



**INDIANA STATE  
UNIVERSITY**

# **FINANCIAL REPORT**

**2023–2024**



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# MESSAGE FROM THE PRESIDENT

**On behalf of the Board of Trustees, faculty, staff, and students, this is an exciting time to be a Sycamore at Indiana State University.**

Since becoming President on June 1, 2024, we continue to build upon our rich tradition of providing students with a first-class education. Our mission is to equip our students with critical skills that prepare them for the workforce and to contribute to Indiana's flourishing economy. Our strategic focus rests on three vital pillars: enrollment, workforce development, and community engagement.

Indiana State is preparing our students for the in-demand jobs of tomorrow. Recent data from the Class of 2023 shows a 93% placement rate, with 64% of our graduates choosing to stay in Indiana. With an average starting salary of \$62,144, Sycamores are stepping into essential fields like health and education. Not only is Indiana State a key driver of economic growth in West Central Indiana as one of the largest regional employers, but our graduates continually demonstrate the value of an Indiana State degree.

We proudly exceeded fundraising expectations through our Be So Bold campaign. Launched in September 2022, the campaign aims to enhance university programming and ensure our students become industry-leading professionals. This initiative focuses on four areas: student scholarships, experiential learning, faculty excellence, and Sycamore Athletics. We proudly surpassed our target of raising \$100 million by June 2025, a year early. As of September 30, 2024, we have raised over \$120.6 million—a testament to the belief in Indiana State's mission.

Our efforts to enhance recruitment show promising results. Key initiatives like the Sycamore Success Scholarship are designed to support incoming freshmen who may not have received significant scholarship support elsewhere. This scholarship strengthens retention and ensures that every Sycamore has the opportunity to cross the graduation stage, regardless of financial barriers. We also made Indiana State more accessible by eliminating our application fee and introducing preferred admission for students with a GPA of 3.0 or higher.

Indiana State's commitment to excellence is shown in our campus facilities. We broke ground on a \$66 million renovation of the Bailey College of Engineering and Technology (BCET) building—our largest state-funded project. This state-of-the-art facility will feature advanced technology systems and enhanced laboratories and learning spaces. It will significantly benefit programs like Computer Science, Construction Management, and Engineering. Simultaneously, work continues on the Chestnut Building for the Early Childhood Education Center, which will allow us to expand our impact in this vital field. Both projects have garnered local and national attention.



My vision as President is to ensure our students are empowered with the skills necessary to thrive in today's workforce while playing an active role in the communities we serve through outreach programs, service learning, and partnerships. Indiana State University's future is bright, and together, we will seize the endless opportunities that lie ahead.

Sincerely,

A handwritten signature in black ink that reads "Mike Godard". The signature is written in a cursive, flowing style.

Mike Godard, Ph.D.  
President

# LETTER OF TRANSMITTAL

## Dear President Godard and Trustees of Indiana State University:

I am pleased to present the Annual Financial Report of Indiana State University for the fiscal year ended June 30, 2024. This report includes the audited financial statements, which have been prepared in accordance with guidelines established by the Governmental Accounting Standards Board (GASB) and audited by the Indiana State Board of Accounts.

University management is responsible for the accuracy and completeness of the information as presented, including all disclosures. The unmodified audit opinion, the most favorable outcome of the audit process, is on pages 4 through 7 of this report.

The financial statements provide a comprehensive overview of the University's financial position and the results of its operations. The Management's Discussion and Analysis (MD&A) section offers further insights into the financial activities and significant events that occurred during the fiscal year.

We are committed to maintaining the highest standards of financial accountability and transparency. The audit results reflect our dedication to sound financial management and our ongoing efforts to ensure the integrity of the University's financial reporting.



We extend our sincere appreciation to the State of Indiana for its unwavering support and commitment to higher education. The state's contributions have been instrumental in enabling us to achieve our mission and serve our students effectively.

Sincerely,

A handwritten signature in black ink that reads "Diann E. McKee". The signature is written in a cursive, flowing style.

Diann E. McKee  
Senior Vice President for Finance and Administration  
and University Treasurer

# INDEPENDENT AUDITOR'S REPORT



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF INDIANA STATE UNIVERSITY, TERRE HAUTE, INDIANA

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of Indiana State University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the University, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Indiana State University Foundation, Inc. (Foundation), a component unit of the University as described in Note 1, which represents 100 percent, 100 percent, and 100 percent, respectively, of the total assets, net position, and revenues of the discretely presented component unit as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended. Those statements, which were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards*, were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Foundation, is based solely on the report of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the University presented a prior period adjustment at June 30, 2023, to the business-type activities net position to restate unrestricted net position related to the University's net OPEB asset to restricted net position.

The University also presented a prior period adjustment at June 30, 2023, to the business-type activities to restate non-current assets, current liabilities, noncurrent liabilities, and net position to reflect the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to these matters.

As discussed in Note 1 to the financial statements, in fiscal year 2024, the University adopted new accounting guidance Governmental Accounting Standards Board Statement 100, *Accounting Changes and Error Corrections*. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

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

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Message from the President, Letter of Transmittal, Home Counties of Indiana State University Students, and Board of Trustees and University Administration, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.


In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Beth Kelley, CPA, CFE  
Deputy State Examiner

October 31, 2024

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of Indiana State University (the University) for the fiscal years ended June 30, 2024 and 2023, along with comparative financial information for the fiscal year ended June 30, 2022. This overview complies with Governmental Accounting Standards Board (GASB) principles, GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and the notes that follow this section.

Indiana State University is a public university located in Terre Haute, Indiana, and was founded in 1865 as a result of legislation enacted by the General Assembly. Indiana State University is a doctoral R3, residential institution offering a diverse range of degrees including bachelor, master, doctoral degrees and certificate programs through the College of Arts and Sciences, Scott College of Business, Bayh College of Education, Bailey College of Engineering and Technology, and College of Health and Human Services.

## USING THE FINANCIAL STATEMENTS

The University’s financial report includes three financial statements: (1) the Statement of Net Position; (2) the Statement of Revenues, Expenses, and Changes in Net Position; and (3) the Statement of Cash Flows.



The Statement of Net Position provides a summary view of the assets, liabilities, deferred inflows and outflows, and net position of the University and classifies assets and liabilities as either current or non-current. Current assets include those that may be used to support regular ongoing operations, such as cash and cash equivalents, accounts receivable, and inventories. Deferred outflows of resources are items that represent a decrease in net position applicable to a future reporting period. Current liabilities are those items which are estimated to become due and payable within the next fiscal year. Non-current assets include capital assets, certain receivables, and long-term investments. Non-current liabilities include long-term bonds and leases payable. Deferred inflows of resources represent an increase of net position applicable to a future reporting period.

The Statement of Revenues, Expenses, and Changes in Net Position summarizes financial performance for the year and explains the changes in the year-end net position.

The Statement of Cash Flows reconciles the beginning and ending balances of cash and cash equivalents and identifies all sources and uses of cash during the fiscal year.

The Governmental Accounting Standards Board (GASB) requires the inclusion of financial statements for all significant University component units. As of June 30, 2024, the Indiana State University Foundation is the only component unit to be included. The Foundation is a nonprofit organization that is subject to reporting guidelines governed by the Financial Accounting Standards Board (FASB); accordingly, certain revenue recognition criteria and presentation features are different from established GASB standards. No modifications have been made to the Indiana State University Foundation's financial information in the University's financial reporting presentation for these differences.

In addition to the basic financial statements above, GASB Statement No. 84, *Fiduciary Activities*, implemented in fiscal year 2021, requires the University to report fiduciary activities in Fiduciary Fund Financial Statements. Indiana State University has two activities in which the University controls the assets that fit this criteria: (1) an other post-employment benefit plan (OPEB) administered through a trust, and (2) custodial funds that represent student and faculty organization activities. The University provides the Statement of Fiduciary Net Position, reporting assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the Statement of Changes in Fiduciary Net Position, reporting additions and deductions, for both activities.

## CHANGES IN ACCOUNTING PRINCIPLES

Effective with fiscal year 2023, the University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Implementing the statement requires recognition of an intangible right-to-use subscription asset and a corresponding subscription liability. Due to the immaterial nature of these entries, no entries were posted as a result of GASB 96 for the year ended June 30, 2022. In order to ensure comparability with other Universities, the University has included the reflection of GASB 96 in 2024 and restated 2023 financial statements. As a result, the University right-to-control assets total \$8,784,230 in 2024 and \$9,549,463 in 2023.

Effective with fiscal year 2022, the University implemented GASB Statement No. 87, *Leases*. This statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities that were previously classified as operating leases. Implementing the statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow.

## STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, liabilities and deferred inflows and outflows. The difference between total assets, total liabilities, and total deferred inflows and outflows is the net position, which is one measure of the financial condition of the University. Changes in net position are an indicator of whether the overall financial condition has improved or declined during the year. Assets, liabilities, and deferred inflows and outflows are generally measured at historical values in accordance with generally accepted accounting principles. One notable exception is investments, which are recorded at fair market value as of the date of the financial statements. A summarized comparison of the University's assets, liabilities, deferred inflows and outflows, and net position at June 30, 2024, 2023 and 2022 is as follows:

<b>Condensed Statement of Net Position</b>			
<b>Year Ended June 30 (in millions)</b>	<b>2024</b>	<b>Restated 2023*</b>	<b>2022</b>
<b>Current assets</b>	\$ 42.4	\$ 35.9	\$ 58.7
<b>Non-current assets:</b>			
Capital assets, net of depreciation/amortization	555.0	571.7	576.6
Other non-current	150.2	155.8	146.9
<b>Total Assets</b>	<b>\$ 747.6</b>	<b>\$ 763.4</b>	<b>\$ 782.2</b>
<b>Deferred Outflow of Resources</b>	<b>\$ 13.4</b>	<b>\$ 12.2</b>	<b>\$ 13.6</b>
Current liabilities	\$ 39.5	\$ 46.0	\$ 39.1
Noncurrent liabilities	214.8	232.6	239.7
<b>Total Liabilities</b>	<b>\$ 254.3</b>	<b>\$ 278.6</b>	<b>\$ 278.8</b>
<b>Deferred Inflow of Resources</b>	<b>\$ 11.3</b>	<b>\$ 7.4</b>	<b>\$ 11.5</b>
<b>Total Net Position</b>	<b>\$ 495.4</b>	<b>\$ 489.6</b>	<b>\$ 505.5</b>

\*See Note 1 in Notes to Financial Statements

## ASSETS

Current assets consist primarily of cash and cash equivalents, short-term investments, accrued interest, accounts receivables net of allowances, other receivables, and prepaid expenses. Non-current assets include net capital assets, long-term investments, note receivables net of allowance, net lease assets, net subscriptions assets, net other post-employment benefit (OPEB) asset, lease receivable, and endowment investments. Total assets decreased by \$15.8 million in 2024 as compared to a \$18.8 million decrease in 2023. This represents a 2.1 percent decrease in 2024 and a 2.4 percent decrease in 2023.

- Cash and cash equivalents and short-term investments increased by \$5.2 million. This reflects a decrease in long-term investments of \$10.8 million with the remaining overall decrease being used for normal operations.
- Net accounts receivable decreased by \$0.5 million from 2023. This change resulted from a combination of larger write-offs in 2024 due to catch-up from the COVID years and increased collection efforts.
- Other accounts receivable increased by \$0.4 million due to additional ISU Foundation payments for Athletic operations and Pell grants that were due to the University.

- Notes receivable current and non-current decreased by \$0.7 million. As of June 30, 2024, the Department of Education had accepted \$0.4 million of Indiana State University assignment of loans. The remaining difference would include repayment of notes, as no new loans were issued.
- Prepaid expense increased by \$0.2 million as the result of scholarships and insurance premiums.
- Lease assets decreased by \$1.3 million reflecting the recognition of amortization expense.
- Net OPEB asset grew by \$5.6 million. This shows the increase of \$2.4 million of the actuarial value of the assets as well as updated census data, lower than expected costs, as well as updated assumptions.
- The University added net subscription assets to the Statement of Net Position as part of its adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). Net subscription assets were \$8.8 million at June 30, 2024, a decrease of \$0.5 million from fiscal year 2023, which was restated for the implementation of GASB Statement No. 96 as required. Refer to Note 8.
- Net Lease Assets decreased by \$1.3 million due to amortization expense in fiscal year 2024.

## Capital Assets

Net capital assets declined from \$538.3 million in 2023 to \$523.6 million in 2024. This is due to lower additions to capital assets with the resulting increase of accumulated depreciation.

An important element in the continuing quality of academic programs, research activities, and student residential life is the sustained commitment to the development and renewal of the University's capital assets. The University continues to implement its Campus Master Plan with new construction, renovation, and modernization of existing facilities. Please refer to Note 3 in the Notes to the Financial Statement for activities in capital assets, including additions and deletions of capital assets in the current fiscal year.

**Bailey College of Engineering and Technology** – The 2023-25 State Budget, passed by the Indiana General Assembly, contains \$66 million of cash funding for the renovation of the Technology Annex Building in the Bailey College of Engineering and Technology. This is the largest capital project funded by the State of Indiana in University history. The project will result in several modernized upgrades, including state-of-the-art instructional and laboratory space for the College. The Technology Annex Building was built in 1980. Construction began in the summer of 2024 and is to be completed by late 2026. The amount expended through June 30, 2024, is \$1.6 million.



RATIO Architects rendering



**Early Childhood Education Development Center** – Based on the engagement of community stakeholders through surveys, focus groups and meetings, public presentations, and an analysis of existing early childhood data for the region and state, a need for expanded access to high quality and affordable childcare opportunities was identified as a priority. Relocation and expansion of the ISU Early Childhood Education Development Center from its current location to the Chestnut Building, adjacent to the Bayh College of Education, provides for an improved and expanded modern facility to serve the needs of the Wabash Valley and the University. Project scope includes upgrades to building mechanical, electrical, and fire suppression systems to meet State childcare licensing and national accreditation standards as well as installation of a new elevator to serve the needs of the facility including appropriate security access. Funding for the project will consist of a \$3 million grant from Vigo County, \$1 million from the City of Terre Haute through American Recovery Plan Act (ARPA) funding, \$1 million from the Wabash River Regional Development Authority through READI grant funding, and a \$4.8 million grant from the Lilly Endowment as a part of the Colleges and Community Collaboration Initiative. Construction began in July 2024 with project completion in July 2025. As of June 30, 2024, the project has expensed \$0.8 million.

## DEFERRED OUTFLOW OF RESOURCES

Deferred outflow of resources, which represents the consumption of resources to a future period, increased by \$1.2 million. The majority of this increase is due to the deferred outflows related to other postemployment (OPEB) resulting from changes in plan assumptions and the net difference between projected and actual earnings in OPEB plan investments.

## LIABILITIES

Current liabilities include accounts payable, unearned revenue, the current portion of lease payables, the current portion of subscriptions payables, and the current portion of long-term debt. Non-current liabilities consist primarily of bonds payable, lease payable, net pension liability, subscription payables, and advances from Federal Government. Total liabilities decreased by \$24.3 million in 2024 as compared to a \$0.2 million decrease in 2023. This represents an 8.7 percent decrease in 2024 compared to no change in 2023. Key changes in current year liabilities are as follows:

- Accounts payable decreased by \$0.6 million as a result of reduced Procard transactions.
- Other current liabilities decreased by \$4 million as the result of the change in accounting estimate used for unpaid medical claims. See Note 1.
- Current and non-current compensated absences and termination benefits decreased by \$0.7 million due to the reduced number of employees on the voluntary retirement plan at June 30th.
- Current and non-current bonds payable declined by \$15.6 million due to bond payments made in 2024 and no issuance of new debt.
- Advances from Federal Government decreased by \$0.8 million as \$0.4 million was returned and \$0.4 million of notes were assigned to the Federal Government.
- Current and non-current lease payables decreased \$1 million due to payments made in 2024.
- Current and non-current subscription payables reduced by \$1.2 million reflecting payments incurred in 2024.

## DEFERRED INFLOW OF RESOURCES

Deferred inflow of resources represents acquisitions of resources to a future period. These consist of the service concession arrangement with Sodexo for food service operation, inflows related to pensions and other post-employment benefits, and leases. Deferred inflow of resources increased by \$3.9 million in 2024 as compared to a decrease of \$4.1 million in 2023.

- The deferred inflows related to OPEB increased by \$5.2 million reflecting the difference between expected and actual experiences and changes in assumptions.
- The deferred inflows related to pensions decreased by \$0.8 million reflecting changes in differences between projected and actual earnings on investment and change in assumptions.

## NET POSITION

Net position represents the residual value of the University's assets and deferred outflows after liabilities and deferred inflows are deducted. The University's net position at June 30, 2024, 2023 and 2022 are summarized in the table that follows:

Condensed Net Position			
Year Ended June 30 (in millions)	2024	Restated 2023	Restated 2022
<b>Net Investments in capital assets</b>	\$ 330.2	\$ 327.6	\$ 328.5
Restricted	49.2	42.3	43.5
Unrestricted	116.0	119.7	133.5
<b>Total net position</b>	<b>\$ 495.4</b>	<b>\$ 489.6</b>	<b>\$ 505.5</b>

Net investment in capital assets reflects the University's capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of these assets. Net investment in capital assets increased \$2.6 million in 2024 and decreased \$0.9 million in 2023 for a total increase of \$1.7 million since 2022. The overall increase of net investment in capital assets resulted from adding subscription (right-to-use) assets.

Restricted net position is subject to externally imposed restrictions governing its use. Restricted non-expendable net position represents funds held for scholarships and fellowships, and OPEB assets. Restricted expendable net position includes funds for research, loans, and funds limited to construction and renovation. The restricted position was restated for both 2023 and 2022 to stay in compliance with GASB standards in presenting net OPEB assets as a restricted net position. Restricted net position increased by \$6.9 million in 2023 reflecting unspent state repair and replacement funds and increased OPEB assets.

Although unrestricted net position is not subject to externally imposed stipulations, all of the University's unrestricted net position has been internally designated for various ongoing needs of the University, including debt service, capital projects, University initiatives, benefit claims, technology improvements, and academic and administrative activities.

Unrestricted net position has decreased \$17.5 million from 2022. The decrease of \$3.7 million in 2024 and decrease of \$13.8 million in 2023 is mostly due to lower enrollments.

