



Indiana State University

Board of Trustees Finance Committee Meeting

Friday, February 21, 2020

State Room, Tirey Hall, Terre Haute, IN

9:30 a.m.



Board of Trustees Finance Committee, February 21, 2020

Meeting Agenda

1. Recommendation Items

| | |
|--|--------|
| 3b1 Proposed 2020-21 Housing and Dining Rates | Page 3 |
| 3b2 Proposed 2020-21 Flight Academy Flight Fees | Page 6 |
| 3b3 Proposed Changes in Academic Program and Laboratory Course-Specific Fees | Page 8 |

2. Informational Items

| | |
|-----------------------|---------|
| Debt Plan 2020-2025 | Page 10 |
| 2018-19 Federal Audit | Page 18 |

3b1 ISU Housing and Dining Rates for 2020-21

On-Campus Housing

The proposed rate increase for a Traditional residence hall room with a Standard meal plan, representing the majority of on-campus rooms, reflects a two percent (2%) increase for 2020-21. Freshman students are housed in residence halls assigned the Traditional room category. The Premium room rate is \$500 per year more than the Traditional room rate and is assigned to select rooms within Reeve Hall with private baths.

Proposed Rates - On-Campus

The proposed 2020-21 rates for on-campus housing are listed below and include additional room accommodation options and meal plan options. The 2019-20 housing and dining rates are included with this item for comparative purposes.

2020-21 Residential Life Proposed Room & Board Rates - On Campus Housing

| Breakdown by Hall | | | | |
|---|----------------------|-----------------------------------|-----------------------------------|--|
| Hall | 2019-20 Room Type | 2019-20 Rates Standard Board Plan | 2020-21 Room Type | Proposed 2020-21 Rates Standard Board Plan |
| Hines | Traditional | \$10,800.00 | Traditional | \$11,016.00 |
| Jones | Traditional | \$10,800.00 | Traditional | \$11,016.00 |
| Burford | Traditional | \$10,800.00 | Traditional | \$11,016.00 |
| Erickson | Traditional | \$10,800.00 | Traditional | \$11,016.00 |
| Pickerl | Traditional | \$10,800.00 | Traditional | \$11,016.00 |
| Sandison | Traditional | \$10,800.00 | Traditional | \$11,016.00 |
| Mills | Traditional | \$10,800.00 | Traditional | \$11,016.00 |
| Blumberg | Traditional | \$10,800.00 | Traditional | \$11,016.00 |
| Cromwell | Traditional | \$10,800.00 | Traditional | \$11,016.00 |
| Rhoads | Traditional | \$10,800.00 | Traditional - Break Access | \$11,816.00 |
| Reeve (Double with Shared Bath) | Traditional | \$10,800.00 | Traditional | \$11,016.00 |
| Reeve (Single Room with Shared Bath) | Traditional - Single | \$13,350.00 | Traditional - Single | \$13,516.00 |
| Reeve (Double Room with Private Bath) | Premium - Double | \$11,300.00 | Premium - Double | \$11,516.00 |
| Reeve (Single Room with Private Bath) | Premium - Single | \$13,850.00 | Premium - Single | \$14,016.00 |
| Any Traditional Hall - Room Designed for Single | | | Traditional - Single | \$13,516.00 |
| Any Traditional Hall - Room Designed for Single | | | Traditional - Single Break Access | \$14,316.00 |

| Supplemental Room Proposed Rates | | | | |
|----------------------------------|-------------------|-----------------------------------|-------------------|--|
| Accommodations | 2019-20 Room Type | 2019-20 Rates Standard Board Plan | 2020-21 Room Type | Proposed 2020-21 Rates Standard Board Plan |
| Lounges, Common Areas | Traditional | \$8,679.45 | Traditional | \$8,845.00 |
| Lounges, Common Areas | Premium | \$9,029.45 | Premium | \$9,195.00 |

| Additional Accommodation Options | | | | |
|--|------------------------|--------------|---------------------|-----------------------|
| Accommodations | 2019-20 Room Type | 2019-20 Rate | 2020-21 Room Type | Proposed 2020-21 Rate |
| Single Room Buyout of Double Room | Traditional/Premium | \$2,550.00 | Traditional/Premium | \$3,000.00 |
| Triple Room | All | (\$1,000.00) | All | (\$1,000.00) |
| Break Access Contract Add-On | | \$800.00 | | \$800.00 |
| Early Arrival Student Groups/Break Housing | On Campus - Daily Rate | \$20.00 | | \$20.00 |

| Additional Meal Options - Annual Amount Above Standard Plan | | | | |
|---|------------------|--------------|--|-----------------------|
| | Meal Plan | 2019-20 Rate | | Proposed 2020-21 Rate |
| | Flex 10/102 | --- | | --- |
| | Flex 10/204 | \$204.00 | | \$204.00 |
| | Best Flex 12/204 | \$353.60 | | \$353.60 |
| | High Flex 14/204 | \$448.80 | | \$448.80 |

| 2021 Summer Housing Rates - ISU Students | | | | | |
|--|-------------------------------|------------------|-----------------|---------------------------|--------------------------|
| Room Type | Accommodations | 2020 Weekly Rate | 2020 Daily Rate | Proposed 2021 Weekly Rate | Proposed 2021 Daily Rate |
| Traditional | Double Room | \$207.90 | \$29.70 | \$212.85 | \$30.41 |
| Premium | Double Room | \$222.60 | \$31.80 | \$227.56 | \$32.51 |
| Traditional/Premium | Single Room Additional Amount | | \$10.71 | | \$12.61 |

500 Wabash & University Apartments

The proposed rates for 2020-21 for student rooms at 500 Wabash & University Apartments represent a two percent (2%) increase. An optional meal plan will be offered to students living at University Apartments and 500 Wabash. The rates for 500 Wabash and the furnished University Apartments units are a per student rate billed by the semester. The unfurnished family units at University Apartments are a per unit rate.

Proposed Rates – 500 Wabash and University Apartments

The proposed 2020-21 rates for University Apartments and 500 Wabash are listed below and include additional room accommodation and meal plan options. The 2019-20 housing and dining rates are included with this item for comparative purposes.

