



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

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### 2. Informational Items

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## 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
Pickert	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.

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

<b>Optional Meal Plan - University Apartments &amp; 500 Wabash</b>			
<b>Meal Plan</b>		<b>2019-20 Academic Year Rate</b>	<b>Proposed 2020-21 Academic Year Rate</b>
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:

<b>Hourly Flight Fee by Aircraft Type</b>		
<b>Aircraft Type</b>	<b>2019-20 Rate/Hour</b>	<b>2020-21 Proposed Rate/Hour</b>
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

<b>Ground School Instruction</b>		
	<b>2019-20 Rate/Hour</b>	<b>2020-21 Proposed Rate/Hour</b>
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.

<b>Flight Hours by Certificate Type</b>		
<b>Certificate Type</b>	<b>2019-20 Hours</b>	<b>2020-21 Proposed Hours</b>
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

<b>Ground School Hours by Certificate Type</b>		
<b>Certificate Type</b>	<b>2019-20 Hours</b>	<b>2020-21 Proposed Hours</b>
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 Fees<sup>1</sup>

### 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.

<sup>1</sup>Laboratory/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.

<b>80% Avg. Occupancy</b>	<b>2018-19 Actual</b>	<b>2019-20 Budget</b>	<b>2020-21 Projected</b>	<b>2021-22 Projected</b>	<b>2022-23 Projected</b>	<b>2023-24 Projected</b>	<b>2024-25 Projected</b>
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)
<b>Student Fee Bonds</b>								
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 <sup>1</sup>	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
<b>Student Fee Bonds Total:</b>		<b>\$157,350,000</b>	<b>\$122,610,000</b>					
<b>Housing &amp; Dining System Revenue Bonds</b>								
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 <sup>2</sup>	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%	Picklerl Renovation	4/1/2020	City Securities
<b>Housing &amp; Dining System Total:</b>		<b>\$111,615,000</b>	<b>\$90,675,000</b>					
<b>Combined University Total:</b>		<b>\$268,965,000</b>	<b>\$213,285,000</b>					