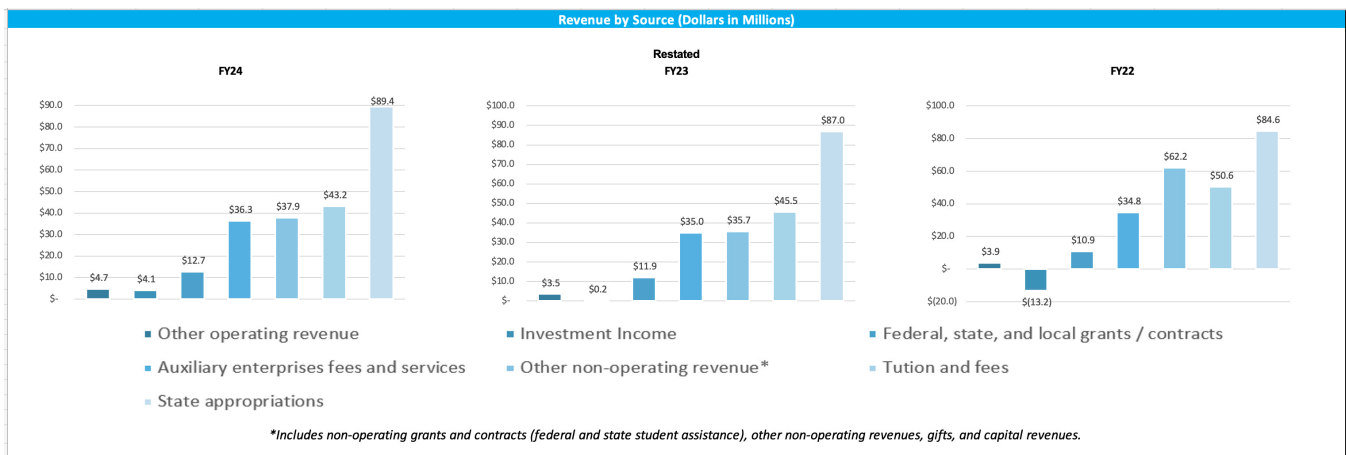
## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents the University's results of operations for the identified fiscal year periods. A summarized comparison of the University's revenues, expenses, and changes in net position for the years ended June 30, 2024, 2023 and 2022 is as follows:

Condensed Statement of Revenues, Expenses, and Changes in Net Position			
Year Ended June 30 (in millions)	2024	Restated 2023	2022
Operating Revenues	\$ 96.9	\$ 95.9	\$ 100.1
Operating Expenses	(215.9)	(226.8)	(244.6)
<b>Operating Loss</b>	<b>\$ (119.0)</b>	<b>\$ (130.9)</b>	<b>\$ (144.5)</b>
Non-operating Revenues	127.6	121.1	129.9
Non-operating Expenses	(6.7)	(7.8)	(7.7)
<b>Income before other revenues, expenses, gains or losses</b>	<b>\$ 1.9</b>	<b>\$ (17.6)</b>	<b>\$ (22.3)</b>
Other Revenues	3.9	1.7	3.8
<b>Increase in Net Position</b>	<b>\$ 5.8</b>	<b>\$ (15.9)</b>	<b>\$ (18.5)</b>
Net Position-Beginning of Year	489.6	505.5	524.0
Prior-period Adjustment for Change in Accounting Principle	-	-	-
<b>Net Position-End of Year</b>	<b>\$ 495.4</b>	<b>\$ 489.6</b>	<b>\$ 505.5</b>

Activities are reported as either operating or non-operating. The major sources of operating revenues include student fees and auxiliary enterprises fees and services. These operating revenues are reduced by discounts and allowances for scholarships for tuition, room and board, and allowance for bad debt expense. Discounts and allowances are institutional resources provided to students as financial aid up to and equal to the amounts owed by students to the University.

An important item to recognize is that state appropriations and non-exchange governmental and non-governmental grants and contracts are required to be classified as non-operating revenues. This creates a large operating deficit that is offset by state funding and governmental grants to meet their operating needs. The change in net position is a better indicator of the financial activity of the University as compared to previous years.





## REVENUES

Operating revenues grew by \$1.0 million from 2023 and is down \$3.2 million from 2022. The factors concerning 2024 operating revenues are listed below.

- Net students' tuition and fees decreased by \$2.2 million in 2024.
  - Gross student tuition and fees increased \$0.8 million. Fall enrollment declined from 8,658 in Fall 2022 to 8,305 in Fall 2023. The Indiana State University Board of Trustees approved a 2.75 percent increase for tuition for fiscal year 2024.
  - The increase in scholarship allowance of \$3 million is due to increased federal, state, and University aid.
- Net revenues from auxiliary enterprises increased \$1.2 million in 2024.
  - Gross auxiliary enterprise fees and services grew by \$3.4 million due to housing and dining revenue increasing by \$1.5 million and \$0.9 million and growth in athletic revenues of \$0.9 million in 2024.
  - Scholarship allowances increased \$2.1 million reflecting additional housing scholarships for freshmen.
- Income from operating grants and contracts increased by \$0.8 million. Federal grants increased \$0.4 million from the Small Business Development Center, while state grants increased by \$0.4 million due to grants from the Indiana Department of Education and the Indiana Commission for Higher Education.
- Other operating revenues increased by \$1.2 million reflecting increased Early Childhood Center and study abroad revenues.

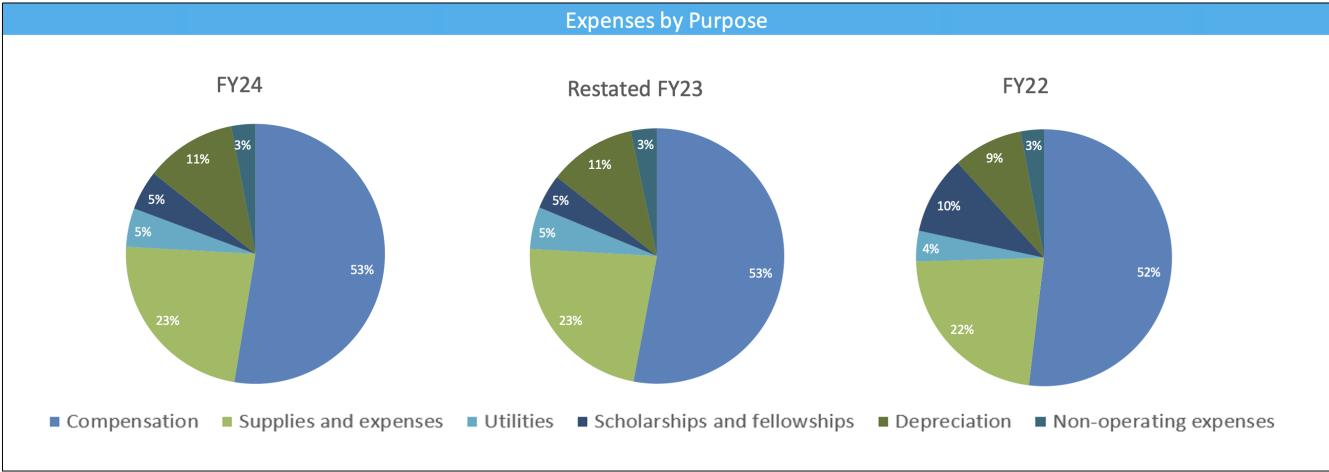
Non-operating revenues increased from \$121.1 million in fiscal year 2023 to \$127.6 million fiscal year 2024. The following represents the changes for 2024.

- State appropriation increased from \$87 million in 2023 to \$89.4 million in 2024.
- Gifts revenues decreased by \$0.2 million in 2024.
- Investment income grew by \$3.9 million. This was due to improved bond prices as interest rates stabilized in 2024.
- Non-operating grants and contracts from all sources increased \$0.2 million resulting from increased Pell funding of \$1.6 million and state financial aid funding of \$2.1 million. This is offset by the reduction of \$3.5 million ARPP funding that was drawn in 2023.
- Other non-operating revenues decreased by \$0.1 million in 2024.

Other revenues increased by \$2.3 million.

- Capital appropriations. State repair and rehabilitation increased \$0.4 million and expenses for the Bailey College of Engineering and Technology of \$1.5 million are to be reimbursed by the State.
- Capital gifts and grants. These include \$0.4 million in capital grants funds from the ISU Foundation that included an Esports project.

A comparative summary of the University's expenses for the years ended June 30, 2024, 2023 and 2022 is as follows:



**EXPENSES**

Total operating expenses decreased by \$28.6 million from \$244.5 million in 2022 to \$215.9 million for 2024. The \$10.9 million decrease in operating expense from 2023 to 2024 is attributed to the following:

- Net compensation and employee benefits decreased by \$7.3 million. Compensation and employee benefits decreased by \$3.7 million, largely due to the change in accounting estimates for unpaid medical claims (see Note 1). The OPEB expense decreased by \$3.6 million reflecting the difference between expected and actual experience and changes in plan assumptions.
- Supplies and expenses decreased by \$1.9 million, primarily due to reductions in non-capital expenditures related to campus-wide wireless upgrades.
- Scholarships and fellowships increased by \$0.8 million reflecting growth in federal and institutional aid in 2024.
- Utilities expense dropped by \$1.8 million due to Duke Energy eliminating the 30 percent fuel surcharge on electricity rates from fiscal year 2023 to fiscal year 2024.
- During 2024, we had a moderate decline in depreciation and amortization expenses amounting to \$0.7 million.

Non-operating expenses decreased by \$1.1 million. This reduction is primarily attributed to our strategy of managing existing debt and capitalizing on favorable market conditions. As we did not issue any new debt, our interest obligations have decreased.

Effective with fiscal year 2021, the University implemented GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation, activities previously reported by the University as internal agency-like funds were analyzed to determine if those activities qualified for fiduciary fund reporting. All activities not requiring fiduciary fund reporting were moved to other funds within the University's business-type activities, and financial reporting for those activities were adjusted. Activities requiring fiduciary fund reporting were moved out of agency-like funds into fiduciary funds.

**STATEMENT OF CASH FLOWS**

The Statement of Cash Flows provides information about the University's financial health and performance by identifying the major sources and uses of cash. The statement assists the reader in evaluating the entity's ability to generate future net cash flows to meet obligations as they come due.

## ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Following a national search, President Michael Godard began his tenure as the 13th President of Indiana State University on June 1, 2024. President Godard brings more than 25 years of experience in higher education to his new role, including most recently serving as Provost of Southeast Missouri State University. He has also served as a faculty member, department chair, and vice provost.

Enrollment for the Fall of 2024 is 7,895 students. Indiana State University welcomed a total of 1,419 first-time, full-time students with an average grade point (GPA) of 3.27 on a 4.0 scale. Growth in the Honors College continues with a record enrollment of 24.5 percent of the freshman class and an increase of 5.3 percent of overall undergraduates. Total graduate enrollment increased by 2.1 percent and international student enrollment increased by 15.3 percent.

With the leadership of President Godard, several new strategic enrollment initiatives are underway to support the Indiana State Advantage program that provides free tuition for Pell-eligible students with at least a 2.75 GPA and grants of up to \$3,000 for all new students beginning their second year to support study abroad and internship experiences. These strategies to drive enrollment growth include:

- Elimination of undergraduate application fee.
- Automatic preferred undergraduate admission for students with a 3.0 or higher GPA.
- Reorganization of Enrollment Management to be led by a Vice President of Enrollment Management.
- Hiring of additional admissions counselors.
- Expansion of 8-week classes and online offerings.
- Streamlining curriculum for transfer students, including expansion of credit for prior learning.
- Accelerated 4+1 master's degree programs.
- Continued growth of the Preferred Partner program for industry and non-profit organizations.

The Lilly Endowment announced a \$5.8 million grant to Indiana State to support access to high-quality early childhood education and childcare in six counties in west central Indiana. The grant was made possible as a part of the Endowments College and Community Collaboration initiative. A portion of this gift, along with funding from the City of Terre Haute, Vigo County, and the Indiana Economic Development Corporation, will be used to renovate a campus facility for use as an Early Childhood Development Center.

The Be So Bold Campaign for Indiana State University is scheduled to continue through June 30, 2025. Generous giving from alumni and donors has allowed the University to reach and surpass the \$100 million goal as of June 30, 2024 – more than a year before the anticipated end date of the campaign. The campaign strives to bolster academic programming and scholarships to equip students to become industry-leading professionals.

In September 2024, a transformative multi-million-dollar gift to support the College of Health and Human Services and School of Nursing was announced. The gift will purchase and install cutting-edge medical equipment, allowing students to benefit from practical, industry-standard training to gain the skills necessary to excel in healthcare careers.

As Indiana State University looks to the future, it will continue to provide an academic environment that challenges and educates students to become leaders in their communities and professions.

# Indiana State University

## Statement of Net Position

As of June 30, 2024 and June 30, 2023

	<b>2024</b>	<b>Restated 2023</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 13,051,604	\$ 5,320,918
Short-term investments	8,620,868	11,110,946
Accrued interest	1,028,631	795,401
Accounts receivable (net of allowance of \$5,563,885 for 2024 and \$7,138,294 for 2023)	13,022,705	13,556,878
Other accounts receivable	933,777	499,420
Grants receivable	1,161,652	1,131,581
State receivable	1,196,517	-
Notes receivable	509,730	880,782
Lease receivable	204,701	176,272
Prepaid expenses	2,630,404	2,460,059
Inventories	132	-
Total current assets	<u>\$ 42,360,721</u>	<u>\$ 35,932,257</u>
Non-current assets		
Endowment investments—held in trust	\$ 827,580	\$ 758,997
Deposits with bond trustee	83,433	72,693
Notes receivable (net of allowance of \$97,022 for 2024 and \$173,464 for 2023)	363,466	680,403
Lease receivable, non-current option	1,544,393	1,655,974
Other long-term investments	104,620,579	115,438,562
Net OPEB asset	42,812,535	37,180,687
Capital assets (net of accumulated depreciation of \$383,935,250 for 2024 and \$368,301,550 for 2023)	523,624,440	538,285,246
Lease Assets (net of accumulated amortization \$10,062,562 for 2024, and \$8,619,380 for 2023)	22,598,099	23,872,996
Subscriptions Assets (net of accumulated amortization \$9,978,973 for 2024 and \$6,590,005 for 2023)	8,784,230	9,549,463
Total non-current assets	<u>\$ 705,258,755</u>	<u>\$ 727,495,021</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 747,619,476</u></u>	<u><u>\$ 763,427,278</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	\$ 4,273,003	\$ 4,049,987
Deferred outflows related to OPEB	9,158,407	8,167,902
Total deferred outflows of resources	<u>\$ 13,431,410</u>	<u>\$ 12,217,889</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 4,692,590	\$ 5,338,888
Accrued payroll and deductions	2,623,502	2,835,586
Accrued interest liability	233,821	262,092
Unearned revenue	5,613,966	5,619,891
Other current liabilities	1,022,102	5,065,421
Bonds payable	16,257,670	15,592,670
Compensated absences and termination benefits	3,316,331	4,359,892
Lease payable	1,206,576	1,915,064
Notes payable	-	6,094
SBITA payable	2,780,026	2,967,669
Debt interest payable	1,834,751	1,991,790
Total current liabilities	<u>\$ 39,581,335</u>	<u>\$ 45,955,057</u>
Non-current liabilities		
Bonds payable	\$ 174,996,707	\$ 191,274,377
Compensated absences and termination benefits	336,953	42,277
Lease payable	24,535,235	24,867,596
Net pension liability	8,792,983	8,597,661
SBITA payable	5,316,907	6,335,469
Advances from Federal Government	794,611	1,562,970
Total non-current liabilities	<u>\$ 214,773,396</u>	<u>\$ 232,680,350</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 254,354,731</u></u>	<u><u>\$ 278,635,407</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred service concession arrangement	\$ 1,013,487	\$ 1,158,271
Deferred gain on early retirement of debt	486,531	510,776
Deferred inflows related to lease receivable	1,616,000	2,020,717
Deferred inflows related to pensions	1,017,453	1,777,684
Deferred inflows related to OPEB	7,168,559	1,934,353
Total deferred inflows of resources	<u>\$ 11,302,030</u>	<u>\$ 7,401,801</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 330,237,465	\$ 327,576,506
Restricted for:		
Non-expendable:		
Scholarships and fellowships	827,580	758,997
OPEB	42,812,535	37,180,687
Expendable:		
Research and other grants	80,245	60,622
Loans	1,614,052	1,656,085
Capital projects	3,866,818	2,623,867
Unrestricted	115,955,430	119,751,195
<b>TOTAL NET POSITION</b>	<u><u>\$ 495,394,125</u></u>	<u><u>\$ 489,607,959</u></u>

**Indiana State University**  
**Statement of Revenues, Expenses, and Changes in Net Position**

For the Years Ended June 30, 2024 and June 30, 2023

	<b>2024</b>	<b>Restated 2023</b>
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 76,431,018	\$ 75,628,493
Scholarship allowances for tuition and fees	(32,366,221)	(29,358,164)
Other allowances	(815,710)	(797,521)
Net tuition and fees	43,249,087	45,472,808
Federal grants and contracts	5,345,886	4,932,858
State and local grants and contracts	714,619	392,378
Non-governmental grants and contracts	6,665,075	6,598,200
Total grants and contracts	12,725,580	11,923,436
Auxiliary enterprises fees and services	51,522,176	48,154,930
Scholarship allowances for room and board	(14,595,765)	(12,503,331)
Other allowances	(658,817)	(628,397)
Net auxiliary enterprises fees and services	36,267,594	35,023,202
Other operating revenues	4,683,016	3,483,287
Total operating revenues	\$ 96,925,277	\$ 95,902,733
<b>EXPENSES</b>		
Compensation and employee benefits	\$ 118,445,980	\$ 122,105,120
OPEB Expense	(1,388,147)	2,218,427
Net compensation and benefits	117,057,833	124,323,547
Supplies and expenses	51,831,929	53,779,366
Utilities	10,705,722	12,463,820
Scholarships and fellowships	11,017,044	10,256,784
Depreciation	25,271,683	25,969,725
Total operating expenses	\$ 215,884,211	\$ 226,793,242
Operating loss	\$ (118,958,934)	\$ (130,890,509)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State appropriations	\$ 89,438,984	\$ 87,000,297
Gifts	926,437	1,088,882
Investment income (net of investment expenses of \$420,501 for 2024 and \$447,640 for 2023)	4,060,354	175,044
Interest on capital asset-related debt	(6,703,368)	(7,792,574)
Non-operating grants and contracts	31,492,868	31,251,017
Other non-operating revenues	1,606,503	1,668,725
Other non-operating expenses	-	-
Net non-operating revenues	\$ 120,821,778	\$ 113,391,391
Income (loss) before other revenues, expenses, gains, or losses	\$ 1,862,844	\$ (17,499,118)
Capital appropriations	\$ 3,490,022	\$ 1,504,289
Capital grants and gifts	433,300	161,798
Total other revenues	\$ 3,923,322	\$ 1,666,087
Increase (decrease) in net position	\$ 5,786,166	\$ (15,833,031)
<b>NET POSITION</b>		
Net position—beginning of year	\$ 489,607,959	\$ 505,456,756
Prior period adjustment for change in accounting principle	-	(15,766)
Restated net position at beginning of year	\$ 489,607,959	\$ 505,440,990
Net position—end of year	\$ 495,394,125	\$ 489,607,959

