

Financial Report

Year Ended June 30, 2021



BALL STATE
UNIVERSITY



Front Cover: Beneficence or "Benny"

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To
The President and Board of Trustees
Ball State University

This financial report presents
the financial position of
Ball State University at June 30, 2021
and the results of activities for
the year then ended.

Alan T. Finn
Vice President for Business Affairs
and Treasurer

Ball State University's Report Date.....October 28, 2021

Report of the President

It is my privilege to present the *Annual Financial Report of Ball State University* for the year ended June 30, 2021. The University received an unmodified opinion on the audit letter from the Indiana State Board of Accounts, which is included in this annual report.

This report includes financial statements for the year ended June 30, 2021, with comparative information from the previous fiscal year. These statements, along with the Notes to the Financial Statements, Management's Discussion and Analysis, and Required Supplemental Information, present the financial activity as well as the financial strength and stability of the University. Our management team is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States.

Ball State is designated as a Doctoral University: Higher Research Activity by The Carnegie Classification of Institutions of Higher Education. Our University is nationally recognized for the quality of our academic programs, our state-of-the-art facilities, our community engagement efforts, and our commitment to inclusive excellence. We are also proud to serve as a national model of sustainability.

Throughout the past fiscal year, our University confronted ongoing challenges presented by the global COVID-19 pandemic. Notwithstanding these extraordinary challenges, we remained dedicated to providing a premier educational experience to our students and to implementing our strategic plan, *Destination 2040: Our Flight Path*. A few examples of how we overcame pandemic-related disruptions to fulfill our vital mission:

- a. Since the advent of the pandemic in March 2020, we have enabled and empowered more than 10,000 students to earn their degrees.
- b. For the third year in a row, our alumni and benefactors contributed more than \$30 million in new philanthropic commitments to our University.
- c. The University finished this latest fiscal year with strong financial results. Our net position increased by \$38.8 million to total net assets of \$824.4 million. And Moody's and S&P reaffirmed their ratings for our institution as Aa3/Stable and AA-/Stable, respectively. Both agencies noted our liquidity and strong operating performance.

Before and during the pandemic, we also completed work on many physical projects, in accordance with our campus master plan. These projects include:

- a. completion of our North and North West residence halls and North Dining Complex.
- b. completion of our Foundational Sciences Building, which concludes the second phase of our comprehensive plan to expand and to renovate our STEM and health professions facilities. The first phase of this plan culminated with the completion of our Health Professions Building in 2019. We began the third and final phase of the project this Summer, with renovations underway to our Cooper Science Building.
- c. completion of our Multicultural Center. Located in the heart of our campus, this new facility is a visible symbol of our commitment to diversity, equity, and inclusion.
- d. completion of our Scheumann Family Indoor Practice Facility, designed to allow our Cardinal athletes to train indoors, no matter the season or accompanying weather.
- e. completion of our new parking structure on New York Avenue and the demolition of LaFollette Hall and our Emens parking structure.

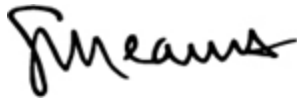
This impressive list represents \$400 million of major facilities projects across our campus as well as the largest concentrated period of construction in our history. These new facilities represent the physical growth and transformation that is fueling our future success.

On our flight path to a bright future, we also continue to implement the strategic imperatives outlined in our strategic plan, with an emphasis on expanding our reach and impact in serving adults throughout their lifetime educational journey.

In an effort to diversify our revenue portfolio, we are building out technology and organizational structures necessary to allow for us to launch non-credit courses and other programs for adult learners. These programs are being designed with a special emphasis on serving our alumni, individual learners in East Central Indiana, and the professional and talent needs of employers in our region.

On behalf of the Board of Trustees of Ball State University and all those who contribute to the stewardship of the resources benefiting our great institution, I respectfully submit this *Annual Financial Report of Ball State University* for the year ended June 30, 2021.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Mearns", with a stylized, cursive script.

Geoffrey S. Mearns

President

Ball State University

** This report has been prepared in accordance with United States Generally Accepted Accounting Principles (GAAP) for governmental colleges and universities as put forth by the Governmental Accounting Standards Board (GASB). See the accompanying Notes to Financial Statements for a full disclosure of the accounting principles observed.*

** GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.*

This financial report has been prepared
by the Office of University Controller
Ball State University, Muncie, Indiana 47306

Ball State University is committed to the principles of nondiscrimination and equal opportunity in education and employment. Further, the University is committed to the pursuit of excellence by prohibiting discrimination and being inclusive of individuals without regard to race, religion, color, sex (including pregnancy), sexual orientation, gender identity or gender expression, disability, genetic information, ethnicity, national origin or ancestry, age, or protected veteran status. This commitment enables the University to provide qualified individuals access to all academic and employment programs on the basis of demonstrated ability without regard to personal factors that are irrelevant to the program or job requirements involved.