University Apartments*

| Family Apartments (Unfurnished) | | | | |
|---------------------------------|-----------------------|-------------------|-----------------------|----------------------------|
| Room Type | 2019-20 Academic Year | 2019-20 Full Year | 2020-21 Academic Year | Proposed 2020-21 Full Year |
| One Bedroom | \$7,100.00 | \$8,520.00 | \$7,240.00 | \$8,688.00 |
| Two Bedroom | \$8,190.00 | \$9,828.00 | \$8,350.00 | \$10,020.00 |
| Three Bedroom | \$9,010.00 | \$10,812.00 | \$9,190.00 | \$11,028.00 |

| Single Apartments (Furnished) | | | | |
|------------------------------------|-----------------------|-------------------|-----------------------|----------------------------|
| Room Type | 2019-20 Academic Year | 2019-20 Full Year | 2020-21 Academic Year | Proposed 2020-21 Full Year |
| SYE Shared One Bedroom | \$6,550.00 | n/a | \$6,680.00 | n/a |
| SYE Shared One Bedroom with Study | \$7,640.00 | n/a | \$7,790.00 | n/a |
| Single One Bedroom | \$8,190.00 | \$9,828.00 | \$8,350.00 | \$10,020.00 |
| Single One Bedroom w/ Study | | | \$9,740.00 | \$11,688.00 |
| Single Shared One Bedroom w/ Study | \$7,640.00 | \$9,168.00 | \$7,790.00 | \$9,348.00 |
| Single Three Bedroom (Large) | \$7,640.00 | \$9,168.00 | \$7,790.00 | \$9,348.00 |
| Single Three Bedroom (Medium) | \$5,470.00 | \$6,564.00 | \$5,580.00 | \$6,696.00 |
| Single Three Bedroom (Small) | \$4,370.00 | \$5,244.00 | \$4,460.00 | \$5,352.00 |

500 Wabash*

| Room Type | 2019-20 Contract Rate | Proposed 2020-21 Contract Rate |
|---------------------------------|-----------------------|--------------------------------|
| One Bedroom - 12 Month Contract | \$10,812.00 | \$11,028.00 |
| One Bedroom - 9 Month Contract | \$8,847.00 | \$9,027.00 |
| One Bedroom - 3 Month Summer | \$2,949.00 | \$3,009.00 |

* Rates listed are for housing only and do not include a meal plan. A Sodexo meal plan is optional.

| Additional Accommodation Options | | | |
|---|--|-------------------------------|--|
| Accommodations | | 2019-20 Daily Rate | Proposed 2020-21 Daily Rate |
| Early Arrival Student Groups/Break Housing - Off Campus | | \$20.00 | \$20.00 |

| Optional Meal Plan - University Apartments & 500 Wabash | | | |
|--|--|---|--|
| Meal Plan | | 2019-20 Academic Year Rate | Proposed 2020-21 Academic Year Rate |
| 5 Meals per Week & \$100 Commons Cash per Semester | | \$1,606.50 | \$1,654.10 |

The Residential Life Technology Fee will continue to be \$15 per semester.

Application Fee and Initial Deposit

In 2014 the Board of Trustees approved a \$20 non-refundable application fee and \$150 initial payment to all housing applicants. The \$150 initial payment is non-refundable if the applicant fails to inform the University prior to July 1, preceding the academic term for which the application was submitted, that they are not enrolling. Currently there is not a process in place to allow for a waiver of the \$150 initial payment.

It is recommended the application fee and initial payment policy be modified to allow the Executive Director of Residential Life to waive or refund the \$150 initial housing payment under the following conditions:

- a. The student meets financial hardship criteria and has demonstrated financial aid to cover the cost of room and board.
- b. Refunds may be provided after the July 1 deadline on a case-by-case basis for students who had unexpected documented situations that require unanticipated-withdrawal or deferment of matriculation.
- c. The initial housing payment of \$150 may be waived for a specific population of students as an enrollment yield strategy.

Contract Buy-Out Policy

Students who do not qualify for a contract release may participate in a 65% buy-out option. The student will be charged 65% of their Housing and Dining Services Contract as a cancellation fee in return for a cancellation of the Housing and Dining Services Contract. The original policy (2005) charged students 65% of the entire contract regardless of when the cancellation occur.

It is recommended that students who cancel their contract between the date of signing their academic year contract and November 1 of the contracted academic year will pay 65% of the remaining fall semester room and board fees only. Students who cancel their contract after November 1 of the contracted academic year will pay 65% of the remaining fall and spring semester room and board fees. First-year students are not eligible to request a contract buy-out due to the University First-Year Residency Requirement.

The recommended policy modification will more fairly assess students a fee based on the timing of the cancellation.

Recommendation: Approval of the proposed 2020-21 Housing and Dining rates and modifications to application fee and initial deposit and contract buy-out policies as listed above.

3b2 2020-21 Flight Academy Fees and Certification

Operational expenses for the Flight Academy are primarily funded by flight fee income realized through the assessment of flight fees. These fees are non-refundable unless (1) the student drops the respective course for the certification being pursued, or (2) the student completely withdraws from the University.

The flight fees shown below for the mandatory certificates as required by the four year B.S. degree program (Private Pilot, Instrument, Commercial, and Multi-Engine) and additional certifications reflect no increase in the hourly rate. The proposed increase in hours for each certificate is to more accurately reflect the number of hours needed by students to meet certification requirements.

Proposed 2020-21 rates are as follows:

| Hourly Flight Fee by Aircraft Type | | |
|---|------------------------------|---|
| Aircraft Type | 2019-20 Rate/Hour | 2020-21 Proposed Rate/Hour |
| DA20 - Solo | \$172 | \$172 |
| DA20 - Dual | \$211 | \$211 |
| DA40 - Solo | \$221 | \$221 |
| DA40 - Dual | \$260 | \$260 |
| DA42 - Solo | \$287 | \$287 |
| DA42 - Dual | \$326 | \$326 |
| PA28 - Solo | \$221 | \$221 |
| PA28 - Dual | \$260 | \$260 |

| Ground School Instruction | | |
|----------------------------------|------------------------------|---|
| | 2019-20 Rate/Hour | 2020-21 Proposed Rate/Hour |
| Ground School Instruction | \$39 | \$39 |

Shown below are proposed increases in the number of hours required to obtain flight certification effect with the fall 2020 semester.

| Flight Hours by Certificate Type | | |
|---|--------------------------|---------------------------------------|
| Certificate Type | 2019-20 Hours | 2020-21 Proposed Hours |
| Private Pilot - Semester 1 | 30 | 40 |
| Private Pilot - Semester 2 | 25 | 30 |
| Instrument - Semester 1 | 40 | 40 |
| Instrument - Semester 2 | 40 | 40 |

| | | |
|--------------------------------|----|----|
| Commercial - Semester 1 | 48 | 48 |
| Commercial - Semester 2 | 42 | 42 |
| Multi-Engine | 15 | 10 |
| Certified Flight Instructor I | 15 | 10 |
| Certified Flight Instructor II | 15 | 15 |
| Multi-Engine Instructor | 15 | 15 |

| Ground School Hours by Certificate Type | | |
|--|----------------------|-------------------------------|
| Certificate Type | 2019-20 Hours | 2020-21 Proposed Hours |
| Private Pilot - Semester 1 | 10 | 20 |
| Private Pilot - Semester 2 | 15 | 15 |
| Instrument - Semester 1 | 10 | 10 |
| Instrument - Semester 2 | 15 | 25 |
| Commercial - Semester 1 | 10 | 10 |
| Commercial - Semester 2 | 15 | 15 |
| Multi-Engine | 10 | 10 |
| Certified Flight Instructor I | 20 | 20 |
| Certified Flight Instructor II | 20 | 20 |
| Multi-Engine Instructor | 10 | 10 |

Recommendation: Approval of the proposed flight fee rates and hours as listed above. The assessment of these fees is to be effective with the Fall 2020 semester.

