>701,899</u>	<u>(442,246)</u>	<u>(54,990)</u>
Total liabilities and net position	<u>\$ 1,418,972</u>	<u>\$ 1,322,643</u>	<u>\$ 155,253</u>	<u>\$ 135,634</u>	<u>\$ 725,063</u>	<u>\$ 701,899</u>	<u>\$ (276,742)</u>	<u>\$ 156,949</u>

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Condensed Statement of Revenue, Expenses, and Changes in Net Position

	Grand Valley University							
	Foundation		University Properties, Inc.		Grand Valley Research		Lafayette Hastings, LLC	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Operating Revenue</b>								
Sales and services of educational activities	\$ -	\$ -	\$ -	\$ -	\$ 23,209	\$ -	\$ -	\$ -
Auxiliary enterprises	-	-	94,988	80,624	-	-	-	-
Other	31,705	22,491	-	-	-	153,853	873,111	569,000
Total operating revenue	31,705	22,491	94,988	80,624	23,209	153,853	873,111	569,000
<b>Operating Expense</b>								
Personnel costs	41,255	39,725	-	-	-	-	-	-
Supplies and other	1,252,008	549,612	74,810	60,742	1,595	255,063	967,764	788,364
Depreciation	-	-	-	-	-	-	-	-
Total operating expense	1,293,263	589,337	74,810	63,727	1,595	255,063	967,764	788,364
<b>Nonoperating Revenue (Expense)</b>								
Gifts and additions to endowments	1,528,004	572,676	-	-	-	-	-	-
Grants	74,466	-	-	-	-	-	-	-
Investment (loss) income	(14,962)	26,706	-	-	-	2,186	-	-
Other	(229,621)	72,369	(3,035)	(2,985)	-	210,627	(292,603)	164,374
Total nonoperating revenue (expense)	1,357,887	671,751	(3,035)	(2,985)	-	212,813	(292,603)	164,374
<b>Increase (Decrease) in Net Position</b>	96,329	104,905	17,143	16,897	21,614	111,603	(387,256)	(54,990)
<b>Net Position - Beginning of year</b>	1,322,643	1,217,738	135,634	118,737	701,899	590,566	(54,990)	-
<b>Net Position - End of year</b>	<u>\$ 1,418,972</u>	<u>\$ 1,322,643</u>	<u>\$ 152,777</u>	<u>\$ 135,634</u>	<u>\$ 723,513</u>	<u>\$ 702,169</u>	<u>\$ (442,246)</u>	<u>\$ (54,990)</u>

#### Condensed Statement of Cash Flows

	Grand Valley University							
	Foundation		University Properties, Inc.		Grand Valley Research		Lafayette Hastings, LLC	
	2016	2015	2016	2015	2016	2015	2016	2015
Net cash provided by (used in) operating activities	\$ 120,193	\$ 84,565	\$ 21,952	\$ 17,042	\$ -	\$ (21,588)	\$ (130,293)	\$ (46,496)
Net cash provided by (used in) investing activities	129,807	(84,565)	-	-	(153,336)	(164,374)	(292,603)	164,374
Net increase (decrease) in cash and cash equivalents	250,000	-	21,952	17,042	(153,336)	(185,962)	(422,896)	117,878
<b>Cash and Cash Equivalents - Beginning of year</b>	310	310	119,299	102,257	206,415	392,377	117,878	-
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 250,310</u>	<u>\$ 310</u>	<u>\$ 141,251</u>	<u>\$ 119,299</u>	<u>\$ 53,079</u>	<u>\$ 206,415</u>	<u>\$ (305,018)</u>	<u>\$ 117,878</u>

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Basis of Presentation** - The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University follows all applicable GASB pronouncements. The University follows the business-type activities reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the University's financial activities.

**Basis of Accounting** - The financial statements of the University have been prepared on the accrual basis, whereby all revenue is recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

**Cash and Cash Equivalents** - The University considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

**Investments** - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value. Alternative investments are recorded at their most recent available valuation and updated for capital contributions and distributions. Alternative investments consist of investments that seek absolute-based return in hedge markets, investments in the private equity class investing in various ventures, or investments in a pool of assets invested in the following subclasses: global natural resources, commodities, global real estate, and global inflation-linked bonds. The net realized and unrealized appreciation (depreciation) in market value of investments is included in the accompanying statement of revenue, expenses, and changes in net position. Gains, losses, and investment income are reported as increases or decreases in unrestricted net position unless their use is restricted by explicit donor stipulations or law.

**Accounts Receivable** - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All trade amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2016 and 2015, there was an allowance of \$681,558 and \$553,758, respectively.

**Inventories** - Inventories, consisting principally of bookstore merchandise and golf equipment and apparel, are determined on the first-in, first-out (FIFO) method and stated at the lower of cost or market. The cost is recorded as an expense as the inventory is consumed.



### Note 1 - Summary of Significant Accounting Policies (Continued)

**Pledges Receivable** - The carrying amount of pledges receivable represents recorded promises to contribute, measured at fair value when received, net of estimated uncollectible promises. Pledges receivable are recorded at their net present value using a discount rate of 4.44 percent and 4.72 percent for the years ended June 30, 2016 and 2015, respectively. Included in pledges receivable are an unamortized discount of \$777,248 and \$545,755 at June 30, 2016 and 2015, respectively, and an allowance of \$4,720 and \$6,638 at June 30, 2016 and 2015, respectively.

**Note Receivable** - During the year ended June 30, 2012, a leveraged loan of \$16,317,780 was provided to Grand Valley Investment Fund, an unrelated entity, for the purpose of financing the construction of the L. William Seidman Center. Interest accrues at 2 percent per annum. In 2019, the payment schedule shifts from interest-only payments to addition of principal, with annual receipts due of \$892,062. The note will be retired in 2041. The note is reviewed annually and is considered fully collectible at June 30, 2016.

During the year ended June 30, 2013, a loan of \$9,182,220 was provided by the University to 38 Front Avenue for the purpose of financing the construction of the L. William Seidman Center. Interest accrues at 2 percent per annum. In 2020, the payment schedule shifts from interest-only payments to also including principal, with annual receipts due of \$501,974. The note will be retired in 2042. The note is reviewed annually and is considered fully collectible at June 30, 2016.

**Physical Properties** - Capital assets with a unit cost of over \$5,000 and all library books are recorded at cost at the date of acquisition or, if donated, at fair market value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Net capitalized interest included in construction in progress totaled approximately \$1,291,478 and \$169,041 at June 30, 2016 and 2015, respectively. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

**Derivative Instruments** - Derivative instruments consist primarily of interest rate swap agreements associated with the University's outstanding long-term debt obligations. Derivative instruments are stated at fair value as established by major securities markets.

**Unearned Tuition and Fee Revenue** - Tuition and fee revenue received and related to the period after June 30 has been deferred.

**Provision for Unemployment Compensation** - The University has elected to establish a provision for unemployment compensation under the terms of the Michigan Employment Security Act. Under this provision, the State of Michigan is reimbursed by the University for claims paid to former employees.

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Compensated Absences** - Compensated absence costs are accrued when earned by employees.

**Operating Revenue** - All revenue from programmatic sources is considered to be operating revenue. Included in nonoperating revenue are state appropriations, investment income, Pell Grant revenue, and gifts. Capital gifts (pledges) that are received on an installment basis are recorded at net present value.

**Scholarship Allowances and Student Aid** - Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties, and federal direct lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenue. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a university basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

**Federal Financial Assistance Programs** - The University participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and the compliance supplement.

During 2016 and 2015, the University distributed \$160,646,391 and \$161,734,776, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

**Encumbrances** - The University maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the year. Encumbrances totaled approximately \$25,841,800, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2016 are completed. Approximately \$18,212,500 of the total is committed for capital projects.

Encumbrances outstanding do not constitute expenses or liabilities and are not reflected in the financial statements.

**Fiduciary Fund** - The fiduciary fund consists of funds held in a trust and accounts for the activities of the employees' retirement system, which accumulates resources for pension benefit payments to qualified employees.

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Net Position** - Net position is classified according to external donor restrictions or availability of assets for satisfaction of university obligations. Nonexpendable restricted net position is gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted for specific purposes and funds held in federal loan programs.

The unrestricted net position balance at June 30, 2016 includes \$8,662,964 of funds functioning as endowment, \$30,717,952 of capital projects in progress, \$19,668,496 of housing and auxiliary repair and maintenance funds, \$28,108,841 of debt service funds, \$28,305,957 for academic initiatives and technology, \$28,108,296 for future capital projects and debt service, and \$23,186,474 for reserves for operations and cash flow.

The unrestricted net position balance at June 30, 2015 includes \$9,301,420 of funds functioning as endowment, \$14,369,800 of capital projects in progress, \$16,678,079 of housing and auxiliary repair and maintenance funds, \$23,845,952 of debt service funds, \$28,939,695 for academic initiatives and technology, \$42,419,374 for future capital projects and debt service, and \$18,985,919 for reserves for operations and cash flow.

It is the University's policy to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, unspent bond proceeds, components of debt structuring, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Certain estimates are more susceptible to change based on the potential changes in estimates and assumptions, including estimates such as the allowance for doubtful accounts and self-insurance healthcare claims.

**Pensions** - For the purpose of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the University defined benefit plans was calculated by a certified actuary. Contribution revenue is recorded as contributions are made by the University to the plan. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

### Note 1 - Summary of Significant Accounting Policies (Continued)

**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) until then. The deferred outflows of resources relate to the net pension liability and components of long-term obligations. See Notes 4 through 6 for more information.

**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. The deferred inflows of resources relate to the calculation of the net pension liability. See Note 6 for more information.

**Adoption of New Standard** - The GASB issued 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 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB Statement No. 71 is a clarification to GASB Statement No. 68, requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The statements also enhance accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the statement, the University has reported a net pension liability of \$11,552,568, which was offset by a long-term liability of \$1,604,029 recognized in prior years. Therefore, the decrease to unrestricted net position as of July 1, 2014 was \$9,948,539 as a result of the change in accounting principle.

As of June 30, 2016, the University retrospectively applied Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**Reclassification** - Certain 2015 amounts have been reclassified to conform to the 2016 presentation.

### Note 2 - Cash and Investments

The operating portfolio is invested in accordance with university policy.

**Cash and Short-term Investments** - Investment policies for cash and short-term investments, as set forth by the board of trustees, authorize the University to invest in interest-bearing time deposits, short-term cash funds, money market funds, intermediate cash funds, U.S. government-backed obligations, and commercial paper. All investments must be held by financial institutions organized under federal or state law.

**Investments** - Investment policies, as set forth by the board of trustees, also authorize the University to invest in equity securities, bonds, or similar securities and real estate investments for production of rental income. The board of trustees has authorized the treasurer or assistant treasurer of the board of trustees to make the University's investment decisions, subject to review, with the members of the appropriate board committee. In accordance with policies set forth by the board of trustees, complete discretion in selecting individual investments of endowment assets is assigned to two or more money managers who are chosen at the discretion of the University's treasurer. The University's treasurer and the appropriate board committee monitor the money managers' performance.

The board of trustees has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. Additionally, for endowment investments, the foremost objective is to maintain a spending rate that provides a proper balance between preservation of corpus and enhancement of the purchasing power of investment earnings. For the years ended June 30, 2016 and 2015, the endowed spending rate was 4.50 percent and 4.75 percent, respectively.

As of June 30, 2016, the University has remaining commitments of \$8,795,000 in alternative asset investments. As of June 30, 2016 and 2015, the University had approximately \$33.1 million and \$32.2 million, respectively, invested in alternative asset investments.

The University's cash and investments are included in the statement of net position under the following classifications:

	2016	2015
Cash and cash equivalents	\$ 51,163,658	\$ 39,614,078
Short-term investments	23,494,869	13,123,705
Restricted cash and cash equivalents	1,086,039	27,911,794
Endowment investments	102,390,958	103,864,825
Other long-term investments	144,809,667	141,958,412
Total cash and investments	<u>\$ 322,945,191</u>	<u>\$ 326,472,814</u>

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 2 - Cash and Investments (Continued)

The University's cash and investments consist of the following:

	2016	2015
Money markets	\$ 52,249,697	\$ 67,525,872
Time deposits	1,012,666	1,008,123
Fixed-income securities	10,284,016	-
Equity security investments	62,398,655	64,760,222
Mutual bond funds	161,635,537	159,001,201
Other	<u>35,364,620</u>	<u>34,177,396</u>
Total cash and investments	<u>\$ 322,945,191</u>	<u>\$ 326,472,814</u>

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

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 52,249,697	\$ 52,249,697	\$ -	\$ -	\$ -
Time deposits	1,012,666	1,012,666	-	-	-
Mutual bond funds	161,635,537	-	99,052,412	47,660,250	14,922,875
Mutual equity funds	37,258,230	-	7,052,911	-	30,205,319
Mutual international equity funds	25,140,425	-	1,315,297	-	23,825,128
U.S. governmental agencies	10,284,016	10,284,016	-	-	-
Real estate	2,103,929	-	-	-	2,103,929
Venture capital	8,909,955	-	-	-	8,909,955
Other investments	<u>24,350,736</u>	<u>-</u>	<u>1,215,410</u>	<u>-</u>	<u>23,135,326</u>
Total investments and maturities	<u>\$ 322,945,191</u>	<u>\$ 63,546,379</u>	<u>\$ 108,636,030</u>	<u>\$ 47,660,250</u>	<u>\$ 103,102,532</u>

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

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 67,525,872	\$ 67,525,872	\$ -	\$ -	\$ -
Time deposits	1,008,123	1,008,123	-	-	-
Mutual bond funds	159,001,201	-	97,477,925	46,150,967	15,372,309
Mutual equity funds	36,798,772	-	7,367,632	-	29,431,140
Mutual international equity funds	27,961,450	-	1,420,229	-	26,541,221
Real estate	1,812,376	-	-	-	1,812,376
Venture capital	7,834,699	-	-	-	7,834,699
Other investments	<u>24,530,321</u>	<u>-</u>	<u>1,120,224</u>	<u>-</u>	<u>23,410,097</u>
Total investments and maturities	<u>\$ 326,472,814</u>	<u>\$ 68,533,995</u>	<u>\$ 107,386,010</u>	<u>\$ 46,150,967</u>	<u>\$ 104,401,842</u>

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 2 - Cash and Investments (Continued)

As of June 30, 2016, the University's fiduciary fund had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 804,581	\$ 804,581	\$ -	\$ -	\$ -
Fixed-income funds	17,031,845	2,212,290	9,493,075	3,650,497	1,675,983
Equities	33,512,653	-	-	-	33,512,653
Commodity funds	2,104,558	-	-	-	2,104,558
Real estate	1,729,682	-	-	-	1,729,682
Pooled investment funds	68,778	-	-	-	68,778
Total investments and maturities	<u>\$ 55,252,097</u>	<u>\$ 3,016,871</u>	<u>\$ 9,493,075</u>	<u>\$ 3,650,497</u>	<u>\$ 39,091,654</u>

As of June 30, 2015, the University's fiduciary fund had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 686,311	\$ 686,311	\$ -	\$ -	\$ -
Fixed-income funds	16,255,878	1,944,061	9,094,335	3,580,231	1,637,251
Equities	36,557,576	-	-	-	36,557,576
Commodity funds	1,283,120	-	-	-	1,283,120
Real estate	1,521,956	-	-	-	1,521,956
Pooled investment funds	78,028	-	-	-	78,028
Total investments and maturities	<u>\$ 56,382,869</u>	<u>\$ 2,630,372</u>	<u>\$ 9,094,335</u>	<u>\$ 3,580,231</u>	<u>\$ 41,077,931</u>

**Concentration of Credit Risk** - The University's investment strategy, like that of most other institutions, incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk. Market risk is the potential for changes in the value of financial instruments due to market changes. Market risk is directly impacted by the volatility and liquidity of the markets in which the underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. Risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the statement of revenue, expenses, and changes in net position.

Investments are presented above based on the segmented time distribution maturity. Mutual equity funds are considered to be long-term funds and therefore are presented as investments with a maturity over one year, whereas the mutual bond funds as of June 30, 2016 have average maturities between 0.9 years and 8.6 years and are presented as an investment with a maturity over one year. Mutual bond funds as of June 30, 2015 have average maturities between 2.2 years and 8.8 years. Market risks (including interest rate risk and liquidity risk) and credit risks are managed by board policies.

### Note 2 - Cash and Investments (Continued)

**Interest Rate Risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's operating investment policy limits the amount of the University's operating portfolio that can be invested in securities with maturities of more than one year. Operating investment maturities are limited as follows:

Less than one year	10%-100%
One to five years	0%-90%
More than five years	0%-30%

Investments held by the endowment funds are invested based on the policy that they are held to maturity; therefore, the interest rate risk is not considered in the University's decisions.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy for custodial credit risk. At June 30, 2016 and 2015, the carrying amount of the University's deposits was \$52,249,697 and \$67,525,872, respectively. Of the cash balances in the bank, \$1,575,872 and \$1,524,290, respectively, was insured.

The remaining cash balances in the bank of \$58,122,741 and \$69,149,284 at June 30, 2016 and 2015, respectively, were uninsured and uncollateralized. The University does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

38 Front Avenue maintains cash balances at one bank and as part of the University's pooled operating cash and investments. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2016 and 2015, the Company had uninsured deposits totaling \$249,000 and \$221,000, respectively.

**Credit Risk** - The University's operating investment policy limits its short-term operating investments to .5 percent of total bank assets or to investment vehicles that possess the highest ratings available by two national services.

The University's operating investment policy limits its longer-term investments to investment grade or better securities.

The endowment funds are invested based on the policy that they are held permanently. Therefore, it is possible to invest in alternative investments that have a higher credit risk, but over the long term have the opportunity to yield higher rates of return.



# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 2 - Cash and Investments (Continued)

The University held the following types of fixed-income investments and credit ratings in pooled operating cash and investments at June 30, 2016 and 2015:

	Market Value		Market Value	
	2016	Rating*	2015	Rating*
PNC UltraShort	\$ 12,198,187	3 star	\$ 12,115,581	3 star
Vanguard Short Term Investment Grade	28,664,590	4 star	27,764,631	4 star
Doubleline Low Duration	24,778,107	4 star	24,950,690	4 star
Western Asset Intermediate	30,921,142	3 star	30,425,964	3 star
Loomis Sayles Multisector Full Discretion	3,065,625	4 star	3,210,938	4 star
JPMorgan Core Bond	19,515,789	4 star	14,943,394	4 star
Ridgworth Seix Floating Rate High Income	-	4 star	7,138,852	4 star
Vanguard TIPS Inflation Protected Security	6,424,373	4 star	6,189,263	4 star
Franklin Templeton	3,741,364	3 star	3,837,024	3 star
Doubleline Total Return	15,656,339	5 star	10,831,496	5 star
PIMCO Low Duration	190,397	4 star	192,902	4 star
Dodge & Cox Income Fund	343,001	4 star	1,172,878	4 star
iShares Core Total	476,361	3 star	460,140	3 star
Oppenheimer International	-	4 star	96,981	4 star
Vanguard Intermediate Term	475,578	5 star	298,158	4 star
Doubleline Flexible income	261,809		-	
U.S. government agencies	10,284,016	AA+	-	
Total	\$ 156,996,678		\$ 143,628,892	

\* Star ratings obtained from Morningstar; AA+ obtained from S&P.