The University assigns a high priority to the implementation of this equal opportunity policy and, through its affirmative action program, seeks to expand its efforts to guarantee equality of opportunity in employment. Affirmative action is taken to attract and recruit diversity, including underrepresented minority groups, females, protected veterans or individuals with disabled veteran status, and otherwise qualified persons with disabilities. Ball State will hire, transfer, recruit, train, promote, assign work, compensate, layoff and/or terminate based upon the tenets of this policy.

The University President affirms the commitment to equal opportunity and accepts responsibility for the implementation of the affirmative action program along with the vice presidents, deans, directors and heads of units. All persons involved in the decision-making process, including members of faculty and other employee committees, shall act in a nondiscriminatory manner. The Director of Employee Relations and Affirmative Action has been specifically designated to be responsible for overall compliance with all federal and state laws and regulations regarding nondiscrimination and for implementation and coordination of the University's affirmative action program. Information concerning the University's affirmative action program can be obtained from the Director of Employee Relations and Affirmative Action, Ball State University, Muncie, IN 47306.

To ensure equal employment opportunity and nondiscrimination, each member of the Ball State University community must understand the importance of this policy and his/her responsibilities to contribute to its success. This policy seeks to encourage the reporting of incidents so they may be addressed. Employees and applicants shall not be subjected to harassment, intimidation, threats, coercion, discrimination, or retaliation because they have engaged or may engage in any of the following: 1) filing a complaint; 2) assisting or participating in an investigation, compliance review, hearing, or any other activity related to the administration of any federal, state, or local law requiring equal employment opportunity; 3) opposing an act or practice deemed unlawful by a federal, state, or local law requiring equal employment opportunity; or 4) exercising any right according to this policy and/or any other lawfully protected right.

Complaints regarding unlawful discrimination or retaliation should be filed within 45 calendar days following the alleged act or incident giving rise to the complaint with the Director of Institutional Equity and Internal Investigations in accordance with the *Ball State University Equal Opportunity and Affirmative Action Complaint Investigation Procedure and Appeal Process*. A copy of this document may be obtained by contacting the Director of Institutional Equity and Internal Investigations. Any individual or group found to have violated this policy will be subject to disciplinary or remedial action, up to and including termination of employment or expulsion from the University.

The University maintains an audit and reporting system to determine overall compliance with its equal employment opportunity and affirmative action mandates. As a part of this system, the President will review the University's equal opportunity and affirmative action policy and program at least once each year, measure progress against the objectives stated in the affirmative action program, and report findings and conclusions to the Board of Trustees.

Revised by the Board of Trustees July 17, 2015

Ball State University Board of Trustees and President

2020-2021

E. Renae Conley, Chicago, IL

Brian Gallagher, Chevy Chase, MD

Henry O. Hall, Fort Wayne, IN

Richard J. Hall, Carmel, IN

Jean Ann Harcourt, Milroy, IN

Mark Hardwick, Yorktown, IN

Mike McDaniel, Indianapolis, IN

Matthew Momper, Fort Wayne, IN

Rebeca Mena, Muncie, IN
(completed term June 30, 2021)

Amy Wyse, Elkhart, IN
(appointed July 1, 2021)

Officers

E. Renae Conley.....	Chair
Matthew Momper.....	Vice Chair
Mike McDaniel.....	Secretary
Brian Gallagher.....	Assistant Secretary
Alan T. Finn.....	Treasurer

University President

Geoffrey S. Mearns



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF BALL STATE UNIVERSITY, MUNCIE, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units as of and for the years ended June 30, 2021 and 2020, and the aggregate remaining fund information as of and for the year ended June 30, 2021, of Ball State University (University), a component unit of the State of Indiana, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units as of June 30, 2021 and 2020, and the aggregate remaining fund information as of June 30, 2021, of the University, and the respective changes in financial position and, where applicable, cash flows thereof and for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note A to the financial statements, in fiscal year 2021, the University adopted new accounting guidance GASB Statement 84 *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

The accompanying statement of fiduciary net position of the University as of June 30, 2020, and the related statement of changes in fiduciary net position for the year then ended were not audited, reviewed, or compiled by us, and, accordingly, we do not express an opinion or any other form of assurance on them.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Ball State University's Proportionate Share of the Net Pension Liability Public Employees' Defined Benefit Account (PERF DB), the Schedule of Ball State University's Proportionate Share of the Net Pension Liability Teachers' 1996 Defined Benefit Account (TRF 1996 DB), the Schedule of Ball State University's Proportionate Share of the Net Pension Liability Teachers' Pre-1996 Defined Benefit Account (TRF Pre-1996 DB), the Schedule of Ball State University's Contributions Public Employees' Defined Benefit Account (PERF DB), the Schedule of Ball State University's Contributions Teachers' 1996 Defined Benefit Account (TRF 1996 DB), the Schedule of Ball State University's Contributions Teachers' Pre-1996 Defined Benefit Account (TRF Pre-1996), the Schedule of Ball State University's Changes in Net OPEB Liability and Related Ratios Multi-year Health Care Plan, the Schedule of Ball State University's Changes in Net OPEB Liability and Related Ratios Multi-year OPEB 115 Plan (Life), the Schedule of the Net OPEB Liability Multiyear Health Care Plan, the Schedule of the Net OPEB Liability Multiyear OPEB 115 Plan, the Schedule of Ball State University's OPEB Contributions Multi-year Health Care Plan, and the Schedule of Ball State University's OPEB Contributions Multi-year OPEB 115 Plan (Life Insurance) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying To the President and Board of Trustees, Report of the President, General Information, Board of Trustees and President of Ball State University, and Supplemental Information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The To the President and Board of Trustees, Report of the President, General Information, Board of Trustees and President of Ball State University, and Supplemental Information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Paul D. Joyce, CPA
State Examiner