3b3 Proposed Changes in Academic Program and Laboratory/Course-Specific Fees¹

Course Specific Fees

Eliminate Course Fee (Effective Fall 2020)

| College | Department | Course(s) | Amount |
|---------|--|------------------------|--------------|
| CAS | Biology | BIO 647 | \$75/course |
| BCOE | Applied Clinical and Educational Sciences, Teaching and Learning | CD 615 | \$100/course |
| | | SPSY 600 | \$100/course |
| | | EDUC 775 | \$100/course |
| HHS | Applied Medicine and Rehabilitation | ATTR 455 | \$300/course |
| COT | Built Environment | SFTY 315L SFTY 335L | \$25/course |

Change in Course Fees (Effective Fall 2020)

| College | Department | Course(s) | Amount | Purpose |
|---------|---|-----------|------------------------------|---|
| BCOE | Applied Clinical and Educational Sciences | CD 400 | \$10/course to \$150/course | Clinical record keeping system (Calipso) and consumable lab supplies. |
| COT | Aviation Technology | AVT 143 | \$350/course to \$100/course | Students do not spend very much time on the simulator and reducing the fee makes it proportional to time. |

New Course Fees (Effective Fall 2020)

| College | Department | Course(s) | Amount | Purpose |
|---------|---|---------------------------------|-------------|--|
| CAS | Biology | BIO 210L | \$75/course | Consumables associated with lab exercise/ procedure. |
| COT | Electronics and Computer Engineering Technology, Built Environment, Aviation Technology | ECT 281, ECT 381, ECT 480 | \$40/course | Maintain function of the Robotics and Automation laboratory and consumable supplies. |
| | | SFTY 330L | \$50/course | Consumable lab supplies. SFTY 315L and 335L courses (and fees) were eliminated and combined into this new class. |

| | | | | |
|-----|------------------------------------|-------------------|--------------|---|
| | | AVT 367 | \$350/course | Multi-Engine Flight seminar course covers the requirements for the Airplane Multi-Engine Land Rating. |
| HHS | Kinesiology, Recreation, And Sport | PE 220 | \$10/course | Consumable lab supplies. |
| | | PE 480, PE 580 | \$15/course | Consumable lab supplies. |
| | | PE 488, PE 688 | \$30/course | Consumables lab supplies, hardware and software updates. |

¹Laboratory/course specific fees and program fees are assessed only in conjunction with courses/programs associated with the automated fee assessment process. An exception exists for study abroad courses: IS 396, 397, and 398.

Recommendation: Approval of the proposed Academic Laboratory/Course Specific Fees, effective for the fall semester of 2020 unless otherwise stated.

INDIANA STATE UNIVERSITY

DEBT PLAN 2020-2025

Overview

A debt plan is critical to evaluate current debt levels and future debt financings and to understand the impact of total and planned debt on both capacity and affordability. Debt affordability focuses on the University's ability to pay the debt service on an annual basis through the operating budget or other identified revenue streams. Debt capacity considers the University's financial resources and ability to leverage these resources to finance capital projects.

The University has a strategic plan that is supported by a campus master plan. A five-year capital plan is updated annually. The use of debt is an important component of funding for the University's capital plan to achieve the University's mission and strategic goals.

Current bond ratings on outstanding debt are assigned A1 from Moody's and AA- by Fitch. The University manages its debt capacity to maintain or improve these ratings. In June 2019, Moody's affirmed the rating as A1 stable for all outstanding debt.

The following provides an overview of the various types of debt authorized by the State of Indiana for public higher educational institutions as well as planned debt issuances over the upcoming five-year period.

Types of Outstanding Debt

The following types of debt are available to public higher education institutions by the State of Indiana with each type of debt governed by a separate master bond indenture:

1. Student Fee Bonds

- a. Fee Replaced – This type of debt is limited to capital projects authorized by the State of Indiana for academic and/or administrative purposes. The debt is issued by the institution with student fees pledged as the revenue stream used for repayment. The debt service payments are then reimbursed by a special debt service or fee replacement appropriation from the State of Indiana. Projects of this nature must be approved by the Indiana General Assembly with an annual maturity generally not to exceed 20 years.
- b. Non-Fee Replaced – Capital projects considered non-fee replaced must have a non-state funded revenue stream to support the required annual debt service payments. Capital projects supported by mandatory student fees assessed to all

students (e.g the Student Recreation Center) must be approved by the Indiana General Assembly. While the debt maturity may exceed 20 years, it cannot exceed the expected useful life of the asset financed.

2. **Housing and Dining System Revenue Bonds** – The State of Indiana allows institutions to issue Housing and Dining Revenue Bonds under IC 21-35-3 for the construction or renovation of student housing facilities. Payment of annual debt service is pledged from the net revenue of the Housing and Dining System. Issuance of debt under IC 21-35-3 must be approved by the State Budget Committee with the final financing plan subject to approval of the Indiana Finance Authority and the State Budget Director.
3. **Parking System Revenue Bond** – Governed by the same state statutes as Housing and Dining System Revenue Bonds.

Table 1 presents a summary of current outstanding debt, by type, as of June 30, 2020.

Future Planned Debt Issuances

1. **Student Fee Bonds** – HB1007 enacted in the 2020 session of the Indiana General Assembly provides cash funding for the \$18.4 million renovation of Dreiser Hall. Therefore, no issuance of debt will occur for this project. The Dreiser Hall project has received all necessary state approvals to proceed.

Table 2 and Graph 1 present a view of current outstanding principal of Student Fee Bonds.

2. **Housing and Dining System Revenue Bonds** – within the timeframe of the 2020-2025 debt plan there are no anticipated new issuances of Housing and Dining debt. Refunding opportunities of existing debt are outlined in a following section of the debt plan.