The University's fiduciary fund held the following types of fixed-income investments and credit ratings in pooled operating cash and investments at June 30, 2016 and 2015:

	Market Value		Market Value	
	2016	Rating*	2015	Rating*
Dodge & Cox Stock Fund	\$ 1,715,351	3 star	\$ 2,889,279	4 star
Harbor Capital Appreciation Fund	1,569,055	4 star	2,703,792	5 star
iShares Russell 1000 ETF	6,012,822	4 star	4,599,308	4 star
Energy Select SPDR ETF	700,825	5 star	491,922	5 star
Vanguard Mid Cap ETF	6,571,676	4 star	6,521,358	4 star
Baron Growth Fund	-		1,812,517	4 star
Vanguard Small Cap ETF	2,930,637	4 star	2,573,585	4 star
Dodge & Cox International Stock Fund	634,122	3 star	1,630,511	3 star
Harbor International Fund	1,237,423	3 star	1,455,182	3 star
iShares MSCI EAFE Index ETF	-		2,131,677	3 star
Lazard Emerging Markets Fund	-		2,668,804	3 star
PIMCO Commodity Real Return Fund	997,566	3 star	1,153,558	3 star
SPDR Gold Trust ETF	1,106,992		129,563	
Vanguard REIT ETF	1,647,932	4 star	1,388,114	3 star
Vanguard Dividend Appreciation Fund	1,845,382	4 star	-	
Vanguard Total Stock Market Fund	2,312,335	4 star	-	
Vanguard FTSE Developed Markets ETF	2,536,090	4 star	-	
Oppenheimer Developing Markets Fund	475,760	3 star	-	
Vanguard FTSE Emerging Markets ETF	2,268,640	3 star	-	
Total	\$ 34,562,608		\$ 32,149,170	

\* Star ratings obtained from Morningstar; AA+ obtained from S&P.

### Note 2 - Cash and Investments (Continued)

**Custodial Credit Risk** - Custodial risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a policy for custodial credit risk. The University's investments are held by a custody agent.

**Foreign Credit Risk** - The University holds investments in some international mutual funds that invest in international equity funds and debt. These funds are invested in various countries throughout the world and therefore expose the University to foreign credit risk. The international equity and debt investments represent approximately 14 percent and 15 percent of total cash and investments at June 30, 2016 and 2015, respectively. Investments in these funds were approximately \$45.4 million and \$49.4 million for the years ended June 30, 2016 and 2015, respectively.

**Alternative Assets** - The other investments and venture capital are comprised of investments in alternative assets.

**Fair Value Measurements** - The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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 below.

In instances whereby 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.

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 2 - Cash and Investments (Continued)

The University has the following recurring fair value measurements as of June 30, 2016:

#### Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Debt securities - Mutual bond funds	\$ 157,716,240	\$ 157,716,240	\$ -	\$ -
Equity securities:				
Preferred stock	78,233	78,233	-	-
Money market funds	21,976,336	21,976,336	-	-
Mutual equity funds	9,784,045	9,784,045	-	-
Mutual international security funds	12,492,487	12,492,487	-	-
Mutual diversification funds	852,060	852,060	-	-
Mutual opportunistic fund	30,838	30,838	-	-
Mutual balanced fund	4,961,062	4,961,062	-	-
Real estate funds	332,513	332,513	-	-
Total equity securities	50,507,574	50,507,574	-	-
U.S. Governmental agencies	10,284,016	-	10,284,016	-
Land	124,000	-	-	124,000
Guaranteed Interest Account	17,061	-	-	17,061
Total investments by fair value level		<u>\$ 208,223,814</u>	<u>\$ 10,284,016</u>	<u>\$ 141,061</u>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Hedge funds	53,327,301			
Pooled investment funds	10,058,385			
Private equity funds	7,223,709			
Real estate funds	1,979,929			
Venture capital fund	75,000			
Total investments measured at the NAV	72,664,324			
Total investments measured at fair value	<u>\$ 291,313,215</u>			
<b>Investment Derivative Instruments</b>				
Interest rate swaps		<u>\$ (8,548,000)</u>	<u>\$ (8,548,000)</u>	

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 2 - Cash and Investments (Continued)

The University has the following recurring fair value measurements as of June 30, 2015:

	Balance at June 30, 2015	Quoted Prices in		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Debt securities - Mutual bond funds	\$ 154,954,945	\$ 154,954,945	\$ -	\$ -
Equity securities:				
Preferred stock	78,233	78,233	-	-
Money market funds	17,925,893	17,925,893	-	-
Mutual equity funds	9,744,955	9,744,955	-	-
Mutual international securities	13,641,755	13,641,755	-	-
Mutual diversification funds	1,120,224	1,120,224	-	-
Total equity securities	42,511,060	42,511,060	-	-
Land	107,000	-	-	107,000
Guaranteed Interest Account	4,498	-	-	4,498
Total investments by fair value level		<u>\$ 197,466,005</u>	<u>\$ -</u>	<u>\$ 111,498</u>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Hedge funds	54,320,152			
Pooled investment funds	15,553,816			
Private equity funds	6,472,402			
Real estate funds	1,705,376			
Total investments measured at the NAV	<u>78,051,746</u>			
Total investments measured at fair value	<u>\$ 275,629,249</u>			
<b>Investment Derivative Instruments</b>				
Interest rate swaps		<u>\$ (6,462,000)</u>	<u>\$ (6,462,000)</u>	

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 2 - Cash and Investments (Continued)

The University's fiduciary funds have the following recurring fair value measurements as of June 30, 2016:

#### Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Equity securities:				
Money market mutual funds	\$ 804,581	\$ 804,581	\$ -	\$ -
Developed international equity funds	4,521,025	4,521,025	-	-
Emerging markets equity funds	1,911,206	1,911,206	-	-
Large cap domestic equity funds	16,877,198	16,877,198	-	-
Real estate investment funds	1,729,682	1,729,682	-	-
Small and mid cap domestic equity funds	10,203,224	10,203,224	-	-
Commodity funds	2,104,558	2,104,558	-	-
Total equity securities	38,151,474	38,151,474	-	-
Fixed-income securities:				
Domestic fixed-income funds	14,431,070	-	14,431,070	-
International fixed-income funds	1,787,567	-	1,787,567	-
Inflation indexed fixed-income funds	813,208	-	813,208	-
Total fixed-income securities	17,031,845	-	17,031,845	-
Total investments by fair value level		\$ 38,151,474	\$ 17,031,845	\$ -
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Pooled investment funds	68,778			
Total investments measured at fair value	\$ 55,252,097			

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 2 - Cash and Investments (Continued)

The University's fiduciary funds have the following recurring fair value measurements as of June 30, 2015:

#### Assets and Liabilities Measured at Fair Value on a Recurring Basis

	<u>Fair Value Measurements Using</u>			
	Balance at June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Equity securities:				
Money market mutual funds	\$ 686,311	\$ 686,311	\$ -	\$ -
Developed international equity funds	5,465,441	5,465,441	-	-
Emerging markets equity funds	2,720,741	2,720,741	-	-
Large cap domestic equity funds	16,503,562	16,503,562	-	-
Real estate investment funds	1,521,956	1,521,956	-	-
Small and mid cap domestic equity funds	11,867,833	11,867,833	-	-
Commodity funds	<u>1,283,122</u>	<u>1,283,122</u>	<u>-</u>	<u>-</u>
Total equity securities	40,048,966	40,048,966	-	-
Fixed-income securities:				
Domestic fixed-income funds	14,023,481	-	14,023,481	-
International fixed-income funds	785,191	-	785,191	-
Inflation indexed fixed-income funds	<u>1,447,203</u>	<u>-</u>	<u>1,447,203</u>	<u>-</u>
Total fixed-income securities	<u>16,255,875</u>	<u>-</u>	<u>16,255,875</u>	<u>-</u>
Total investments by fair value level		<u>\$ 40,048,966</u>	<u>\$ 16,255,875</u>	<u>\$ -</u>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Pooled investment funds	<u>78,028</u>			
Total investments measured at fair value	<u>\$ 56,382,869</u>			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of U.S. governmental agencies and fixed-income securities at June 30, 2016 and 2015 was determined primarily based on Level 2 inputs. The University estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair value of land and the guaranteed interest account at June 30, 2016 and 2015 was determined primarily based on level 3 inputs. The University estimates the fair value of these investments using the University's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

### Note 2 - Cash and Investments (Continued)

#### Investments in Entities that Calculate Net Asset Value per Share

The University holds shares or interests in investment companies whereby the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	June 30, 2016	June 30, 2015	June 30, 2016		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds (A)	\$ 53,327,301	\$ 54,320,152	\$ -	See (A) below	See (A) below
Pooled investment funds (B)	10,058,385	15,553,816	-	See (B) below	See (B) below
Private equity funds (C)	7,223,709	6,472,402	6,753,739	Not redeemable	N/A
Real estate funds (D)	1,979,929	1,705,376	2,040,917	Not redeemable	N/A
Venture capital fund (E)	75,000	-	-	Not redeemable	N/A
Total	\$ 72,664,324	\$ 78,051,746	\$ 8,794,656		

(A) This category includes investments in hedge funds that invest primarily in other hedge funds, limited partnerships, and investment companies. Management of these funds employs a variety of strategies and has the ability to shift investments based on market, economic, political, and government-driven events. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. These investments can be redeemed as follows, with the following restrictions:

- a. Nyes Ledge Capital Offshore Fund - Subclass A shares may be redeemed on the first December 31 that is at least one year after the date such shares were purchased and on each December 31 thereafter. Sub-Class B shares may be redeemed on the first December 31 that is at least two years after the date such shares were purchased, and every two years thereafter.
- b. Nyes Ledge Capital Horizon Fund - Subclass A shares may be redeemed on the first December 31 that is at least one year after the date such shares were purchased and on each December 31 thereafter. Sub-Class B shares may be redeemed on the first December 31 that is at least two years after the date such shares were purchased, and every two years thereafter.
- c. Adage Capital Partners - Quarterly redemptions with 60 days advance notice.
- d. Varde Investment Partners - Redeemable on anniversary date of admission to the fund with 90 days advance written notice.
- e. Brandywine Global Bond Manager - Redeemable without restrictions.
- f. Acadian EM II Fund - Daily redemptions with 30 days advance notice.
- g. Babson Capital Management - Redeemable on last business day of calendar month with 30 days advance written notice.

### Note 2 - Cash and Investments (Continued)

- (B) This category includes investments in a common trust fund, commingled pool that invests in commodity-related and fixed-income investments. The fair values of the investments in this category have been estimated using the net asset value of the University's ownership interest in the fund. These investments can be redeemed as follows, with the following restrictions:
  - a. Wellington Real Asset Fund - Monthly redemptions with no advance notice required. Fund was liquidated in November 2015.
  - b. Sanderson International Value Fund - Redeemable on the first business day of each month, with 10 business days advance notice.
  - c. Philadelphia Harvest Fund - Monthly redemptions with 30 days advance notice.
- (C) This category includes several private equity funds that invest in early stage, high-growth private companies, growth equity financing, leverage buyouts, securities, and other obligations of distressed businesses and financially troubled companies. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation for the underlying assets of the funds. These investments are planned to be held for a various number of years depending on the individual fund contract.
- (D) This category includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the University's ownership interest in Partners' capital.
- (E) This category includes one venture capital fund that will invest in three to five companies, primarily from within the Michigan Accelerator Fund portfolio. The fair value of the investment in this class has been estimated using the net asset value of the University's ownership interest in Partners' capital.



# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 3 - Capital Assets

Capital asset activity for the University for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 63,681,614	\$ -	\$ -	\$ 63,681,614
Nondepreciable artwork and historical treasures	6,004,359	198,923	-	6,203,282
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>47,969,649</u>	<u>(2,811,962)</u>	<u>-</u>	<u>45,157,687</u>
Total cost of nondepreciable capital assets	119,378,442	(2,613,039)	-	116,765,403
Land improvements and infrastructure	99,599,067	2,886,658	689,266	101,796,459
Buildings	644,739,421	45,759,587	1,724,108	688,774,900
Equipment	60,524,613	4,835,095	900,290	64,459,418
Library books	<u>16,132,520</u>	<u>918,013</u>	<u>230,324</u>	<u>16,820,209</u>
Total cost of depreciable capital assets	<u>820,995,621</u>	<u>54,399,353</u>	<u>3,543,988</u>	<u>871,850,986</u>
Total cost of capital assets	940,374,063	<u>\$ 51,786,314</u>	<u>\$ 3,543,988</u>	988,616,389
Less accumulated depreciation for:				
Land improvements and infrastructure	49,959,804	\$ 4,745,981	\$ 407,400	54,298,385
Buildings	182,170,703	15,781,569	1,517,215	196,435,057
Equipment	47,644,748	3,744,376	460,400	50,928,724
Library books	<u>12,407,311</u>	<u>878,734</u>	<u>230,324</u>	<u>13,055,721</u>
Total accumulated depreciation	<u>292,182,566</u>	<u>\$ 25,150,660</u>	<u>\$ 2,615,339</u>	<u>314,717,887</u>
Capital assets - Net	<u>\$ 648,191,497</u>			<u>\$ 673,898,502</u>

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 3 - Capital Assets (Continued)

Capital asset activity for the University for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 62,110,551	\$ 4,306,731	\$ 2,735,668	\$ 63,681,614
Nondepreciable artwork and historical treasures	5,869,167	135,192	-	6,004,359
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>36,228,319</u>	<u>11,741,330</u>	<u>-</u>	<u>47,969,649</u>
Total cost of nondepreciable capital assets	105,930,857	16,183,253	2,735,668	119,378,442
Land improvements and infrastructure	97,591,930	2,007,137	-	99,599,067
Buildings	622,012,114	24,000,879	1,273,572	644,739,421
Equipment	60,187,520	1,556,993	1,219,900	60,524,613
Library books	<u>15,748,140</u>	<u>817,217</u>	<u>432,837</u>	<u>16,132,520</u>
Total cost of depreciable capital assets	<u>795,539,704</u>	<u>28,382,226</u>	<u>2,926,309</u>	<u>820,995,621</u>
Total cost of capital assets	901,470,561	<u>\$ 44,565,479</u>	<u>\$ 5,661,977</u>	940,374,063
Less accumulated depreciation for:				
Land improvements and infrastructure	45,198,118	\$ 4,761,686	\$ -	49,959,804
Buildings	168,206,810	14,589,871	625,978	182,170,703
Equipment	45,020,941	3,740,209	1,116,402	47,644,748
Library books	<u>11,960,550</u>	<u>879,598</u>	<u>432,837</u>	<u>12,407,311</u>
Total accumulated depreciation	<u>270,386,419</u>	<u>\$ 23,971,364</u>	<u>\$ 2,175,217</u>	<u>292,182,566</u>
Capital assets - Net	<u>\$ 631,084,142</u>			<u>\$ 648,191,497</u>

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 3 - Capital Assets (Continued)

Capital asset activity for 38 Front Avenue for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land improvements and infrastructure	\$ 1,746,000	\$ -	\$ -	\$ 1,746,000
Buildings	<u>38,488,857</u>	<u>-</u>	<u>-</u>	<u>38,488,857</u>
Total cost of capital assets	40,234,857	<u>\$ -</u>	<u>\$ -</u>	40,234,857
Less accumulated depreciation for:				
Land improvements and infrastructure	174,600	\$ 87,300	\$ -	261,900
Buildings	<u>1,924,442</u>	<u>962,222</u>	<u>-</u>	<u>2,886,664</u>
Total accumulated depreciation	<u>2,099,042</u>	<u>\$ 1,049,522</u>	<u>\$ -</u>	<u>3,148,564</u>
Capital assets - Net	<u>\$ 38,135,815</u>			<u>\$ 37,086,293</u>

Capital asset activity for 38 Front Avenue for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land improvements and infrastructure	\$ 1,746,000	\$ -	\$ -	\$ 1,746,000
Buildings	<u>38,488,857</u>	<u>-</u>	<u>-</u>	<u>38,488,857</u>
Total cost of capital assets	40,234,857	<u>\$ -</u>	<u>\$ -</u>	40,234,857
Less accumulated depreciation for:				
Land improvements and infrastructure	87,300	\$ 87,300	\$ -	174,600
Buildings	<u>962,221</u>	<u>962,221</u>	<u>-</u>	<u>1,924,442</u>
Total accumulated depreciation	<u>1,049,521</u>	<u>\$ 1,049,521</u>	<u>\$ -</u>	<u>2,099,042</u>
Capital assets - Net	<u>\$ 39,185,336</u>			<u>\$ 38,135,815</u>

The following estimated useful lives are used to compute depreciation:

Land improvements and infrastructure	20 years
Buildings	40-50 years
Equipment	3-25 years
Library books	10 years

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 4 - Long-term Liabilities

Long-term liabilities of the University consist of bonds payable, net other postemployment benefits, charitable gift annuities payable, and notes payable.

The changes in long-term liabilities for the year ended June 30, 2016 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 4,295,000	\$ -	\$ 1,355,000	\$ 2,940,000	\$ 1,430,000
General Revenue Bonds, Series 2007A	7,440,000	-	745,000	6,695,000	765,000
General Revenue Refunding Bonds, Series 2008A	82,405,000	-	68,045,000	14,360,000	3,365,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	35,095,000	-	1,700,000	33,395,000	1,760,000
General Revenue Bonds, Series 2009	7,230,000	-	1,335,000	5,895,000	1,385,000
General Revenue Bonds, Series 2011	15,320,000	-	2,260,000	13,060,000	2,375,000
General Revenue Refunding Bonds, Series 2013A	25,950,000	-	2,770,000	23,180,000	2,870,000
General Revenue Bonds, Series 2014A	32,120,000	-	-	32,120,000	-
General Revenue Refunding Bonds, Series 2014B	36,940,000	-	-	36,940,000	-
General Revenue Bonds, Series 2015A	27,430,000	-	-	27,430,000	-
General Revenue Refunding Bonds, Series 2016A	-	61,010,000	-	61,010,000	-
<b>Total bonds payable</b>	<b>274,225,000</b>	<b>61,010,000</b>	<b>78,210,000</b>	<b>257,025,000</b>	<b>13,950,000</b>
Unamortized bond premiums	9,365,416	9,849,967	698,138	18,517,245	1,245,357
Net other postemployment benefits (see Note 6)	8,413,707	1,574,504	661,274	9,326,937	665,000
Charitable gift annuities payable	1,308,704	(75,316)	213,315	1,020,073	161,731
Ground lease payable to 38 Front	1,891,279	-	6,701	1,884,578	6,835
Building lease payable to 38 Front	2,000,230	991,920	-	2,992,150	-
Other ground lease payable	-	300,000	2,309	297,691	2,887
Interest rate swap contract (see Note 5)	2,299,000	-	484,000	1,815,000	427,000
<b>Total</b>	<b>299,503,336</b>	<b>\$ 73,651,075</b>	<b>\$ 80,275,737</b>	<b>292,878,674</b>	<b>\$ 16,458,810</b>
Due within one year	14,579,122				16,458,810
<b>Total long-term liabilities</b>	<b>\$ 284,924,214</b>				<b>\$ 276,419,864</b>

The changes in long-term liability for 38 Front Avenue for the year ended June 30, 2016 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loans payable to University	\$ 9,182,220	\$ -	\$ -	\$ 9,182,220	\$ -
Loans payable to QLICI	22,273,000	-	-	22,273,000	-
<b>Total loans payable</b>	<b>\$ 31,455,220</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,455,220</b>	<b>\$ -</b>

### Note 4 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2015 are as shown below:

	Beginning Balance	Additions	Reductions	GASB 68 Reclassification	Ending Balance	Due Within One Year
General Revenue Bonds, Series 1998	\$ 5,580,000	\$ -	\$ 1,285,000	\$ -	\$ 4,295,000	\$ 1,355,000
General Revenue Bonds, Series 2007A	8,165,000	-	725,000	-	7,440,000	745,000
General Revenue Refunding Bonds, Series 2008A	85,245,000	-	2,840,000	-	82,405,000	3,090,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	36,770,000	-	1,675,000	-	35,095,000	1,700,000
General Revenue Bonds, Series 2009	46,425,000	-	39,195,000	-	7,230,000	1,335,000
General Revenue Bonds, Series 2011	17,475,000	-	2,155,000	-	15,320,000	2,260,000
General Revenue Refunding Bonds, Series 2013A	28,630,000	-	2,680,000	-	25,950,000	2,770,000
General Revenue Bonds, Series 2014A	23,110,000	9,010,000	-	-	32,120,000	-
General Revenue Refunding Bonds, Series 2014B	-	36,940,000	-	-	36,940,000	-
General Revenue Bonds, Series 2015A	-	27,430,000	-	-	27,430,000	-
<b>Total bonds payable</b>	<b>251,400,000</b>	<b>73,380,000</b>	<b>50,555,000</b>	<b>-</b>	<b>274,225,000</b>	<b>13,255,000</b>
Unamortized bond premiums	1,929,245	7,938,083	501,912	-	9,365,416	637,520
Net other postemployment benefits (see Note 6)	6,986,428	1,841,914	414,635	-	8,413,707	415,000
Defined benefit retirement payable	1,604,029	-	-	1,604,029	-	-
Charitable gift annuities payable	1,125,627	447,979	264,902	-	1,308,704	264,902
Ground lease payable to 38 Front	1,897,847	-	6,568	-	1,891,279	6,700
Building lease payable to 38 Front	1,001,286	998,944	-	-	2,000,230	-
Interest rate swap contract (see Note 5)	2,837,000	-	538,000	-	2,299,000	484,000
<b>Total</b>	<b>268,781,462</b>	<b>\$ 84,606,920</b>	<b>\$ 52,281,017</b>	<b>\$ 1,604,029</b>	<b>299,503,336</b>	<b>\$ 15,063,122</b>
Due within one year	<u>13,690,986</u>				<u>15,063,122</u>	
<b>Total long-term liabilities</b>	<b>\$ 255,090,476</b>				<b>\$ 284,440,214</b>	

The changes in long-term liability for 38 Front Avenue for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loans payable to University	\$ 9,182,220	\$ -	\$ -	\$ 9,182,220	\$ -
Loans payable to QLICI	22,273,000	-	-	22,273,000	-
<b>Total loans payable</b>	<b>\$ 31,455,220</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,455,220</b>	<b>\$ -</b>

The General Revenue Bonds, Series 1998, were issued in January 1998 by the board of trustees to provide funds for construction of additional residential facilities. The interest rates on these bonds is 5.50 percent. The bonds mature in 2018.