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

# Indiana State University

## Statement of Cash Flows

For the Years Ended June 30, 2024 and June 30, 2023

	<b>2024</b>	<b>Restated 2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 41,872,012	\$ 44,130,376
Grants and contracts	12,107,528	10,390,833
Auxiliary enterprises	33,360,339	33,862,745
Payments to suppliers	(67,797,020)	(64,786,515)
Payments to employees	(66,246,231)	(65,474,176)
Payments for benefits	(53,284,811)	(56,546,829)
Payments to students	(8,005,641)	(8,363,038)
Return of Perkins loan funds	(418,959)	(708,126)
Student loans collected	399,983	526,779
Other receipts	4,665,044	4,321,115
Net cash used by operating activities	<u>\$ (103,347,756)</u>	<u>\$ (102,646,836)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State appropriations	\$ 89,438,984	\$ 87,000,297
Direct loan program receipts	11,618,754	13,452,217
Direct loan program disbursements	(11,618,754)	(13,452,217)
Non-operating grants and contracts	31,325,578	31,394,521
Gifts and other non-operating income	2,465,368	2,248,197
Net cash provided by non-capital financing activities	<u>\$ 123,229,930</u>	<u>\$ 120,643,015</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Capital appropriations received	\$ 2,293,505	\$ 1,504,289
Capital gifts and grants received	362,555	2,225,936
Proceeds from bond issue	-	-
Costs of issuance	-	-
Cash paid for capital assets	(4,982,139)	(7,283,550)
Principal and interest paid on capital debt and leases	(27,516,762)	(27,598,365)
Net cash used by capital financing activities	<u>\$ (29,842,841)</u>	<u>\$ (31,151,690)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	\$ 17,929,936	\$ 10,680,278
Income from investing activities	2,582,587	256,434
Purchase of investments	(2,821,170)	(11,303,434)
Net cash provided by (used by) investing activities	<u>\$ 17,691,353</u>	<u>\$ (366,722)</u>
Net decrease in cash and cash equivalents	<u>\$ 7,730,686</u>	<u>\$ (13,522,233)</u>
Cash and cash equivalents—beginning of year	\$ 5,320,918	\$ 18,843,151
Cash and cash equivalents—end of year	<u>\$ 13,051,604</u>	<u>\$ 5,320,918</u>
<hr/>		
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (118,958,933)	\$ (130,890,509)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	25,271,683	25,969,725
Other non-cash adjustments	(686,333)	775,945
Return of Perkins loan funds	(418,959)	(708,126)
Changes in current assets and current liabilities		
Accounts receivable	534,172	(689,014)
Grants receivable	(30,071)	(279,096)
Notes receivable	371,052	1,206,424
Lease receivable	(28,430)	6,139
Prepaid expenses	(170,345)	467,433
Inventories	(132)	-
Accounts payable	(1,968,100)	1,895,211
Accrued payroll and deductions	(212,084)	(457,227)
Unearned revenue	(5,924)	475,789
Other liabilities	(4,043,320)	314,615
Compensated absences	(748,884)	300,507
Lease payable	(1,040,849)	83,398
Notes payable	(6,094)	(150,158)
SBITA payable	(1,206,205)	(967,892)
Net cash used by operating activities	<u>\$ (103,347,756)</u>	<u>\$ (102,646,836)</u>

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

**Indiana State University Foundation, Inc.**  
**Consolidated Statements of Financial Position**

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,225,604	\$ 2,509,651
Due from Indiana State University	203	5,908
Other assets	460,834	427,234
Investments	126,572,133	112,299,076
Contributions receivable, net	7,003,897	7,985,304
Investments held in split-interest agreements	444,661	420,106
Beneficial interest in remainder trusts	1,045,029	930,936
Right-of-use assets – operating leases	1,936,673	2,164,747
Property and equipment, net	442,010	483,623
Beneficial interest in perpetual trusts	<u>1,743,369</u>	<u>1,663,040</u>
 Total assets	 <u>\$ 149,874,413</u>	 <u>\$ 128,889,625</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 973,407	\$ 477,365
Due to Indiana State University	828,210	758,997
Note payable	2,370,305	3,316,431
Operating lease liability	1,936,673	2,164,747
Split-interest agreement obligations	<u>1,461,319</u>	<u>958,749</u>
Total liabilities	<u>7,569,914</u>	<u>7,676,289</u>
 <b>NET ASSETS</b>		
Without donor restrictions	14,404,075	10,061,573
With donor restrictions	<u>127,900,424</u>	<u>111,151,763</u>
Total net assets	<u>142,304,499</u>	<u>121,213,336</u>
 Total liabilities and net assets	 <u>\$ 149,874,413</u>	 <u>\$ 128,889,625</u>



# Indiana State University Foundation, Inc.

## Consolidated Statements of Activities

Years Ended June 30, 2024 and 2023

2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 651,807	\$ 14,897,550	\$ 15,549,357
Investment return			
Interest and dividends	1,194,994	1,585,538	2,780,532
Net realized and unrealized gains	4,078,068	8,502,281	12,580,349
Total investment return	5,273,062	10,087,819	15,360,881
Nongift and other income	-	1,079,041	1,079,041
Change in value of split-interest agreements	(63,543)	204,492	140,949
Endowment administration fee	946,355	(946,355)	-
Other transfers between net asset classes	189,697	(189,697)	-
	6,997,378	25,132,850	32,130,228
Net assets released from restrictions	8,384,189	(8,384,189)	-
Total revenues, gains and other support	<u>15,381,567</u>	<u>16,748,661</u>	<u>32,130,228</u>
<b>EXPENSES</b>			
Scholarships and awards	2,406,080	-	2,406,080
Restricted and designated expenditures	6,886,735	-	6,886,735
Total program services	9,292,815	-	9,292,815
Foundation operations	976,082	-	976,082
Sycamore operations	-	-	-
Development and CEO	674,051	-	674,051
Alumni affairs	96,117	-	96,117
Total expenses	<u>11,039,065</u>	<u>-</u>	<u>11,039,065</u>
<b>CHANGE IN NET ASSETS</b>	4,342,502	16,748,661	21,091,163
<b>NET ASSETS, BEGINNING OF YEAR</b>	10,061,573	111,151,763	121,213,336
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 14,404,075</u>	<u>\$ 127,900,424</u>	<u>\$ 142,304,499</u>

2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 2,387,803	\$ 11,984,522	\$ 14,372,325
Investment return			
Interest and dividends	854,338	1,411,829	2,266,167
Net realized and unrealized gains	2,367,570	5,294,204	7,661,774
Total investment return	3,221,908	6,706,033	9,927,941
Nongift and other income	(123)	835,118	834,995
Change in value of split-interest agreements	(27,270)	45,619	18,349
Endowment administration fee	1,058,085	(1,058,085)	-
Other transfers between net asset classes	83,466	(83,466)	-
	6,723,869	18,429,741	25,153,610
Net assets released from restrictions	7,052,815	(7,052,815)	-
Total revenues, gains and other support	<u>13,776,684</u>	<u>11,376,926</u>	<u>25,153,610</u>
<b>EXPENSES</b>			
Scholarships and awards	2,025,862	-	2,025,862
Restricted and designated expenditures	5,391,468	-	5,391,468
Total program services	7,417,330	-	7,417,330
Foundation operations	985,198	-	985,198
Sycamore operations	150	-	150
Development and CEO	708,492	-	708,492
Alumni affairs	84,057	-	84,057
Total expenses	<u>9,195,227</u>	<u>-</u>	<u>9,195,227</u>
<b>CHANGE IN NET ASSETS</b>	4,581,457	11,376,926	15,958,383
<b>NET ASSETS, BEGINNING OF YEAR</b>	5,480,116	99,774,837	105,254,953
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 10,061,573</u>	<u>\$ 111,151,763</u>	<u>\$ 121,213,336</u>



**Indiana State University Foundation, Inc.**  
**Consolidated Statements of Cash Flows**  
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 21,091,163	\$ 15,958,383
Items not requiring (providing) cash		
Depreciation and amortization	66,915	65,551
Provision (credit) for uncollectible contributions receivable	(100,114)	36,378
Net realized and unrealized gains on investments	(12,580,349)	(7,661,774)
Contributions restricted for long-term investment	(2,148,687)	(5,461,976)
Changes in		
Contributions receivable	1,081,521	(2,058,146)
Due from Indiana State University	5,705	23,481
Other assets	(33,600)	207,681
Accounts payable	496,042	(2,209,346)
Due to Indiana State University	69,213	31,887
Value of split-interest agreements	363,922	(95,313)
Net cash provided by (used in) operating activities	<u>8,311,731</u>	<u>(1,163,194)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(14,727,157)	(23,405,300)
Sales and maturities of investments	12,954,120	12,499,561
Proceeds from the sale of property and equipment held for future use	435	3,230
Purchase of property and equipment	(25,737)	(16,814)
Net cash used in investing activities	<u>(1,798,339)</u>	<u>(10,919,323)</u>
<b>FINANCING ACTIVITIES</b>		
Repayments of note payable	(946,126)	(946,015)
Proceeds from contributions restricted for investments in permanent endowment	2,148,687	5,461,976
Net cash provided by financing activities	<u>1,202,561</u>	<u>4,515,961</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	7,715,953	(7,566,556)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,509,651</u>	<u>10,076,207</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 10,225,604</u>	<u>\$ 2,509,651</u>
<b>SUPPLEMENTAL CASH FLOWS INFORMATION</b>		
Interest paid	\$ 67,136	\$ 85,112
Right-of-use assets reported at adoption of new lease standard	\$ -	\$ 2,392,080



**Indiana State University**  
**Statement of Fiduciary Net Position**  
Fiduciary Funds  
As of June 30, 2024

	Other Post-Employment Benefit (OPEB) Trust Funds	Custodial Funds	Total Fiduciary Activities
<b>ASSETS</b>			
Cash and cash equivalents	\$ 628,120	\$ 741,698	\$ 1,369,818
Receivables:			
Accrued interest and dividends	708,057	-	708,057
Accounts receivable	-	1,497	1,497
Total receivables	<u>\$ 708,057</u>	<u>\$ 1,497</u>	<u>\$ 709,554</u>
Investments at fair value:			
Short-term investments	\$ 358,344	\$ -	\$ 358,344
Long-term investments	58,545,372	-	58,545,372
Pooled investment funds	38,894,875	-	38,894,875
Total investments	<u>\$ 97,798,591</u>	<u>\$ -</u>	<u>\$ 97,798,591</u>
<b>TOTAL ASSETS</b>	<u>\$ 99,134,768</u>	<u>\$ 743,195</u>	<u>\$ 99,877,963</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Restricted for:			
Post-employment benefits other than pensions	\$ 99,134,768	\$ -	\$ 99,134,768
Student and faculty organizations	-	743,195	743,195
<b>TOTAL NET POSITION</b>	<u>\$ 99,134,768</u>	<u>\$ 743,195</u>	<u>\$ 99,877,963</u>

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

**Indiana State University**  
**Statement of Fiduciary Net Position**  
Fiduciary Funds  
As of June 30, 2023 - Restated

	Other Post-Employment Benefit (OPEB) Trust Funds	Custodial Funds	Total Fiduciary Activities
<b>ASSETS</b>			
Cash and cash equivalents	\$ 493,447	\$ 738,545	\$ 1,231,992
Receivables:			
Accrued interest and dividends	607,328	-	607,328
Accounts receivable	-	-	-
Total receivables	<u>\$ 607,328</u>	<u>\$ -</u>	<u>\$ 607,328</u>
Investments at fair value:			
Short-term investments	\$ 1,875,292	\$ -	\$ 1,875,292
Long-term investments	56,589,565	-	56,589,565
Pooled investment funds	37,125,551	-	37,125,551
Total investments	<u>\$ 95,590,408</u>	<u>\$ -</u>	<u>\$ 95,590,408</u>
<b>TOTAL ASSETS</b>	<u>\$ 96,691,183</u>	<u>\$ 738,545</u>	<u>\$ 97,429,728</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 880	\$ 880
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ 880</u>	<u>\$ 880</u>
<b>NET POSITION</b>			
Restricted for:			
Post-employment benefits other than pensions	\$ 96,691,183	\$ -	\$ 96,691,183
Student and faculty organizations	-	737,665	737,665
<b>TOTAL NET POSITION</b>	<u>\$ 96,691,183</u>	<u>\$ 737,665</u>	<u>\$ 97,428,848</u>

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

**Indiana State University**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
For the Year Ended June 30, 2024

	<b>Other Post-Employment Benefit (OPEB) Trust Funds</b>	<b>Custodial Funds</b>	<b>Total Fiduciary Activities</b>
<b>ADDITIONS</b>			
Contributions:			
Contributions from the University	\$ -	\$ 58,061	\$ 58,061
Contributions from student organizations	-	158,611	158,611
Contributions from participants	-	106,815	106,815
Contributions from faculty and staff organizations	-	2,104	2,104
Total contributions	<u>\$ -</u>	<u>\$ 325,591</u>	<u>\$ 325,591</u>
Investment earnings:			
Net increase in fair value of investments	\$ 2,582,742	\$ -	\$ 2,582,742
Interest, dividends, and other	3,412,655	-	3,412,655
Accrued interest purchased	(105,251)	-	(105,251)
Net investment earnings	<u>\$ 5,890,146</u>	<u>\$ -</u>	<u>\$ 5,890,146</u>
Total additions	<u>\$ 5,890,146</u>	<u>\$ 325,591</u>	<u>\$ 6,215,737</u>
<b>DEDUCTIONS</b>			
Medical, dental, and life insurance for retirees	\$ 3,125,000	\$ -	\$ 3,125,000
Management fees	321,561	-	321,561
Other expenses	-	320,061	320,061
Total deductions	<u>\$ 3,446,561</u>	<u>\$ 320,061</u>	<u>\$ 3,766,622</u>
Net increase (decrease) in fiduciary net position	2,443,585	5,530	2,449,115
<b>NET POSITION</b>			
Beginning	\$ 96,691,183	\$ 737,665	\$ 97,428,848
Ending	<u>\$ 99,134,768</u>	<u>\$ 743,195</u>	<u>\$ 99,877,963</u>

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

**Indiana State University**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
For the Year Ended June 30, 2023 - Restated

	<b>Other Post-Employment Benefit (OPEB) Trust Funds</b>	<b>Custodial Funds</b>	<b>Total Fiduciary Activities</b>
<b>ADDITIONS</b>			
Contributions:			
Contributions from the University	\$ -	\$ 98,172	\$ 98,172
Contributions from student organizations	-	152,124	152,124
Contributions from participants	-	84,546	84,546
Contributions from faculty and staff organizations	-	537	537
Total contributions	<u>\$ -</u>	<u>\$ 335,379</u>	<u>\$ 335,379</u>
Investment earnings:			
Net decrease in fair value of investments	\$ (675,588)	\$ -	\$ (675,588)
Interest, dividends, and other	3,270,507	-	3,270,507
Accrued interest purchased	(93,424)	-	(93,424)
Net investment earnings	<u>\$ 2,501,495</u>	<u>\$ -</u>	<u>\$ 2,501,495</u>
Total additions	<u>\$ 2,501,495</u>	<u>\$ 335,379</u>	<u>\$ 2,836,874</u>
<b>DEDUCTIONS</b>			
Medical, dental, and life insurance for retirees	\$ 2,965,000	\$ -	\$ 2,965,000
Management fees	317,357	-	317,357
Other expenses	-	385,965	385,965
Total deductions	<u>\$ 3,282,357</u>	<u>\$ 385,965</u>	<u>\$ 3,668,322</u>
Net increase (decrease) in fiduciary net position	(780,862)	(50,586)	(831,448)
<b>NET POSITION</b>			
Beginning	\$ 97,472,045	\$ 788,251	\$ 98,260,296
Ending	<u>\$ 96,691,183</u>	<u>\$ 737,665</u>	<u>\$ 97,428,848</u>

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



# NOTES TO FINANCIAL STATEMENTS

As of June 30, 2024

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Indiana State University (the University), a publicly supported, comprehensive, doctoral-granting University, serves the State of Indiana, the nation, and the international community by generating and disseminating knowledge in the humanities, arts, social sciences, scientific, and professional disciplines through instruction and research. The University is governed by a nine-member Board of Trustees, appointed by the Governor.

The accompanying financial statements of the University are prepared in accordance with generally accepted accounting standards as prescribed by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. Since the University is a component unit of the State of Indiana, it is included in the Annual Comprehensive Financial Report of the State.

### A. Reporting Entity

The University implemented Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. These Statements amend GASB Statement No. 14, *The Financial Reporting Entity* to provide additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as component units based on the nature and significance of their relationship with the University.

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the University as the primary government, and the Indiana State University Foundation as a discretely presented component unit. This component unit is further described in Section P.

### B. Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. The financial statements of the University have been prepared on the accrual basis, including depreciation expense relating to capital assets. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-University transactions have been eliminated to avoid double counting of these transactions. Examples of these would include sales between University departments or internal loans between funds.

### C. Cash Equivalents

The University invests operating cash in investments with varying maturities. The University considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

### D. Investments

Investments in securities are reported on the financial statements at fair value as of the date of the financial statements. Investments with maturity of less than one year are reported as current assets, with the remaining investments reported as non-current assets.