The table below reflects the current and projected level of Housing and Dining cash reserves and debt service coverage ratios using a 80% avg. occupancy rate over the upcoming five-year period based on the 2019-20 Housing and Dining budget and related planning assumptions.

| 80% Avg. Occupancy | 2018-19 Actual | 2019-20 Budget | 2020-21 Projected | 2021-22 Projected | 2022-23 Projected | 2023-24 Projected | 2024-25 Projected |
|--|-----------------------|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Cash Reserves (Dollars in Thousands) | \$32,322 | \$30,321 | \$29,593 | \$30,132 | \$30,927 | \$31,995 | \$33,337 |
| Actual Annual Debt Service Coverage Ratio | 1.40 | 1.26 | 1.11 | 1.16 | 1.18 | 1.22 | 1.25 |
| Average Annual Debt Service Coverage Ratio | 1.67 | 1.59 | 1.40 | 1.46 | 1.49 | 1.53 | 1.58 |
| | | | | | | | |

The actual annual debt service coverage ratio represents the amount of net operating revenue available to pay debt service. The current Housing and Dining System Revenue Bond indenture requires Indiana State University to annually set rates to provide net income in the next fiscal year that is at least 1.0 times the annual debt service plus amounts reasonably required or anticipated to be paid from Net Income.

The average annual debt service coverage ratio, used as a bonds test when issuing additional debt, requires an average annual debt service ratio of at least 1.0. It generally is not a restrictive covenant because it represents the average of all remaining years of outstanding debt, including the outer years when debt service declines.

Other housing projects for future consideration but outside the timeframe of the 2020-25 Debt Plan include the following:

- University Apartments – Routine maintenance and capital improvements such as emergency lighting, fire alarm upgrade, and window replacements continue to be made to the facility. Estimates for a total renovation are currently not available.
- Hines and Jones Hall – Major renovations of Hines and Jones Hall were completed in 1999 and 2002, respectively. As these renovations age, future reinvestment will be needed to refresh these facilities. No estimates are available at this time.

Table 3 and Graph 1 present annual outstanding principal of the Housing and Dining System.

Refunding Opportunities

1. **Student Fee Bonds** – Series N Bonds (Taxable Build America Bonds), issued in 2010, are callable at par on April 1, 2020. Currently outstanding in the amount of \$5,645,000, the estimated PV savings of a refunding is \$682,000 with all savings remitting to the State of Indiana.

2. **Housing and Dining Bonds** – Certain maturities of Housing and Dining Bonds, Series 2010 and Series 2012 are also callable on April 1, 2020.
 - a. The Series 2010 Bonds are currently outstanding in the amount of \$5,060,000 with \$4,495,000 callable at par on April 1. The final maturity of the Series 2010 Bonds is April 1, 2027.
 - b. The Series 2012 Bonds are currently outstanding in the amount of \$24,485,000. Of this amount \$17,340,000 of the Series 2012 Bonds, representing maturities 2027-2038, are currently callable. The final maturity of the Series 2012 is April 1, 2038.

The combined projected PV savings, based on current market conditions, is approximately \$1 million over the refinanced life of the debt. It is anticipated the refinancing of the Series 2010 and the callable Series 2012 Bonds will result in the issuance of the University's Housing and Dining System Revenue Bonds, Series 2020 during the second quarter of 2020.

Tables & Graph

- Table 1 – Summary of Current Outstanding Debt as of June 30, 2020
- Table 2 – Summary of Current and Projected Student Fee Outstanding Principal
- Table 3 – Summary of Current and Projected Housing and Dining Outstanding Principal
- Graph 1 – Actual and Projected Outstanding Principal (by type) with Debt to Total Asset Ratio

Table 1

Indiana State University Board of Trustees
Summary of Outstanding Debt by Issue Type as of June 30, 2020

| Issue Date | Issue | Original Par Amount | Par Amount as of June 30, 2020 | Final Maturity | Remaining Interest Rates | Issue Purpose | 1st Call at Par | Lead Underwriter (Purchaser) |
|--|---|----------------------|--------------------------------|----------------|---------------------------------------|--|-----------------------------------|------------------------------|
| Student Fee Bonds | | | | | | | | |
| 8/14/2018 | Student Fee Bonds, Series S | \$39,685,000 | \$36,305,000 | 10/1/2037 | 0.00 - 0.00% | Hulman Center | 10/1/2028 | Citigroup |
| 9/15/2016 | Student Fee Bonds, Series R | 83,845,000 | 68,135,000 | 10/1/2035 | 0.00 - 0.00% | CHHS Refunding (Series M & O) | 10/1/2026 | Barclays |
| 1/7/2015 | Student Fee Bonds, Series Q | 19,690,000 | 9,840,000 | 10/1/2032 | 0.00 - 0.00% | Current Refunding (Ser. K, L, & M) | 4/1/2022 & 10/1/2024 ¹ | PNC |
| 10/24/2013 | Student Fee Bonds, Series P (Direct Bank Purchase) (Bank Qualified) | 4,570,000 | 2,685,000 | 10/1/2032 | 2.18% (until 10/1/2020 Mandatory Put) | Sci Lab Renovations | 10/1/2020 (Mandatory Put) | PNC Bank |
| 2/24/2010 | Student Fee Bonds, Series N (Taxable Build America Bonds) | 9,560,000 | 5,645,000 | 10/1/2029 | 0.000 - 0.000% | Satellite Chilled Water Plan and Sci Lab Renovations | 4/1/2020 | City Securities |
| Student Fee Bonds Total: | | \$157,350,000 | \$122,610,000 | | | | | |
| Housing & Dining System Revenue Bonds | | | | | | | | |
| 7/15/2019 | Housing & Dining System, Series 2019 (Direct Bank Loan) | \$12,735,000 | \$11,405,000 | 4/1/2031 | 0.00% | Sycamore Dining Renovations | 4/1/2025 | Regions Bank |
| 6/28/2017 | Housing & Dining System, Series 2017 | 14,190,000 | 13,310,000 | 4/1/2038 | 0.00% | Rhoads Renovation | 4/1/2027 | Citigroup |
| 6/29/2016 | Housing & Dining System, Series 2016 | 14,135,000 | 12,130,000 | 4/1/2036 | 0.00 - 0.00% | Cromwell Renovations | 4/1/2026 | Barclays |
| 8/6/2015 | Housing & Dining System, Series 2015 | 16,270,000 | 13,120,000 | 4/1/2035 | 0.00 - 0.00% | Blumberg Renovations | 4/1/2025 | Piper Jaffray |
| 6/11/2014 | Housing & Dining System, Series 2014 | 16,405,000 | 12,625,000 | 4/1/2034 | 0.00 - 0.00% | Mills Renovations | 4/1/2024 | City Securities |
| 12/20/2012 | Housing & Dining System, Series 2012 | 28,740,000 | 23,590,000 | 4/1/2038 | 0.00 - 0.00% | Reeve and Erickson Halls | 4/1/2018 & 4/1/2022 ² | Edward Jones |
| 8/19/2010 | Housing & Dining System, Series 2010 (Taxable Build America Bonds) | 9,140,000 | 4,495,000 | 4/1/2027 | 0.000 - 0.000% | Pickerl Renovation | 4/1/2020 | City Securities |
| Housing & Dining System Total: | | \$111,615,000 | \$90,675,000 | | | | | |
| Combined University Total: | | \$268,965,000 | \$213,285,000 | | | | | |

¹ Callable 4/1/2022 at 100% (2030-2032); Callable 10/1/2024 at 100% (2025).