The General Revenue Bonds, Series 2007A, were issued in September 2007 by the board of trustees to provide funds for construction of a residential living and learning center, construction of a movement science and indoor recreational facility, and additions to an academic building and student activity center, as well as a portion of the construction period interest expense. The interest rates on the Series 2007A bonds range from 4.00 percent to 5.00 percent. The bonds mature in 2021.

### Note 4 - Long-term Liabilities (Continued)

The General Revenue Refunding Bonds, Series 2008A, and the General Revenue Refunding Variable Rate Demand Bonds, Series 2008B, were issued in April 2008 by the board of trustees for the refunding and extinguishment of \$20,730,000 of Series 2001B bonds, \$14,775,000 of Series 2002A bonds, \$25,445,000 of Series 2003 bonds, \$22,660,000 of Series 2004 bonds, and \$61,535,000 of Series 2007B bonds and to provide funds for the termination of a prior swap agreement. In addition to the scheduled payment of \$3,090,000, \$64,955,000 were defeased through a refunding in 2016. The defeased bonds are held in trust until callable on June 1, 2018. The interest rate on the Series 2008A bonds ranges from 4.13 percent to 5.00 percent. The Series 2008A bonds mature in 2020 and the Series 2008B bonds mature in 2032.

The Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (0.40 percent and 0.07 percent at June 30, 2016 and 2015, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted to include a daily-rate mode, a commercial paper-rate mode, a term-rate mode, and a fixed-rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.

The General Revenue Bonds, Series 2009, were issued in February 2009 by the board of trustees to provide funds for construction of a residential living center and a dining facility with academic space. In addition to the scheduled payment of \$1,335,000, \$37,905,000 of the bonds were defeased through a refunding in 2014. The defeased bonds are held in trust until callable on December 1, 2016. The interest rates on the remaining bonds range from 3.875 percent to 5.00 percent. The remaining bonds mature in 2020.

The General Revenue Bonds, Series 2011, were issued in May 2011 by the board of trustees to provide a portion of the funds needed to construct, furnish, and equip the Mary Idema Pew Library Learning and Information Commons. The interest rates on these bonds range from 4.00 percent to 5.00 percent. The bonds mature in 2021.

The General Revenue Refunding Bonds, Series 2013A, were issued in June 2013 by the board of trustees for the current refunding of \$29,180,000 of Series 2005 bonds.

The Series 2013A bonds bear interest of 0.88 percent and 0.68 percent at June 30, 2016 and 2015, respectively, based on a reset rate calculated as a factor of LIBOR plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted include a daily-rate mode, a weekly-rate mode, a term-rate mode, a bank-rate mode, and a fixed-rate mode. The bonds mature in 2025.

### Note 4 - Long-term Liabilities (Continued)

The General Revenue Bonds, Series 2014A, were issued in February 2014 by the board of trustees to provide a portion of the funds needed to construct, furnish, and equip a classroom and laboratory building on the Allendale campus and a building for the relocation of the University's bookstore and printing activities, as well as an addition to Au Sable Hall. This is a draw-down bond in which a portion was drawn during fiscal year 2014 and the remainder in fiscal year 2015.

The Series 2014A bonds bear interest of 0.85 percent and 0.65 percent at June 30, 2016 and 2015, respectively, based on a reset rate calculated as a factor of LIBOR plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted include a daily-rate mode, a weekly-rate mode, a term-rate mode, a bank-rate mode, and a fixed-rate mode. The bonds mature in 2040.

The General Revenue Refunding Bonds, Series 2014B, were issued in September 2014 by the board of trustees for the advance refunding of \$37,905,000 of Series 2009 bonds. The interest rates on these bonds range from 3.50 percent to 5.00 percent. The bonds mature in 2035. The advance refunding resulted in a deferred outflow of \$4,664,356, which is amortized over the life of the original debt.

The General Revenue Bonds, Series 2015A, were issued in June 2015 by the board of trustees to provide a portion of the funds needed to construct, furnish, and equip a student housing and academic building on the Allendale campus. The interest rates on these bonds range from 4.00 percent to 5.00 percent. The bonds mature in 2036.

The General Revenue Refunding Bonds, Series 2016A, were issued in May 2016 by the board of trustees for the advance refunding of \$64,955,000 of Series 2008A bonds. The interest rates on these bonds range from 3.00 percent to 5.00 percent. The bonds mature in 2034. The advance refunding resulted in a deferred outflow of \$6,806,169, which is amortized over the life of the original debt.

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 4 - Long-term Liabilities (Continued)

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds	Annuities Payable	Total	Interest
2017	\$ 13,950,000	\$ 161,731	\$ 14,111,731	\$ 8,505,439
2018	14,690,000	161,731	14,851,731	7,998,456
2019	14,885,000	161,731	15,046,731	7,450,149
2020	15,120,000	161,731	15,281,731	6,947,787
2021	13,795,000	161,731	13,956,731	6,408,959
2022-2026	61,010,000	211,418	61,221,418	25,799,749
2027-2031	69,425,000	-	69,425,000	13,805,481
2032-2036	45,570,000	-	45,570,000	3,269,066
2037-2040	8,580,000	-	8,580,000	142,578
Total	<u>\$ 257,025,000</u>	<u>\$ 1,020,073</u>	<u>\$ 258,045,073</u>	<u>\$ 80,327,664</u>

### **38 Front Avenue Loans Payable**

QLICI loans payable of \$22,273,000 were issued in 2012 to provide partial funding for construction for the L. William Seidman Center as required by New Market Tax Credits. The interest rate on these loans ranges from 1.43 percent to 1.50 percent. The loans mature in 2041.

A loan payable of \$9,182,220 was issued by the University to 38 Front Avenue in 2013 to provide partial funding for construction for the L. William Seidman Center. The interest rate on this loan is 2 percent. The loan matures in 2042.

The scheduled maturities of the 38 Front Avenue loans payable are as follows:

Fiscal Year	Loans Payable	Interest
2017	\$ -	\$ 510,033
2018	-	509,260
2019	967,779	503,702
2020	1,146,060	491,691
2021	1,164,555	473,136
2022-2026	6,111,035	2,076,485
2027-2031	6,621,656	1,564,221
2032-2036	7,175,386	1,008,723
2037-2041	7,776,603	405,341
2042	492,146	9,843
Total	<u>\$ 31,455,220</u>	<u>\$ 7,552,435</u>



# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 5 - Derivative Instruments

The University is party to derivative financial instruments (interest rate swaps) that are reported at fair value on the statement of net position at June 30, 2016 and 2015. The fair value is calculated by the counterparty to the transactions and approximates the termination value of the interest rate swaps.

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2016, classified by type and the change in fair value of such derivative instruments for the year ended as reported in the 2016 financial statements, are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2016		Notional
	Classification	Amount	Classification	Amount	
<b>Hedging Derivatives</b>					
Cash flow hedges:					
Pay fixed-interest rate swap	Deferred outflow of resources/Interest rate swap contract	\$ (3,000)	Liability	\$ (2,537,000)	\$ 23,180,000
Pay fixed interest rate swap	Deferred outflow of resources	(1,738,000)	Liability	(7,523,000)	27,940,000
	Total	(1,741,000)	Total	(10,060,000)	
<b>Investment Derivative -</b>					
Pay fixed-interest rate swap	Change in fair value of derivative instruments	139,000	Liability	(303,000)	5,455,000
			Total	\$ (10,363,000)	

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2015, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the 2015 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2015		Notional
	Classification	Amount	Classification	Amount	
<b>Hedging Derivatives</b>					
Cash flow hedges:					
Pay fixed-interest rate swap	Deferred outflow of resources/Interest rate swap contract	\$ (433,000)	Liability	\$ (2,534,000)	\$ 25,950,000
Pay fixed interest rate swap	Deferred outflow of resources	(397,000)	Liability	(5,785,000)	27,940,000
	Total	(830,000)	Total	(8,319,000)	
<b>Investment Derivative -</b>					
Pay fixed-interest rate swap	Change in fair value of derivative instruments	206,000	Liability	(442,000)	7,155,000
			Total	\$ (8,761,000)	

### Note 5 - Derivative Instruments (Continued)

As of the balance sheet date, the swap agreements can be summarized as follows:

Effective Date	Type	Objective	Notional Amount	Pay Terms	Receive Terms	Maturity Date	Counterparty Credit Rating
9/24/2003	Pay fixed, Receive variable	Cash flow hedge for Series 2008B bonds	\$ 5,455,000	3.299% Fixed	70% of one-month LIBOR	6/1/2019	A3/BBB+
3/3/2005	Pay fixed, Receive variable	Cash flow hedge for Series 20013A	23,180,000	3.501% Fixed	70% of one-month LIBOR	12/1/2025	A3/BBB+
9/6/2007	Pay fixed, Receive variable	Cash flow hedge for Series 2008B bonds	27,940,000	3.691% Fixed	70% of one-month LIBOR	12/1/2031	A3/BBB+

The University currently holds three derivative instruments that are pay-fixed, receive-variable interest rate swaps. The notional amounts of the swaps match the principal amount of the associated debt and the swap agreements contain scheduled reductions to outstanding notional amounts that follow scheduled reductions in the associated "bonds payable" category; the intent of entering into these swap agreements was to create a synthetic fixed-rate debt, at an interest rate that is lower than if fixed-rate debt were to have been issued directly. Two of the swap agreements are effective cash flow hedges and one is not. The one not considered effective is classified as an investment derivative.

In 2014, one of the University's hedging relationships was designated into a new relationship due to a refunding of the original debt. In accordance with GASB Statement No. 53, this swap is now considered a hybrid instrument consisting of a financing element and an embedded derivative. The at-market amount of the swap at the time of the new hedging relationship is designated as a hedging instrument with a current mark-to-market value of \$722,000 and \$235,000 at June 30, 2016 and 2015, respectively. The above-market amount, which equals \$1,815,000 and \$2,299,000 at June 30, 2016 and 2015, respectively, is considered a borrowing and is included in long-term debt as an interest rate swap contract with an offsetting deferred outflow.

The fair values of the interest rate swaps were calculated by an independent consultant as of June 30, 2016 and 2015. The fair values represent the future net settlement payments or receipts required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates.

The interest rate swaps are subject to the following risks:

**Credit Risk** - The University is exposed to credit risk on hedging derivative instruments that are in asset positions. The terms of the swap agreement require collateralization of the fair value of hedging derivative instruments in asset positions based on a scale that evaluates both the market value of the swap and the counterparty's credit rating. The University has never needed to access collateral from the counterparty.

### Note 5 - Derivative Instruments (Continued)

It is the University's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

The aggregate fair value of hedging derivative instruments in asset positions at June 30, 2016 and 2015 was \$0. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. This maximum exposure is reduced by \$0 of collateral held and \$10,363,000 and \$8,761,000 at June 30, 2016 and 2015, respectively, of liabilities included in netting arrangements with those counterparties, resulting in a net exposure to credit risk of \$0.

All of the contracts are held with one counterparty. That counterparty is rated A3/BBB+ at June 30, 2016.

**Interest Rate Risk** - The University is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR rates decrease, the University's net payment on the swap increases.

**Basis Risk** - The University is exposed to basis risk on its LIBOR-based interest rate swaps due to variable-rate payments received by the University on these instruments based on a rate or index other than interest rates the University pays on its variable-rate debt, which is remarketed every seven days. As of June 30, 2016 and 2015, the weighted average interest rate on the University's hedged variable-rate debt is .60 percent and .33 percent, respectively, while 70 percent of LIBOR is .33 percent and .13 percent, respectively.

**Termination Risk** - The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

#### **Hedging Derivative Instrument Payments and Hedged Debt**

As of June 30, 2016, aggregate debt service requirements of the University's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 5 - Derivative Instruments (Continued)

Fiscal Year	Associated with Swap Agreements			Total
	Principal	Interest	Interest Rate Swaps - Net	
2017	\$ 2,870,000	\$ 310,518	\$ 1,660,321	\$ 4,840,839
2018	2,990,000	274,571	1,530,101	4,794,672
2019	3,100,000	247,801	1,433,126	4,780,927
2020	3,225,000	219,991	1,332,381	4,777,372
2021	3,345,000	191,110	1,227,759	4,763,869
2022-2026	18,795,000	573,475	4,221,017	23,589,492
2027-2031	13,700,000	198,971	1,674,074	15,573,045
2032	3,095,000	5,189	43,662	3,143,851
Total	\$ 51,120,000	\$ 2,021,626	\$ 13,122,441	\$ 66,264,067

### Note 6 - Retirement Plans

#### Defined Contribution Plans

The executive, administrative, and professional staff and faculty are covered under a defined contribution retirement plan through TIAA-CREF (Teachers Insurance and Annuity Association of America - College Retirement Equities Fund) or Fidelity Investments. Employees may contribute an amount not to exceed the Internal Revenue Service's designated maximum. Participants become fully vested upon completion of two years of employment. Discretionary university contributions equal to 12 percent of participants' base salaries were made in each year.

The total expense under this discretionary plan was approximately \$15,714,250 and \$15,239,800 for the years ended June 30, 2016 and 2015, respectively. Total payroll covered under this plan was approximately \$131,171,800 in 2016 and \$127,166,000 in 2015.

Maintenance, grounds, and service staff hired after October 8, 2004 and professional support staff hired on or after February 2, 2006 participate in a defined contribution plan with university contributions equal to 8 percent of wages. Effective January 1, 2015, the University will also match the employees' contribution up to an additional 2.0 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately \$926,850 in 2016 and \$769,600 in 2015. Total payroll covered under this plan was approximately \$11,085,800 in 2016 and \$9,619,600 in 2015.

### Note 6 - Retirement Plans (Continued)

#### Defined Benefit Plans

The University has two defined benefit retirement plans - the GVSU Professional Support Staff Employees' Retirement Plan and the GVSU Maintenance, Grounds, Service Employees' Retirement Plan.

*Plan administration* - Grand Valley State University (GVSU) administers the GVSU Professional Support Staff Employees' Retirement Plan (PSSE), a single-employer defined benefit pension plan that provides pensions for all professional support staff of the University hired before February 2, 2006, and the GVSU Maintenance, Grounds, Service Employees' Retirement Plan (MGSE), a single-employer defined benefit pension plan that provides pensions for all permanent full-time maintenance, grounds, and service employees of the University hired before October 9, 2004. The management of the plans is vested in the treasurer of the board. Benefit terms have been established by contractual agreements between the University and the various employee union representation; amendments are subject to the same process. The financial statements of the plans are included in these financial statements as an employee benefit plan trust fund (a fiduciary fund).

At July 1, 2015 and 2014, retirement plan membership consisted of the following:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	2015	2014	2015	2014
Inactive plan members receiving benefits	156	134	65	61
Inactive members entitled to, not yet receiving benefits	93	91	6	5
Active plan members	<u>235</u>	<u>264</u>	<u>84</u>	<u>92</u>
Total participants	<u>484</u>	<u>489</u>	<u>155</u>	<u>158</u>

*Benefits provided* - The plans provide retirement and death benefits. Retirement benefits for plan members are calculated as 1.9 percent of the member's calendar year salary for the highest five years out of the last 10 years multiplied by the member's years of service. Plan members with 10 years of continuous service are eligible to retire at age 65, or with reduced benefits, as early as age 55. Death benefits are equal to the present value of accrued benefits. A plan member who leaves the University with less than 10 years of continuous service may withdraw his or her contributions. The plan does not provide cost of living adjustments.

*Contributions* - Article 9, Section 24 of the Regulations of the State of Michigan constitution requires the financial benefits arising on account of service rendered each year be funded during that year. The University retains an actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. In addition, active members also contribute to the plan.

### Note 6 - Retirement Plans (Continued)

For the PSSE Plan, beginning on January 1, 2015, the active members' contribution rate changed from 2.0 percent to 3.0 percent. The University's contribution rate of annual payroll was 15.6 percent and 15.1 percent for the years ended June 30, 2016 and 2015, respectively.

For the MGSE Plan, beginning on May 1, 2015, the active members' contribution rate changed from 4.10 percent to 4.25 percent. The University's contribution rate of annual payroll was 17.6 percent and 16.4 percent for the years ended June 30, 2016 and 2015, respectively.

#### Investments

*Investment policy* - The retirement plan's policy in regard to the allocation of invested assets is established and may be amended by the treasurer of the board in consultation with the GVSU Pension Plans Investment Committee. It is the policy of the treasurer of the board to pursue an investment strategy that is long term and primarily equity based. The retirement plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the asset allocation policy for the plans as of June 30, 2016 and 2015:

Asset Class	Target Allocation	
	2016	2015
Domestic equities	57%	57%
International equities	15%	15%
Fixed income	20%	20%
Cash	0%	0%
Real estate	3%	3%
Commodities	5%	5%

*Concentrations* - The retirement plans held no investment in any one organization that represents 5 percent or more of the retirement plan's fiduciary net position.

*Rate of return* - The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was -1.9 percent and 2.9 percent for the years ended June 30, 2016 and 2015, respectively, for the PSSE plan. The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was -1.7 percent and 2.9 percent for the years ended June 30, 2016 and 2015, respectively, for the MGSE plan. The money-weighted rate of return expresses investment performance, net of investment expense.

### Note 6 - Retirement Plans (Continued)

#### Net Pension Liability of the University

The University's net pension liability was measured as of June 30, 2016 and 2015. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2015 and 2014, which used updated procedures to roll forward the estimated liability to June 30, 2016 and 2015, respectively.