## E. Inventories

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

## F. Capital Assets

Capital assets are stated at cost or, if donated, at fair market value on the date of acquisition. Moveable equipment costing \$5,000 with a useful life of more than one year and building improvements that exceed \$100,000 and extend the life of the building are capitalized. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is reported using the straight-line method of depreciation over the estimated useful life of the asset. Capital assets and related accumulated depreciation are removed from the records at the time of disposal. Works of art are recorded either at cost or fair market value at the time of acquisition but are not depreciated because these assets tend to appreciate in value over time.

<b>Minimum Capitalization Value and Useful Life by Asset Types</b>		
<b>Asset Types</b>	<b>Capitalization Threshold</b>	<b>Useful Life</b>
Moveable equipment	\$5,000	5 to 10 years
Vehicles and machinery	5,000	4 to 10 years
Software and computer equipment	5,000	5 years
Buildings and related components	100,000	15 to 100 years
Land improvements and infrastructure	100,000	10 to 20 years
Library books and audio visual aids	1	20 years
Works of art	1	Not depreciated

## G. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the University that are applicable to a future reporting period, but do not require a further exchange of goods or services. Examples of items the University considers deferred outflows of resources include loss on early retirement of debt and outflows related to pensions and other post-employment benefits.

## H. Compensated Absences

Liabilities for compensated absences are recorded for vacation leave based on actual amounts earned as of the statement of net position date. Employees may accrue vacation benefits up to a maximum of 300 hours, which is payable upon termination. The accompanying Statement of Net Position reflects an accrual for the amounts earned and ultimately payable for such benefits at the end of the fiscal year.

## I. Net Pension Liability and Related Items

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Indiana Public Employees' Defined Benefit Account (PERF DB) and additions to/deductions from PERF DB's fiduciary net position have been determined on the same basis as they are reported by PERF DB. Indiana Public Retirement System financial reports have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to government units. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## J. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the University applicable to a future reporting period, but do not require a further exchange of goods or services. Examples of items the

University considers deferred inflows of resources include inflows from service concession arrangements and inflows related to pensions and other post-employment benefits.

## K. Net Position

University resources are classified for financial reporting purposes into four net position categories:

**Net investment in capital assets:** This represents the University's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets.

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

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

**Unrestricted net position:** Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. Substantially all unrestricted net position is designated for academic programs and initiatives, capital purposes, and general operations of the University.

## L. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for a particular expenditure, University management may select the most appropriate funding source based on individual facts and circumstances. The University does not require funds be expended in a particular order, and the decision on what fund order is used is made on a case-by-case basis.

## M. Operating Revenues and Expenses

Operating revenues include all revenues from exchange transactions resulting from providing goods and services for higher education, research, public service, and other related activities. Examples include student tuition and fees, net of scholarship discounts and allowances, most federal, state and local grants and contracts, interest on institutional student loans, and auxiliary operations (such as Intercollegiate Athletics and Housing and Dining Services).

Operating expenses contain all expenses paid to acquire or produce goods and services provided in return for operating revenues to carry out the mission of the University. Examples include compensation and benefits, travel, and other supplies and expenses. Expenses are reported using natural classifications in the Statement of Revenues, Expenses, and Changes in Net Position.

## N. Scholarship Discounts and Other Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts are the difference between the stated charge for goods and services provided by the

University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount. Other allowances include the allowance for bad debt, which will be recorded as a reduction to the appropriate revenue.

## **O. Non-Operating Revenues and Expenses**

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, including state appropriations and investment income. Non-operating revenues include any grant that meets the definition of a non-exchange transaction, for which the University has administrative duties. This would include Pell Grant, SEOG, and any State Grant that the University has to determine eligibility, even if the eligibility requirements are set forth by Federal or State agencies.

Non-operating expenses contain all expenses that are incurred in the performance of activities not directly related to the core operations of the University. Examples include interest on capital asset related debt, bond issuance costs, and the loss on the sale of investments.

## **P. Component Units**

The Indiana State University Foundation is a legally separate, tax-exempt component unit of Indiana State University. Indiana State University Foundation, Inc. was incorporated on March 10, 1921. The Foundation was organized to promote educational purposes and receive contributions primarily for the benefit of Indiana State University and its students.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The Indiana State University Foundation Board of Directors represents a diverse group of volunteer professional and business leaders who devote their time and resources in service of the Foundation for the benefit of Indiana State University. The majority of resources that the Foundation holds and invests, and the income generated by these assets, are restricted to the activities of the University by its donors. Because these resources can only be used for the activities of the University, the ISU Foundation is considered a component unit of the University, and its audited financial statements are discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting presentation for these differences.

During the years ended June 30, 2024 and June 30, 2023, the Foundation distributed \$7,837,447 and \$6,233,953, respectively, to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 30 North 5th Street, Terre Haute, IN 47809.

## **Q. New Accounting Pronouncements**

Effective with fiscal year 2023, the University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.



Using this statement, the University will recognize a right-to-use subscription asset (intangible asset) and a corresponding subscription liability. The subscription liability should initially be measured at the present value of the subscription payments expected to be made during the term. Future subscription payments should be discounted using an implicit or incremental borrowing rate. The subscription asset will be amortized over the length of the contract as an outflow of resources.

Each year, all potential subscriptions are analyzed to determine whether they are subject to the new accounting standard and whether the measurement calculation needs to be adjusted due to changes in the terms of the subscription. Due to the immaterial nature, no entries were posted as a result of GASB 96 for the year ended June 30, 2022. In order to ensure comparability with other universities, the University has included the reflection of GASB 96 in 2024 and restated 2023 financial statements. As a result, the University right-to-control assets totaled \$8,784,230 in 2024 and \$9,549,463 in 2023.

The beginning net position at July 1, 2023 was restated for the effects of the University's adoption of GASB 96 as follows.

<b>Restatement of Net Position 2023</b>			
	<b>June 30, 2023 as Originally Reported</b>	<b>GASB 96 Impact</b>	<b>July 1, 2023 Restated</b>
<b>Non-current assets</b>			
Subscription assets, net	\$ -	\$ 9,549,463	\$ 9,549,463
<b>Total assets</b>	<b>\$ 753,877,815</b>	<b>\$ 9,549,463</b>	<b>\$ 763,427,278</b>
<b>Deferred outflows of resources</b>	<b>\$ 12,217,889</b>	<b>\$ -</b>	<b>\$ 12,217,889</b>
<b>Current liabilities</b>			
Accrued interest liability	\$ -	\$ 262,092	\$ 262,092
Subscriptions payable	-	2,967,669	2,967,669
<b>Non-current liabilities</b>			
Subscriptions payable	-	6,335,469	6,335,469
<b>Total liabilities</b>	<b>\$ 269,070,177</b>	<b>\$ 9,565,230</b>	<b>\$ 278,635,407</b>
<b>Deferred inflows of resources</b>	<b>\$ 7,401,801</b>	<b>\$ -</b>	<b>\$ 7,401,801</b>
<b>Net investment in capital assets</b>	<b>\$ 327,592,273</b>	<b>\$ (15,767)</b>	<b>\$ 327,576,506</b>
<b>Changes in total net position</b>	<b>\$ 489,623,726</b>	<b>\$ (15,767)</b>	<b>\$ 489,607,959</b>

## **R. Change in Accounting Estimates**

The University is reporting a change in accounting estimate as required by GASB Statement No. 100, *Accounting Changes and Error Correction*. The change in accounting estimate is for incurred but not paid (IBNP) liability for self-insured medical, prescription drug, and dental plans that was implemented in 2024. Previously the University used a three month estimate of outstanding claims that occurred in the current fiscal year that would be settled in the next fiscal year. In prior fiscal years, this estimate was based on past historical experience provided by the Benefit Office. The University currently uses AON Consulting, Inc. to provide analysis and actuarial services for medical claims, working with our medical expense processor (Anthem) to determine historical expenditures, future trends, and other analysis of medical claims. AON began providing estimates of IBNP to the University as part of the analysis of medical expenditures incurred by the University. This change in estimate is largely due to the medical, dental, and prescription drug carriers/pharmacy benefit managers that have significantly increased their claim processing speeds

over the last several years. The outstanding IBNP amount at any point in time has become much smaller in relation to annual paid claims under the plan.

Liability for Unclaimed Medical Claims Classified as "Other Liability" As of June 30, 2024				
Insurance Vendor	Insurance Type	FY24 Expense Incurred	FY24 Incurred But Not Paid Liability	FY24 Prior Accounting Estimate - 25%
Anthem Life Insurance Co.	Health	\$ 10,960,576	\$ 730,000	\$ 2,740,144
PrudentRX LLC/CVS	Prescription	3,047,294	47,000	761,824
Delta Dental	Dental	819,855	42,000	204,964
Other Claims	Miscellaneous	-	-	-
		\$ 14,827,725	\$ 819,000	\$ 3,706,932

	Debit	Credit
Other liabilities-current	\$ 3,965,428	
Compensation expense		\$ 3,146,428
Other liabilities-current		\$ 819,000

This change would result in a reduction of compensation expense of \$3,146,428 for the current year and reduce the offsetting other current liability by the same amount.

## S. Presentation of Net Position

In order to stay in compliance with GASB standards concerning presentation of net OPEB asset as a restricted net position, the OPEB asset was restated as restricted net position from unrestricted net position for fiscal years 2023 and 2022 for comparative information. The net OPEB asset amount of \$37,180,687 was reclassified from unrestricted net position to restricted net position for 2023. This was also restated in 2022 for comparative purposes as \$35,887,182 was reclassified from unrestricted net position to restricted net position.

Restatement of Net Position 2023			
	June 30, 2023 as Originally Reported	Change in Presentation	July 1, 2023 Restated
Restricted net position	\$ 5,099,571	\$ 37,180,687	\$ 42,280,258
Unrestricted net position	\$ 156,931,882	\$ (37,180,687)	\$ 119,751,195
Total net position	\$ 489,623,726	\$ -	\$ 489,623,726

Restatement of Net Position 2022			
	June 30, 2022 as Originally Reported	Change in Presentation	July 1, 2022 Restated
Restricted net position	\$ 7,542,139	\$ 35,887,182	\$ 43,429,321
Unrestricted net position	\$ 169,373,835	\$ (35,887,182)	\$ 133,486,653
Total net position	\$ 505,456,756	\$ -	\$ 505,456,756

**NOTE 2. CASH AND INVESTMENTS**

The University maintains a cash and investment pool that is available for use by all funds. Each fund’s portion of this pool is displayed in the Statement of Net Position under cash and cash equivalents, short-term investments, long-term investments, or endowment investments-held in trust, depending on the nature of the investment.

**Cash and Investments**

<b>Cash &amp; Investments</b>				
	<b>2024</b>		<b>2023</b>	
Cash on hand	\$	65,456	\$	83,636
Deposits with financial institutions		1,242,690		2,792,124
Investments		125,812,485		129,753,663
	<b>\$</b>	<b>127,120,631</b>	<b>\$</b>	<b>132,629,423</b>

Authorization for investment activity is stated in Indiana Code Title 21, Article 21, Chapter 3, Section .3. Additionally, IC 30-4-3.5 (Indiana Prudent Investor Act) requires the Board of Trustees of the University to act “as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust.” It also requires that management decisions be made “in the context of the trust portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the trust.” The Board holds responsibility to assure the assets are prudently invested in a manner consistent with this investment policy. The Board has delegated the day-to-day responsibilities for overseeing the investment program to the Senior Vice President for Finance and Administration and University Treasurer.

The University’s current investment policy was approved by the Board of Trustees on May 7, 2010 and implemented in September 2010. The objective of the Investment Policy is to adequately provide for the liquidity needs of the University while maximizing the opportunity to increase yield on investments. The investment structure is divided into three liquidity tiers to provide for income maximization while meeting the daily liquidity requirements of the University. In order to supply sufficient day-to-day operating liquidity, Tier I is invested in money market securities and liquidity reserves. Tier II is invested in limited duration securities to provide for a sufficient level of reserves in case of unanticipated liquidity needs; yet provide for a level of incremental return over Tier I. Tier III is invested for income maximization while taking on appropriate levels of risk.

Authorized investments include US Treasury, US Government Agency or Instrumentality, Mortgage-Backed Securities, Asset-Backed Securities, Taxable Municipal Bonds, Non-Benefit Responsive GIC’s, Money Market Instruments and Funds, Corporate Investment Grade Bonds, Corporate High Yield Bonds, and Non-US Dollar Debt. Credit Quality and Market Value percentages are established for each investment manager portfolio.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that increases in market interest rates will adversely decrease the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the University and its investment managers limit its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the University's investments (including investments held by bond trustee) to market interest rate fluctuations for fiscal years 2024 and 2023 are provided by the following tables showing the distribution of investments by maturity:

University Investments and Maturities at June 30, 2024					
Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Cash on hand (petty cash)	\$ 65,456	\$ 65,456	\$ -	\$ -	\$ -
Demand deposits	1,242,690	1,242,690	-	-	-
Money market funds	10,538,580	10,538,580	-	-	-
Certificates of deposit	1,231,157	1,231,157	-	-	-
Asset-backed securities	1,890,573	-	547,215	-	1,343,358
Collateralized mortgage obligations	7,934,637	-	1,458,094	-	6,476,544
Corporate bonds	21,931,115	649,588	8,296,607	9,868,633	3,116,287
Government agencies	6,292,728	1,365,700	2,908,523	908,280	1,110,225
Mortgage-backed securities	19,968,853	-	4,950,985	325,592	14,692,276
Municipal notes and bonds	1,271,638	-	1,193,182	-	78,456
Treasury notes and bonds	36,635,999	6,511,542	6,667,248	14,131,734	9,325,476
Foreign notes and bonds	6,867,655	67,759	2,694,778	1,973,796	2,131,322
Endowment investments held in trust	827,580	-	-	-	827,580
Pooled fixed income	10,421,970	-	-	-	10,421,970
	<b>\$ 127,120,631</b>	<b>\$ 21,672,472</b>	<b>\$ 28,716,632</b>	<b>\$ 27,208,035</b>	<b>\$ 49,523,494</b>

University Investments and Maturities at June 30, 2023					
Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Cash on hand (petty cash)	\$ 83,636	\$ 83,636	\$ -	\$ -	\$ -
Demand deposits	2,792,124	2,792,124	-	-	-
Money market funds	2,182,163	2,182,163	-	-	-
Certificates of deposit	1,927,599	1,205,334	722,265	-	-
Asset-backed securities	10,724,470	67,223	7,897,520	1,399,140	1,360,587
Collateralized mortgage obligations	6,784,559	253,000	369,488	97,406	6,064,665
Corporate bonds	26,991,940	1,039,223	10,789,677	9,855,039	5,308,001
Government agencies	8,122,215	2,274,854	3,712,452	604,065	1,530,844
Mortgage-backed securities	13,826,367	3,561	822,218	588,626	12,411,962
Municipal notes and bonds	2,232,054	138,454	1,716,729	295,440	81,431
Treasury notes and bonds	39,155,941	5,848,953	4,903,657	17,119,423	11,283,908
Foreign notes and bonds	7,133,004	543,340	2,150,134	2,574,390	1,865,140
Endowment investments held in trust	758,997	-	-	-	758,997
Pooled fixed income	9,914,354	-	-	-	9,914,354
	<b>\$ 132,629,423</b>	<b>\$ 16,431,865</b>	<b>\$ 33,084,140</b>	<b>\$ 32,533,529</b>	<b>\$ 50,579,889</b>

## Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The University's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided).

Highly Sensitive Investments		
	2024	2023
<b>Mortgage-backed &amp; asset-backed securities.</b> These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of the securities and makes the fair values of these securities highly sensitive to changes in interest rates.	\$21,859,426	\$24,550,837
<b>Callable bonds.</b> These securities are subject to be called or early redeemed by the issuing agency in periods of declining interest rates. The possible reduction in expected cash flows affects the fair value of these securities and makes the fair value of these securities more sensitive to changes in interest rates.	\$13,723,496	\$19,201,987

## Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit risk is addressed in the University Investment Policy, approved May 7, 2010. Credit risk guidelines are established for each investment manager. The policy stipulates the percentage

of each manager's fixed income portfolio that must be rated Aa or better at the time of purchase. These percentages range from 65 percent to 100 percent. Presented below is the actual Moody's rating at year end for each investment type.

Moody's Rating Scale at June 30, 2024						
Investment Type	Fair Value	AAA	Aa	A	B or Lower	Not Rated
Cash on hand (petty cash)	\$ 65,456	\$ -	\$ -	\$ -	\$ -	\$ 65,456
Demand deposits	1,242,690	-	-	-	-	1,242,690
Money market funds	10,538,580	-	-	-	-	10,538,579
Certificates of deposit	1,231,157	-	-	-	-	1,231,157
Asset-backed securities	1,890,573	748,416	30,480	-	-	1,111,677
Collateralized mortgage obligations	7,934,637	5,661,103	88,924	10,836	218,358	1,955,416
Corporate bonds	21,931,115	434,145	1,613,426	8,829,837	10,544,358	509,349
Government agencies	6,292,728	5,031,024	-	-	-	1,261,704
Mortgage-backed securities	19,968,853	3,935,155	-	123,152	-	15,910,546
Municipal notes and bonds	1,271,638	367,606	154,433	-	-	749,599
Treasury notes and bonds	36,635,999	30,320,365	-	-	-	6,315,634
Foreign notes and bonds	6,867,655	-	-	634,247	3,535,378	2,698,030
Endowment investments held in trust	827,580	-	-	-	-	827,580
Pooled fixed income	10,421,970	-	-	-	-	10,421,970
	<b>\$ 127,120,631</b>	<b>\$ 46,497,814</b>	<b>\$ 1,887,263</b>	<b>\$ 9,598,072</b>	<b>\$ 14,298,094</b>	<b>\$ 54,839,387</b>

Moody's Rating Scale at June 30, 2023						
Investment Type	Fair Value	AAA	Aa	A	B or Lower	Not Rated
Cash on hand (petty cash)	\$ 83,636	\$ -	\$ -	\$ -	\$ -	\$ 83,636
Demand deposits	2,792,124	-	-	-	-	2,792,124
Money market funds	2,182,163	-	-	-	-	2,182,163
Certificates of deposit	1,927,599	-	-	-	-	1,927,599
Asset-backed securities	10,724,470	6,829,414	34,652	21,198	-	3,839,206
Collateralized mortgage obligations	6,784,559	4,641,567	63,725	-	197,640	1,881,627
Corporate bonds	26,991,940	262,404	1,372,334	12,199,988	12,350,863	806,351
Government agencies	8,122,215	6,832,321	-	-	-	1,289,894
Mortgage-backed securities	13,826,367	523,723	-	-	-	13,302,644
Municipal notes and bonds	2,232,054	484,158	595,909	238,203	-	913,784
Treasury notes and bonds	39,155,941	36,536,732	-	-	-	2,619,209
Foreign notes and bonds	7,133,004	-	193,286	1,185,039	3,210,654	2,544,025
Endowment investments held in trust	758,997	-	-	-	-	758,997
Pooled fixed income	9,914,354	-	-	-	-	9,914,354
	<b>\$ 132,629,423</b>	<b>\$ 56,110,319</b>	<b>\$ 2,259,906</b>	<b>\$ 13,644,428</b>	<b>\$ 15,759,157</b>	<b>\$ 44,855,613</b>



## Concentration of Credit Risk

The investment policy of the University contains no limitations on the amount that can be invested in any one issuer. At June 30, 2024, Columbus Unconstrained Bond Fund, totaling \$9,936,500, represented five percent or more of total University investments. At June 30, 2023, Columbus Unconstrained Bond Fund, totaling \$9,914,354, represented five percent or more of total University investments.

## Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the University will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Indiana State University's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than preference will be given to Indiana institutions because of additional insurance coverage provided by the State. On June 30, 2024, \$36,635,999 in U.S. Treasury Notes and Bonds, \$6,292,728 in U.S. Government Agencies and \$10,538,579 of the Money Market funds invested in U.S. Government-backed funds were held by a trust department not in the University's name. At June 30, 2023, \$39,155,942 in U.S. Treasury Notes and Bonds, \$8,122,214 in U.S. Government Agencies and \$2,182,163 of the Money Market funds invested in U.S. Government-backed funds were held by a trust department not in the University's name.

As of June 30, 2024, and 2023, Indiana State University's deposits with financial institutions held in uncollateralized accounts were insured up to \$250,000 by FDIC and in excess of \$250,000 by the Indiana Public Deposits Fund. There were no Certificates of Deposits held in 2024 or 2023 covered under this fund. The University had less than six percent of investments that are made up of foreign currency in 2024 and 2023; therefore, the University's exposure to foreign currency risk is insignificant.

## Fair Value Measurements

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy input levels are defined as follows:

- **Level 1** inputs are a quoted price for identical assets or liabilities in an active market.
- **Level 2** inputs consist of observable prices for similar assets or liabilities in active or inactive markets and inputs other than quoted prices that are observable for the asset or liability.
- **Level 3** inputs are unobservable inputs for an asset or liability.

The University's investments are composed of assets valued using Level 1 or Level 2 inputs. Fair market value is established for our Level 2 assets in various manners. Fair value is determined on Level 2 assets based on their quoted prices in inactive markets when possible. In other situations, the fair value determination is based on models. The inputs for these models are observable either directly or indirectly for substantially the full term of the asset. Level 2 model inputs include the following:

- Quoted prices for similar assets or liabilities in active markets (for example, restricted stock);
- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);

- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain residential and commercial mortgage-related assets, including loans, securities and derivatives.)

Endowment investments held in trust are included in a pool of investments that use a mix of Level 1 and Level 2 inputs, and are thus reported at Level 2, the lowest level. The University's fair value measurements of reoccurring investments as of June 30, 2024 and 2023 are presented below.

University Investments by Fair Value Level at June 30, 2024					
Investment Type	Fair Value	Level 1	Level 2	Level 3	Cash
Cash on hand (petty cash)	\$ 65,456	\$ -	\$ -	\$ -	\$ 65,456
Demand deposits	1,242,690	-	-	-	1,242,690
Money market funds	10,538,580	-	10,538,580	-	-
Certificates of deposit	1,231,157	-	1,231,157	-	-
Asset-backed securities	1,890,573	-	1,890,573	-	-
Collateralized mortgage obligations	7,934,637	-	7,934,637	-	-
Corporate bonds	21,931,115	-	21,931,115	-	-
Government agencies	6,292,728	-	6,292,728	-	-
Mortgage-backed securities	19,968,853	-	19,968,853	-	-
Municipal notes and bonds	1,271,638	-	1,271,638	-	-
Treasury notes and bonds	36,635,999	-	36,635,999	-	-
Foreign notes and bonds	6,867,655	-	6,867,655	-	-
Endowment investments held in trust	827,580	-	827,580	-	-
Pooled fixed income	10,421,970	-	10,421,970	-	-
	<b>\$ 127,120,631</b>	<b>\$ -</b>	<b>\$ 125,812,485</b>	<b>\$ -</b>	<b>\$ 1,308,146</b>

University Investments by Fair Value Level at June 30, 2023					
Investment Type	Fair Value	Level 1	Level 2	Level 3	Cash
Cash on hand (petty cash)	\$ 83,636	\$ -	\$ -	\$ -	\$ 83,636
Demand deposits	2,792,124	-	-	-	2,792,124
Money market funds	2,182,163	-	2,182,163	-	-
Certificates of deposit	1,927,599	-	1,927,599	-	-
Asset-backed securities	10,724,470	-	10,724,470	-	-
Collateralized mortgage obligations	6,784,559	-	6,784,559	-	-
Corporate bonds	26,991,940	-	26,991,940	-	-
Government agencies	8,122,215	-	8,122,215	-	-
Mortgage-backed securities	13,826,367	-	13,826,367	-	-
Municipal notes and bonds	2,232,054	-	2,232,054	-	-
Treasury notes and bonds	39,155,941	-	39,155,941	-	-
Foreign notes and bonds	7,133,004	-	7,133,004	-	-
Endowment investments held in trust	758,997	-	758,997	-	-
Pooled fixed income	9,914,354	-	9,914,354	-	-
	<b>\$ 132,629,423</b>	<b>\$ -</b>	<b>\$ 129,753,663</b>	<b>\$ -</b>	<b>\$ 2,875,760</b>

### NOTE 3. CAPITAL ASSETS

The changes in gross capital assets and accumulated depreciation for the fiscal years ending June 30, 2024 and 2023 are presented in the tables below:

Capital Assets and Depreciation					
	Balance				Balance
	June 30, 2023	Additions	Transfers	Deductions	June 30, 2024
<b>Capital assets not being depreciated</b>					
Land	\$ 35,644,011	\$ -	\$ -	\$ -	\$ 35,644,011
Works of art	2,429,952	44,230	-	(4,929)	2,469,253
Construction in progress	1,353,244	5,216,682	(2,105,609)	(127,155)	4,337,162
	<b>\$ 39,427,207</b>	<b>\$ 5,260,912</b>	<b>\$ (2,105,609)</b>	<b>\$ (132,084)</b>	<b>\$ 42,450,426</b>
<b>Capital assets being depreciated</b>					
Infrastructure	\$ 33,330,965	\$ -	\$ -	\$ (1,390,260)	\$ 31,940,705
Land improvements	43,321,855	-	-	(593,918)	42,727,937
Buildings	708,415,558	-	2,071,214	(495,752)	709,991,020
Equipment	81,577,883	967,303	34,395	(2,698,322)	79,881,259
Capital lease assets	32,492,376	168,285	-	-	32,660,661
Subscription assets	16,139,468	2,623,735	-	-	18,763,203
Leasehold improvements	568,343	-	-	-	568,343
	<b>\$ 915,846,448</b>	<b>\$ 3,759,323</b>	<b>\$ 2,105,609</b>	<b>\$ (5,178,252)</b>	<b>\$ 916,533,128</b>
<b>Less accumulated depreciation</b>					
Infrastructure	\$ (30,637,413)	\$ (160,554)	\$ -	\$ 1,390,260	\$ (29,407,707)
Land improvements	(29,838,642)	(1,994,063)	-	593,918	(31,238,787)
Buildings	(234,119,787)	(16,388,706)	-	427,234	(250,081,259)
Equipment	(73,192,380)	(1,939,926)	-	2,493,152	(72,639,154)
Capital lease assets	(8,619,380)	(1,443,182)	-	-	(10,062,562)
Subscription assets	(6,590,005)	(3,388,968)	-	-	(9,978,973)
Leasehold improvements amortization	(568,343)	-	-	-	(568,343)
	<b>\$ (383,565,950)</b>	<b>\$ (25,315,399)</b>	<b>\$ -</b>	<b>\$ 4,904,564</b>	<b>\$ (403,976,785)</b>
<b>Total capital assets being depreciated, net</b>	<b>\$ 532,280,498</b>	<b>\$ (21,556,076)</b>	<b>\$ 2,105,609</b>	<b>\$ (273,688)</b>	<b>\$ 512,556,343</b>
<b>Total capital assets, net</b>	<b>\$ 571,707,705</b>	<b>\$ (16,295,164)</b>	<b>\$ -</b>	<b>\$ (405,772)</b>	<b>\$ 555,006,769</b>

Capital Assets and Depreciation - Restated					
	Balance				Balance
	June 30, 2022	Additions	Transfers	Deductions	June 30, 2023
<b>Capital assets not being depreciated</b>					
Land	\$ 35,481,950	\$ -	\$ 162,061	\$ -	\$ 35,644,011
Works of art	2,425,752	4,200	-	-	2,429,952
Construction in progress	534,144	6,110,591	(5,232,827)	(58,664)	1,353,244
	<b>\$ 38,441,846</b>	<b>\$ 6,114,791</b>	<b>\$ (5,070,766)</b>	<b>\$ (58,664)</b>	<b>\$ 39,427,207</b>
<b>Capital assets being depreciated</b>					
Infrastructure	\$ 37,025,486	\$ -	\$ -	\$ (3,694,521)	\$ 33,330,965
Land improvements	43,260,114	-	61,741	-	43,321,855
Buildings	703,483,649	-	5,009,025	(77,116)	708,415,558
Equipment	81,996,251	1,587,408	-	(2,005,776)	81,577,883
Capital lease assets	32,050,020	442,356	-	-	32,492,376
Subscription assets	13,470,169	2,669,299	-	-	16,139,468
Leasehold improvements	568,343	-	-	-	568,343
	<b>\$ 911,854,032</b>	<b>\$ 4,699,063</b>	<b>\$ 5,070,766</b>	<b>\$ (5,777,413)</b>	<b>\$ 915,846,448</b>
<b>Less accumulated depreciation</b>					
Infrastructure	\$ (34,169,078)	\$ (162,856)	\$ -	\$ 3,694,521	\$ (30,637,413)
Land improvements	(27,808,256)	(2,030,386)	-	-	(29,838,642)
Buildings	(218,045,055)	(16,180,374)	-	105,642	(234,119,787)
Equipment	(72,536,109)	(2,496,031)	-	1,839,760	(73,192,380)
Capital lease assets	(7,257,252)	(1,362,128)	-	-	(8,619,380)
Subscription assets	(2,900,294)	(3,689,711)	-	-	(6,590,005)
Leasehold improvements amortization	(568,343)	-	-	-	(568,343)
	<b>\$ (363,284,387)</b>	<b>\$ (25,921,486)</b>	<b>\$ -</b>	<b>\$ 5,639,923</b>	<b>\$ (383,565,950)</b>
<b>Total capital assets being depreciated, net</b>	<b>\$ 548,569,645</b>	<b>\$ (21,222,423)</b>	<b>\$ 5,070,766</b>	<b>\$ (137,490)</b>	<b>\$ 532,280,498</b>
<b>Total capital assets, net</b>	<b>\$ 587,011,491</b>	<b>\$ (15,107,632)</b>	<b>\$ -</b>	<b>\$ (196,154)</b>	<b>\$ 571,707,705</b>





A breakdown of significant projects included in construction in progress as of June 30, 2024 and 2023 are shown below:

<b>Construction Work in Progress</b>	
<b>Project</b>	<b>June 30, 2024</b>
Early Childhood Education Center	\$ 826,956
College of Technology	1,606,407
University Apartments	106,476
Replace Roof - Fairbanks	198,464
HMSU Ramp Renovation	122,567
High Voltage Replacement	212,854
Campus Light Upgrade	192,853
Masonry Repairs	113,232
Center for Performing Arts Roof	759,109
Satellite Chilled Water Plant	156,698
Other Miscellaneous Projects	41,549
	<b>\$ 4,337,163</b>

<b>Construction Work in Progress</b>	
<b>Project</b>	<b>June 30, 2023</b>
Science Fire Alarm System	\$ 679,732
Science Chemical Storage Room	471,100
Library Replace Doors	133,906
Other Miscellaneous Projects	68,506
	<b>\$ 1,353,244</b>

#### **NOTE 4. LONG-TERM LIABILITIES**

Long-term liabilities of the University consist of bonds payable, capital leases payable, compensated absences, and other liabilities.

The changes in long-term liabilities for fiscal years ending June 30, 2024, and 2023 are as shown below:

Long-Term Liabilities as of June 30, 2024					
	Balance			Balance	
	July 1, 2023	Additions	Reductions	June 30, 2024	Current Portion
Bonds payable - public offering	\$ 175,210,000	\$ -	\$ 12,290,000	\$ 162,920,000	\$ 12,900,000
Bonds payable - direct placement	7,490,000	-	1,365,000	6,125,000	1,400,000
Bond premiums	24,167,047	-	1,957,670	22,209,377	1,957,670
Lease payable	26,782,660	126,866	1,167,715	25,741,811	1,206,576
Notes payable	6,094	-	6,094	-	-
SBITA payable	9,303,138	2,623,735	3,829,940	8,096,933	2,780,026
Compensated absences and termination benefits	4,402,169	67,774	816,659	3,653,284	3,316,331
Advances from Federal Government	1,562,970	-	768,360	794,610	-
<b>Total long-term liabilities</b>	<b>\$ 248,924,078</b>	<b>\$ 2,818,375</b>	<b>\$ 22,201,438</b>	<b>\$ 229,541,015</b>	<b>\$ 23,560,603</b>

Long-Term Liabilities as of June 30, 2023 - Restated					
	Balance			Balance	
	July 1, 2022	Additions	Reductions	June 30, 2023	Current Portion
Bonds payable - public offering	\$ 186,930,000	\$ -	\$ 11,720,000	\$ 175,210,000	\$ 12,270,000
Bonds payable - direct placement	8,825,000	-	1,335,000	7,490,000	1,365,000
Bond premiums	26,124,717	-	1,957,670	24,167,047	1,957,670
Lease payable	27,447,473	442,356	1,107,169	26,782,660	1,915,064
Notes payable	115,813	-	109,719	6,094	6,094
SBITA payable	-	12,842,242	3,539,104	9,303,138	2,967,669
Compensated absences and termination benefits	4,172,076	816,657	586,564	4,402,169	4,359,892
Advances from Federal Government	3,153,879	-	1,590,909	1,562,970	-
<b>Total long-term liabilities</b>	<b>\$ 256,768,958</b>	<b>\$ 14,101,255</b>	<b>\$ 21,946,135</b>	<b>\$ 248,924,078</b>	<b>\$ 24,841,389</b>

## NOTE 5. BONDS PAYABLE

Indiana State University is authorized by acts of the Indiana General Assembly to issue bonds and notes for the purposes of financing the construction of student housing, athletic facilities, parking, and academic facilities. The outstanding bond principal indebtedness consists of the following issues.

Student Fee Bonds are secured by a pledge of student fees. The Indiana General Assembly authorizes a specific state appropriation known as "fee replacement" to the University for the purpose of reimbursing a portion of the debt service payments for certain academic facilities, including classrooms, laboratories, and other academic support facilities. Total bond principal payments eligible for fee replacement appropriations in 2024 and 2023 were \$11,058,684 and \$11,051,288, respectively.

Bonds Payable						
	Original Face Value	Issue Date	Interest Rate	Final Maturity Dates	Principal Outstanding June 30, 2024	Principal Outstanding June 30, 2023
<b>Student Fee Bonds</b>						
Series N, Satellite Chiller & Science Laboratory Projects	\$ 9,560,000	2010	1.0-6.64%	2030	\$ 3,665,000	\$ 4,190,000
Series Q, Refund Series K, L, and Partial M	19,690,000	2015	2.58%	2033	6,920,000	7,360,000
Series R, College of Health and Human Services, Refund Series M & O	83,845,000	2017	3.0-5.0%	2036	49,240,000	54,325,000
Series S, Hulman Center Renovation Project	39,685,000	2018	4.0-5.0%	2037	30,780,000	32,265,000
Series T, Dreiser Hall Phase II	15,600,000	2020	3.0-5.0%	2040	13,135,000	13,670,000
<b>Housing and Dining Revenue Bonds</b>						
Series 2014, Sycamore Towers Phase 1 - Mills Hall Project	\$ 16,405,000	2014	2.0-5.0%	2034	\$ 9,740,000	\$ 10,505,000
Series 2015, Sycamore Towers Phase 2 - Blumberg Hall Project	16,270,000	2015	3.0-5.0%	2035	10,345,000	11,090,000
Series 2016, Sycamore Towers Phase 3 - Cromwell Hall Project	14,135,000	2016	3.0-5.0%	2036	9,885,000	10,490,000
Series 2017, Sycamore Towers Phase 4 - Rhoads Hall Project	14,190,000	2017	3.0-5.0%	2038	11,270,000	11,820,000
Series 2019, Sycamore Towers Dining, Refund Series 2009B	12,735,000	2019	2.4%	2031	6,125,000	7,490,000
Series 2021, Refund Series 2010 & 2012	17,560,000	2021	4.0-5.0%	2038	15,820,000	16,400,000
Series 2022, Refund Series 2012	4,030,000	2022	5.00%	2026	2,120,000	3,095,000
<b>Bonds</b>					<b>\$ 169,045,000</b>	<b>\$ 182,700,000</b>
Premium					22,209,377	24,167,047
					<b>\$ 191,254,377</b>	<b>\$ 206,867,047</b>

Bonds Payable						
	Original Face Value	Issue Date	Interest Rate	Final Maturity Dates	Principal Outstanding June 30, 2023	Principal Outstanding June 30, 2022
<b>Student Fee Bonds</b>						
Series N, Satellite Chiller & Science Laboratory Projects	\$ 9,560,000	2010	1.0-6.64%	2030	\$ 4,190,000	\$ 4,695,000
Series Q, Refund Series K, L, and Partial M	19,690,000	2015	2.58%	2033	7,360,000	7,780,000
Series R, College of Health and Human Services, Refund Series M & O	83,845,000	2017	3.0-5.0%	2036	54,325,000	59,160,000
Series S, Hulman Center Renovation Project	39,685,000	2018	4.0-5.0%	2037	32,265,000	33,680,000
Series T, Dreiser Hall Phase II	15,600,000	2020	3.0-5.0%	2040	13,670,000	14,180,000
<b>Housing and Dining Revenue Bonds</b>						
Series 2014, Sycamore Towers Phase 1 - Mills Hall Project	\$ 16,405,000	2014	2.0-5.0%	2034	\$ 10,505,000	\$ 11,240,000
Series 2015, Sycamore Towers Phase 2 - Blumberg Hall Project	16,270,000	2015	3.0-5.0%	2035	11,090,000	11,800,000
Series 2016, Sycamore Towers Phase 3 - Cromwell Hall Project	14,135,000	2016	3.0-5.0%	2036	10,490,000	11,065,000
Series 2017, Sycamore Towers Phase 4 - Rhoads Hall Project	14,190,000	2017	3.0-5.0%	2038	11,820,000	12,340,000
Series 2019, Sycamore Towers Dining, Refund Series 2009B	12,735,000	2019	2.4%	2031	7,490,000	8,825,000
Series 2021, Refund Series 2010 & 2012	17,560,000	2021	4.0-5.0%	2038	16,400,000	16,960,000
Series 2022, Refund Series 2012	4,030,000	2022	5.00%	2026	3,095,000	4,030,000
<b>Bonds</b>					<b>\$ 182,700,000</b>	<b>\$ 195,755,000</b>
Premium					24,167,047	26,124,716
					<b>\$ 206,867,047</b>	<b>\$ 221,879,716</b>

In prior years, Indiana State University defeased certain serial bonds by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust accounts and liability for the defeased bonds are not included in the financial statements of Indiana State University.