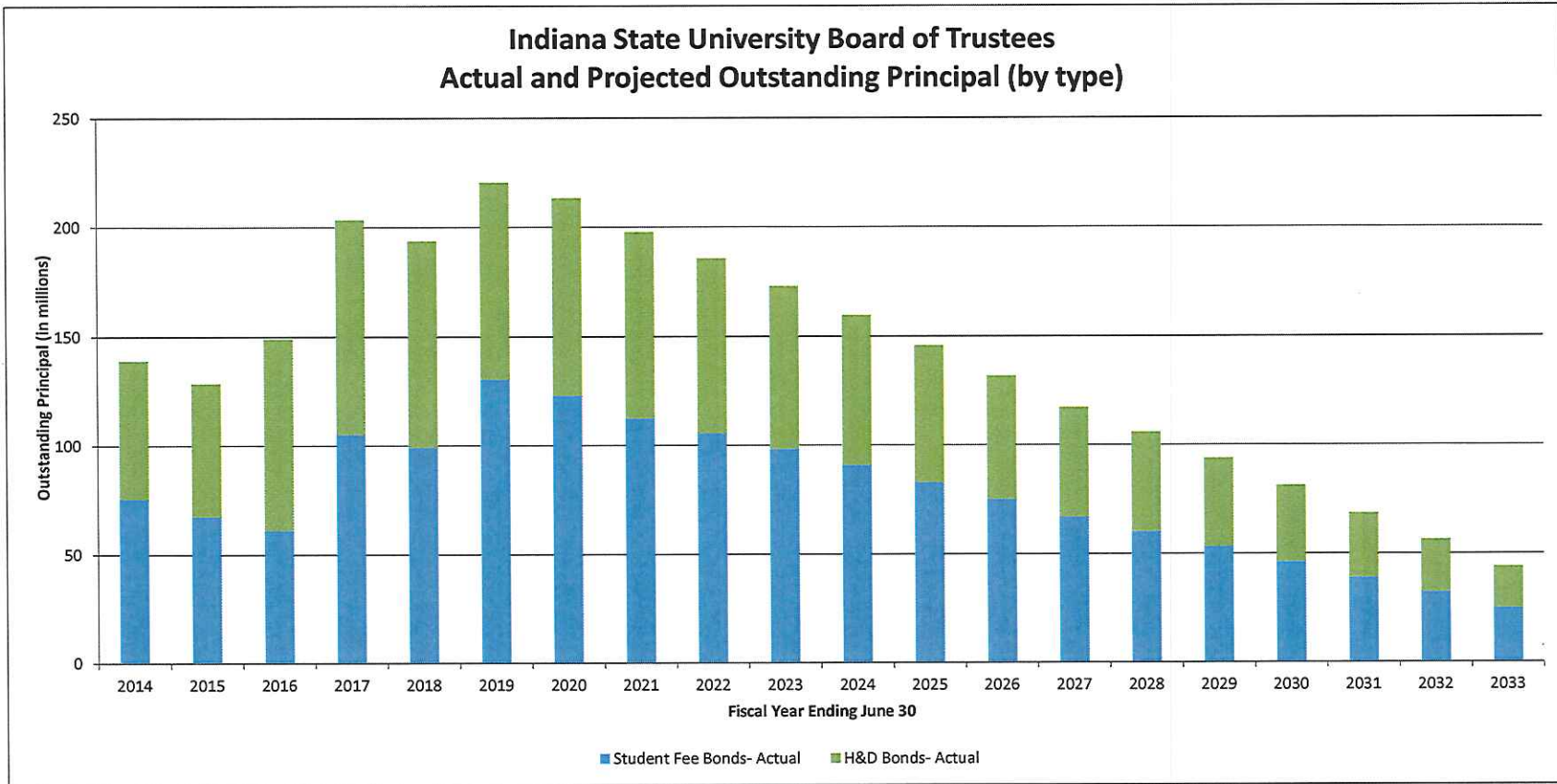
² Callable 4/1/2018 at 100% (2027-2038); Callable 4/1/2022 at 100% (2023-2026).

Indiana State University Board of Trustees
Summary of Current Student Fee Outstanding Principal

| Fiscal Year Ending | Current Student Fee Bonds | | | | | Total Student Fee Principal Outstanding |
|--------------------------|---------------------------|-----------|-----------|------------|------------|---|
| | Series N | Series P | Series Q | Series R | Series S | |
| 6/30/2020 | 5,645,000 | 2,685,000 | 9,840,000 | 68,135,000 | 36,305,000 | 122,610,000 |
| 6/30/2021 | 5,180,000 | - | 8,185,000 | 63,760,000 | 35,025,000 | 112,150,000 |
| 6/30/2022 | 4,695,000 | | 7,780,000 | 59,160,000 | 33,680,000 | 105,315,000 |
| 6/30/2023 | 4,190,000 | | 7,360,000 | 54,325,000 | 32,265,000 | 98,140,000 |
| 6/30/2024 | 3,665,000 | | 6,920,000 | 49,240,000 | 30,780,000 | 90,605,000 |
| 6/30/2025 | 3,120,000 | | 6,465,000 | 43,885,000 | 29,220,000 | 82,690,000 |
| 6/30/2026 | 2,550,000 | | 3,865,000 | 40,870,000 | 27,575,000 | 74,860,000 |
| 6/30/2027 | 1,955,000 | | 3,865,000 | 35,090,000 | 25,845,000 | 66,755,000 |
| 6/30/2028 | 1,330,000 | | 3,865,000 | 30,925,000 | 24,030,000 | 60,150,000 |
| 6/30/2029 | 680,000 | | 3,865,000 | 26,545,000 | 22,120,000 | 53,210,000 |
| 6/30/2030 | - | | 3,865,000 | 21,940,000 | 20,115,000 | 45,920,000 |
| 6/30/2031 | | | 2,620,000 | 18,180,000 | 18,005,000 | 38,805,000 |
| 6/30/2032 | | | 1,335,000 | 14,840,000 | 15,785,000 | 31,960,000 |
| 6/30/2033 | | | - | 11,350,000 | 13,455,000 | 24,805,000 |
| 6/30/2034 | | | | 7,715,000 | 11,005,000 | 18,720,000 |
| 6/30/2035 | | | | 3,930,000 | 8,425,000 | 12,355,000 |
| 6/30/2036 | | | | - | 5,725,000 | 5,725,000 |
| 6/30/2037 | | | | | 2,920,000 | 2,920,000 |
| 6/30/2038 | | | | | - | - |