Changes in the net pension liability for the PSSE plan during the measurement years are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at June 30, 2014</b>	\$ 47,511,566	\$ 40,492,321	\$ 7,019,245
<b>Changes for the Year</b>			
Service cost - Beginning of year	869,998	-	869,998
Interest on average adjusted TPL	3,170,993	-	3,170,993
Changes in assumptions	3,014,969	-	3,014,969
Benefits payments, including refunds of member contributions	(1,683,752)	-	(1,683,752)
Contributions - Employer	-	1,645,094	(1,645,094)
Contributions - Member	-	280,975	(280,975)
Net investment income	-	610,806	(610,806)
Benefit payments, including refunds of member contributions	-	(1,683,752)	1,683,752
<b>Net Changes</b>	<u>5,372,208</u>	<u>853,123</u>	<u>4,519,085</u>
<b>Balance at June 30, 2015</b>	<b>52,883,774</b>	<b>41,345,444</b>	<b>11,538,330</b>
<b>Changes for the Year</b>			
Service cost - Beginning of year	785,499	-	785,499
Interest on average adjusted TPL	3,718,896	-	3,718,896
Differences between expected and actual experience	154,810	-	154,810
Changes in assumptions	(2,009,843)	-	(2,009,843)
Benefits payments, including refunds of member contributions	(1,987,377)	-	(1,987,377)
Contributions - Employer	-	1,600,653	(1,600,653)
Contributions - Member	-	304,178	(304,178)
Net investment income	-	(311,149)	311,149
Administrative expenses	-	(178,037)	178,037
Benefit payments, including refunds of member contributions	-	(1,987,377)	1,987,377
<b>Net Changes</b>	<u>661,985</u>	<u>(571,732)</u>	<u>1,233,717</u>
<b>Balance at June 30, 2016</b>	<b>\$ 53,545,759</b>	<b>\$ 40,773,712</b>	<b>\$ 12,772,047</b>

### Note 6 - Retirement Plans (Continued)

Changes in the net pension liability for the MGSE plan during the measurement years are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at June 30, 2014</b>	\$ 19,474,523	\$ 14,941,200	\$ 4,533,323
<b>Changes for the Year</b>			
Service cost - Beginning of year	373,413	-	373,413
Interest on average adjusted TPL	1,227,012	-	1,227,012
Changes in assumptions	2,280,678	-	2,280,678
Benefits payments, including refunds of member contributions	(778,615)	-	(778,615)
Contributions - Employer	-	611,534	(611,534)
Contributions - Member	-	165,723	(165,723)
Net investment income	-	237,990	(237,990)
Benefit payments, including refunds of member contributions	-	(778,615)	778,615
<b>Net Changes</b>	<u>3,102,488</u>	<u>236,632</u>	<u>2,865,856</u>
<b>Balance at June 30, 2015</b>	<b>22,577,011</b>	<b>15,177,832</b>	<b>7,399,179</b>
<b>Changes for the Year</b>			
Service cost - Beginning of year	360,568	-	360,568
Interest on average adjusted TPL	1,321,895	-	1,321,895
Differences between expected and actual experience	(305,849)	-	(305,849)
Changes in assumptions	(1,669,232)	-	(1,669,232)
Benefits payments, including refunds of member contributions	(1,065,199)	-	(1,065,199)
Contributions - Employer	-	580,156	(580,156)
Contributions - Member	-	137,686	(137,686)
Net investment income	-	(162,055)	162,055
Administrative expenses	-	(48,255)	48,255
Benefit payments, including refunds of member contributions	-	(1,065,199)	1,065,199
<b>Net Changes</b>	<u>(1,357,817)</u>	<u>(557,667)</u>	<u>(800,150)</u>
<b>Balance at June 30, 2016</b>	<b>\$ 21,219,194</b>	<b>\$ 14,620,165</b>	<b>\$ 6,599,029</b>

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2016 and 2015, the University recognized pension expense of \$2,260,763 and \$1,767,781, respectively for the PPSE plan and \$908,088 and \$905,405, respectively for the MSGE Plan.



# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 6 - Retirement Plans (Continued)

At June 30, 2016, the University reported deferred outflows and inflows of resources related to pensions from the following sources:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 677,785	\$ -	\$ 328,941	\$ 268,136
Changes in assumptions	1,896,879	1,794,426	1,472,653	1,463,408
Net difference between projected and actual earnings on plan investments	3,829,767	-	1,373,853	-
Total	<u>\$ 6,404,431</u>	<u>\$ 1,794,426</u>	<u>\$ 3,175,447</u>	<u>\$ 1,731,544</u>

At June 30, 2015, the University reported deferred outflows of resources related to pensions from the following sources:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 603,627	\$ -	\$ 372,677	\$ -
Changes in assumptions	2,122,081	-	1,668,459	-
Net difference between projected and actual earnings on plan investments	1,670,690	-	530,849	-
Total	<u>\$ 4,396,398</u>	<u>\$ -</u>	<u>\$ 2,571,985</u>	<u>\$ -</u>

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

Amortization of Deferred Outflows/Inflows Years Ended June 30	PPSE Amount	MSGE Amount
2017	\$ 1,152,298	\$ 372,646
2018	1,152,298	372,646
2019	1,152,296	372,647
2020	734,623	239,934
2021	90,437	(3,995)
Thereafter	328,053	90,025

### Note 6 - Retirement Plans (Continued)

*Actuarial assumptions* - The total pension liability as of June 30, 2016 and 2015 for both plans was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively, using updating procedures and the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases including inflation	2.50%
Investment rate of return	7.37% and 7.06% as of July 1, 2015 and 2014, respectively, net of pension plan investment

Based on Mortality Table RP-2014 with Projection Table MP-2014, as appropriate

*Discount rate* - The discount rate used to measure the total pension liability of the PPSE Plan at June 30, 2016 was 7.37 percent, whereas the prior rate used at June 30, 2015 was 6.80 percent. The discount rate used to measure the total pension liability of the MSGE Plan at June 30, 2016 was 7.37 percent, whereas the prior rate used at June 30, 2015 was 5.90 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the retirement plan's fiduciary net position is projected to be available to make all projected future benefit payments of active and inactive plan members.

The long-term expected rate of return on retirement plan investments for both plans was determined using a building-block model in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement 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. Best estimates of arithmetic real rates of return as of June 30, 2016 and 2015 (see discussion of the retirement plans' investment policy) are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equities	57%	8.23%
International equities	15%	8.57%
Fixed income	20%	4.82%
Cash	0%	0.00%
Real estate	3%	7.19%
Commodities	5%	4.36%

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 6 - Retirement Plans (Continued)

The sum of the target allocations times the long-term expected rates is 7.37 percent.

*Sensitivity of the net pension liability to changes in the discount rate* -The following presents the net pension liability (NPL) of the University, calculated using the current discount rates, as well as what the University's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for each plan.

For the year ended June 30, 2016:

Plan	1% Decrease	Current Discount Rate	1% Increase
Professional Support Staff			
Employees' Plan	\$ 19,953,801	\$ 12,772,047	\$ 6,857,495
Maintenance, Grounds,			
Service Employees' Plan	\$ 9,067,819	\$ 6,599,029	\$ 4,502,899

For the year ended June 30, 2015:

Plan	1% Decrease	Current Discount Rate	1% Increase
Professional Support Staff			
Employees' Plan	\$ 18,688,641	\$ 11,538,330	\$ 5,596,792
Maintenance, Grounds,			
Service Employees' Plan	\$ 10,309,746	\$ 7,399,179	\$ 4,954,212

### **Other Postemployment Benefits**

The University has a single-employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. The plan covers 2,471 members as of July 1, 2015 and currently does not require active members to contribute to the plan. At January 1, 2014, the plan was closed to new participants.

**Plan Description** - Substantially all of the University's employees hired prior to January 1, 2014 may become eligible for certain healthcare benefits if they reach retirement age while working for the University, are vested in a University-sponsored retirement plan, and their years of University service and age total a minimum of 75.

**Funding Policy** - The plan requirements are established and may be amended by the University's board of trustees.

### Note 6 - Retirement Plans (Continued)

**Annual OPEB Cost and Net OPEB Obligation** - The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 over a period not to exceed 15 years. The required supplemental information shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's OPEB obligation.

**Funded Status and Funding Progress** - As of July 1, 2015, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$12,178,970, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,178,970. An investment fund was established for the purpose of prefunding retiree benefits, with a market value of \$11,941,304 and \$12,052,353 at June 30, 2016 and 2015, respectively. However, because the funds are not irrevocable, these contributions do not constitute contributions for GASB Statement No. 45 purposes. The covered payroll (annual payroll of active employees covered by the plan) was \$138,096,500 and \$142,719,060 for 2016 and 2015, respectively, and the ratio of all UAAL to covered payroll was 8.82 percent and 8.53 percent for 2016 and 2015, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit cost actuarial method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses) based on the expected long-term investment returns on plan assets. There was a change in assumptions to update the mortality to the RP-2014 table. The UAAL is being amortized as a projected unit credit level dollar, closed on a 15-year basis. The remaining amortization period at June 30, 2016 was six years. Benefits valued are fixed dollar amounts.

# Grand Valley State University

## Notes to Financial Statements June 30, 2016 and 2015

### Note 7 - Commitments

The University has an arrangement with the State of Michigan and State Building Authority (the "SBA") to finance a large portion of the Padnos College of Engineering and Computing and the Graduate School of Business and Graduate Library Building located on the Pew Campus in downtown Grand Rapids, and the P. Douglas Kindschi Hall of Science located on the Allendale campus. The arrangement is based upon a lease agreement that is signed by the University. It stipulates that the SBA will hold title to the buildings and the State will make all lease payments to the SBA on behalf of the University, and the University will pay all operating and maintenance costs. At the expiration of the lease, the SBA has agreed to sell each building to the University for \$1.

Beginning on January 1, 2011, the University leased lab space to a private company for a five-year term. The tenant has the option of extending the lease for five additional periods of five years each. At June 30, 2016, the base rent is \$136,366 per year.

The University has agreed to lease the Muskegon Innovation Hub from the City of Muskegon at no cost through June 30, 2025. Ownership of the building will revert to the University at lease termination for \$1.

### Note 8 - Contingencies

The University is self-funded for coverage under portions of its hospital/medical benefits and for all unemployment compensation and workers' compensation. The University also offers one HMO plan to employees. Stop-loss coverage has been purchased by the University for the self-funded hospital/medical benefits and workers' compensation claims. The stop-loss insurance limits the claims for hospital/medical benefits to \$275,000 per individual, with no lifetime limit. The workers' compensation stop-loss insurance limits its liability for claims paid per individual to \$500,000 in 2016 and 2015. Current liabilities for estimated claims retained by the University under self-insurance programs have been established at \$2,631,599 and \$1,738,702 as of June 30, 2016 and 2015, respectively.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Balance - Beginning of year	\$ 1,738,702	\$ 1,662,493	\$ 2,130,760
Claims incurred and changes in estimates	30,043,233	29,611,203	27,813,816
Claim payments	<u>(29,150,336)</u>	<u>(29,534,994)</u>	<u>(28,282,083)</u>
Balance - End of year	<u>\$ 2,631,599</u>	<u>\$ 1,738,702</u>	<u>\$ 1,662,493</u>

### Note 8 - Contingencies (Continued)

To secure payment for a utility agreement, the University requested a \$450,000 letter of credit during August 2007, which has been extended through March 31, 2017.

The University is a participant in the Michigan Universities Self-Insurance Corporation (MUSIC). This organization provides insurance coverage for errors and omissions liability, comprehensive general liability, and all risk property insurance. In fiscal year 2016, there are 11 universities that participate in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability errors and omissions and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

In the normal course of its activities, the University has been a party in various legal actions. Historically, the University has not experienced significant losses from such actions. After taking into consideration legal counsel's evaluation of pending actions, the University is of the opinion that the outcome thereof will not have a material effect on its financial statements.

Pursuant to State of Michigan Public Act 362 of 1993, as amended, the University has previously authorized 76 public school academies. All 76 of these public school academies can operate schools funded by the State School Aid Act. The University, as fiscal agent, provides guidance in and review of compliance with state requirements and forwards the state payment to the public school academies. Public funding is provided by the State of Michigan on a per-pupil basis. Funding of \$260,824,364 and \$246,497,213 was appropriated by the State in 2016 and 2015, respectively, to be allocated to the public school academies, net of approximately a 3 percent administrative fee retained by the University. At June 30, 2016, \$47,317,187 was outstanding as a receivable from the State, of which \$45,990,899 will be subsequently forwarded to support the public school academies. At June 30, 2015, \$44,682,292 was outstanding as a receivable from the State, of which \$43,437,255 was subsequently forwarded to support the public school academies. This activity is treated as an agency transaction.

The L. William Seidman Center opened on May 1, 2013, and an operating lease between the University and 38 Front Avenue commenced. It is a 30-year triple net operating lease paid by the University for exclusive use of the center. Rental payments are due annually, in advance. In addition, the University entered into a 99-year triple-net ground lease with 38 Front Avenue for the land upon which the center is constructed. Lease payments of \$1 are due annually, in advance. The fair market value of the ground lease has been recognized as a capital related expense by the University.

### Note 8 - Contingencies (Continued)

38 Front Avenue was financed in part by proceeds from loans received from investors participating in the New Markets Tax Credit program administered by the Community Development Financial Institutions Fund of the U.S. Department of Treasury.

Under the program as part of the loan agreement, 38 Front Avenue has committed to maintaining its status as a qualified active low-income community business (QALICB) as defined in IRC Section 45D. The QALICB is a Michigan nonprofit corporation with Grand Valley State University as the only member. The purpose of the QALICB is to acquire, own, and construct a new, multi-story 124,000 square foot LEED Silver building for the expansion of the Seidman College of Business and various community and business outreach services.

### Note 9 - Subsequent Events

In July 2016, the university exercised its option to purchase two floors of office space located in the Bicycle Factory building for \$3.96 million.

### Note 10 - Upcoming Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the University to recognize on the face of the financial statements its full net OPEB liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2018.

In January 2016, the Governmental Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*. The requirements of this Statement enhance the comparability of financial statements among governments by clarifying the financial statement presentation requirements for certain component units. GASB Statement No. 80 is required to be adopted for years beginning after June 15, 2016. The University is currently evaluating the impact this standard will have on the financial statements when adopted during the University's 2017 fiscal year.

## **Required Supplemental Information**

---



# Grand Valley State University

## Required Supplemental Information Professional Support Staff Employees' Retirement Plan Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Total Pension Liability (TPL)</b>			
Service cost - Beginning of year	\$ 785,499	\$ 869,998	\$ 884,731
Interest on average adjusted TPL	3,718,896	3,170,993	3,026,543
Difference between expected and actual experience	154,810	-	-
Changes in assumptions	(2,009,843)	3,014,969	-
Benefits payments, including refunds of member contributions	<u>(1,987,377)</u>	<u>(1,683,752)</u>	<u>(1,554,355)</u>
Net change in total pension liability	661,985	5,372,208	2,356,919
Total pension liability - Beginning of year	<u>52,883,774</u>	<u>47,511,566</u>	<u>45,154,647</u>
Total pension liability - End of year	<b><u>\$ 53,545,759</u></b>	<b><u>\$ 52,883,774</u></b>	<b><u>\$ 47,511,566</u></b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 1,600,653	\$ 1,645,094	\$ 1,681,351
Contributions - Member	304,178	280,975	161,147
Net investment income	(311,149)	610,806	6,959,448
Administrative expenses	(178,037)	-	(77,694)
Benefit payments, including refunds of member contributions	(1,987,377)	(1,683,752)	(1,554,355)
Other	<u>-</u>	<u>-</u>	<u>1,534</u>
Net change in plan fiduciary net position	(571,732)	853,123	7,171,431
Plan fiduciary net position - Beginning of year	<u>41,345,444</u>	<u>40,492,321</u>	<u>33,320,890</u>
Plan fiduciary net position - End of year	<b><u>\$ 40,773,712</u></b>	<b><u>\$ 41,345,444</u></b>	<b><u>\$ 40,492,321</u></b>
Net pension liability - End of year	<b><u>\$ 12,772,047</u></b>	<b><u>\$ 11,538,330</u></b>	<b><u>\$ 7,019,245</u></b>
Plan fiduciary net position as a percentage of total pension liability	76.1%	78.2%	85.2%
Covered employee payroll	\$ 10,246,480	\$ 10,858,867	\$ 11,544,380
Net pension liability as a percentage of covered employee payroll	124.6%	106.3%	60.8%

### Schedule of Investment Returns

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual money-weighted rate of return, net of investment expense	-1.9%	2.9%	20.2%

# Grand Valley State University

## Required Supplemental Information Professional Support Staff Employees' Retirement Plan Schedule of Employer Contributions

	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution offset by employee contributions	\$ 2,620,763	\$ 1,201,619	\$ 1,741,333
Actual contributions by the University	\$ 1,600,653	\$ 1,645,094	\$ 1,681,352
Contribution deficiency (excess)	\$ 1,020,110	\$ (443,475)	\$ 59,981
Covered employee payroll	\$ 10,246,480	\$ 10,858,867	\$ 11,544,380
Actual contributions as a percentage of covered employee payroll	15.6%	15.1%	14.6%

### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

<b>Valuation Date</b>	July 1, 2015
<b>Actuarial Methods</b>	
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, closed
Remaining amortization period	23 years, declining based on average future service
Asset valuation method	Four-year moving market value average recognizing 25% of gains and losses per year
<b>Actuarial Assumptions</b>	
Retirement age	65 with 10 years of vesting service
Salary increases	2.50%/year
Investment rate of return:	
Total pension liability	7.37%/year
Funding	7.00%/year
Mortality	RP-2014 with Projection Table MP-2014
<b>Data Collection</b>	
Date and form of data	All personnel and asset data was prepared by the plan representative and was generally relied upon as being correct and complete without audit
<b>Changes Since Prior Valuation</b>	Annual amortization of base year liability decreased to a one year increment from a two year increment.

# Grand Valley State University

## Required Supplemental Information Maintenance, Grounds, Service Employees' Retirement Plan Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total Pension Liability (TPL)</b>			
Service cost - Beginning of year	\$ 360,568	\$ 373,413	\$ 400,689
Interest on average adjusted TPL	1,321,895	1,227,012	1,170,114
Differences between expected and actual experience	(305,849)	-	-
Changes in assumptions	(1,669,232)	2,280,678	-
Benefits payments, including refunds of member contributions	<u>(1,065,199)</u>	<u>(778,615)</u>	<u>(644,712)</u>
Net change in total pension liability	(1,357,817)	3,102,488	926,091
Total pension liability - Beginning of year	<u>22,577,011</u>	<u>19,474,523</u>	<u>18,548,432</u>
Total pension liability - End of year	<b><u>\$ 21,219,194</u></b>	<b><u>\$ 22,577,011</u></b>	<b><u>\$ 19,474,523</u></b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 580,156	\$ 611,534	\$ 617,498
Contributions - Member	137,686	165,723	181,075
Net investment income	(162,055)	289,491	2,564,971
Administrative expenses	(48,255)	(49,671)	(42,023)
Benefit payments, including refunds of member contributions	(1,065,199)	(778,615)	(644,712)
Other	<u>-</u>	<u>(1,830)</u>	<u>1,062</u>
Net change in plan fiduciary net position	(557,667)	236,632	2,677,871
Plan fiduciary net position - Beginning of year	<u>15,177,832</u>	<u>14,941,200</u>	<u>12,263,329</u>
Plan fiduciary net position - End of year	<b><u>\$ 14,620,165</u></b>	<b><u>\$ 15,177,832</u></b>	<b><u>\$ 14,941,200</u></b>
Net pension liability - End of year	<b><u>\$ 6,559,029</u></b>	<b><u>\$ 7,399,179</u></b>	<b><u>\$ 4,533,323</u></b>
Plan fiduciary net position as a percentage of total pension liability	68.90%	67.23%	76.72%
Covered employee payroll	\$ 3,289,724	\$ 3,721,412	\$ 4,181,815
Net pension liability as a percentage of covered employee payroll	199.38%	198.83%	108.41%

## Schedule of Investment Returns

	June 30, 2016	June 30, 2015	June 30, 2014
Annual money-weighted rate of return, net of investment expense	-1.7%	2.9%	20.2%

# Grand Valley State University

## Required Supplemental Information Schedules Maintenance, Grounds, Service Employees' Retirement Plan Schedule of Employer Contributions

	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution offset by employee contributions	\$ 908,088	\$ 618,150	\$ 612,391
Actual contributions by University	\$ 580,155	\$ 611,534	\$ 617,498
Contribution deficiency (excess)	\$ 327,933	\$ 6,616	\$ (5,107)
Covered employee payroll	\$ 3,289,724	\$ 3,721,412	\$ 4,181,815
Actual contributions as a percentage of covered employee payroll	17.64%	16.43%	14.77%

### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

<b>Valuation Date</b>	July 1, 2015
<b>Actuarial Methods</b>	
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount, closed
Remaining amortization period	23 years, declining based on average future service
Asset valuation method	Four-year moving market value average recognizing 25% of gains and losses per year
<b>Actuarial Assumptions</b>	
Retirement age	65 with 10 years of vesting service
Salary increases	2.50%/year
Investment rate of return:	
Total pension liability	7.37%/year
Funding	7.00%/year
Mortality	RP-2014 with Projection Table MP-2014
<b>Data Collection</b>	
Date and form of data	All personnel and asset data was prepared by the plan representative and was generally relied upon as being correct and complete without audit
<b>Changes Since Prior Valuation</b>	Annual amortization of base year liability decreased to a one year increment from a two year increment.