Debt Service Requirements as of June 30, 2024						
Fiscal Year	Bonds - Public Offering		Bonds - Direct Placement		Total	
	Bond Principal	Bond Interest	Bond Principal	Bond Interest		
2025	\$ 12,900,000	\$ 7,020,146	\$ 1,400,000	\$ 147,000	\$ 21,467,146	
2026	13,055,000	6,409,757	1,430,000	113,400	21,008,157	
2027	13,315,000	5,852,247	1,465,000	79,080	20,711,327	
2028	11,380,000	5,286,762	440,000	43,920	17,150,682	
2029	11,940,000	4,713,370	450,000	33,360	17,136,730	
2030-2034	62,950,000	14,962,445	940,000	33,960	78,886,405	
2035-2039	36,285,000	3,092,463	-	-	39,377,463	
2040-2044	1,095,000	21,900	-	-	1,116,900	
	<b>\$ 162,920,000</b>	<b>\$ 47,359,090</b>	<b>\$ 6,125,000</b>	<b>\$ 450,720</b>	<b>\$ 216,854,810</b>	
Net unamortized premium	22,209,377	-	-	-	22,209,377	
	<b>\$ 185,129,377</b>	<b>\$ 47,359,090</b>	<b>\$ 6,125,000</b>	<b>\$ 450,720</b>	<b>\$ 239,064,187</b>	

Debt Service Requirements as of June 30, 2023						
Fiscal Year	Bonds - Public Offering		Bonds - Direct Placement		Total	
	Bond Principal	Bond Interest	Bond Principal	Bond Interest		
2024	\$ 12,290,000	\$ 7,630,528	\$ 1,365,000	\$ 179,760	\$ 21,465,288	
2025	12,900,000	7,020,146	1,400,000	147,000	21,467,146	
2026	13,055,000	6,409,757	1,430,000	113,400	21,008,157	
2027	13,315,000	5,852,247	1,465,000	79,080	20,711,327	
2028	11,380,000	5,286,762	440,000	43,920	17,150,682	
2029-2033	62,625,000	17,792,626	1,390,000	67,320	81,874,946	
2034-2038	47,495,000	4,916,028	-	-	52,411,028	
2039-2043	2,150,000	81,525	-	-	2,231,525	
	<b>\$ 175,210,000</b>	<b>\$ 54,989,619</b>	<b>\$ 7,490,000</b>	<b>\$ 630,480</b>	<b>\$ 238,320,099</b>	
Net unamortized premium	24,167,047	-	-	-	24,167,047	
	<b>\$ 199,377,047</b>	<b>\$ 54,989,619</b>	<b>\$ 7,490,000</b>	<b>\$ 630,480</b>	<b>\$ 262,487,146</b>	

## NOTE 6. BOND ISSUES

There were no Housing and Dining Revenue Bonds issued by the University for fiscal year ending June 30, 2024 and 2023.

## NOTE 7. SERVICE CONCESSION ARRANGEMENTS

In July 2010, Indiana State University entered into a contract with Sodexo Services of Indiana Limited Partnership to provide food services for ISU's students, faculty, staff and invited guests for a term of 11 years. In December 2017, this agreement was extended through June 30, 2031. Included in the agreement was a commitment by Sodexo to provide equipment and facility enhancements of up to \$2,900,000 to construct the Sycamore Banquet Center inside the Hulman Memorial Student Union, with contributions by the University of approximately \$800,000. Construction was completed and the Banquet Center was put into use in April 2012. In October 2017, Sodexo made an additional investment of \$1,000,000 towards the build-out of a Starbucks retail store.

Food services for the Banquet Center and the Starbucks will be provided by Sodexo, and both facilities will remain an asset of the University. Due to the nature of this agreement, whereas Sodexo is the operator and ISU is the transferor, it has been classified as a service concession arrangement. The Sycamore Banquet Center and the Starbucks retail space have been classified as capital assets with offsetting deferred inflows of resources. Over the life of the contract, ISU will amortize the deferred inflow of resources, while recognizing auxiliary revenue each year. If the agreement expires, terminates, or is amended in a way that has an adverse impact on Sodexo, ISU will be liable for the unamortized portion of Sodexo's investment.

Deferred Service Concession Arrangement		
	2024	2023
Deferred Service Concession Arrangement beginning balance	\$ 1,158,271	\$ 1,303,055
Service Concession Arrangement additions	-	-
Revenue recognition for the fiscal year	(144,784)	(144,784)
<b>Deferred Service Concession Arrangement ending balance</b>	<b>\$ 1,013,487</b>	<b>\$ 1,158,271</b>

## NOTE 8. RIGHT-TO-USE ASSETS

### Lessee Arrangements

The University has entered into lease agreements for equipment and facilities. Indiana State University classifies lease contracts that convey control of the right to use another entity's nonfinancial asset according to GASB Statement No. 87, *Leases*. As a result, arrangements that meet the criteria of GASB 87 are recognized as a lease liability and a lease asset, with lease assets being included in the Capital Asset category of the Statement of Financial Position. The lease asset and liability are measured at the present value of payments expected to be made during the lease term. GASB 87 was implemented in fiscal year 2022, with retroactive application for fiscal year 2021.

The amount of lease assets by major classes of underlying assets at June 30, 2024 and 2023, respectively, are as follows:

Lease Assets and Accumulated Amortization by Class of Asset as of June 30, 2024				
Description	Asset Classification	Gross Capital Lease Asset	Accumulated Amortization	Net Capital Lease Asset
Dorsett's Auto Sales- Vehicles	Equipment	\$ 64,869	\$ 64,869	\$ -
CP Automotive Sales LLC- Vehicle	Equipment	11,235	11,235	-
Greenville Tractor & Turf- Tractor	Equipment	81,852	37,572	44,280
Kronos - Timecards	Equipment	62,523	31,290	31,233
Chevrolet, Colorado - Vehicle	Equipment	20,784	5,787	14,997
HYUNDAI, TUCSON, Various - Vehicle	Equipment	76,362	23,402	52,960
Ricoh USA, Inc.- Copiers	Equipment	1,011,184	472,245	538,939
<b>Equipment Total</b>		<b>\$ 1,328,809</b>	<b>\$ 646,400</b>	<b>\$ 682,409</b>
West Ohio II Property Owner, LLC- Office Space	Building	\$ 228,388	\$ 128,468	\$ 99,920
Terre Haute International Airport Authority- Hangar & Office Space	Building	866,897	216,724	650,173
500 Wabash Housing, LLC- Student Housing	Building	30,236,567	9,070,970	21,165,597
<b>Building Total</b>		<b>\$ 31,331,852</b>	<b>\$ 9,416,162</b>	<b>\$ 21,915,690</b>
<b>Total Lease Assets</b>		<b>\$ 32,660,661</b>	<b>\$ 10,062,562</b>	<b>\$ 22,598,099</b>

Lease Assets and Accumulated Amortization by Class of Asset as of June 30, 2023				
Description	Asset Classification	Gross Capital Lease Asset	Accumulated Amortization	Net Capital Lease Asset
Dorsett's Auto Sales- Vehicles	Equipment	\$ 50,620	\$ 47,300	\$ 3,320
CP Automotive Sales LLC- Vehicle	Equipment	15,004	14,499	505
Greenville Tractor & Turf- Tractor	Equipment	82,067	10,919	71,148
Ricoh USA, Inc.- Copiers	Equipment	1,011,244	267,815	743,429
<b>Equipment Total</b>		<b>\$ 1,158,935</b>	<b>\$ 340,533</b>	<b>\$ 818,402</b>
West Ohio II Property Owner, LLC- Office Space	Building	\$ 228,400	\$ 71,217	\$ 157,183
Terre Haute International Airport Authority- Hangar & Office Space	Building	868,474	144,545	723,929
500 Wabash Housing, LLC- Student Housing	Building	30,236,567	8,063,085	22,173,482
<b>Building Total</b>		<b>\$ 31,333,441</b>	<b>\$ 8,278,847</b>	<b>\$ 23,054,594</b>
<b>Total Lease Assets</b>		<b>\$ 32,492,376</b>	<b>\$ 8,619,380</b>	<b>\$ 23,872,996</b>

The scheduled fiscal year maturities of lease liabilities and related interest expense at June 30, 2024 and 2023 is as follows:

Lease Liability Principal & Interest Requirements to Maturity as of June 30, 2024			
Fiscal Year(s)	Principal Payments	Interest Payments	Total Payments
2025	\$ 1,206,576	\$ 750,452	\$ 1,957,028
2026	1,255,905	706,624	1,962,529
2027	1,138,939	663,123	1,802,062
2028	1,012,809	628,577	1,641,386
2029	1,038,804	598,712	1,637,516
2030-2034	5,596,614	2,542,355	8,138,969
2035-2039	6,022,773	1,652,427	7,675,200
2040-2044	6,954,405	720,795	7,675,200
2045-2049	1,514,986	20,054	1,535,040
	<b>\$ 25,741,811</b>	<b>\$ 8,283,119</b>	<b>\$ 34,024,930</b>

Lease Liability Principal & Interest Requirements to Maturity as of June 30, 2023			
Fiscal Year(s)	Principal Payments	Interest Payments	Total Payments
2024	\$ 1,128,127	\$ 786,937	\$ 1,915,064
2025	1,164,455	746,829	1,911,284
2026	1,211,743	705,041	1,916,784
2027	1,137,427	662,960	1,800,387
2028	1,012,935	628,451	1,641,386
2029-2033	5,531,759	2,709,688	8,241,447
2034-2038	5,851,993	1,823,207	7,675,200
2039-2043	6,757,208	917,992	7,675,200
2044-2048	2,987,013	83,066	3,070,079
	<b>\$ 26,782,660</b>	<b>\$ 9,064,171</b>	<b>\$ 35,846,831</b>

## Lessor Arrangements

The University leases land to McLead USA for telecommunications use, space to Ricoh to provide equipment repair and maintenance services to the University, and space to the Indiana University School of Medicine-Terre Haute for its programs and purposes. In accordance with GASB Statement No. 87, *Leases*, the University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease. If the lease does not include a stated interest rate, municipal bond rate yield curves are used as the discount rate for calculating present value. Variable payments are excluded from the valuations unless they are fixed in substance. During the years ended June 30, 2024, and 2023, the University recognized revenue, including interest income, related to this lease agreement totaling \$288,079 and \$304,114, respectively.

## Subscription Assets

The University has entered into Subscription-Based Information Technology Arrangements (SBITAs) in accordance with GASB Statement No. 96. Under this guidance, contracts conveying the right to use subscription-based IT assets are recognized as a subscription liability and a subscription asset. The subscription asset is classified as an intangible asset in the Statement of Financial Position. Both the asset and liability are measured at the present value of subscription payments expected during the arrangement term.

The amount of Subscription Assets by major classes of underlying assets at June 30, 2024 and 2023, respectively, are as follows:

SBITA Assets and Accumulated Amortization by Class of Asset as of June 30, 2024					
Description		Gross Capital Lease Assets		Accumulated Amortization	Net Capital Lease Asset
Ellucian	\$	3,410,726	\$	1,277,396	\$ 2,133,330
Instructure		1,219,315		444,584	774,731
Key Gov Finance		1,216,952		1,216,952	-
Civitas		1,165,568		501,842	663,726
Bell Techlogix		1,095,712		788,913	306,799
Misc SBITA Assets		10,654,930		5,749,286	4,905,644
<b>Total Subscription Assets</b>	<b>\$</b>	<b>18,763,203</b>	<b>\$</b>	<b>9,978,973</b>	<b>\$ 8,784,230</b>

SBITA Assets and Accumulated Amortization by Class of Asset as of June 30, 2023 - Restatement					
Description		Gross Capital Lease Asset		Accumulated Amortization	Net Capital Lease Asset
Ellucian	\$	2,565,802	\$	844,924	\$ 1,720,878
Key Gov Finance		1,216,952		1,124,736	92,216
Civitas		1,165,568		307,581	857,987
Bell Techlogix		1,095,712		525,942	569,770
Misc SBITA Assets		10,095,434		3,786,822	6,308,612
<b>Total Subscription Assets</b>	<b>\$</b>	<b>16,139,468</b>	<b>\$</b>	<b>6,590,005</b>	<b>\$ 9,549,463</b>

The scheduled fiscal year maturities of lease liabilities and related interest expense at June 30, 2024 and 2023 is as follows:

<b>SBITA Liability Principal &amp; Interest Requirements to Maturity as of June 30, 2024</b>			
<b>Fiscal Year(s)</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
2025	\$ 2,780,026	\$ 333,957	\$ 3,113,983
2026	2,142,104	214,296	2,356,400
2027	1,561,547	118,375	1,679,922
2028	815,357	51,906	867,263
2029	626,035	25,516	651,551
2030-2034	171,864	10,034	181,898
	<u>\$ 8,096,933</u>	<u>\$ 754,084</u>	<u>\$ 8,851,017</u>

<b>SBITA Liability Principal &amp; Interest Requirements to Maturity as of June 30, 2023 - Restatement</b>			
<b>Fiscal Year(s)</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
2024	\$ 2,967,669	\$ 344,543	\$ 3,312,212
2025	2,043,007	296,862	2,339,869
2026	1,472,858	191,844	1,664,702
2027	1,206,349	111,551	1,317,900
2028	815,357	51,906	867,263
2029-2033	797,898	35,550	833,448
	<u>\$ 9,303,138</u>	<u>\$ 1,032,256</u>	<u>\$ 10,335,394</u>

#### **NOTE 9. TERMINATION BENEFITS LIABILITY**

The Governmental Accounting Standards Board (GASB), Statement No. 47, *Accounting for Termination Benefits*, requires the University to recognize an expense and liability for voluntary termination benefits, such as early-retirement incentives. This expense is recognized when an offer is accepted, and the amount of the benefit can be estimated.

The ISU Board of Trustees approved a Retirement Severance Plan for eligible faculty and staff on February 18, 2022, effective March 1, 2022. The earliest retirement age (faculty and staff) is 60 or age 55 if meeting Rule of 85 criteria. This requires 20 years of consecutive full-time benefits-eligible service at Indiana State University by retirement date and Rule of 85 requires a minimum age of 55 but less than 60 years of age in which years of service and age at retirement equal 85 or more. Post-retirement health benefits would depend on employee eligibility.

The severance payments available under the plan are 60 percent for those employees with 15 years or more of service on December 31, 2010, and 40 percent for employees with less than 15 years of service at December 31, 2010. New employees hired on or after March 1, 2010, would be eligible for a 25 percent severance pay at retirement.

A total of 49 employees enrolled in the program during the 2024 fiscal year at a cost of \$2,158,158 and 64 employees enrolled in the program during the 2023 fiscal year at a cost of \$1,454,008. Total termination benefits liability reported at June 30, 2024 was \$43,756 and June 30, 2023 was \$816,658.

#### **NOTE 10. RISK MANAGEMENT**

The University is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; and health and other medical benefits provided to employees and their dependents. The University handles these risks of loss through combinations of risk retention and commercial insurance. For buildings and contents, the University has risk retention of \$100,000 per occurrence. The University also holds an additional builder's risk

component with a deductible of \$100,000 for projects up to \$10,000,000. For projects over \$10,000,000 a separate builder risk policy is purchased with a deductible of \$25,000. The maximum liability to the University for job-related illnesses or injuries is \$400,000 per occurrence. Settled claims have not exceeded the University's coverage in any of the past three fiscal years.

The University retains the risk for medical benefits up to a stop-loss provision of \$275,000 per member. Accrued liabilities for unpaid medical claims, as of June 30, 2024 and June 30, 2023, are included in current other liabilities. The liability is based on information provided by our actuary, AON, for year ended June 30, 2024. Prior years were calculated based on 25 percent of medical claim expenses for the fiscal year. See Note 1 for Change in Accounting Estimate.

Changes in the balance of claims liabilities during the 2024 and 2023 fiscal years are as follows:

Medical Claims Liabilities					
	Medical	Rx	Dental	Total	
IBNR	\$ 516,000	\$ -	\$ 10,000	\$ 526,000	
Risk Margin (5%)	26,000	-	1,000	27,000	
LAE Fees (5%)	26,000	-	1,000	27,000	
Outstanding Invoices	162,000	47,000	30,000	239,000	
<b>FY24 Total</b>	<b>\$ 730,000</b>	<b>\$ 47,000</b>	<b>\$ 42,000</b>	<b>\$ 819,000</b>	
<b>FY23 Total</b>	<b>\$ 3,194,829</b>	<b>\$ 573,991</b>	<b>\$ 196,608</b>	<b>\$ 3,965,428</b>	

## NOTE 11. LITIGATION

The University has been named as a defendant in a number of lawsuits. For most of these lawsuits, the final outcome cannot be determined and management is of the opinion that any ultimate outcome will not have a material effect upon the University's financial position.