Indiana State University Board of Trustees
Summary of Current Housing and Dining Outstanding Principal

| Fiscal Year Ending | Series 2010 | Series 2012 | Series 2014 | Series 2015 | Series 2016 | Series 2017 | Series 2019 | Combined Housing & Dining Total |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------------------|
| 6/30/2020 | 4,495,000 | 23,590,000 | 12,625,000 | 13,120,000 | 12,130,000 | 13,310,000 | 11,405,000 | 90,675,000 |
| 6/30/2021 | 3,915,000 | 22,660,000 | 11,945,000 | 12,475,000 | 11,610,000 | 12,835,000 | 10,130,000 | 85,570,000 |
| 6/30/2022 | 3,315,000 | 21,690,000 | 11,240,000 | 11,800,000 | 11,065,000 | 12,340,000 | 8,825,000 | 80,275,000 |
| 6/30/2023 | 2,695,000 | 20,680,000 | 10,505,000 | 11,090,000 | 10,490,000 | 11,820,000 | 7,490,000 | 74,770,000 |
| 6/30/2024 | 2,055,000 | 19,625,000 | 9,740,000 | 10,345,000 | 9,885,000 | 11,270,000 | 6,125,000 | 69,045,000 |
| 6/30/2025 | 1,395,000 | 18,510,000 | 8,945,000 | 9,565,000 | 9,250,000 | 10,695,000 | 4,725,000 | 63,085,000 |
| 6/30/2026 | 710,000 | 17,340,000 | 8,110,000 | 8,745,000 | 8,585,000 | 10,090,000 | 3,295,000 | 56,875,000 |
| 6/30/2027 | - | 16,115,000 | 7,235,000 | 7,900,000 | 7,885,000 | 9,455,000 | 1,830,000 | 50,420,000 |
| 6/30/2028 | | 14,855,000 | 6,315,000 | 7,025,000 | 7,155,000 | 8,790,000 | 1,390,000 | 45,530,000 |
| 6/30/2029 | | 13,560,000 | 5,350,000 | 6,125,000 | 6,385,000 | 8,090,000 | 940,000 | 40,450,000 |
| 6/30/2030 | | 12,225,000 | 4,350,000 | 5,195,000 | 5,575,000 | 7,355,000 | 475,000 | 35,175,000 |
| 6/30/2031 | | 10,855,000 | 3,320,000 | 4,230,000 | 4,735,000 | 6,585,000 | - | 29,725,000 |
| 6/30/2032 | | 9,445,000 | 2,250,000 | 3,230,000 | 3,860,000 | 5,775,000 | | 24,560,000 |
| 6/30/2033 | | 7,990,000 | 1,145,000 | 2,190,000 | 2,950,000 | 4,925,000 | | 19,200,000 |
| 6/30/2034 | | 6,490,000 | - | 1,115,000 | 2,005,000 | 4,035,000 | | 13,645,000 |
| 6/30/2035 | | 4,945,000 | | - | 1,020,000 | 3,100,000 | | 9,065,000 |
| 6/30/2036 | | 3,350,000 | | | - | 2,115,000 | | 5,465,000 |
| 6/30/2037 | | 1,700,000 | | | | 1,085,000 | | 2,785,000 |
| 6/30/2038 | | - | | | | - | | - |



| Debt to Total Asset Ratio | | | | | | | | | | |
|---------------------------|--------|--------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| 0.29 | 0.35 | 0.32 | 0.33 | 0.32 | 0.29 | 0.27 | 0.26 | 0.24 | 0.22 | 0.20 |
| Actual | Actual | Actual | Actual | Projected | Projected | Projected | Projected | Projected | Projected | Projected |

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INDIANAPOLIS, INDIANA 46204-2769

FEDERAL SINGLE AUDIT REPORT

INDIANA STATE UNIVERSITY

TERRE HAUTE, INDIANA

July 1, 2018 to June 30, 2019



FILED
01/23/2020

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SCHEDULE OF UNIVERSITY OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|-----------------------------------|--|
| President | Dr. Deborah Curtis | 07-01-18 to 06-30-20 |
| Senior Vice President for Finance and Administration, and University Treasurer | Diann E. McKee | 07-01-18 to 06-30-20 |
| Associate Vice President and University Controller | Jeffery J. Jasco | 07-01-18 to 06-30-20 |
| President of the Board of Trustees | Edward Pease Jeffrey W. Taylor | 07-01-18 to 06-30-19 07-01-19 to 06-30-20 |



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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

We have audited the financial statements of the business-type activities and the discretely presented component unit of Indiana State University (University), a component unit of the State of Indiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated October 25, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 25, 2019. Our report includes a reference to other auditors who audited the financial statements of the Indiana State University Foundation (Foundation), as described in our report on the University's financial statements.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements, as a whole.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 25, 2019



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Indiana State University (University), a component unit of the State of Indiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 25, 2019. Our report includes a reference to other auditors who audited the financial statements of Indiana State University Foundation (Foundation) as described in our report on the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

October 25, 2019



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF INDIANA STATE UNIVERSITY, VIGO COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Indiana State University's (University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019. The University's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)


Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 16, 2020

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the University. The schedule and notes are presented as intended by the University.