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

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

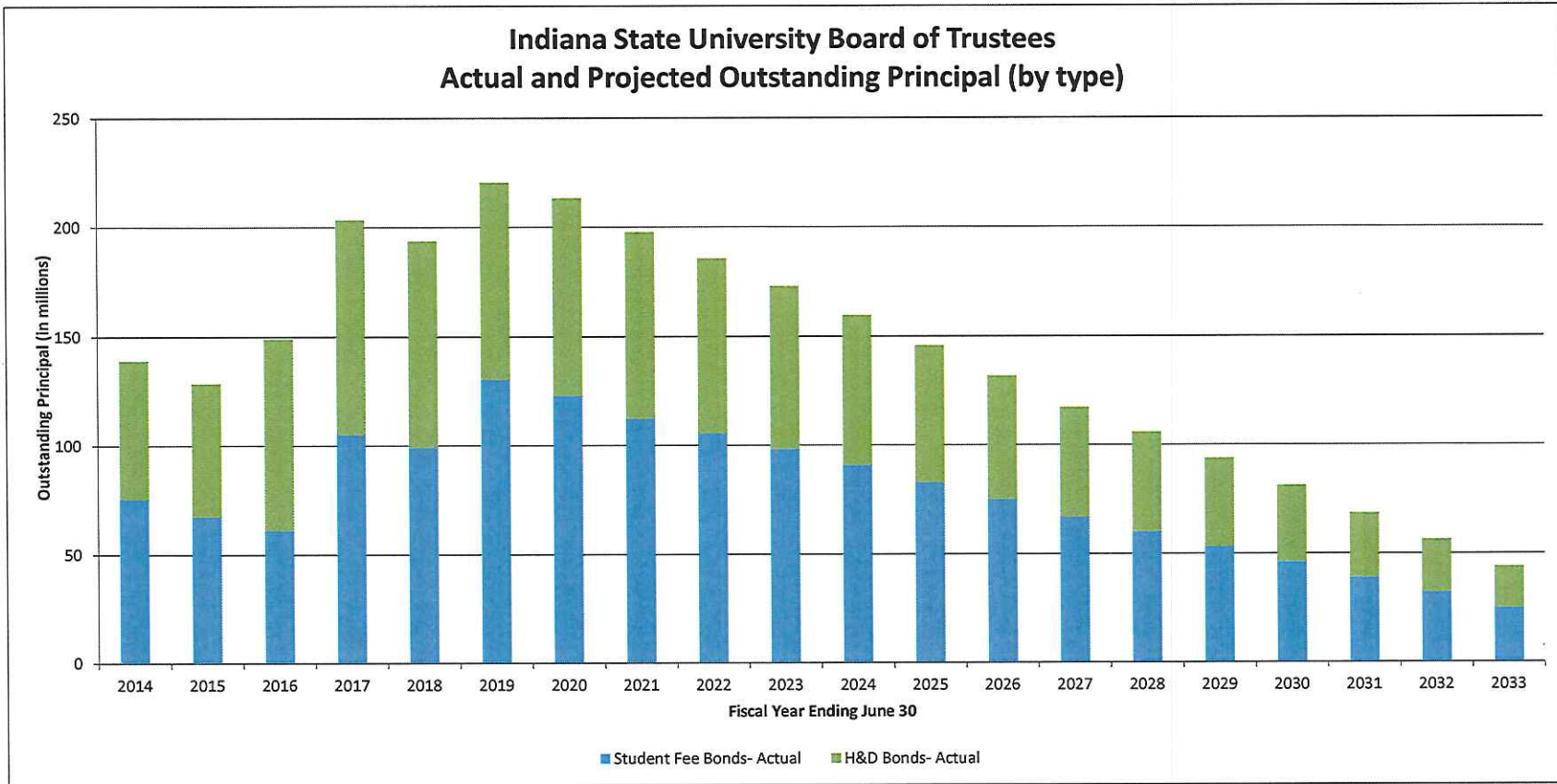
**Indiana State University Board of Trustees**  
**Summary of Current Student Fee Outstanding Principal**

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

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
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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