## NOTE 12. POLLUTION REMEDIATION OBLIGATION

To comply with GASB Statement No. 49, *Accounting and Reporting for Pollution Remediation Obligations*, the University must report a liability for an obligating event. An obligating event occurs when the University commences or legally obligates itself to commence pollution remediation. During fiscal year 2024, Indiana State University did not commence any new obligations to remediate pollution. The outstanding obligation as of June 30, 2024, and 2023 was zero.

## NOTE 13. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

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

Natural Classifications							
Years Ended June 30, 2024 and June 30, 2023							
Functional Classification	Compensation and Benefits	Supplies and Expenses	Utilities	Scholarships and Fellowships	Depreciation	2024 Total	2023 Restated Total
Instruction	\$ 53,052,100	\$ 8,798,307	\$ 15,346	\$ -	\$ -	\$ 61,865,753	\$ 62,500,365
Research	5,937,760	3,265,372	5,000	-	-	9,208,132	11,387,169
Public Service	1,498,416	974,235	-	-	-	2,472,651	2,717,674
Academic Support	9,839,879	4,746,244	-	-	-	14,586,123	16,103,199
Student Services	10,549,368	2,836,574	-	28,361	-	13,414,303	13,887,280
Institutional Support	12,312,624	4,881,002	793	-	-	17,194,419	17,848,340
Operation of Plant	8,877,705	7,481,142	10,182,635	-	-	26,541,482	30,991,249
Scholarships	1,154,476	94,466	-	10,984,711	-	12,233,653	11,385,527
Auxiliary	13,835,505	18,754,587	501,948	3,972	-	33,096,012	34,002,714
Depreciation	-	-	-	-	25,271,683	25,271,683	25,969,725
	<b>\$ 117,057,833</b>	<b>\$ 51,831,929</b>	<b>\$ 10,705,722</b>	<b>\$ 11,017,044</b>	<b>\$ 25,271,683</b>	<b>\$ 215,884,211</b>	<b>\$ 226,793,242</b>



**NOTE 14. HEDGE CONTRACTS**

Indiana State University has entered into forward contracts with EDF Energy Services to purchase natural gas at a specified time in the future at a guaranteed price. This allows the University to plan its natural gas costs for the year and to protect itself against an increase in the market price of the commodity. It is possible the market price before or at the specified time to purchase natural gas may be lower or higher than the price at which the University is committed to buy.

**NOTE 15. RETIREMENT PLANS**

**Authorization**

Authorization to establish retirement plans is stated in Indiana Code Title 21, Article 21, Chapter 3, and Section 3.

**Faculty and Exempt Staff**

Faculty and executive/administrative/professional employees of the University participate in a non-contributory, defined contribution plan administered through the Teachers Insurance and Annuity Association (TIAA) and College Retirement Equity Fund (CREF). Benefit provisions are established and/or amended by the Board of Trustees. The plan purchases individual annuity contracts for members and provides for immediate vesting. Contributions and plan participant data for fiscal years 2024 and 2023 are displayed below.

<b>TIAA-CREF Contributions</b>		
	<b>2024</b>	<b>2023</b>
University Contributions to Plan	\$6,383,845	\$6,411,567
Total Participating Employee Annual Salaries	\$63,562,335	\$63,175,144
Employee and Retiree Plan Participants	825	845

**Non-exempt Staff**

**Plan Description** – Regular clerical and service staff are provided with pensions through the Public Employees’ Defined Benefit Account (PERF DB). PERF DB is a cost sharing, multiple-employer defined benefit plan administered by the Indiana Public Retirement System (INPRS). PERF DB was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code IC 5-10.2, IC 5-10.3, and IC 5-10.5. There are two parts to the plan: an annuity savings plan and a monthly defined benefit pension. Employees are eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit plan after 10 years of service. The INPRS issues a publicly available financial report that can be obtained at [www.in.gov/inprs/annualreports.htm](http://www.in.gov/inprs/annualreports.htm).

**Benefits Provided** – PERF DB provides retirement, disability and survivor benefits. To be eligible for 100 percent of the pension component, a member must reach age 65 with 10 years of service, or age 60 with 15 years of service, or age 55 and whose age plus number of years of service is at least 85. Pension benefits for 100 percent normal retirement are calculated at 1.1 percent times the average highest five-year annual salary times the number of years of creditable service. Cost of living adjustments (COLA) are granted by the Indiana General Assembly on an ad hoc basis. Five years of service is required for disability benefits in which the benefits are calculated the same as normal retirement. Upon the death of a member with a minimum of 10 years of service after June 30, 2018, a survivor benefit may be paid to the surviving spouse or surviving dependent children as if the member retired either at the later of age 50 or the age the day before the member’s death.

**Contribution Required** – Contributions to PERF DB are determined by INPRS Board of Trustees in accordance with IC 5-10.2-2-11. The funding policy provides for employer contributions that are sufficient to fund pension benefits, which are actuarially determined. The University was required to contribute 11.2 percent of employees’ gross earnings to the defined benefit plan in fiscal years 2024 and 2023. Employees are required to contribute three percent of covered payroll to their annuity savings account. The University has the option to contribute this on their behalf and elected to do so in both years presented. Contributions and plan participant data for fiscal years 2024 and 2023 are displayed below.

<b>PERF DB Contributions</b>		
	<b>2024</b>	<b>2023</b>
University Contributions to PERF DB Plan	\$1,588,023	\$1,635,964
University Contributions to Annuity Savings Accounts	\$441,287	\$452,331
Total Participating Employee Annual Salaries	\$14,710,326	\$15,663,240
Employee Plan Participants	352	401

**Pension Liabilities** – For the fiscal years ending June 30, 2024 and June 30, 2023, the University reported liabilities of \$8,792,983 and \$8,597,661, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The University’s proportion of the net pension liability was based on a projection of the University’s long-term share of contributions to the pension plan relative to the contribution of all participating state entities, actuarially determined. At June 30, 2023 the University’s portion was 0.24 percent.

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources** – Indiana State University recognized pension expense of \$865,107 during fiscal year 2024 and pension expense of \$241,617 during fiscal year 2023. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources</b>				
	<b>2024</b>		<b>2023</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 179,902	\$ -	\$ 185,397	\$ 32,698
Net difference between projected and actual investment earnings on pension plan investments	2,015,376	-	1,061,042	-
Change of assumptions	479,499	-	1,164,510	367,837
Changes in proportion and difference between employer contributions and proportionate share of contributions	10,203	1,017,453	3,074	1,377,149
Contributions subsequent to the measurement date	1,588,023	-	1,635,964	-
	<b>\$ 4,273,003</b>	<b>\$ 1,017,453</b>	<b>\$ 4,049,987</b>	<b>\$ 1,777,684</b>

The University reported \$1,588,023 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date. These contributions will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. All other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows for fiscal years 2024 and 2023 are displayed below.

Amortization of Deferred Outflows/Inflows of Resources 2024		
2024	\$	320,920
2025		(149,082)
2026		1,221,178
2027		274,511
2028		-
Thereafter		-
	\$	<b>1,667,527</b>

Amortization of Deferred Outflows/(Inflows) of Resources 2023		
2023	\$	(396,623)
2024		227,152
2025		(316,566)
2026		1,122,376
2027		-
Thereafter		-
	\$	<b>636,339</b>

**Actuarial Assumptions** – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation Rate:	2.00%
Salary Increases:	2.65-8.65% based on service
Experience Study Date:	Period of 5 years ended June 30, 2019
Investment Rate of Return:	6.25%, net of investments expense, including inflation
Actuarial Cost Method:	Entry Age Normal (Level Percent of Payroll)
Cost of Living Increases:	2026-2033- 0.4%; 2034-2038- 0.5%; 2039 and on- 0.6%
Mortality- Healthy:	PubG-2010 with improvements using MP-2019
Mortality- Disabled:	PubG-2010 with improvements using MP-2019

The long-term return expectation for the INPRS defined benefit retirement plans has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25 percent selected by the INPRS Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

	Target Asset Allocation	Geometric Basis
		Long-Term Expected Real Rate of Return
Public Equity	20.0%	3.7%
Private Markets	15.0%	6.4%
Fixed Income- Ex Inflation-Linked	20.0%	2.2%
Fixed Income- Inflation-Linked	15.0%	0.5%
Commodities	10.0%	1.1%
Real Estate	10.0%	3.4%
Absolute Return	5.0%	1.6%
Risk Parity	20.0%	5.9%
Cash and Cash Overlay	N/A	0.0%

**Discount Rate** – The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions

will be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board and contributions required by the State of Indiana would be made as stipulated by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate** – Net pension liability is sensitive to changes in the discount rate. The following presents the University's proportionate share of net pension liability calculated using the discount rate of 6.25 percent, as well as what the University's share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.25 percent) or one-percentage-point higher (7.25 percent) than the current rate.

Discount Rate Sensitivity-Liability/(Asset) 2024					
1% Decrease (5.25%)		Current (6.25%)		1% Increase (7.25%)	
\$	14,329,769	\$	8,792,983	\$	4,176,393

Discount Rate Sensitivity-Liability/(Asset) 2023					
1% Decrease (5.25%)		Current (6.25%)		1% Increase (7.25%)	
\$	14,524,597	\$	8,597,661	\$	3,654,165

**Pension plan fiduciary net position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS financial report, which is available at [www.in.gov/inprs/annualreports.htm](http://www.in.gov/inprs/annualreports.htm). Refer to Note 1, Section I for information regarding the INPRS basis of accounting.

**NOTE 16. VEBA TRUST**

The University established a Voluntary Employees' Benefit Association (VEBA) trust, with an independent trustee, for the purpose of providing retiree medical benefits for retired employees of Indiana State University and their dependents that become eligible upon accruing the required years of service. Approval from the IRS for the tax-exempt status of the trust was received on March 2, 1999.

The trust is funded from reserves set aside in previous years paid by the University, contributions, employee payroll deductions for post-retirement benefits, and reinvested net earnings. Beginning



January 1, 2014, the University activated the VEBA Trust. The University was reimbursed 100 percent of both pre-65 and post-65 retirement medical insurance premiums paid in fiscal year 2023. A summary of the activity in the trust for the year ending June 30, 2024 and 2023 is as follows:

VEBA Trust Activity		
Market value at July 1, 2023	\$	96,691,183
Reimbursement of University retirement expenses		(3,125,000)
Reinvested net earnings		3,412,655
Less: management fees		(321,561)
Realized (loss) gain on sale of investments		(2,627,199)
Unrealized gain on increase in market value		5,209,941
Accrued interest		(105,251)
<b>Market value at June 30, 2024</b>	<b>\$</b>	<b>99,134,768</b>

VEBA Trust Activity		
Market value at July 1, 2022	\$	97,472,045
Reimbursement of University retirement expenses		(2,965,000)
Reinvested net earnings		3,270,507
Less: management fees		(317,357)
Realized gain (loss) on sale of investments		(3,250,340)
Unrealized gain (loss) on increase in market value		2,574,752
Accrued interest		(93,424)
<b>Market value at June 30, 2023</b>	<b>\$</b>	<b>96,691,183</b>

These funds cannot under any circumstances revert to the University; therefore, the financial statements of the University do not include the value of these assets. The following charts show the actual diversification of the VEBA investments for fiscal years 2024 and 2023.

Actual VEBA Investment Diversification as of June 30, 2024			
		Actual \$	Actual %
Domestic Equity	\$	20,601,002	20.8%
Developed International		8,193,187	8.3%
Fixed Income		68,341,680	68.8%
Emerging Markets		1,839,044	1.9%
Cash and Money Market		159,855	0.2%
	<b>\$</b>	<b>99,134,768</b>	<b>100.0%</b>

Actual VEBA Investment Diversification as of June 30, 2023			
		Actual \$	Actual %
Domestic Equity	\$	16,913,578	17.5%
Developed International		7,434,982	7.7%
Fixed Income		70,557,512	73.0%
Emerging Markets		1,635,861	1.7%
Cash and Money Market		149,250	0.1%
	<b>\$</b>	<b>96,691,183</b>	<b>100.0%</b>

## NOTE 17. OTHER POST-EMPLOYMENT BENEFITS

### Plan Description

The Indiana State University Retiree Medical Program is a single-employer, post-Medicare retiree health plan administered by AmWins Group Benefits. All retirees, after reaching the age of 65, are required to participate in the fully insured plan in order to retain the retirement medical benefit. This group of post-Medicare retirees retain dental coverage through Delta Dental of Indiana and life insurance through the Lincoln Financial Group.

Retirees under the eligibility requirements will continue participation in the Indiana State University Healthcare Plan for active employees until the age they meet the requirements. This plan is a single-employer defined benefit healthcare plan that provides medical, dental and life insurance for eligible retirees and their spouses. The plan is administrated by Anthem Life Insurance Company for medical coverage, Delta Dental Plan of Indiana for dental coverage, CVS Caremark for prescription coverage, and the Lincoln Financial Group for life insurance. Starting in January 2018, a High Deductible Health Plan (HDHP) was offered to employees and retirees under the age of 65. Active employees are eligible for these plans provided they retire after attaining age 60 with at least 20 years of service or age 55 with 85 age/service points. Employees who were enrolled in the ISU health plan on/after January 1, 2005 but before March 1, 2022 are eligible for retiree health care coverage to age 65 upon attainment of age 60 with 20 years of service or age 55 with 85 age/service points. Health benefits are only available to individuals retiring at age 60 or later. Employees must have been enrolled in ISU's health plan for at least 20 consecutive years to be eligible for retiree health benefits. Employees hired after March 1, 2022 or employees or their spouses who had not enrolled in the ISU health plan before March 1, 2022 are not eligible for the plan. Surviving spouses may continue in the plan until remarriage or death. The Indiana State University Board of Trustees has the authority to establish and amend provisions to the University plan, including contribution requirements. This plan does not issue a stand-alone financial report.

As of June 30, 2024, the plan participants consisted of the following:

Covered Employees	
Active employees with coverage	715
Active employees without coverage	147
Retirees receiving benefits	620
Retirees without coverage	186

**Contributions**

Retirees contribute the portion of premium rates not covered by the University's explicit subsidy. The University has four employee contribution groups with the standard rate and another three groups with or without wellness incentive and/or tobacco surcharge. Retiree contributions follow the wellness incentive and tobacco-free contribution group. The monthly retiree contributions on January 1, 2024, and 2023 (applicable to medical and dental benefits) for this category are as shown below.

Retirees' Monthly Contributions		
As of January 1, 2024	Employee	Employee/Spouse
<b>Pre-Medicare</b>		
Below 200% Federal Poverty Level	\$145.00	\$375.00
At least 200% Federal Poverty Level	\$220.06	\$584.46
<b>Post-Medicare</b>	\$69.00	\$138.00

Retirees' Monthly Contributions		
As of January 1, 2023	Employee	Employee/Spouse
<b>Pre-Medicare</b>		
Below 200% Federal Poverty Level	\$140.00	\$365.00
At least 200% Federal Poverty Level	\$215.96	\$558.71
<b>Post-Medicare</b>	\$102.00	\$204.00

Retiree contributions (for the standard rates) as a percentage of premium rates is set by the University for both pre- and post-Medicare retirees. The contribution percentage assumed for the valuation is based on the retiree contributions effective January 1, 2024, and 2023 as follows:

Retirees' Contribution Percentages		
As of January 1, 2024	Employee	Employee/Spouse
Pre-Medicare (weighted average)	19.1%	21.4%
Post-Medicare	24.3%	24.3%

Retirees' Contribution Percentages		
As of January 1, 2023	Employee	Employee/Spouse
Pre-Medicare (weighted average)	20.3%	21.9%
Post-Medicare	27.6%	27.6%

Contribution rates are based on a weighted average of the contribution rates for the University's PPO and HDHP plans, with 78.5 percent of the enrollment in the PPO plan. For the PPO plan, the contribution rates are \$244 for Employee and \$615 for Employee/Spouse. For the HDHP plan, the contribution rates are \$128 for Employee and \$467 for Employee/Spouse.

### Net OPEB Liability (Asset)

The University's net OPEB liability (asset) of \$(42,812,535) and \$(37,180,687) was measured as of June 30, 2024, and 2023, respectively. The net OPEB liability (asset) is presented as a Net OPEB Asset on the Statement of Net Position due to the plan's status of being fully funded at 176 percent as of June 30, 2024, and 162.5 percent as of June 30, 2023. The actuarial valuation was determined using the following actuarial assumptions:

	2024	2023
Valuation Date:	July 1, 2024 with no adjustments to get to the June 30, 2024 measurement date. Liabilities as of June 30, 2023 are based on the actuarial valuation date of July 1, 2022 projected to June 30, 2023	Liabilities as of June 30, 2023 are based on an actuarial valuation date of July 1, 2022 projected to June 30, 2023 reflecting premium rate and retiree contribution changes. Liabilities as of June 30, 2022 are based on an actuarial valuation date of July 1, 2022 with no adjustments.
Mortality:	Non-Faculty Participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021; Faculty Participants: SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using Scale MP-2021; Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021	
Payroll Growth:	1.5% per year increase was used to model future employees salary increases; 2% per year increase was used to model future increases in Federal Poverty Limit.	
Healthcare Trend Rates - Medical/RX - Pre-Medicare:	Initial trend starting at 8.0% and gradually decreasing to an ultimate trend rate of 4.5%	Initial trend starting at 7.0% and gradually decreasing to an ultimate trend rate of 4.5%.
Healthcare Trend Rates - Medical/RX - Post-Medicare:	Initial trend starting at 6.5% and gradually decreasing to an ultimate trend rate of 4.5%	
Healthcare Trend Rates - Dental	Ultimate trend rate of 4.0%	

The discount rate used to measure the total OPEB liability is based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that they are sufficient to pay projected benefits, and that the OPEB plan assets are invested using a strategy that will achieve that return. The long-term rate of return on OPEB plan investments is assumed to be 5.25%, and the VEBA Trust is invested according to an investment strategy of 70% investment in bonds, with the remaining funds invested in stock. Since the Trust's current balance is sufficient to pay all future expected benefit payments, the discount rate used is 5.25%. See Note 16 for additional information regarding the VEBA trust.