INDIANA STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2019

| Cluster Title/Federal Grantor Agency/Pass-Through Entity/ Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Passed Through to Subrecipient | Total Federal Awards Expended |
|--|---------------------------|--|-----------------------------------|-------------------------------------|
| Research and Development Cluster | | | | |
| <u>U.S. DEPARTMENT OF THE INTERIOR</u> | | | | |
| Direct Grants | | | | |
| Cooperative Research and Training Programs - Resources of the National Park System | 15.945 | P17AC00786 | \$ - | \$ - |
| Pass-Through Purdue University | | | | |
| Assistance to State Water Resources Research Institutes | 15.805 | 4107-81241 | - | - |
| | | | 41,224 | 41,224 |
| Total for Federal Grantor Agency | | | - | - |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | |
| Pass-Through North Carolina Department of Transportation | | | | 3,345 |
| Highway Planning and Construction | 20.205 | MA-2013-01 PA-2018-36 | 24,108 | 44,569 |
| | | | 44,569 | 355,561 |
| Total for Federal Grantor Agency | | | 24,108 | 355,561 |
| <u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u> | | | | |
| Pass-Through Purdue University | | | | |
| Education | 43.008 | 12000145-194 | - | - |
| Total for Federal Grantor Agency | | | - | - |
| <u>NATIONAL SCIENCE FOUNDATION</u> | | | | |
| Direct Grants | | | | |
| Geosciences | 47.050 | 1804900 | - | 14,238 |
| Pass-Through University of Arizona | | | | |
| Geosciences | 47.050 | 125161 | - | 14,238 |
| Total for Geosciences | | | - | 28,476 |
| | | | 10,332 | 10,332 |
| Direct Grants | | | | |
| Computer and Information Science and Engineering | 47.070 | 1751765 | 45,760 | 45,760 |
| Direct Grants | | | | |
| Biological Sciences | 47.074 | 1556982 | 56,092 | 56,092 |
| Direct Grants | | | | |
| Social, Behavioral, and Economic Sciences | 47.075 | 1759694 | 27,007 | 27,007 |
| | | | 10,716 | 54,464 |
| Direct Grants | | | | |
| Trans-NSF Recovery Act Research Support | 47.082 | DUE-0934648 | 61,914 | 61,914 |
| | | | - | - |
| Total for Federal Grantor Agency | | | 10,716 | 187,477 |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | | |
| Pass-Through Ouabache Land Conservancy | | | | (12,000) |
| Nonpoint Source Implementation Grants | 66.460 | 21678 | - | - |
| Total for Federal Grantor Agency | | | - | - |
| <u>U.S. DEPARTMENT OF ENERGY</u> | | | | |
| Direct Grant | | | | |
| Office of Science Financial Assistance Program | 81.049 | DE-FG02-06ER46304 | 8,551 | 8,551 |
| | | | - | 93,663 |
| Total for Federal Grantor Agency | | | 8,551 | 93,663 |
| | | | - | - |
| | | | 93,663 | 93,663 |

INDIANA STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2019

| Cluster Title/Federal Grantor Agency/Pass-Through Entity/ Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Passed Through to Subrecipient | Total Federal Awards Expended |
|--|---------------------------|--|-----------------------------------|-------------------------------------|
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| Direct Grant | | | | |
| Higher Education Institutional Aid | 84.031 | P031F180072 | 12,108 | 22,692 |
| Direct Grant | | | | |
| Fund for the Improvement of Postsecondary Education | 84.116 | P116F140237 | 75,626 | 346,622 |
| Total for Federal Grantor Agency | | | 87,734 | 369,314 |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | |
| Direct Grant | | | | |
| Minority Health and Health Disparities Research | 93.307 | 1R25MD011712 | 148,105 | 293,422 |
| Pass-Through Union Hospital, Inc | | | | |
| Telehealth Programs | 93.211 | | - | 9,655 |
| Telehealth Programs | 93.211 | | - | - |
| Total for Telehealth Programs | | | - | - |
| Pass-Through Indiana University | | | | |
| Allergy and Infectious Diseases Research | 93.855 | IN468104ISU | 11,946 | - |
| Pass-Through Indiana Family and Social Services | | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 21846 | 21,601 | - |
| Total for Federal Grantor Agency | | | 148,105 | 345,051 |
| Total for Research and Development Cluster | | | 270,663 | 1,418,424 |
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| Pass-Through Indiana Department of Education | | | | |
| Child and Adult Care Food Program | 10.558 | | - | - |
| Total for Federal Grantor Agency | | | - | - |
| <u>U.S. DEPARTMENT OF THE INTERIOR</u> | | | | |
| Pass-Through Purdue University | | | | |
| National Land Remote Sensing Education Outreach and Research | 15.815 | | 33,014 | - |
| Total for Federal Grantor Agency | | | 33,014 | - |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | | |
| Direct Grant | | | | |
| Children of Incarcerated Parents | 16.831 | 2016-IG-BX-0004 | 75,214 ⁷⁵⁰ | 87,563 |
| Total for Federal Grantor Agency | | | 75,214 ⁷⁵⁰ | 87,563 |
| <u>U.S. DEPARTMENT OF LABOR</u> | | | | |
| Pass-Through Indiana Department of Workforce Development | | | | |
| Trade Adjustment Assistance | 17.245 | 24984 | - | 12,188 |
| Trade Adjustment Assistance | 17.245 | 28525 | - | - |
| Total for Trade Adjustment Assistance | | | - | - |
| Total for Federal Grantor Agency | | | - | 56,487 |
| | | | 68,675 | |
| | | | 68,675 | |

INDIANA STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2019

| Cluster Title/Federal Grantor Agency/Pass-Through Entity/ Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Passed Through to Subrecipient | Total Federal Awards Expended |
|--|---------------------------|--|-----------------------------------|-------------------------------------|
| <u>NATIONAL ENDOWMENT FOR THE ARTS</u> | | | | |
| Direct Grant | | | | |
| Promotion of the Arts Grants to Organizations and Individuals | 45.024 | 1808988-41 | - | |
| Pass-Through Arts Illiana | | | | |
| Promotion of the Arts Partnership Agreements | 45.025 | 52nd Annual Contemporary Music Festival | - | 3,173 |
| Promotion of the Arts Partnership Agreements | 45.025 | 2018 Rock Camp! | 30,000 | 4,230 |
| Pass-Through Indiana Arts Commission | | | | |
| Promotion of the Arts Partnership Agreements | 45.025 | 22806 | - | |
| Total for Promotion of the Arts Partnership Agreements | | | - | |
| Total for Federal Grantor Agency | | | - | |
| | | | 641 | |
| <u>INSTITUTE OF MUSEUM AND LIBRARY SCIENCES</u> | | | | |
| Pass-Through Indiana State Library | | | | |
| Grants to States | 45.310 | 27486 | 8,044 | |
| Total for Federal Grantor Agency | | | 38,044 | |
| | | | - | |
| <u>SMALL BUSINESS ADMINISTRATION</u> | | | | |
| Pass-Through Indiana Economic Development Corp | | | | |
| Small Business Development Centers | 59.037 | A342-8-SBDC-18-107 | 6,520 | 21,541 |
| Small Business Development Centers | 59.037 | A229-9-SBA-1012 | 6,520 | |
| Total for Small Business Development Centers | | | - | |
| Total for Federal Grantor Agency | | | - | |
| | | | 48,955 | |
| Student Financial Assistance Cluster | | | | |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | 70,496 |
| Direct Grants | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | 70,496 | 536,761 |
| Federal Work-Study Program | 84.033 | | - | 519,876 |
| Federal Perkins Loan Program_Federal Capital Contributions | 84.038 | | - | 9,597,009 |
| Federal Pell Grant Program | 84.063 | | - | 21,353,267 |
| Federal Direct Student Loans | 84.268 | | - | |
| Total for Student Financial Assistance Cluster | | | - | |
| | | | 72,049,466 | |
| Special Education Cluster (IDEA) | | | | |
| Pass-Through Indiana Department of Education | | | | 104,056,379 |
| Special Education Grants to States | 84.027 | A58-5-15DL-2243 | 43,260 | 699,329 |
| Special Education Grants to States | 84.027 | A58-6-16DL-0176 | - | 133,105 |
| Special Education Grants to States | 84.027 | 21797 | - | |
| Total for Special Education Grants to States | | | 43,260 | 1,038,053 |
| Total for Special Education Cluster (IDEA) | | | 43,260 | 1,038,053 |
| | | | 105,619 | |
| <u>TRIO Cluster</u> | | | | |
| Direct Grant | | | | |
| TRIO Student Support Services | 84.042 | P042A150220 | - | |
| Total for TRIO Cluster | | | - | |
| Direct Grant | | | | |
| Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities | 84.326 | H326T130078 | 355,870 | 62,347 |
| Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities | 84.326 | H326T180018 | - | |
| Total for Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities | | | - | |
| | | | 155,606 | |
| | | | 217,953 | |