# Grand Valley State University

## Required Supplemental Information Other Postemployment Benefits

The schedule of funding progress for the OPEB plan is as follows:

Funded Status of Plan						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2015	\$ -	\$ 12,178,970	\$ (12,178,970)	- %	\$ 151,365,900	8.0%
7/1/2013	-	12,196,088	(12,196,088)	- %	138,717,600	8.8%
7/1/2011	-	10,451,148	(10,451,148)	- %	124,441,600	8.4%
7/1/2009	-	9,475,238	(9,475,238)	- %	111,775,600	8.5%

## **Other Supplemental Information**

---

# Grand Valley State University

## Schedule of Changes in Fiduciary Net Position By Employee Retirement Plan

Activity for the Maintenance, Grounds, and Service Employees' Retirement Plan and the Professional Support Staff Employees' Retirement Plan, formerly the Clerical, Office, and Technical Employees' Retirement Plan, for the years ended June 30, 2016 and 2015 is as follows:

	Maintenance, Grounds, and Service Employees' Retirement Plan		Professional Support Staff Employees' Retirement Plan	
	Year Ended June 30		Year Ended June 30	
	2016	2015	2016	2015
<b>Additions</b>				
Investment income (loss):				
Interest and dividends	\$ 468,646	\$ 391,296	\$ 1,295,765	\$ 1,073,038
Net depreciation in fair value of investments	(562,337)	(978,002)	(1,371,463)	(3,000,720)
(Loss) income on sale of investments	<u>(70,648)</u>	<u>876,197</u>	<u>(242,777)</u>	<u>2,709,105</u>
Total investment (loss) income	(164,339)	289,491	(318,475)	781,423
Employer contributions	580,156	611,534	1,600,653	1,645,094
Other income	<u>139,970</u>	<u>163,893</u>	<u>311,504</u>	<u>270,470</u>
Total additions - Net	555,787	1,064,918	1,593,682	2,696,987
<b>Deductions</b>				
Benefit payments	1,065,199	778,615	1,987,377	1,683,752
Administrative expense	<u>48,255</u>	<u>49,671</u>	<u>178,037</u>	<u>160,112</u>
Total deductions	<u>1,113,454</u>	<u>828,286</u>	<u>2,165,414</u>	<u>1,843,864</u>
<b>Net (Decrease) Increase</b>	(557,667)	236,632	(571,732)	853,123
<b>Net Assets Held in Trust for Pension Benefits</b>				
Beginning of year	<u>15,177,832</u>	<u>14,941,200</u>	<u>41,345,444</u>	<u>40,492,321</u>
End of year	<u>\$ 14,620,165</u>	<u>\$ 15,177,832</u>	<u>\$ 40,773,712</u>	<u>\$ 41,345,444</u>

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds</b>								
School of Accounting Faculty Endowed Scholarship	\$ 46,894	\$ 5,465	\$ (1,305)	\$ 2,067	\$ 1,910	\$ 50,897	\$ 2,826	\$ 48,071
Kathy A. Agard Endowed Fellowship in Community Philanthropy	139,877	300	(4,102)	5,853	-	130,222	21,258	108,964
John Allegrina Nontraditional Student Endowed Memorial Scholarship	15,940	676	(464)	-	230	16,382	2,861	13,521
Mathias J. Alten Endowment Fund	56,914	14,075	(2,052)	2,809	1,775	67,903	3,071	64,832
Alternative Breaks Endowment Fund	-	30,000	245	-	-	30,245	245	30,000
Alumni Association Presidents' Leadership Endowed Scholarship	-	39,080	225	-	-	39,305	225	39,080
Alumni Heritage Scholarship Fund	961,912	54,998	(28,130)	41,117	2,984	950,647	159,290	791,357
Alayont Undergraduate Research Fellowship in Mathematics	31,190	-	(884)	-	5,000	35,306	(694)	36,000
Eric A. Andres Live, Laugh, Love, Learn Scholarship	44,332	1,077	(1,287)	1,869	325	42,578	6,275	36,303
David G. and Mary L. Annis Education Scholarship	120,210	2,467	(3,474)	5,075	110	114,238	23,702	90,536
R.B. Annis Educational Foundation and Outreach Program Endowment	171,499	465	(5,012)	7,177	460	160,235	30,550	129,685
Anonymous Endowed Graduate Fellowship	2,420	23,518	(569)	-	3,319	28,688	(559)	29,247
Anonymous Endowed Marketing Scholarship	-	4,600	64	-	300	4,964	64	4,900
Anonymous Endowed Math and Science Scholarship	20,842	10,000	(529)	-	-	30,313	313	30,000
Anonymous Endowed Pre-Law Scholarship	585	221	(16)	-	142	932	27	905
Anonymous Endowed Scholarship 92119	-	8,107	85	-	1,525	9,717	85	9,632
Anonymous Endowed Scholarship 94981	202	-	(6)	-	-	196	(4)	200
Joseph E. Appelt P.E. Engineering Scholarship Fund	51,604	-	(1,509)	2,156	-	47,939	11,997	35,942
APICS Scholarship Fund	45,376	-	(1,327)	1,896	25	42,178	36,928	5,250
Carl and Delores Arendsen Golf Scholarship	46,712	716	(1,361)	1,957	216	44,326	7,799	36,527
ARAMARK Student Excellence Endowed Scholarship	36,819	200	(1,075)	1,538	-	34,406	4,206	30,200
Bachmeier Disability Support Services Endowment	43,057	2,033	(1,248)	1,855	2,151	44,138	6,830	37,308
Carl and Claudia Bajema Grand Rapids Urban Schools Endowed Scholarship	59,037	2,376	(1,655)	2,554	3,046	60,250	4,795	55,455
Baker-Hall Physics Fund	95,437	9,053	(2,663)	4,164	993	98,656	25,946	72,710
Baldwin Foundation Scholarship Endowment Fund	47,065	10,000	(1,200)	2,190	-	53,675	3,675	50,000
John T. Batchelder Political Science Scholarship	44,448	1,000	(1,294)	1,878	-	42,276	7,346	34,930
William C. Baum Endowment	104,304	1,805	(3,018)	4,398	50	98,743	21,589	77,154
Nancy H. Baum Endowment in Dance	48,914	308	(1,425)	2,050	8	45,755	19,999	25,756



# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
Beckering Family Carillon Endowment	\$ 34,301	\$ 40	\$ (1,004)	\$ 1,434	\$ -	\$ 31,903	\$ 8,328	\$ 23,575
Fred A. Bell Business Scholarship Endowment	48,264	155	(1,409)	2,020	15	45,005	13,134	31,871
David Alan Bergsma Scholarship Fund	66,501	-	(1,945)	2,778	-	61,778	51,143	10,635
Hyman H. & Greta M. Berkowitz Scholarship Fund	502,400	99	(14,690)	20,990	36	466,855	199,500	267,355
Biology Field and Laboratory Enhancement Fund	210,851	13,594	(5,930)	9,112	494	209,897	35,565	174,332
The Biomedical/Health Science Fund	45,464	341	(1,328)	1,905	350	42,922	10,787	32,135
The Rev. Darld and Joyce Black Doctor of Physical Therapy Scholarship in Memory of Robert Klein	42,213	600	(1,221)	1,783	500	40,309	8,643	31,666
Blinkhorn/Donk First Generation Scholars Endowed Scholarship	3,337	3,162	(81)	-	2,631	9,049	(64)	9,113
Edith I. Blodgett Endowed Music Scholarship Fund	74,267	212	(2,171)	3,109	212	69,411	32,479	36,932
Archie A. Blood, Jr. '79, '83 Endowed PATHWAYS Scholarship	15,606	5,211	(367)	-	20	20,470	103	20,367
Lynn McNamara Blue '86 Endowed Scholarship	-	490,000	3,999	-	-	493,999	3,999	490,000
Joan Board Athletic Scholarship Fund	86,125	2,150	(2,481)	3,650	1,080	83,224	18,935	64,289
Board & Rowe Endowment for Advancement of Women in Sport & Physical Activity	39,191	6,084	(1,102)	1,743	1,708	44,138	1,273	42,865
Clarke and Nancy Borgeson Science, Technology and Mathematics Endowed Scholarship	12,844	22,076	(140)	-	-	34,780	391	34,389
Ira Brad Memorial Scholarship	186,725	8,350	(5,435)	8,009	600	182,231	27,702	154,529
William J. & Margaret G. Branstrom Fund	136,717	-	(3,998)	5,711	-	127,008	78,321	48,687
George and Georgia Breur Scholarship	16,519	-	(484)	-	-	16,035	6,035	10,000
Brooks College Endowed Scholarship for Study Abroad	33,566	4,002	(964)	-	5,990	42,594	1,500	41,094
The Donna K. Brooks Presidential Scholarship	380,196	200	(11,115)	15,886	-	353,395	92,331	261,064
Paul Brian and Margaret Susan Brooks Endowed Memorial Scholarship	48,911	1,660	(1,420)	2,062	-	47,089	2,056	45,033
Brooks First Generation Diversity Endowed Scholarship**	369,514	50	(10,805)	15,437	-	343,322	91,222	252,100
Johnny C. Burton Memorial Scholarship	90,918	-	(2,659)	3,798	-	84,461	29,793	54,668
Thomas A. & Cheryl L. '91, '98 Butcher Endowed Nontraditional Student Scholarship	29,092	13,135	(724)	-	2,060	43,563	18	43,545
Buzzitta Family Endowed Scholarship	-	50,052	891	-	-	50,943	891	50,052
Greg Cadaret Baseball Fund	93,733	1,652	(2,737)	3,948	858	89,558	36,672	52,886
Dr. Johnine and Dr. Orel Callahan Honors Senior Research Program Endowment	1,958	325	(50)	-	300	2,533	148	2,385

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
Carlton Radiologic and Imaging Sciences Undergraduate Scholarship	\$ 8,106	\$ (7,646)	\$ (375)	\$ 85	\$ -	\$ -	\$ -	\$ -
Ara Cary Lectureship Fund	61,734	-	(1,803)	2,583	400	57,748	15,628	42,120
Barry Castro Business Ethics Scholarship	114,114	1,211	(3,326)	4,781	461	107,679	18,542	89,137
Bernard & Camille Cebelak Scholarship Fund	402,496	-	(11,770)	16,814	-	373,912	73,652	300,260
Center for Health Sciences Simulation Endowment	48,469	3,284	(1,393)	-	435	50,795	17,235	33,560
Collegiate Entrepreneurs' Organization (CEO) Endowment	106,281	-	(3,108)	4,440	-	98,733	24,022	74,711
Robert L. Chamberlain Scholarship Fund	73,671	628	(2,142)	3,097	575	69,635	32,134	37,501
Ruth Chamberlain Global Issues Scholarship Endowment	132,413	6,050	(3,766)	5,666	-	129,031	9,881	119,150
Frederick A. Chapman Endowed Memorial Public Relations Scholarship	23,984	650	(693)	-	-	23,941	2,691	21,250
Hong Chen Memorial Endowment	30,374	-	(888)	1,269	-	28,217	7,046	21,171
Children's Enrichment Center Student Parent Scholarship	25,323	817	(740)	-	635	26,035	4,916	21,119
Douglas K. and Ellen Chung Asian Social Work Graduate Scholarship	41,620	-	(1,217)	1,739	-	38,664	7,972	30,692
CLAS Alumni Endowed Scholarship	-	3,000	24	-	-	3,024	24	3,000
CLAS Margin of Excellence for Science Endowment	128,203	33,970	(4,042)	-	25,087	183,218	(3,820)	187,038
College of Liberal Arts and Sciences Endowed Scholarship	38,312	6,930	(1,063)	-	5,292	49,471	736	48,735
Class of 1968 Endowed Scholarship	44,570	6,270	(1,226)	1,954	1,660	49,320	-	49,320
Helen Claytor Minority Scholarship	1,485,225	-	(43,431)	62,045	-	1,379,749	395,346	984,403
Tara E. Cleary Endowed Scholarship	-	2,640	18	-	-	2,658	18	2,640
Club Soccer Endowment Fund	-	700	5	-	-	705	5	700
Colliers International Endowed Scholarship	33,952	500	(984)	1,430	-	32,038	1,538	30,500
School of Communications Emerging Technologies Endowment Fund	-	75	1	-	-	76	1	75
School of Communications Scholarship Fund	61,256	784	(1,782)	2,585	833	58,506	13,146	45,360
Community Foundation for Muskegon County Interfaith Dialogue Fund**	414,540	-	(12,122)	17,317	-	385,101	63,752	321,349
College of Education Future Teacher Scholarship	92,529	8,495	(2,636)	4,056	7,445	101,777	7,186	94,591
Computing and Information Systems Scholarship Fund	170,695	11,189	(4,926)	7,297	2,031	171,692	42,500	129,192
Cook Leadership Fellows of Hauenstein Center for Presidential Studies	1,391,443	1,820	(40,678)	58,149	120	1,294,556	253,883	1,040,673
The Coopersville Scholarship	1,496,438	870	(43,746)	62,532	120	1,391,150	122,984	1,268,166
Professional Support Staff (PSS) Scholarship Endowment Fund	165,113	2,108	(4,818)	6,960	2,395	157,838	31,944	125,894

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
David Daniels Memorial Scholarship	\$ 99,809	\$ 1,685	\$ (2,903)	\$ 4,191	\$ 340	\$ 94,740	\$ 32,891	\$ 61,849
Gilbert R. and Patricia K. Davis Endowed Merit English Scholarship	122,759	625	(3,577)	5,148	625	115,284	37,153	78,131
Gilbert R. and Patricia K Davis Davis Theatre Endowed Scholarship: Remembering Shakespeare	25,382	20	(588)	-	25,194	50,008	(410)	50,418
Greta & Arthur DeLong Perpetual Scholarship Fund	92,983	-	(2,719)	3,884	-	86,380	32,520	53,860
Somers-DeMaria Endowed Scholarship	-	10,000	82	-	-	10,082	82	10,000
Kendal J. DenBleyker Endowed Scholarship	56,960	-	(1,666)	2,379	-	52,915	2,890	50,025
Aaron M. DesRocher Memorial Chemistry Scholarship	40,292	120	(1,181)	1,688	100	37,643	6,683	30,960
Dick and Betsy DeVos Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	164,957	-	(4,824)	6,891	-	153,242	53,232	100,010
Pamella and Daniel G. DeVos Musical Theater Scholarship	60,197	1,259	(1,755)	2,548	1,200	58,353	7,004	51,349
Marvin G. DeVries Endowed Scholarship	37,812	1,000	(1,079)	1,619	1,500	37,614	2,687	34,927
Robert and Edward DeVries Families Campus Ministry Fund	11,076	352	(322)	-	42	11,148	(10)	11,158
DeWitt Barrels Inc. Environmental Science and Natural Resources Scholarship	81,069	6,136	(2,270)	3,526	588	81,997	8,315	73,682
Gregg K. Dimkoff Endowed Finance Scholarship	33,129	6,150	(966)	-	1,401	39,714	(762)	40,476
John R. DeYoung Leadership Fellow Endowment	29,996	6,000	(1,115)	1,441	-	33,440	3,440	30,000
Ann M. Dilley Jewelry/Metalsmithing Scholarship	10,216	20,457	(130)	-	-	30,543	(14)	30,557
Mary Jane Dockeray Scholarship Fund	105,606	-	(3,088)	4,412	-	98,106	35,148	62,958
DV Alpha Scholarship Endowment	23,697	-	(695)	-	-	23,002	3,002	20,000
Henry H. and Juanita Dungey Endowed Scholarship in Memory of Henry W. Dungey '00	8,477	1,681	(239)	-	256	10,175	(304)	10,479
Scott M. Dykstra Oliver Products Company Engineering Scholarship	72,371	160	(2,113)	3,027	10	67,401	16,877	50,524
L.V. Eberhard Scholarship Fund	693,730	125	(20,224)	29,093	10,067	654,605	375,115	279,490
Becky Eckstrom Environmental Studies Scholarship Endowment	111	-	(3)	-	2	110	-	110
Economics Department Faculty Endowed Scholarship	33,219	2,313	(929)	1,468	3,128	36,263	3,848	32,415
Valerie P. Eggert Distinguished Scholarship in Philanthropy	42,860	-	(1,253)	1,790	-	39,817	8,082	31,735
Eitzen Voice Scholarship	197,384	1,155	(5,766)	8,277	1,155	185,651	57,425	128,226
Empowering Haiti Through Education Fund	37,626	4,377	(1,089)	1,715	4,933	44,132	2,920	41,212
Endowment for the Center for Scholarly and Creative Excellence	456	-	(13)	-	-	443	143	300

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
Engineering/Computing & Information Systems Scholarship	\$ 92,164	\$ 707	\$ (2,687)	\$ 3,858	\$ 50	\$ 86,376	\$ 50,032	\$ 36,344
Engineering Co-op Endowment Fund	-	3,179	25	-	-	3,204	25	3,179
School of Engineering Fund	232,822	16,526	(6,710)	9,927	474	233,185	74,492	158,693
English Faculty Endowed Scholarship for New Majors	4,304	1,143	(112)	-	1,433	6,768	187	6,581
Jean Enright Women and Gender Studies Scholarship	46,475	3,226	(1,371)	2,032	1,413	47,711	7,391	40,320
FTC&H Engineering Endowed Scholarship	-	30,000	245	-	-	30,245	245	30,000
Faculty Teaching and Learning Center Endowment	2,744,129	-	(80,244)	114,635	-	2,549,250	633,869	1,915,381
Shelby Fazio '13 Memorial Endowed Scholarship	10,234	12,006	(179)	-	3,601	25,662	(162)	25,824
Douglas C. and Kimberly K. Fenbert Endowed Memorial Scholarship	-	3,400	76	-	3,100	6,576	76	6,500
Finance Department Endowment	119,202	1,000	(3,482)	5,006	900	112,614	27,516	85,098
Finance Department Faculty Endowed Scholarship	47,264	1,493	(1,375)	2,010	1,068	46,440	4,669	41,771
First Generation Urban Schools Scholarship	86,165	1,276	(2,512)	3,634	1,347	82,642	10,407	72,235
Richard E. Flanders Scholarship Fund	174,823	1,400	(5,091)	7,337	485	164,280	67,223	97,057
Barbara Flaschenriem Endowed Classics Scholarship	47,872	1,495	(1,391)	2,022	318	46,272	450	45,822
Robert W. Fletcher Memorial Endowment	162,939	13,600	(5,114)	7,257	6,231	170,399	17,269	153,130
Football Alumni Endowment Fund	189,132	20,584	(5,417)	8,177	3,738	199,860	29,186	170,674
Milton E. Ford LGBT Resource Center Endowment	34,778	3,561	(995)	-	2,932	40,276	2,774	37,502
Doug and Christen Fox Endowed Scholarship	-	20,000	124	-	-	20,124	124	20,000
Fraternity and Sorority Laker Leaders Scholarship	484	5,534	(7)	-	450	6,461	(12)	6,473
Kenneth and Irene Fridsma Endowed Special Education Scholarship	30,280	2,197	(836)	1,335	3,335	33,641	(556)	34,197
Frey Foundation Chair for Family Foundations and Philanthropy	1,852,568	300	(54,185)	77,400	-	1,721,283	220,693	1,500,590
The General Dynamics Land Systems Engineering Scholarship	48,836	-	(1,428)	2,040	-	45,368	13,368	32,000
Geology Development Fund	150,653	1,075	(4,388)	6,316	150	141,174	66,897	74,277
Geology Student Field Camp Endowment	69,164	550	(2,022)	2,907	392	65,177	14,524	50,653
Norman Gibson Geology Field Study Scholarship	88,868	8,238	(2,529)	3,757	640	91,460	7,060	84,400
Charlotte A. Gierst & Salome C. Egeler Trust Fund	90,020	30	(2,633)	3,761	-	83,656	36,446	47,210
Richard Giles Memorial Scholarship Fund	444,806	2,500	(12,963)	18,637	-	415,706	244,396	171,310
Eric Jon Gillette Memorial Scholarship	39,139	250	(1,154)	1,643	-	36,592	6,242	30,350
George and Barbara Gordon Endowment for the Gordon Gallery	401,323	50,000	(11,431)	17,324	-	422,568	22,128	400,440