### Changes in the Net OPEB Liability (Asset)

The schedule of changes in the University's net OPEB liability (asset) for fiscal years ended June 30, 2024 and 2023 were as follows:

Schedule of Changes in Net OPEB Liability (Asset)				
	2024		2023	
Total OPEB liability - beginning of year	\$	59,510,496	\$	61,584,863
Service cost		694,848		721,978
Interest		2,789,426		2,738,046
Changes in benefit terms		-		-
Changes in assumptions		4,162,062		(1,685,448)
Differences between expected and actual experience		(7,838,653)		(893,689)
Benefit payments		(2,995,946)		(2,955,254)
<b>Total OPEB liability - end of year</b>	<b>\$</b>	<b>56,322,233</b>	<b>\$</b>	<b>59,510,496</b>
Plan fiduciary net position - beginning of year	\$	96,691,183	\$	97,472,045
Net investment income		5,761,092		2,491,749
Benefit payments		(2,995,946)		(2,955,254)
Trust administrative expenses		(321,561)		(317,357)
<b>Plan fiduciary net position - end of year</b>	<b>\$</b>	<b>99,134,768</b>	<b>\$</b>	<b>96,691,183</b>
<b>Net OPEB Liability (Asset)- end of year</b>	<b>\$</b>	<b>(42,812,535)</b>	<b>\$</b>	<b>(37,180,687)</b>

A one-percentage point change in the discount rate and assumed health care cost trend rates would have the following impact on the net OPEB liability (asset) at June 30, 2024:

Impact of Discount Rate or Assumed Cost Rates						
	1% Decrease		Current		1% Increase	
Discount Rate	\$	(36,260,399)	\$	(42,812,535)	\$	(48,319,180)
Healthcare Trend Rate	\$	(48,389,440)	\$	(42,812,535)	\$	(36,207,448)

A one-percentage point change in the discount rate and assumed health care cost trend rates would have the following impact on the net OPEB liability (asset) at June 30, 2023:

Impact of Discount Rate or Assumed Cost Rates						
	1% Decrease		Current		1% Increase	
Discount Rate	\$	(29,949,184)	\$	(37,180,687)	\$	(43,221,043)
Healthcare Trend Rate	\$	(43,902,884)	\$	(37,180,687)	\$	(29,108,322)



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

The University recognized OPEB expense (benefit) of \$(1,388,147) and \$2,218,427 as of June 30, 2024 and 2023, respectively.

OPEB Expense				
	2024		2023	
Service cost	\$	694,848	\$	721,978
Interest		2,789,426		2,738,046
Change of benefit terms		-		-
Projected earnings on OPEB plan investments		(4,514,954)		(4,313,419)
OPEB Plan administrative expenses		321,561		317,357
<b>Current period recognition of deferred outflows/(inflows) of resources:</b>				
Differences between expected and actual experience	\$	(2,183,085)	\$	(223,189)
Changes in assumptions		619,154		2,110,002
Net difference between projected and actual earnings on OPEB plan investments		884,903		867,652
<b>Total current period recognition</b>	<b>\$</b>	<b>(679,028)</b>	<b>\$</b>	<b>2,754,465</b>
<b>Total OPEB expense</b>	<b>\$</b>	<b>(1,388,147)</b>	<b>\$</b>	<b>2,218,427</b>

As of June 30, 2024, and 2023, the University recognized deferred inflows related to OPEB of \$7,168,559 and \$1,934,353, respectively, and deferred outflows related to OPEB of \$9,158,407 and \$8,167,902, respectively, as summarized below:

Deferred Inflows and Outflows of Resources Related to OPEB						
	2024			2023		
	Deferred Outflows of Resources		Deferred Inflows of Resources	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$ 6,325,835	\$	-	\$ 670,267
Change in assumptions		3,121,546	842,724		-	1,264,086
Net difference between projected and actual earnings in OPEB plan investments		6,036,861	-		8,167,902	-
	<b>\$</b>	<b>9,158,407</b>	<b>\$ 7,168,559</b>	<b>\$</b>	<b>8,167,902</b>	<b>\$ 1,934,353</b>

The balances as of June 30, 2024 and 2023 deferred outflows/(inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted:

Amortization of Deferred Outflows/(Inflows) of Resources	
2024	
2025	\$ (50,113)
2026	3,093,231
2027	(804,044)
2028	(249,226)
2029	-
Thereafter	-
	<b>\$ 1,989,848</b>

Amortization of Deferred Outflows/(Inflows) of Resources	
2023	
2024	\$ 489,347
2025	1,118,262
2026	4,261,606
2027	364,334
2028	-
Thereafter	-
	<b>\$ 6,233,549</b>

# REQUIRED SUPPLEMENTARY INFORMATION

## Schedule of Indiana State University's Proportionate Share of the Net Pension Liability

Public Employees' Defined Benefit Account (PERF DB)  
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.24%	0.27%	0.30%	0.33%	0.37%	0.37%	0.39%	0.39%	0.38%	0.36%
Proportionate share of the net pension liability (asset)	\$ 8,792,983	\$ 8,597,661	\$ 3,957,938	\$ 10,101,407	\$ 12,088,270	\$ 12,597,603	\$ 17,182,000	\$ 17,855,000	\$ 15,538,121	\$ 9,493,678
Covered-employee payroll	\$ 15,663,241	\$ 15,689,096	\$ 16,583,853	\$ 18,054,906	\$ 19,055,995	\$ 18,912,000	\$ 19,086,000	\$ 18,855,000	\$ 18,272,950	\$ 17,637,755
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	56.1%	54.8%	23.9%	55.9%	63.4%	66.6%	90.0%	94.7%	85.0%	53.8%
Plan fiduciary net position as a percentage of the total pension liability	80.8%	82.5%	92.5%	81.4%	80.1%	78.9%	76.6%	75.3%	77.3%	84.3%

## Schedule of Indiana State University's Contributions

Public Employees' Defined Benefit Account (PERF DB)  
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,029,310	\$ 1,635,964	\$ 1,701,350	\$ 1,806,075	\$ 2,015,902	\$ 2,130,487	\$ 2,111,081	\$ 2,139,239	\$ 2,112,000	\$ 2,046,505
Contributions in relation to the contractually required contribution	\$ (2,029,310)	\$ (1,635,964)	\$ (1,701,350)	\$ (1,806,075)	\$ (2,015,902)	\$ (2,130,487)	\$ (2,111,081)	\$ (2,139,239)	\$ (2,112,000)	\$ (2,046,505)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 14,710,326	\$ 15,663,240	\$ 15,771,125	\$ 16,582,925	\$ 18,089,129	\$ 19,055,995	\$ 18,912,000	\$ 19,086,000	\$ 18,855,000	\$ 18,272,950
Contributions as a percentage of covered-employee payroll	13.8%	10.4%	10.8%	10.9%	11.1%	11.2%	11.2%	11.2%	11.2%	11.2%

### Notes to Schedule

#### Plan Amendments

There were no changes to the PERF DB plan that impacted the pension benefits during fiscal year 2024.

#### Assumption Changes

There were no changes to assumptions that impacted the Net Pension Liability during fiscal year 2024.



## Schedule of Indiana State University's Changes in Net OPEB Liability and Related Ratios

Last 10 Fiscal Years\*

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 694,848	\$ 721,978	\$ 330,269	\$ 334,166	\$ 329,054	\$ 376,591	\$ 411,527
Interest	2,789,426	2,738,046	2,439,560	2,518,533	2,908,652	3,435,937	3,524,502
Changes of benefit terms	-	-	6,707,600	-	-	-	-
Changes in assumptions	4,162,062	(1,685,448)	5,062,729	-	4,933,545	-	68,590
Differences between expected and actual experience	(7,838,653)	(893,689)	467	(1,555,822)	(3,492,128)	(9,911,755)	(2,646,249)
Benefit payments	(2,995,946)	(2,955,254)	(2,799,256)	(2,943,864)	(2,635,833)	(2,646,674)	(2,947,969)
<b>Net change in total OPEB liability</b>	<b>(3,188,263)</b>	<b>(2,074,367)</b>	<b>11,741,369</b>	<b>(1,646,987)</b>	<b>2,043,290</b>	<b>(8,745,901)</b>	<b>(1,589,599)</b>
Total OPEB liability- beginning of year	59,510,496	61,584,863	49,843,494	51,490,481	49,447,191	58,193,092	59,782,691
<b>Total OPEB liability- end of year</b>	<b>\$ 56,322,233</b>	<b>\$ 59,510,496</b>	<b>\$ 61,584,863</b>	<b>\$ 49,843,494</b>	<b>\$ 51,490,481</b>	<b>\$ 49,447,191</b>	<b>\$ 58,193,092</b>
<b>Plan fiduciary net position</b>							
Contributions- employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	5,761,092	2,491,749	(16,911,050)	20,644,981	8,722,115	6,684,798	5,051,656
Benefit payments	(2,995,946)	(2,955,254)	(2,799,256)	(2,943,864)	(2,635,833)	(2,646,674)	(2,947,969)
Administrative expense	(321,561)	(317,357)	(365,034)	(342,205)	(306,275)	(276,978)	(313,055)
<b>Net change in fiduciary net position</b>	<b>2,443,585</b>	<b>(780,862)</b>	<b>(20,075,340)</b>	<b>17,358,912</b>	<b>5,780,007</b>	<b>3,761,146</b>	<b>1,790,632</b>
Plan fiduciary net position- beginning of year	96,691,183	97,472,045	117,547,385	100,188,473	94,408,466	90,647,320	88,856,688
<b>Plan fiduciary net position- end of year</b>	<b>\$ 99,134,768</b>	<b>\$ 96,691,183</b>	<b>\$ 97,472,045</b>	<b>\$ 117,547,385</b>	<b>\$ 100,188,473</b>	<b>\$ 94,408,466</b>	<b>\$ 90,647,320</b>
<b>Net OPEB liability- end of year</b>	<b>\$ (42,812,535)</b>	<b>\$ (37,180,687)</b>	<b>\$ (35,887,182)</b>	<b>\$ (67,703,891)</b>	<b>\$ (48,697,992)</b>	<b>\$ (44,961,275)</b>	<b>\$ (32,454,228)</b>
Plan fiduciary net position as a percentage of the total OPEB liability	176.0%	162.5%	158.3%	235.8%	194.6%	190.9%	155.8%
Covered-employee payroll	\$ 60,026,608	\$ 74,658,610	\$ 73,612,849	\$ 27,194,786	\$ 30,046,196	\$ 32,207,301	\$ 33,824,254
Net OPEB liability as a percentage of covered-employee payroll	-71.3%	-49.8%	-48.8%	-249.0%	-162.1%	-139.6%	-95.9%

\*Schedule is intended to show information for the last 10 years. Additional years will be displayed as they become available.

## Schedule of Indiana State University's OPEB Contributions

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	1,431,000	1,945,202
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	(1,431,000)	(1,945,202)
Covered-employee payroll	\$ 60,026,608	\$ 74,658,610	\$ 73,612,849	\$ 27,194,786	\$ 30,046,196	\$ 32,207,301	\$ 33,824,254	\$ 35,932,000	\$ 39,400,000	\$ 38,252,162
Contributions as a percentage of covered-employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.6%	5.1%

### Notes to Schedule

#### Plan Amendments

There were no changes to the OPEB plan that impacted the pension benefits during fiscal year 2024.

#### Valuation Date

Fiscal year ending June 30, 2024

#### Methods and Assumptions Used to Determine Contribution Rates:

Discount rate	5.25%
Payroll growth factor used for amortization	1.5%
Actuarial cost method	Entry Age Normal Level % of Salary
Amortization type	Level Dollar
Amortization period (years)	24

There were no changes to the OPEB plan assumptions used to determine contribution rates during fiscal year 2024.

# HOME COUNTIES OF INDIANA STATE STUDENTS

(FALL 2023) UNAUDITED

## INDIANA

(92 COUNTIES)

5,735

## OUT-OF-STATE

(48 STATES)

2,258

## INTERNATIONAL

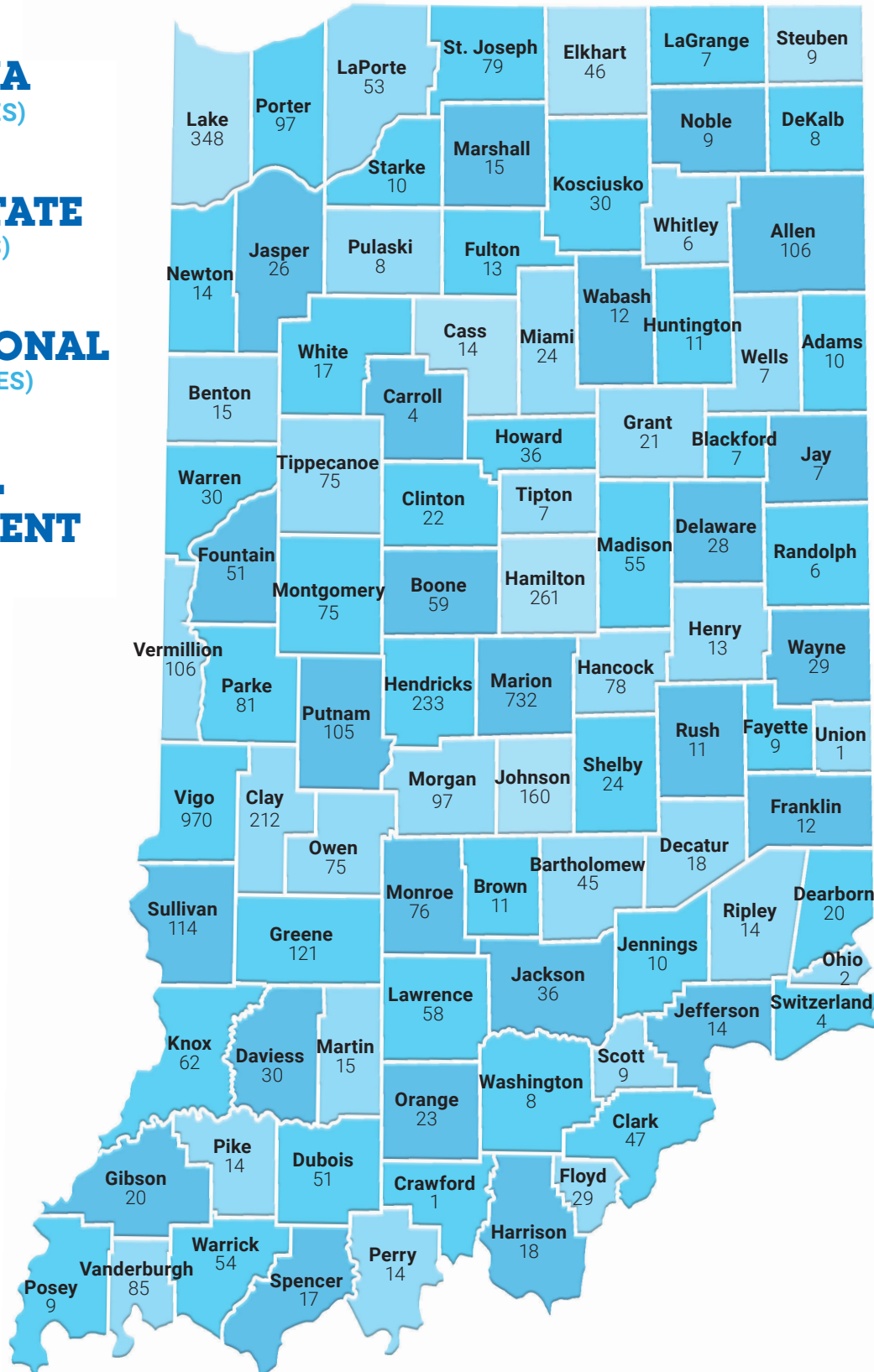
(69 COUNTRIES)

312

## TOTAL

## ENROLLMENT

8,305



# BOARD OF TRUSTEES AND UNIVERSITY ADMINISTRATION

## Board of Trustees

as of June 30, 2024

### Robert E. Casey, Jr.

Chair  
Westfield, Indiana  
Term Expires 2027

### John K. Pratt

Vice Chair  
Rockville, Indiana  
Term Expires 2025

### Cynthia R. Powers

Secretary  
Valparaiso, Indiana  
Term Expires 2025

### Kathleen G. Cabello

Indianapolis, Indiana  
Term Expires 2027

### Robert "Rob" Lowe

Indianapolis, Indiana  
Term Expires 2024

### Randall K. Minas

Crown Point, Indiana  
Term Expires 2024

### Cheryl Roberson

Mooreville, Indiana  
Term Expires 2027

### Kate VanHyfte

Zionsville, Indiana  
Term Expires 2025

### Troy Woodruff

Fishers, Indiana  
Term Expires 2025

## University Officials

as of June 30, 2024

### Mike P. Godard

President of the University

### Christopher J. Olsen

Provost and Vice President  
for Academic Affairs

### Diann E. McKee

Senior Vice President for  
Finance and Administration/  
University Treasurer

### Andrea L. Angel

Vice President for Development  
and CEO of ISU Foundation

### Nancy Brattain Rogers

Vice President for  
University Engagement

### Michele C. Soliz

Vice President for  
Student Affairs

## For Additional Information:

### Admissions

Office of Admissions  
John W. Moore Welcome Center  
318 North Sixth Street  
Indiana State University  
Terre Haute, Indiana 47809  
812-237-2121  
[admissions@indstate.edu](mailto:admissions@indstate.edu)

### Alumni

Alumni Association  
30 North Fifth Street  
Terre Haute, Indiana 47807-2939  
812-237-6143  
1-800-258-6478  
[alumni@indstate.edu](mailto:alumni@indstate.edu)

### Foundation

ISU Foundation  
30 North Fifth Street  
Terre Haute, Indiana 47807-2939  
812-237-6100  
1-800-242-1409

### Additional copies of the 2024 Financial Report may be obtained from:

Office of the Controller  
Parsons Hall, Room P115  
Indiana State University  
Terre Haute, Indiana 47809  
812-237-3513  
or at [indstate.edu/controller](http://indstate.edu/controller)







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Terre Haute, Indiana 47809

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