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
<b>Research and Development Cluster</b>				
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>				
Direct Grants				
Cooperative Research and Training Programs - Resources of the National Park System	15.945	P17AC00786	\$ -	\$ 41,224
Pass-Through Purdue University				
Assistance to State Water Resources Research Institutes	15.805	4107-81241	-	3,345
Total for Federal Grantor Agency			-	44,569
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
Pass-Through North Carolina Department of Transportation				
Highway Planning and Construction	20.205	MA-2013-01 PA-2018-36	24,108	355,561
Total for Federal Grantor Agency			24,108	355,561
<b><u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u></b>				
Pass-Through Purdue University				
Education	43.008	12000145-194	-	14,238
Total for Federal Grantor Agency			-	14,238
<b><u>NATIONAL SCIENCE FOUNDATION</u></b>				
Direct Grants				
Geosciences	47.050	1804900	-	10,332
Pass-Through University of Arizona				
Geosciences	47.050	125161	-	45,760
Total for Geosciences			-	56,092
Direct Grants				
Computer and Information Science and Engineering	47.070	1751765	-	27,007
Direct Grants				
Biological Sciences	47.074	1556982	-	61,914
Direct Grants				
Social, Behavioral, and Economic Sciences	47.075	1759694	10,716	54,464
Direct Grants				
Trans-NSF Recovery Act Research Support	47.082	DUE-0934648	-	(12,000)
Total for Federal Grantor Agency			10,716	187,477
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>				
Pass-Through Ouabache Land Conservancy				
Nonpoint Source Implementation Grants	66.460	21678	-	8,551
Total for Federal Grantor Agency			-	8,551
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>				
Direct Grant				
Office of Science Financial Assistance Program	81.049	DE-FG02-06ER46304	-	93,663
Total for Federal Grantor Agency			-	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
<b>U.S. DEPARTMENT OF EDUCATION</b>				
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
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
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		-	11,946
Total for Telehealth Programs			-	21,601
Pass-Through Indiana University				
Allergy and Infectious Diseases Research	93.855	IN468104ISU	-	26,811
Pass-Through Indiana Family and Social Services				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	21846	-	3,217
Total for Federal Grantor Agency			148,105	345,051
Total for Research and Development Cluster			270,663	1,418,424
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child and Adult Care Food Program	10.558		-	33,014
Total for Federal Grantor Agency			-	33,014
<b>U.S. DEPARTMENT OF THE INTERIOR</b>				
Pass-Through Purdue University				
National Land Remote Sensing Education Outreach and Research	15.815		-	750
Total for Federal Grantor Agency			-	750
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Direct Grant				
Children of Incarcerated Parents	16.831	2016-IG-BX-0004	75,214	87,563
Total for Federal Grantor Agency			75,214	87,563
<b>U.S. DEPARTMENT OF LABOR</b>				
Pass-Through Indiana Department of Workforce Development				
Trade Adjustment Assistance	17.245	24984	-	12,188
Trade Adjustment Assistance	17.245	28525	-	56,487
Total for Trade Adjustment Assistance			-	68,675
Total for Federal Grantor Agency			-	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
<b><u>NATIONAL ENDOWMENT FOR THE ARTS</u></b>				
Direct Grant				
Promotion of the Arts Grants to Organizations and Individuals	45.024	1808988-41	-	30,000
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!	-	4,230
Pass-Through Indiana Arts Commission				
Promotion of the Arts Partnership Agreements	45.025	22806	-	641
Total for Promotion of the Arts Partnership Agreements			-	8,044
Total for Federal Grantor Agency			-	38,044
<b><u>INSTITUTE OF MUSEUM AND LIBRARY SCIENCES</u></b>				
Pass-Through Indiana State Library				
Grants to States	45.310	27486	-	6,520
Total for Federal Grantor Agency			-	6,520
<b><u>SMALL BUSINESS ADMINISTRATION</u></b>				
Pass-Through Indiana Economic Development Corp				
Small Business Development Centers	59.037	A342-8-SBDC-18-107	-	21,541
Small Business Development Centers	59.037	A229-9-SBA-1012	-	48,955
Total for Small Business Development Centers			-	70,496
Total for Federal Grantor Agency			-	70,496
<b><u>Student Financial Assistance Cluster</u></b>				
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Direct Grants				
Federal Supplemental Educational Opportunity Grants	84.007		-	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		-	72,049,466
Total for Student Financial Assistance Cluster			-	104,056,379
Special Education Cluster (IDEA)				
Pass-Through Indiana Department of Education				
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	-	205,619
Total for Special Education Grants to States			43,260	1,038,053
Total for Special Education Cluster (IDEA)			43,260	1,038,053
TRIO Cluster				
Direct Grant				
TRIO Student Support Services	84.042	P042A150220	-	355,870
Total for TRIO Cluster			-	355,870
Direct Grant				
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	H326T130078	-	62,347
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	H326T180018	-	155,606
Total for Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities			-	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		-	11,764
Total for Federal Grantor Agency			43,260	105,680,019
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
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	93.107	IN4683373ISU	34,356	58,169
Area Health Education Centers	93.107	IN4683374	1,436	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		-	209,028
Total for CCDF Cluster			-	209,028
Total for Federal Grantor Agency			91,107	389,056
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				
Pass-Through Indiana Department of Workforce Development - Serve Indiana AmeriCorps	94.006	AF6264 - 17415	-	(166)
Total for Federal Grantor Agency			-	(166)
Total federal awards expended			\$ 480,244	\$ 107,792,395

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



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	<b>\$72,049,466</b>

**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	<b>\$7,132,755</b>

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/>.