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
John and Barbara Gracki Football Degree Completion Scholarship Fund	\$ 56,518	\$ 17,388	\$ (1,545)	\$ 2,558	\$ -	\$ 69,803	\$ 5,365	\$ 64,438
The Graduate Teacher Certification Scholarship	103,082	349	(3,012)	4,316	360	96,463	21,414	75,049
GV in DC Endowed Scholarship	906	2,050	14	-	1,600	4,570	10	4,560
The Grand Valley Lanthorn Merit Scholarship	45,316	50	(1,326)	1,896	125	42,269	11,204	31,065
GVU Foundation Community Leadership Endowment**	256,377	27,636	(7,198)	10,970	549	266,394	17,674	248,720
Grand Valley Grand Forum Endowment	297,325	2,958	(8,677)	12,480	540	279,666	91,607	188,059
Grand Valley State University Athletic Fund	355,730	11,661	(10,428)	14,988	(7,573)	334,402	76,064	258,338
Grand Valley State University Fund	5,814,447	578,603	(142,224)	272,072	(551,515)	5,427,239	3,214,741	2,212,498
GVSU Founders Endowed Scholarship	2,959	37,350	(1,448)	-	1,000	39,861	(1,439)	41,300
GVSU Interprofessional Education Initiative Endowment Fund	12,194	1,020	(342)	-	1,191	14,063	2,413	11,650
GVSU LGBT Scholarship Endowment	155,699	2,113	(4,545)	6,561	2,005	148,711	24,846	123,865
Grand Valley State University Symphony Orchestra Endowed Scholarship	16,624	1,198	(481)	-	390	17,731	3,184	14,547
Tom and Marcia Haas & Family Laker Marching Band Scholarship	73,408	4,951	(2,111)	3,127	-	73,121	6,809	66,312
Tom and Marcia Haas Power of 10 Endowed Scholarship	-	37,242	315	-	110	37,667	315	37,352
Rick K. Hamlin Endowed Memorial Scholarship	34,163	8,100	(1,103)	1,553	20	39,627	1,387	38,240
Earl Harper Scholarship Fund	77,163	-	(2,256)	3,223	-	71,684	33,589	38,095
Hauenstein Center for Presidential Studies Endowment	1,813,648	1,425,736	(89,894)	110,542	2,100	3,041,048	101,706	2,939,342
Joyce Hecht Distinguished Scholarship in Philanthropy	172,909	200	(5,052)	7,229	100	160,928	38,813	122,115
William Hegarty Endowment Fund	38,272	-	(1,119)	1,599	-	35,554	9,570	25,984
Arthur C. Hills Music Scholarship Fund	103,166	278	(3,016)	4,320	335	96,443	43,210	53,233
Honors Program Enrichment	41,919	125	(1,225)	1,752	-	39,067	9,603	29,464
Hospitality and Tourism Management Department Endowment	58,101	1,584	(1,688)	2,462	1,006	56,541	8,997	47,544
Dr. James D. Hoffman Scholarship	110,879	-	(3,242)	4,632	-	103,005	29,954	73,051
The Hilda C. Holder Endowed Scholarship for Women in Business Fund	49,037	-	(1,434)	2,049	-	45,554	10,454	35,100
Hosford Family Excellence in Academics and Athletics Endowed Scholarship	130,623	34,202	(4,528)	6,307	11,734	165,724	-	165,724
J. C. Huizenga Business Scholarship	74,779	1,300	(2,166)	3,150	-	70,763	11,323	59,440
The Professor Paul A. Huizenga Biology Education Scholarship	171,147	7,075	(4,892)	7,273	2,000	168,057	27,318	140,739

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
Nathan M. Hurwitz Endowed Memorial Scholarship	\$ 45,104	\$ 3,505	\$ (1,270)	\$ 1,984	\$ 2,880	\$ 48,235	\$ 1,515	\$ 46,720
Innovation Connection Endowment	424,582	-	(12,448)	-	-	412,134	(8,013)	420,147
W.G. Jackson Fund	271,098	253	(7,926)	11,331	189	252,283	94,280	158,003
Todd Jager Memorial Graduate Athletic Training Student Award	90,133	950	(2,635)	3,814	2,600	87,234	11,480	75,754
Michael and Susan Jandernoa Scholarship Endowment	255,755	-	(7,479)	10,684	-	237,592	36,551	201,041
Johnson Leadership Scholarship Endowment	38,796	5,000	(1,333)	1,777	-	40,686	4,686	36,000
The Dorothy A. Johnson Center for Philanthropy Library Endowment	820,141	1,063	(23,970)	34,274	34	762,994	254,720	508,274
The Dorothy A. Johnson Center for Philanthropy Operations Endowment	5,007,963	30,630	(147,630)	210,165	646	4,681,444	982,520	3,698,924
Paul and Dianna Johnson STEM PATHWAY Endowed Scholarship	-	21,983	450	-	17,132	39,565	450	39,115
Jurries Family Scholarship	43,370	2	(1,268)	1,812	1	40,293	10,245	30,048
Justice and Society Endowed Scholarship	49,798	225	(1,456)	2,087	215	46,695	6,060	40,635
Dr. Sara Kane-Smart Endowed Scholarship in Honor of Children's Advocacy Center in Holland	2,032	5,304	19	-	4,117	11,472	38	11,434
Kaufman Family Endowed Scholarship Honoring L. William Seidman	36,809	-	(1,076)	1,538	805	35,000	-	35,000
Sylvia and Richard Kaufman Interfaith Institute Endowment	820,445	70,274	(26,046)	36,212	2,106	830,567	106,382	724,185
Frances Anne Kelleher Endowed Memorial Scholarship	38,844	875	(1,125)	1,644	2,027	38,977	(733)	39,710
Fred M. and Bernedine Keller Engineering Diversity Scholarship	67,835	75	(1,983)	2,835	-	63,092	11,267	51,825
W.K. Kellogg Community Philanthropy Chair	1,715,963	-	(50,179)	71,684	-	1,594,100	94,100	1,500,000
Kurt F. Kimball Scholarship Endowment	56,691	720	(1,647)	2,385	270	53,649	15,821	37,828
P. Douglas and Barbara Kindschi Science Endowment	175,813	125,050	(2,848)	-	52,172	350,187	(4,207)	354,394
Dr. Wayne and Paula Kinzie Counseling Staff Professional Development Endowment	224,170	1,000	(6,554)	-	-	218,616	51,483	167,133
Kirkhof College of Nursing Alumni Scholarship	9,321	21,248	(56)	-	11,107	41,620	(85)	41,705
Kirkhof College of Nursing Endowment	268,417	4,392	(7,795)	11,306	1,182	254,890	49,497	205,393
Dr. Donald J. Klein, Sr. Graduate Endowed Scholarship in Accounting	187,291	8,260	(5,330)	8,010	1,000	183,211	28,215	154,996
Knauf Family Endowed Pathway Scholarship	-	10,000	70	-	-	10,070	70	10,000
Professor Charles Knop Chemistry Scholarship	55,317	4,061	(1,565)	2,424	2,196	57,585	6,571	51,014

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance	Gifts and	Investment Income	Distribution	Intrafund	Balance	Retained	Principal Balance
	June 30, 2015	Additions	and Deductions	Beneficiary Funds	Distribution	June 30, 2016	Investment Income	June 30, 2016
<b>Endowment Funds (Continued)</b>								
Walton Boston Koch Memorial Scholarship	\$ 45,330	\$ 180	\$ (1,325)	\$ 1,898	\$ 125	\$ 42,412	\$ 19,270	\$ 23,142
The Albert S. and Ella D. Koeze Art Scholarship	79,035	75	(2,310)	3,303	-	73,497	18,827	54,670
A. Scott and Ruth P. Koeze Graduate Business Scholarship	45,247	-	(1,323)	1,890	-	42,034	7,854	34,180
Koeze Business Ethics Initiative (KBEI) at the Seidman College of Business	211,080	-	(6,260)	6,682	2,566	200,704	-	200,704
MaryBeth Koeze Art Scholarship	86,630	1,473	(2,507)	3,652	-	81,944	9,784	72,160
MaryBeth Koeze Endowed Scholarship in memory of Dr. Thomas Henry Koeze	86,375	-	(2,526)	3,608	-	80,241	9,804	70,437
Dirk Koning Film and Video Scholarship	59,725	1,257	(1,724)	2,531	1,071	57,798	11,161	46,637
The Jack J. Korff Seidman College of Business Finance Scholarship	94,674	5,000	(2,680)	4,067	-	92,927	12,817	80,110
Lynne Kraemer Memorial Scholarship	48,560	-	(1,420)	2,028	-	45,112	27,118	17,994
Solina and Steven Kramer Endowed Memorial Scholarship	12,519	23,000	36	-	-	35,555	30	35,525
Kruizenga Interfaith Ambassador Endowment Fund	-	100,000	816	-	-	100,816	816	100,000
Kutsche Office of Local History Endowment	241,178	17,408	(6,838)	10,474	506	241,780	14,710	227,070
Lake Michigan Writing Project Endowment	137,878	-	(3,880)	6,039	25,000	152,959	2,959	150,000
Laker Athletic Bands Endowment Fund	-	10,500	243	-	10,000	20,743	243	20,500
Laker Discovery Endowment Fund	19,480	700	(567)	-	575	20,188	(12)	20,200
Richard H. Lefebvre Geology Field Education Fund	77,056	3,050	(2,281)	3,291	642	75,176	10,032	65,144
The Mike Lints Track and Field Equipment Endowment	96,480	8,606	(2,740)	4,169	1,548	99,725	12,904	86,821
Logie Fellowship Endowment	186,934	200	(5,465)	7,811	-	173,858	41,023	132,835
Loutit Foundation Fund	265,179	46	12,363	-	46	277,634	62,531	215,103
Bucky Love WGVSU TV Music Program Endowment	43,391	-	(1,269)	1,813	-	40,309	309	40,000
Arend D. and Nancy Lubbers Honors College Scholarship	910,840	24,078	(26,435)	38,066	215	870,632	229,255	641,377
McFadden Picciuca International Child Welfare Scholarship	24,578	221	(719)	-	218	24,298	8,043	16,255
Reverend Dennis and E. Jean (Lackey) McMurray Academic Achievement Scholarship	218	-	(6)	-	-	212	88	124
Marney (Houseman) MacAdam Endowed Voice Scholarship	24,742	7,100	(716)	-	3,100	34,226	(933)	35,159
T.J. Maciak Give Life Endowed Scholarship	15,738	8,375	(420)	-	409	24,102	1,089	23,013
Mack-Jackson African American Teacher Scholarship	90,147	6	(2,636)	3,766	12	83,763	32,756	51,007
Dr. Nancy K. Mack & Katherine Klemit Mack Endowed Memorial Scholarship	61,093	3,000	(1,579)	2,888	32,888	92,514	(486)	93,000
Eric I. Maino Community Technology Award Endowment	44,197	-	(1,292)	1,846	-	41,059	6,971	34,088
Teri Linn (Houghton) Marsh Endowed Memorial Nursing Scholarship	78,257	9,715	(2,095)	3,538	7,620	89,959	1,169	88,790

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
Jean E. Martin Doctor of Nursing Practice Scholarship	\$ 316,602	\$ 10,448	\$ (9,013)	\$ 13,574	\$ 10,448	\$ 314,911	\$ 66,787	\$ 248,124
Mathematics Endowment Fund	261,981	3,062	(7,622)	11,018	1,735	248,138	102,221	145,917
Russell G. Mawby Fellowship in Philanthropic Studies	184,608	300	(5,410)	7,721	-	171,777	35,670	136,107
Coach Jim Meerman Memorial Endowed Scholarship	21,939	19,904	(354)	-	4,487	45,976	(232)	46,208
Frederik Meijer Endowed Honors Chair in Entrepreneurship and Innovation	1,860,660	-	(54,410)	77,728	-	1,728,522	228,522	1,500,000
Frederik Meijer First Generation Honors College Student Scholarship Endowment	3,153,923	573	(92,215)	131,774	683	2,931,190	426,984	2,504,206
Frederik Meijer Honors College Service-Learning Endowment	6,448	1,848	(178)	-	1,178	9,296	451	8,845
Frederik Meijer Lecture Series Endowment	493,714	-	(14,437)	20,625	-	458,652	158,652	300,000
Frederick Meijer Opportunity Endowed Scholarship	574,653	-	(16,847)	-	-	557,806	32,806	525,000
Corky Meinecke Scholarship Endowment Fund	86,114	375	(2,533)	3,609	-	80,347	18,033	62,314
Memorial Garden Endowment	8,597	-	(247)	-	894	9,244	3,192	6,052
Mercantile Bank of Michigan Upward Bound (TRiO) Program Endowment	49,937	2,548	(1,386)	2,184	2,192	51,107	6,204	44,903
H. Bart Merkle CSAL Endowment Fund	-	1,873	14	-	25	1,912	14	1,898
Michigan Office Solutions Endowed Seidman College of Business Scholarships	-	10,500	(114)	-	-	10,386	(114)	10,500
Paul C. and Florence Miller Mineral Collection Endowment	62,613	75	(1,829)	2,618	75	58,316	17,066	41,250
Paul C. Miller Scholarship Fund	203,422	-	(5,949)	8,498	-	188,975	88,652	100,323
Mithilesh & Jitendra Mishra Foreign Student/Faculty Scholarship Fund	36,794	-	(1,076)	1,537	-	34,181	11,262	22,919
Modern Languages Endowed Study Abroad Scholarship	6,781	1,319	(180)	-	1,278	9,198	331	8,867
Jacob B. Mol Family Scholarship Fund	100,621	510	(2,937)	4,212	300	94,282	44,009	50,273
GVUF Lupe Ramos-Montigny "SI SE PUEDE" Legacy Endowed Scholarship**	-	81,276	519	-	425	82,220	519	81,701
Lupe Ramos-Montigny "SI SE PUEDE" Legacy Endowed Scholarship	81,641	-	(2,387)	3,410	-	75,844	26,658	49,186
Movement Science Student Excellence Endowed Scholarship	13,298	5	(390)	-	-	12,913	2,683	10,230
Rodney J. Mulder Social Work Scholarship	103,280	6,550	(2,956)	4,377	656	103,153	20,060	83,093
Mullendore Legal Studies Criminal Justice Scholarship	346,084	12,731	(10,539)	14,993	12,606	345,889	44,150	301,739
Mark A. and Elizabeth C. Murray International Travel Fund	123,626	2,193	(3,613)	5,204	492	117,494	12,157	105,337
Moriah Muscaro '15 Feature Twirler Endowed Scholarship	495	1,190	(8)	-	119	1,796	(13)	1,809



# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
Benjamin Mutnick Endowed Hospitality and Tourism Management Scholarship	\$ 26,279	\$ 8,948	\$ (691)	\$ -	\$ 297	\$ 34,833	\$ (112)	\$ 34,945
Dick Nelson Memorial Sports Broadcasting Scholarship	7,941	(9,284)	(387)	-	1,730	-	-	-
Nichols Sustainability Scholarship	42,391	331	(1,234)	1,779	42	39,751	6,018	33,733
Glenn A. and Betty J. Niemeyer History Scholarship Endowment	153,173	1,755	(4,452)	6,454	1,755	145,777	43,052	102,725
Dr. Roy and Patricia Olsson Jr. Health Professions Scholarship	27,778	2,072	(805)	-	2,065	31,110	4,920	26,190
Joel J. Orosz Endowed Fellowship in Philanthropy	125,459	475	(3,676)	5,257	250	117,251	14,255	102,996
Herta Oswalt WGVU Culinary Television Program Endowment	52,824	-	(1,545)	2,207	-	49,072	7,072	42,000
The Nedra J. Otis Art Scholarship	126,413	1,231	(3,689)	5,303	594	119,246	26,338	92,908
Arnold C. Ott Lectureship in Chemistry	998,295	1,525	(29,166)	41,737	-	928,917	403,920	524,997
Candace Otte Scholarship for Nursing	36,296	-	(1,061)	1,516	-	33,719	8,066	25,653
The Ott-Stiner Fellowship in Chemistry and Natural Sciences	79,420	14,703	(2,097)	3,662	2,309	90,673	3,379	87,294
Barbara Padnos Scholarship Fund	1,439,168	772	(42,078)	60,138	449	1,338,173	324,915	1,013,258
Esther R. Padnos Nursing Scholarship	195,473	525	(5,712)	8,166	-	182,120	10,047	172,073
Seymour and Esther Padnos Engineering Scholarship	753,016	240	(22,020)	31,462	135	699,909	162,149	537,760
Stuart and Barbara Padnos Chair in Art and Design	1,753,075	-	(51,264)	73,234	-	1,628,577	127,322	1,501,255
Padnos/Sarosik Endowed Professorship of Civil Discourse	294,427	92	(8,610)	12,302	68	273,675	23,304	250,371
Christos T. and Joan A. Panopoulos Physician Assistant Studies Scholarship	6,042	6,200	(69)	-	19	12,192	(27)	12,219
Joan A. Panopoulos Scholarship	49,289	100	(1,439)	2,062	100	45,988	4,018	41,970
LT James W. Parmelee Memorial Scholarship	44,035	-	(1,288)	1,840	-	40,907	5,707	35,200
Steven E. Williams Memorial Pathways to Recovery Endowed Scholarship	34,346	2,375	(976)	1,503	1,300	35,542	3,692	31,850
Paton Family Entrepreneurial Fund	9,998	20,400	70	-	-	30,468	(32)	30,500
Paton Family Entrepreneur Scholarship Endowment	38,460	100	(1,124)	1,607	-	35,829	6,079	29,750
Eugene and Lillian Pawl Scholarship	9,964	3,030	(235)	-	3,625	16,384	1,004	15,380
Peace and Justice Activist Scholarship	70,113	300	(2,048)	2,935	261	65,691	27,292	38,399
Ross W. Perry Bachelor of Science Scholarships	310,421	-	(9,077)	12,968	-	288,376	82,661	205,715
Chuck Peterson '83 Memorial Film and Video Endowed Scholarship	-	15,536	(408)	-	10,100	25,228	(408)	25,636
Physical Therapy Department Fund	90,452	1,565	(2,609)	3,817	525	86,116	21,377	64,739