INDIANA STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2019

| Cluster Title/Federal Grantor Agency/Pass-Through Entity/ Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Passed Through to Subrecipient | Total Federal Awards Expended |
|--|---------------------------|--|-----------------------------------|-------------------------------------|
| Pass-Through Ball State University Career and Technical Education -- Basic Grants to States | 84.048 | | - | |
| Total for Federal Grantor Agency | | | 43,260 | 105,680,019 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | 11,764 |
| Direct Grant Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | 5H79TI025977 | 55,315 | 81,963 |
| Pass-through Indiana University Area Health Education Centers Area Health Education Centers | 93.107 93.107 | IN4683373ISU IN4683374 | 34,356 1,436 | 58,169 39,896 |
| Total for Area Health Education Centers | | | 35,792 | 98,065 |
| CCDF Cluster Pass-through Indiana Family & Social Services Administration Child Care and Development Block Grant | 93.575 | | - | |
| Total for CCDF Cluster | | | - | |
| Total for Federal Grantor Agency | | | 91,107,028 | 389,056 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | | 209,028 |
| Pass-Through Indiana Department of Workforce Development - Serve Indiana AmeriCorps | 94.006 | AF6264 - 17415 | - | |
| Total for Federal Grantor Agency | | | - | |
| Total federal awards expended | | | \$ 480,244 | \$ |
| | | | (166) | |

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

(166)
 107,792,395

INDIANA STATE UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires an annual audit of any entity expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of universities shall be conducted annually.

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Indiana State University for the year ended June 30, 2019 and is presented in accordance with the requirements of Uniform Guidance. The accompanying Schedule has been prepared in a format that presents summary financial information of the federal funds awarded to Indiana State University directly from federal agencies as well as amounts received as a subgrantee of other organizations. For purposes of the Schedule, federal assistance includes all federal assistance and procurement relationships entered into directly between Indiana State University and the federal government and subawards from nonfederal organizations made under federally sponsored agreements. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Because the Schedule presents only a selective portion of the activities of Indiana State University, it is not intended to and does not present the financial position, change in financial position, or cash flows of Indiana State University.

Indiana State University did not elect to use the 10% de minimis cost rate. The University uses a federally negotiated facilities & administration rate of 31.1% on federal awards when the rate is not restricted by federal regulation. This facilities & administration rate was approved by the US Department of Health & Human Services and is effective from 7/1/2017 through 6/30/2021.

The accounting principles followed by Indiana State University and used in preparing the accompanying schedule are as follows:

Awards Other Than Student Financial Assistance

Deductions (expenditures) for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in Uniform Guidance. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general university activities (indirect costs) which are allocated to federal awards under negotiated formulas commonly referred to as indirect cost rates.

INDIANA STATE UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Student Financial Assistance

Expenditures for non-loan awards made to students are recognized and reported in the Schedule. Student loan programs are funded by the federal government under various programs; e.g., Perkins Student Loan Program. Activity related to these loan programs includes federal capital contributions, loan repayments, interest earned on loans, cancellation of loans, and administrative and collection costs.

Note 2. Federal Direct Student Loans

The Schedule of Expenditures of Federal Awards includes Federal Direct Student Loans which were not made by Indiana State University but were received by its students. Indiana State University is responsible only for the performance of certain administrative duties with respect to these loans.

The number of guaranteed loans and the total amount processed for each Direct Loan Program for the year ended June 30, 2019 were as follows:

| <u>Program Title</u> | <u>Number of Loans Issued</u> | <u>Loan Amount</u> |
|--|-------------------------------|---------------------|
| Direct Loan Program (Subsidized and Unsubsidized) | 12,474 | \$57,915,604 |
| Direct PLUS Loans (Parent and Graduate PLUS Loans) | 1,372 | \$14,133,862 |
| Totals | 13,846 | \$72,049,466 |

Note 3. Federal Perkins Student Loan Program

Indiana State University participates in the Federal Perkins Loan Program. A revolving loan fund is maintained for the administration of the Program, the balances and transactions relating to the program are included in the University's financial statements. The Schedule of Federal Expenditures includes the entire amount of the revolving loan fund including the outstanding loans to students. The following schedule represents loans outstanding as of June 30, 2019:

| <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>Amount</u> |
|------------------------------|----------------------------|--------------------|
| Federal Perkins Loan Program | 84.038 | \$7,132,755 |

INDIANA STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

| | |
|---|---------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | no |
| Significant deficiencies identified? | none reported |
| Noncompliance material to financial statements noted? | no |

Federal Awards:

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weaknesses identified? | no |
| Significant deficiencies identified? | none reported |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | no |

Identification of Major Programs and type of auditor's report issued on compliance for each:

| Name of Federal Program or Cluster | Opinion Issued |
|--------------------------------------|----------------|
| Student Financial Assistance Cluster | Unmodified |
| Research and Development Cluster | Unmodified |
| Special Education Cluster (IDEA) | Unmodified |
| CCDF Cluster | Unmodified |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

| | |
|--|----|
| Auditee qualified as low-risk auditee? | no |
|--|----|

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the University. The document is presented as intended by the University.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**FINDING 2018-001**

FY2018

U.S. Department of Education

Contact Person Responsible for Corrective Action: Jeffrey Jacso, Associate Vice President and University Controller

Contact Phone Number: 812-237-3537

Status of Audit Finding:

The University did not retain evidence that contracted vendors had been verified for compliance with suspension and debarment requirements prior to entering into contracts.

The University has since take corrective action and the finding is fully corrected.

The University has required documentation for suspension and debarment requirements that include one of the following approved methods listed in 2 CFR 180.300.

- Checking SAM exclusions
- Collecting a certification from that person
- Adding a clause or condition to the covered transaction with that person

Purchasing procedures have been updated for suspension and debarment requirements.



Jeffrey J. Jacso
Associate Vice President and University Controller
1/10/20

OTHER REPORTS

In addition to this report, other reports may have been issued for the University. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.