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
Physical Therapy Urban Schools Endowed Scholarship	\$ 8,461	\$ 2,208	\$ (196)	\$ -	\$ 8,900	\$ 19,373	\$ (152)	\$ 19,525
William F. Pickard Fund	99,110	-	(2,898)	4,140	-	92,072	61,157	30,915
Pioneer Class of 1967 Endowed Scholarship	48,625	3,845	(1,374)	2,100	-	48,996	4,670	44,326
Plant Service Personnel Descendants Scholarship Fund	725,281	10,133	(21,166)	30,587	10,375	694,036	165,951	528,085
PNC Early Childhood Education Scholarship Endowment	164,978	-	(4,824)	6,892	-	153,262	17,080	136,182
Positive Black Women Endowment Fund	77,038	2,178	(2,228)	3,274	1,499	75,213	15,205	60,008
Paul W. Potter and Margaret E. Potter Scholarship	62,784	-	(1,836)	2,623	-	58,325	7,225	51,100
The Judith S. Pratt Non-Traditional Nursing Scholarship	97,298	1,860	(2,834)	4,116	1,425	93,633	19,091	74,542
Berthold Price Scholarship Fund	186,842	-	(5,464)	7,805	-	173,573	76,938	96,635
Price Heneveld Engineering Scholarship	208,351	-	(6,093)	8,704	-	193,554	43,236	150,318
Randy and Debra Price Endowed Scholarship	-	20,000	163	-	-	20,163	163	20,000
Margaret Proctor School of Communications Scholarship	54,463	679	(1,582)	2,296	569	51,833	14,355	37,478
Orgulloso de Ser 'Proud to Be' Scholarship Endowment	614	(764)	(34)	-	184	-	-	-
Dr. George I. and Helen Z. Quimby Scholarship	47,056	5,145	(1,272)	2,108	2,565	51,386	11,007	40,379
Dr. George I. Quimby Memorial Anthropology Endowment	47,516	5,378	(1,281)	2,133	2,600	52,080	7,121	44,959
Office of Undergraduate Research and Scholarship (OURS) Endowment	8,521	630	(240)	-	667	9,578	723	8,855
Rauch Family Leadership Endowed Scholarship for Portage Schools	52,560	18,000	(1,427)	2,397	-	66,736	3,436	63,300
Recreation Leadership Endowed Scholarship	113	29,546	234	-	460	30,353	233	30,120
Redfield Financial Group Business and Baseball Endowed Scholarship	36,693	-	(1,073)	1,533	-	34,087	3,627	30,460
Regional Math and Science Center Endowment	210,311	180	(6,146)	8,791	150	195,704	66,736	128,968
John W. and Virginia M. Reifel Economics Scholarship	190,372	3,120	(5,496)	8,060	3,286	183,222	23,351	159,871
The George Jacob Reister and Juliana Knodel Reister Family Memorial Scholarship	116,066	1,252	(3,400)	4,879	95	109,134	25,144	83,990
Peter P. and Patricia R. Renucci Medical Lab Sciences Scholarship Endowment	45,914	691	(1,340)	1,935	588	43,918	7,034	36,884
Peter P. Renucci Family Medical Lab Sciences Scholarship Endowment	43,898	538	(1,281)	1,847	480	41,788	6,862	34,926
Warren Reynolds Endowed Scholarship	34,673	1,520	(987)	1,483	82	33,805	8,470	25,335
D. Scott & Susan Richardson Management Student-Athlete Endowed Scholarship	-	4,705	104	-	10,745	15,554	104	15,450
Rockford Construction Student Enterprise Endowment	33,720	20,000	(1,300)	-	-	52,420	2,420	50,000

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
Stephen C. Rowe Student Summer Scholars Fellowship	\$ 12,769	\$ 510	\$ (372)	\$ -	\$ 490	\$ 13,397	\$ 1,226	\$ 12,171
Paul A. '72 & Janet M. (Nickless) '71 Royce Endowed PATHWAY Scholarship	30,315	160	(888)	-	10	29,597	(573)	30,170
Robert and Linda '89 Rynbrandt Endowed Sociology Scholarship	50,993	10,467	(1,245)	2,481	13,036	70,770	(781)	71,551
Laura Sakoski Memorial Scholarship	33,053	1,453	(945)	1,414	-	32,147	6,278	25,869
John Salski Memorial Fund	46,763	500	(1,362)	1,962	-	43,939	12,664	31,275
The J. Patrick Sandro Education Scholarship	79,101	1,020	(2,296)	3,327	-	74,498	17,560	56,938
The Ilene I. Schooley Biomedical Sciences Scholarship	43,192	-	(1,263)	1,804	-	40,125	9,686	30,439
Paul '81 and Pamela '80 Schweitzer Scholarship Endowment	5,939	7,000	(101)	-	1,000	13,838	(162)	14,000
Mary & Wilhelm Seeger Scholarship Fund	266,785	7,705	(7,638)	11,373	5,248	260,727	69,934	190,793
William Schroeder Undergraduate Endowed Fellowship in Chemistry	40,745	600	(1,186)	1,718	100	38,541	6,341	32,200
School of Public and Nonprofit Administration Endowment	86,113	8,555	(2,429)	3,776	2,329	90,792	14,752	76,040
Science Equipment Fund	2,466,445	1,000	(72,123)	103,054	-	2,292,268	1,293,458	998,810
SCB Student Portfolio Endowment	167,379	103,028	2,667	-	-	273,074	3,796	269,278
Seidman Endowment Fund	1,591,901	745	(46,544)	66,519	492	1,480,075	790,622	689,453
Seidman College of Business Commercial Real Estate Scholarship	26,809	-	(786)	-	-	26,023	6,023	20,000
Seidman College of Business Study Abroad Scholarship	169,963	29,427	(4,797)	7,540	6,730	193,783	5,728	188,055
Seidman College of Business Management Department Scholarship	21,326	2,535	(609)	-	1,567	24,819	4,801	20,018
Seidman Enrichment Fund	742,701	-	(21,718)	31,026	-	689,957	367,433	322,524
Esther L. Seidman Chair in Management Fund	410,182	-	(11,995)	17,135	-	381,052	205,653	175,399
Tim and Terry Selgo Student-Athlete Scholarship Endowment	-	53,860	735	-	11,952	66,547	735	65,812
The Margaret Sellers Walker Distinguished Practitioner Lecture Series in Public and Nonprofit Administration	6,364	368	(181)	-	384	6,935	1,586	5,349
John J. and Marjorie E. Shepard Communications Scholarship	266,975	105	(7,806)	11,154	35	248,155	78,256	169,899
Marilyn and Budge Sherwood Seidman College of Business Scholarship**	76,762	-	(2,245)	3,207	25	71,335	14,031	57,304
Ryan Short Memorial Scholarship Fund	109,286	1,579	(3,187)	4,606	1,457	104,529	23,828	80,701
Frederick S. Singer Memorial Veteran's Endowed Scholarship	34,668	1,240	(1,005)	1,462	405	33,846	568	33,278

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
Ram and Usha Singh Social Work Scholarship	\$ 41,669	\$ -	\$ (1,219)	\$ 1,741	\$ -	\$ 38,709	\$ 10,214	\$ 28,495
Small Family Endowed Scholarship	3,126	2,505	(64)	-	1,205	6,772	(58)	6,830
Hilary F. Snell Endowed Leadership Fellow	-	2,000	16	-	-	2,016	16	2,000
Drs. Esther and Enrico Sobong Scholarship	44,497	51	(1,300)	1,862	178	41,564	9,889	31,675
Social Work Faculty Development Fund	46,860	-	(1,370)	1,958	-	43,532	21,357	22,175
The Social Work Minority Scholarship	48,796	-	(1,427)	2,038	-	45,331	11,898	33,433
Social Work Scholarship Fund	49,174	1,045	(1,433)	2,073	758	47,471	12,385	35,086
Spectrum Health Diversity Scholarship	104,904	-	(3,068)	4,382	-	97,454	22,163	75,291
Spectrum Industries, Inc. Endowed Scholarship	40,465	46,500	(364)	-	-	86,601	101	86,500
Paul Springer Crew Scholarship	23,802	9,491	(602)	-	350	33,041	5,313	27,728
Joseph Spruit Engineering Scholarship	69,137	-	(2,022)	2,888	-	64,227	11,727	52,500
Statistics Endowment Fund	69,101	1,276	(2,010)	2,918	700	66,149	11,758	54,391
Steelcase Inc. Seidman College of Business Diversity Scholarship	143,068	-	(4,184)	5,977	-	132,907	32,372	100,535
The Howard and Rose Stein Endowed Biology Scholarship	72,350	968	(2,129)	3,047	144	68,286	15,868	52,418
George and Marianne Stein Endowed Memorial Scholarship	107,076	-	(3,131)	4,473	528	100,000	-	100,000
Joseph Stevens Freedom Fund	148,850	812	(4,350)	6,240	750	139,822	53,131	86,691
Les and Jackie (Ott) Stiner Fellowship in Historical and Humanistic Studies	1,716	400	(52)	-	-	2,064	(36)	2,100
Les and Jackie (Ott) Stiner Fellowship in Scientific Skeptical Reasoning and Logic	-	12,350	123	-	-	12,473	123	12,350
Esther Rehm Stotz Scholarship Fund	170,168	50	(4,975)	7,110	50	158,183	86,645	71,538
Student Sustainability Endowment Fund	20,521	1,740	(581)	-	938	22,618	4,460	18,158
The Subar Family - Model Coverall Service Scholarship	51,121	1,500	(1,468)	2,169	-	48,984	12,024	36,960
Duke Tanaka Jr. Anatomy Scholarship	45,614	125	(1,326)	1,922	1,339	43,830	7,929	35,901
Tax Program Fund	176,794	-	(5,183)	-	-	171,611	100,781	70,830
AT&T Pioneers Michigan Chapter Scholarship	81,766	-	(2,391)	3,416	-	75,959	32,984	42,975
Charles L Toot Endowed Memorial Golf Scholarship	38,871	6,050	(1,010)	1,819	5,750	47,842	2,924	44,918
TowerPinkster Endowed Engineering Scholarship	-	30,000	534	-	-	30,534	534	30,000
Edward Tremba Geology Scholarship Fund	102,485	1,290	(2,992)	4,310	110	96,583	42,111	54,472
Kathleen Underwood Endowed S3 Fellowship for the Study of Social Issues of Inequality in History or Contemporary Society	1,064	2,141	(1)	-	2,679	5,883	(8)	5,891
University Library Fund	407,839	9,214	(11,866)	17,286	8,515	396,416	162,665	233,751

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
Stephanie Urbanawiz Physician Assistant Endowed Scholarship	\$ 11,546	\$ 13,855	\$ (234)	\$ -	\$ 3,449	\$ 28,616	\$ (224)	\$ 28,840
David and Carol Van Andel Leadership Fellow Endowment for the Hauenstein Center for Presidential Studies	142,237	1,000	(4,142)	5,964	-	133,131	31,131	102,000
The Donald and Barbara VanderJagt Mathematics and Athletic Scholarship	85,402	5,225	(2,479)	3,672	400	84,876	15,689	69,187
Dr. Eric L. Van Fleet Occupational Safety and Health Endowed Scholarship	-	1,433	10	-	-	1,443	10	1,433
VanSteeland Campus Beautification Fund	160,481	856	(4,684)	6,720	882	150,815	74,780	76,035
Richard E. Veazey Graduate Academic Scholarship in Accounting	380,156	25	(11,116)	15,881	-	353,184	47,777	305,407
Kenneth Venderbush Endowment Fund	34,921	1,167	(1,002)	1,481	-	33,605	12,263	21,342
P. and J. Versluis Endowed Scholarship	119,327	-	(3,489)	4,985	-	110,853	853	110,000
Veteran's History Project Endowment	65,099	2,885	(2,000)	2,803	206	63,387	6,136	57,251
Volkhardt Family Scholarship	172,579	350	(5,038)	7,221	350	161,020	39,113	121,907
The Waddell/Treanor Native Plant Endowment	880,883	50	(25,758)	36,800	-	818,375	111,668	706,707
Florence Cowan Ward Scholarship for Nursing	193,152	600	(5,638)	8,082	-	180,032	40,518	139,514
Margaret F. Ward Art and Design Scholarship	40,497	157	(1,183)	1,693	-	37,778	7,455	30,323
Margaret Ward Music Scholarship	41,374	276	(1,209)	1,736	276	38,981	8,644	30,337
The John D. Wardrop Leadership Fellow Endowment	48,152	50	(1,407)	2,014	120	44,901	9,501	35,400
Maribeth Wardrop Leaders in Philanthropy Scholarship	82,443	1,096	(2,404)	3,458	380	78,057	10,069	67,988
WGVU - AM Radio Endowment	6,668	1,208	(195)	-	542	8,223	713	7,510
WGVU Engineering Student Co-op Endowment	2,887	-	(85)	-	-	2,802	1,702	1,100
WGVU - FM Radio Program Endowment Fund	78,713	3,367	(2,327)	3,361	527	76,919	12,056	64,863
WGVU LZ Michigan Scholarship Endowment	36,841	2,840	(1,039)	1,583	361	37,420	1,586	35,834
WGVU-TV Program Fund	154,622	20,525	(4,676)	6,871	1,230	164,830	16,046	148,784
WGVU-TV Scholarship Fund	455,815	224	(13,337)	19,048	24	423,678	217,335	206,343
WRI Equipment Fund	2,661,652	127	(77,832)	111,192	87	2,472,842	1,311,825	1,161,017
Margaret Ward WGVU Symphony and Art Programming Endowment Fund	65,638	803	(1,951)	2,767	-	61,723	17,529	44,194
Weldon Memorial Chemistry Fund	239,619	1,581	(7,004)	10,052	537	224,681	88,009	136,672
Bonnie Wesorick Center for Health Care Transformation Endowment	1,078,232	3,046	(31,510)	45,110	1,848	1,006,506	236,969	769,537
West Shore AWARE Scholarship	76,785	-	(2,245)	3,208	-	71,332	11,207	60,125

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
West Side Challenge Scholar Endowed Scholarship	\$ -	\$ 1,773	\$ 22	\$ -	\$ 505	\$ 2,300	\$ 22	\$ 2,278
West Side Service Projects Endowment	37,064	63	(1,084)	1,550	34	34,527	5,274	29,253
Westerman Nursing Scholarship Fund	209,621	5,200	(6,098)	8,815	-	199,908	67,034	132,874
Samuel L. Westerman Endowed Seidman PATHWAY Scholarship	15,106	15,300	(362)	-	-	30,044	(256)	30,300
Jonathan and Marcia White Honors College Endowed Scholarship	43,068	1,050	(1,253)	1,827	575	41,613	3,517	38,096
Gleaves Whitney Leadership Fellow Endowment at the Hauenstein Center for Presidential Studies	19,923	1,710	(578)	-	2,160	23,215	2,185	21,030
Whitney Young Village Outreach Engineering Scholarship	143,982	-	3,562	3,000	38	144,582	44,506	100,076
Shawn D. Wiersma Criminal Justice Memorial Scholarship	47,802	626	(1,390)	2,010	243	45,271	9,534	35,737
Holliday Willey Psychology Scholarship for the Study of Pervasive Development Disorders	59,535	975	(1,737)	2,513	900	57,160	11,697	45,463
Don Williams Sr. Dean Emeritus Multicultural Business Education (MBEC) Scholarship	40,610	113	(1,186)	1,699	-	37,838	5,287	32,551
H. James Williams Endowed Scholarship	41,277	100	(1,207)	1,726	-	38,444	1,537	36,907
Campbell-Williams Business Scholarship	45,488	543	(1,329)	1,914	386	43,174	8,289	34,885
William James Fund	44,145	225	(1,288)	1,850	-	41,232	21,349	19,883
Shelia Williams Student Leadership Development Fund	168,790	459	(4,929)	7,062	96	157,354	78,164	79,190
GVUF Richard A. Winn Michigan Lodging & Tourism Association Endowed Scholarship**	-	20,164	125	-	-	20,289	125	20,164
Bill & Diana Wipperfurth Annis Water Resources Institute Student Research Scholarship	48,359	52	(1,414)	2,023	115	45,089	8,111	36,978
Thomas and Joyce Wisner Engineering Scholarship Endowment	1,378,557	240	(40,311)	57,595	240	1,281,131	280,491	1,000,640
The Wisner Doctor of Physical Therapy Scholarship	151,274	450	(4,414)	6,333	350	141,327	29,567	111,760
Wolverine Worldwide Endowed Scholarship	-	30,000	245	-	-	30,245	245	30,000
Women's Center Non-Traditional Student Scholarship	104,951	756	(3,065)	4,404	736	98,974	21,133	77,841
Women's Center Endowment	124,997	2,447	(3,645)	5,308	3,512	122,003	13,534	108,469
Robert H. and Barbara Wood Entrepreneur Scholarship	1,717	-	(50)	-	-	1,667	667	1,000
Doug and Linda Woods Athletic Training Scholarship Endowment	198,570	2,015	(5,790)	8,330	254	186,719	35,306	151,413
Wrestling Endowment	74,700	893	(2,178)	-	57	73,472	27,534	45,938
Writing Majors Scholarship	53,644	1,546	(1,563)	2,290	1,487	52,824	8,002	44,822

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Endowment Funds (Continued)</b>								
Michael F. Young '90, '94 Memorial Endowed Scholarship	\$ -	\$ 31,005	\$ 197	\$ -	\$ -	\$ 31,202	\$ 197	\$ 31,005
William Zimmerman Memorial Scholarship	102,132	2,280	(2,942)	4,336	1,915	99,049	17,266	81,783
Felix V. & Gladys A. Zukaitis Athletic Trust	254,293	-	(7,436)	10,623	-	236,234	111,049	125,185
Felix V. & Gladys A. Zukaitis Scholarship Trust	243,761	-	(7,128)	10,183	-	226,450	100,429	126,021
Total endowment funds	81,885,009	4,846,160	(2,352,874)	3,362,288	26,770	81,042,777	20,733,391	60,309,386

# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Funds Functioning as Endowments</b>								
Accounting Scholarship Fund	\$ 556,332	\$ 12,836	\$ (16,088)	\$ 23,464	\$ 55	\$ 529,671	\$ 230,287	\$ 299,384
Alumni Scholarship Fund	950,251	196	(27,786)	39,702	196	883,155	384,581	498,574
Angus Fund	1,763,381	666	(51,556)	73,680	166	1,638,977	781,465	857,512
R.B. Annis WRI Endowment	1,933,095	120,984	(54,406)	83,466	758	1,916,965	663,809	1,253,156
Owen F. Bieber Scholarship Trust	740,976	-	(21,668)	30,954	-	688,354	374,824	313,530
Alexander Calder Honors Scholarship	179,402	125	(5,245)	7,497	65	166,850	27,183	139,667
Richard M. and Helen DeVos Center for Entrepreneurship & Innovation Endowment	1,853,498	675	(54,198)	77,438	50	1,722,587	492,394	1,230,193
Grand Rapids Continuing Education	1,994,470	-	(58,473)	-	-	1,935,997	1,562,015	373,982
Leon W. Hall Trust Fund	878,494	-	(25,689)	36,699	-	816,106	481,694	334,412
Charles & Florence Irwin Scholarship Endowment Fund	286,894	2,672	(8,359)	12,035	662	269,834	89,504	180,330
Russel H. Kirkhof Fund	2,759,667	100	(80,697)	115,286	-	2,563,784	1,556,385	1,007,399
Seymour & Esther Padnos School of Engineering	2,812,401	15	(82,241)	117,487	3	2,612,691	1,098,214	1,514,477
Padnos Fund	1,862,999	-	(54,478)	77,826	-	1,730,695	730,670	1,000,025
Joe E. Reid Memorial Scholarship Fund	102,124	270	(2,984)	4,272	-	95,138	40,926	54,212
SPX Corporation Engineering Scholarship Fund	155,855	-	(4,557)	6,511	-	144,787	94,677	50,110
James R. Sebastian Endowed Chair in Engineering Cooperative Education and Educational Development	1,972,356	-	(57,676)	82,394	-	1,832,286	1,290,924	541,362
Charles C Saur Fund	58,164	-	819	-	-	58,983	(52,594)	111,577
Science Religion Project	245,516	-	(7,179)	10,256	-	228,081	66,744	161,337
Robert C. Trotter Scholarship Fund	596,834	-	(17,453)	24,932	-	554,449	406,582	147,867
Undistributed Income Fund	640,788	-	(5,956)	-	(18,658)	616,174	616,174	-
VanderMey Endowment	184,629	-	(5,399)	7,713	-	171,517	57,090	114,427
<b>Total funds functioning as endowments</b>	<b>22,528,126</b>	<b>138,539</b>	<b>(641,269)</b>	<b>831,612</b>	<b>(16,703)</b>	<b>21,177,081</b>	<b>10,993,548</b>	<b>10,183,533</b>



# Grand Valley State University

## Schedule of University and Foundation Endowments and Similar Funds (Continued) June 30, 2016

	Balance June 30, 2015	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intrafund Distribution	Balance June 30, 2016	Retained Investment Income	Principal Balance June 30, 2016
<b>Annuity Funds</b>								
John and Shirley Batchelder Charitable Gift Annuity	\$ 43,823	\$ -	\$ (6,538)	\$ -	\$ -	\$ 37,285	\$ 18,462	\$ 18,823
John and Nancy Batts Charitable Gift Annuity	268,752	-	(70,987)	-	-	197,765	(174,547)	372,312
Darld T and Joyce M Black Charitable Gift Annuity	10,687	-	(1,208)	-	-	9,479	2,927	6,552
Robert F and Jean A Blossfeld Charitable Gift Annuity	3,069	-	(395)	-	-	2,674	521	2,153
George C and Margaret T Cope Charitable Gift Annuity	6,799	-	3,268	-	(10,067)	-	-	-
Dr. Gilbert R. and Patricia Davis Charitable Gift Annuities	28,186	-	(6,017)	-	-	22,169	2,153	20,016
Ralph and Grace Hauenstein Charitable Gift Annuities	(263,452)	80,448	183,004	-	-	-	-	-
John and Janice Heerspink Charitable Gift Annuity	(432)	-	(400)	-	-	(832)	(2,467)	1,635
Harvey E. Lemmen Charitable Gift Annuities	18,262	-	(71,255)	-	-	(52,993)	(141,855)	88,862
John F. and Mae D. Shipley Charitable Gift Annuity	3,162	-	(792)	-	-	2,370	(2,527)	4,897
Jacquelyn L and Lester L Stiner Charitable Gift Annuity	2,567	-	(810)	-	-	1,757	251	1,506
John T. Tevebaugh Charitable Gift Annuities	14,371	-	(1,864)	-	-	12,507	2,567	9,940
Peter Merrick Turner Charitable Gift Annuity	6,695	-	(1,811)	-	-	4,884	(6,682)	11,566
Total annuity funds	142,489	80,448	24,195	-	(10,067)	237,065	(301,197)	538,262
Total endowment and similar funds	<b>\$ 104,555,624</b>	<b>\$ 5,065,147</b>	<b>\$ (2,969,948)</b>	<b>\$ 4,193,900</b>	<b>\$ -</b>	<b>\$ 102,456,923</b>	<b>\$ 31,425,742</b>	<b>\$ 71,031,181</b>

\*\* Funds held by Grand Valley University Foundation

# Grand Valley State University

## Schedule of Net Position by Fund June 30, 2016

	Current Funds					Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement/ Pension	Retirement/ Health	Blended Components	Consolidated Total		
	General	Designated	Auxiliary	Expendable	Total								2016	2015	
	Fund	Fund	Activities Fund	Restricted Fund	Current Funds										
<b>Assets</b>															
<b>Current assets:</b>															
Cash and cash equivalents	\$ 12,585,507	\$ 11,272,376	\$ (1,389,487)	\$ 4,861,553	\$ 27,329,949	\$ 1,118,531	\$ -	\$ 23,493,677	\$ (1,765,438)	\$ -	906,299	\$ 80,640	\$ 51,163,658	\$ 39,614,078	
Short-term investments	5,535,391	4,962,116	-	2,152,130	12,649,637	495,742	-	9,947,728	-	-	401,762	-	23,494,869	13,123,705	
Accounts receivable	2,113,595	873,554	1,412,950	6,628,839	11,028,938	-	-	-	1,630,232	-	-	28,276	12,687,446	8,621,476	
State appropriation receivable	11,868,312	-	-	-	11,868,312	-	-	325,143	47,317,188	-	-	-	59,510,643	62,870,949	
Pledges receivable	-	-	-	2,383,446	2,383,446	-	-	-	-	-	-	-	2,383,446	1,652,282	
Less allowance for uncollectible accounts	-	-	-	(4,690)	(4,690)	-	-	-	-	-	-	-	(4,690)	(6,639)	
Net pledges receivable	-	-	-	2,378,756	2,378,756	-	-	-	-	-	-	-	2,378,756	1,645,643	
Inventory	-	106,063	2,450,225	-	2,556,288	-	-	-	-	-	-	9,043	2,565,331	2,804,400	
Prepaid expenses and other	1,930,229	677,301	40,271	45,833	2,693,634	203,119	-	828,645	-	-	-	27,562	3,752,960	3,570,950	
Student notes receivable - Current portion	643,420	-	-	-	643,420	3,372,800	-	-	-	-	-	-	4,016,220	3,600,000	
<b>Total current assets</b>	<b>34,676,454</b>	<b>17,891,410</b>	<b>2,513,959</b>	<b>16,067,111</b>	<b>71,148,934</b>	<b>5,190,192</b>	<b>-</b>	<b>34,595,193</b>	<b>47,181,982</b>	<b>-</b>	<b>1,308,061</b>	<b>145,521</b>	<b>159,569,883</b>	<b>135,851,201</b>	
<b>Noncurrent assets:</b>															
Restricted cash and cash equivalents	-	-	-	-	-	-	1,086,039	-	-	-	-	-	1,086,039	27,911,794	
Endowment investments	-	-	-	-	-	-	101,222,296	-	-	-	-	1,168,662	102,390,958	103,864,825	
Note receivable	-	-	-	-	-	-	-	25,500,000	-	-	-	-	25,500,000	25,500,000	
Other long-term investments	132,700	43,942,995	-	67,152	44,142,847	-	-	88,081,094	-	-	11,941,304	644,422	144,809,667	141,958,412	
Pledges receivable	-	-	-	8,074,761	8,074,761	-	-	-	-	-	-	-	8,074,761	2,956,300	
Less discount to present value	-	-	-	(777,247)	(777,247)	-	-	-	-	-	-	-	(777,247)	(545,755)	
Net pledges receivable	-	-	-	7,297,514	7,297,514	-	-	-	-	-	-	-	7,297,514	2,410,545	
Student notes receivable - Net	-	-	-	-	-	7,320,327	-	-	-	-	-	-	7,320,327	8,313,897	
Capital assets - Net	-	-	-	-	-	-	-	673,893,544	-	-	-	4,958	673,898,502	648,191,497	
Other assets	-	289,979	-	-	289,979	-	-	2,153,595	-	-	-	-	2,443,574	1,745,456	
<b>Total noncurrent assets</b>	<b>132,700</b>	<b>44,232,974</b>	<b>-</b>	<b>7,364,666</b>	<b>51,730,340</b>	<b>7,320,327</b>	<b>102,308,335</b>	<b>789,628,233</b>	<b>-</b>	<b>-</b>	<b>11,941,304</b>	<b>1,818,042</b>	<b>964,746,581</b>	<b>959,896,426</b>	
<b>Total assets</b>	<b>34,809,154</b>	<b>62,124,384</b>	<b>2,513,959</b>	<b>23,431,777</b>	<b>122,879,274</b>	<b>12,510,519</b>	<b>102,308,335</b>	<b>824,223,426</b>	<b>47,181,982</b>	<b>-</b>	<b>13,249,365</b>	<b>1,963,563</b>	<b>1,124,316,464</b>	<b>1,095,747,627</b>	
<b>Deferred Outflows of Resources</b>															
Derivatives	-	-	-	-	-	-	-	10,060,000	-	-	-	-	10,060,000	8,319,000	
Loss on refunding of bonds payable	-	-	-	-	-	-	-	11,026,300	-	-	-	-	11,026,300	4,442,243	
Pension related deferrals	-	-	-	-	-	-	-	-	-	9,579,878	-	-	9,579,878	6,968,383	

# Grand Valley State University

## Schedule of Net Position by Fund (Continued) June 30, 2016

	Current Funds					Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement/ Pension	Retirement/ Health	Blended Components	Consolidated Total	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds								2016	2015
<b>Liabilities</b>														
Current liabilities:														
Accounts payable	\$ 4,803,389	\$ 636,338	\$ 1,020,524	1,358,160	\$ 7,818,411	\$ 5,212	\$ -	\$ 7,117,355	\$ 46,030,499	\$ -	\$ -	\$ 167,054	\$ 61,138,531	\$ 57,762,962
Accrued payroll and other benefits	19,994,681	102,000	-	-	20,096,681	-	-	-	432,732	-	-	-	20,529,413	18,536,411
Accrued interest expense and other liabilities	9,288,683	425,080	473,452	10,230,591	20,417,806	-	-	1,143,538	718,751	-	-	2,476	22,282,571	1,920,950
Unearned revenue	-	-	-	-	-	-	-	492,958	-	-	-	-	492,958	12,374,240
Long-term liabilities - Current portion	-	-	-	-	-	-	161,731	15,632,079	-	-	665,000	-	16,458,810	15,063,122
Total current liabilities	34,086,753	1,163,418	1,493,976	11,588,751	48,332,898	5,212	161,731	24,385,930	47,181,982	-	665,000	169,530	120,902,283	105,657,685
Noncurrent liabilities:														
Unearned revenue - Net of current portion	-	-	-	-	-	-	-	5,487,111	-	-	-	-	5,487,111	5,980,069
Federal student loan payable	-	-	-	-	-	10,158,446	-	-	-	-	-	-	10,158,446	10,219,932
Long-term liabilities - Net of current portion	-	-	-	-	-	-	858,342	266,899,585	-	-	8,661,937	-	276,419,864	284,440,214
Net pension liability	-	-	-	-	-	-	-	-	19,371,076	-	-	-	19,371,076	18,937,509
Derivative instruments	-	-	-	-	-	-	-	8,548,000	-	-	-	-	8,548,000	6,462,000
Total liabilities	34,086,753	1,163,418	1,493,976	11,588,751	48,332,898	10,163,658	1,020,073	305,320,626	47,181,982	19,371,076	9,326,937	169,530	440,886,780	431,697,409
<b>Deferred Inflows -</b>														
Pension related deferrals	-	-	-	-	-	-	-	-	-	3,525,970	-	-	3,525,970	-
<b>Net Position</b>														
Invested in capital assets - Net of related debt	-	-	-	-	-	-	-	410,064,002	-	-	-	4,958	410,068,960	395,745,766
Restricted:														
Nonexpendable - Scholarships and academic support	-	-	-	-	-	-	59,328,048	-	-	-	-	981,338	60,309,386	55,453,520
Expendable:														
Scholarships and academic support	-	-	-	11,148,620	11,148,620	-	33,152,479	-	-	-	-	437,634	44,738,733	48,573,767
Capital projects	-	-	-	694,406	694,406	-	144,771	26,058,767	-	-	-	-	26,897,944	27,739,243
Loans	-	-	1,019,983	-	1,019,983	1,795,889	-	-	-	-	-	-	2,815,872	1,727,309
Unrestricted	722,401	60,960,966	-	-	61,683,367	550,972	8,662,964	103,866,331	-	(13,317,168)	3,922,428	370,103	165,738,997	154,540,239
Total net position	\$ 722,401	\$ 60,960,966	\$ 1,019,983	\$ 11,843,026	\$ 74,546,376	\$ 2,346,861	\$ 101,288,262	\$ 539,989,100	\$ -	\$ (13,317,168)	\$ 3,922,428	\$ 1,794,033	\$ 710,569,892	\$ 683,779,844

# Grand Valley State University

## Schedule of Revenue, Expenses, and Changes in Net Position by Fund Year Ended June 30, 2016

	Current Funds											Consolidated Total		
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Student Loan Fund	Endowment Fund	Plant Fund	Retirement/Pension Fund	Retirement/Health Fund	Blended Components	Eliminations	2016	2015
<b>Operating Revenue</b>														
Student tuition and fees	\$ 299,864,111	\$ 632,622	\$ -	\$ -	\$ 300,496,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,496,733	\$ 287,039,733
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	-	(51,229,971)	(51,229,971)	(48,375,412)
Net student tuition and fees	299,864,111	632,622	-	-	300,496,733	-	-	-	-	-	-	(51,229,971)	249,266,762	238,664,321
Government grants and contracts:														
Federal	-	6,467	-	14,924,435	14,930,902	-	-	-	-	-	-	-	14,930,902	14,656,318
State	-	9,000	-	6,794,551	6,803,551	-	-	-	-	-	-	-	6,803,551	6,923,276
Local	-	104,940	-	804,325	909,265	-	-	-	-	-	-	-	909,265	1,001,259
Nongovernmental grants	-	923,483	-	1,394,090	2,317,573	-	-	-	-	-	-	-	2,317,573	1,909,588
Sales and services of educational activities	971,104	13,504,217	-	151,378	14,626,699	-	-	-	-	-	-	-	14,626,699	14,282,256
Auxiliary activities	-	-	68,867,958	-	68,867,958	-	-	-	-	-	54,988	-	68,922,946	67,210,403
Less scholarship allowances	-	-	-	-	-	-	-	-	-	-	-	(9,717,849)	(9,717,849)	(9,884,876)
Net auxiliary activities	-	-	68,867,958	-	68,867,958	-	-	-	-	-	54,988	(9,717,849)	59,205,097	57,325,527
Indirect cost recoveries	1,514,627	(16,274)	-	(1,498,353)	-	-	-	-	-	-	-	-	-	-
Other sources	2,096,629	4,115,988	-	209,336	6,421,953	326,692	-	-	-	-	873,111	-	7,621,756	7,423,059
Endowment income	244,363	441,730	-	3,507,807	4,193,900	-	(4,154,687)	-	-	-	(39,213)	-	-	-
Total operating revenue	304,690,834	19,722,173	68,867,958	26,287,569	419,568,534	326,692	(4,154,687)	-	-	-	888,886	(60,947,820)	355,681,605	342,185,604
<b>Operating Expenses</b>														
Instruction	154,694,479	925,589	-	3,121,352	158,741,420	-	-	-	-	-	-	-	158,741,420	151,145,579
Research	3,596,104	1,124,085	-	1,944,453	6,664,642	-	-	-	-	-	1,595	-	6,666,237	6,991,086
Public service	2,423,352	11,435,328	-	13,807,378	27,666,058	-	-	-	-	-	-	-	27,666,058	27,201,376
Academic support	40,060,482	1,048,045	-	3,688,286	44,796,813	-	-	-	-	-	-	-	44,796,813	42,698,950
Student services	27,702,553	1,817,701	-	197,046	29,717,300	-	-	-	-	-	-	-	29,717,300	28,193,655
Institutional support	37,650,120	166,517	-	(257,996)	37,558,641	-	-	-	-	-	-	-	37,558,641	35,197,132
Operation and maintenance - Plant	46,039,631	(325,876)	-	278,826	45,992,581	-	-	2,764,440	-	-	967,764	-	49,724,785	46,678,380
Depreciation expense	-	-	-	-	-	-	-	25,150,660	-	-	-	-	25,150,660	23,971,364
Scholarships and related expenses	40,425,772	192,515	-	34,541,092	75,159,379	-	-	-	-	-	-	(60,947,820)	14,211,559	14,765,608
Auxiliary activities	-	-	41,017,117	-	41,017,117	-	-	-	-	-	37,845	-	41,054,962	40,327,710
Transfer (from) to blended component	-	-	-	-	-	-	(229,621)	-	-	-	229,621	-	-	-
Loan administrative fees and collection costs	-	-	-	-	-	303,578	-	-	-	-	-	-	303,578	285,722
Total operating expenses	352,592,493	16,383,904	41,017,117	57,320,437	467,313,951	303,578	(229,621)	27,915,100	-	-	1,236,825	(60,947,820)	435,592,013	417,456,562
<b>Operating (Loss) Income</b>	(47,901,659)	3,338,269	27,850,841	(31,032,868)	(47,745,417)	23,114	(3,925,066)	(27,915,100)	-	-	(347,939)	-	(79,910,408)	(75,270,958)

# Grand Valley State University

## Schedule of Revenue, Expenses, and Changes in Net Position by Fund (Continued) Year Ended June 30, 2016

	Current Funds											Consolidated Total		
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds	Student Loan Fund	Endowment Fund	Plant Fund	Retirement/Pension Fund	Retirement/Health Fund	Blended Components	Eliminations	2016	2015
<b>Nonoperating Revenue (Expenses)</b>														
State appropriations	\$ 65,275,700	\$ -	\$ -	\$ -	\$ 65,275,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,275,700	\$ 63,200,000
Government grants	-	-	-	28,795,393	28,795,393	-	-	-	-	-	-	-	28,795,393	29,219,454
Gifts	344,955	3,168,378	75	2,709,726	6,223,134	75,000	5,296	-	-	-	250,000	-	6,553,430	5,992,840
Investment income:														
Interest, dividends, gains (losses) - Net of investment expense	912,669	3,323,727	-	(1,190)	4,235,206	9,899	(2,954,986)	913,713	-	(94,484)	7,428	-	2,116,776	3,818,423
Change in fair value of derivatives	-	-	-	-	-	-	-	139,000	-	-	-	-	139,000	206,000
Interest on capital asset - Related debt	-	-	-	-	-	-	-	(8,630,823)	-	-	-	-	(8,630,823)	(9,884,448)
Gain (loss) on disposal of capital assets	94	21,250	2,000	-	23,344	-	-	(748,614)	-	-	-	-	(725,270)	(1,334,573)
Net nonoperating revenue (expenses)	66,533,418	6,513,355	2,075	31,503,929	104,552,777	84,899	(2,949,690)	(6,326,724)	-	(94,484)	257,428	-	93,524,206	91,217,696
<b>Income (Loss) - Before other revenue, expenses, gains, and losses</b>	18,631,759	9,851,624	27,852,916	471,061	56,807,360	108,013	(6,874,756)	(36,241,824)	-	(94,484)	(90,511)	-	13,613,798	15,946,738
<b>Other Revenue, Expenses, Gains, and Losses</b>														
Capital gifts	-	-	-	314,782	314,782	-	-	540,677	-	-	-	-	855,459	116,935
Add discount adjustment	-	-	-	4,796	4,796	-	-	-	-	-	-	-	4,796	115,692
Net capital gifts	-	-	-	319,578	319,578	-	-	540,677	-	-	-	-	860,255	232,627
Capital appropriations	-	-	-	-	-	-	-	7,114,541	-	-	-	-	7,114,541	18,406,140
Capital grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other capital income	10,538	-	-	-	10,538	-	-	786,212	-	-	-	-	796,750	528,430
Capital additions	(2,864,806)	(132,056)	(23,633)	(264,105)	(3,284,600)	-	-	3,284,600	-	-	-	-	-	-
Additions to permanent endowments	-	-	-	-	-	-	4,274,579	-	-	-	130,125	-	4,404,704	2,354,051
Total other revenue, expenses, gains, and losses	(2,854,268)	(132,056)	(23,633)	55,473	(2,954,484)	-	4,274,579	11,726,030	-	-	130,125	-	13,176,250	21,521,248
<b>Transfers Out (In)</b>														
Mandatory transfers	8,109,272	52,237	18,992,203	(141,212)	27,012,500	-	19,038	(27,031,538)	-	-	-	-	-	-
Nonmandatory transfers	8,024,520	23,326,393	8,731,726	(722,032)	39,360,607	-	(674,185)	(40,327,067)	1,348,042	-	292,603	-	-	-
Total transfers	16,133,792	23,378,630	27,723,929	(863,244)	66,373,107	-	(655,147)	(67,358,605)	1,348,042	-	292,603	-	-	-
<b>(Decrease) Increase in Net Position</b>	(356,301)	(13,659,062)	105,354	1,389,778	(12,520,231)	108,013	(1,945,030)	42,842,811	(1,348,042)	(94,484)	(252,989)	-	26,790,048	37,467,986
<b>Net Position - Beginning of year</b>	1,078,702	74,620,028	914,629	10,453,248	87,066,607	2,238,848	103,233,292	497,146,289	(11,969,126)	4,016,912	2,047,022	-	683,779,844	656,260,397
<b>Adjustment for Change in Accounting Principle</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,948,539)
<b>Net Position - End of year</b>	\$ 722,401	\$ 60,960,966	\$ 1,019,983	\$ 11,843,026	\$ 74,546,376	\$ 2,346,861	\$ 101,288,262	\$ 539,989,100	\$ (13,317,168)	\$ 3,922,428	\$ 1,794,033	\$ -	\$ 710,569,892	\$ 683,779,844