October 28, 2021

Ball State University

Management's Discussion and Analysis

June 30, 2021

The University

Ball State University (the "University"), located in Muncie, Indiana, was founded in 1918 as the Indiana State Normal School, Eastern Division. The Ball brothers, a prominent Muncie industrial family, had acquired the land and buildings of a private normal school and donated the property to the State of Indiana. In 1929, the Indiana General Assembly separated the Muncie campus from Indiana State Normal School, naming the Muncie campus Ball State Teachers College. In 1965, the General Assembly renamed the institution Ball State University, in recognition of its significant growth in enrollment and physical facilities, the variety and quality of its educational programs and services, and in anticipation of the much broader role it would be expected to assume in the future. The University is governed by a nine-member Board of Trustees, which includes a full-time student and two members nominated by the Ball State University Alumni Association. All members of the Board are appointed by the Governor of Indiana to four-year terms, except for the student member, who is appointed to a two-year term.

The University offers more than 100 undergraduate academic programs and numerous graduate programs distributed across seven colleges: R. Wayne Estopinal College of Architecture and Planning; Miller College of Business; College of Communication, Information, and Media; College of Fine Arts; College of Sciences and Humanities; Teachers College; and College of Health. In addition, the University offers specialists programs providing professional and pre-professional specialization as well as education in the liberal arts and sciences. The University is fully accredited by the Higher Learning Commission. Various schools, departments and programs are also accredited by numerous other professional agencies, licensing boards, and state agencies. The University operates Indiana's only K-12 laboratory school, Burris, as well as the Indiana Academy for Science, Mathematics and Humanities, the state's only residential high school for gifted and talented students.

The Fall 2020 enrollment of 21,597 students was comprised of 15,780 undergraduate and 5,817 graduate students. Approximately 86 percent of the University's on-campus students are characterized as Indiana residents; however, all 50 states, the District of Columbia, two U.S. territories, and 60 foreign nations are represented in the student body. As of the beginning of the 2020-2021 academic year, the University's staff and faculty (not including student employees and graduate assistants) totaled over 3,000 full-time and 500 part-time personnel. The campus facilities include over 130 buildings totaling over seven million gross square feet situated on more than 1,000 acres.

Using this Report

This section of the University's annual report presents management's discussion and analysis of the financial performance of the University for the year ended June 30, 2021, with selected comparative information for the two fiscal years ended June 30, 2020 and 2019. The financial statements, note disclosures, and this discussion are the responsibility of University management. This information is presented to assist the reader in understanding the University's financial position and operating activities.

This financial report includes three basic financial statements for the University: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows, prepared in accordance with principles from the Governmental Accounting Standards Board (GASB). These financial statements focus on the financial condition, results of operations, and cash flows of the University as a whole.

Also included in this financial report are the financial statements and significant notes to the financial statements for the Ball State University Foundation (Foundation). The Foundation is a legally separate, not-for-profit corporation which solicits, collects and invests donations for the sole benefit of the University. The Foundation's financial statements are presented in accordance with the reporting principles of the Financial Accounting Standards Board (FASB) and therefore are not comparable to those of the University.

Beginning with the 2018-2019 fiscal year, the legally separate Muncie Community Schools financial statements prepared in accordance with generally accepted accounting principles (GAAP) is discretely presented within the University's Annual

Financial Report. Due to legislative action, the University was given the authority to appoint the Muncie Community School Board of Trustees in May of 2018.

With the adoption of GASB 84, *Fiduciary Activities*, in fiscal year 2020-2021, this report now contains the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position for assets held in two trusts that exist in support of the University's Other Postemployment Benefit Plans (OPEB) for qualified retirees. The two trusts are namely the Voluntary Employee Beneficiary Association (VEBA) Trust and the 115 Trust (OPEB 115 Trust).

Financial Highlights

The total net position for 2020-2021 increased by \$38.8 million compared to the fiscal year 2019-2020, due primarily to a \$45.7 million increase in net investment in capital assets partially offset by a \$3.9 million decrease in net position restricted for construction and a \$7.4 million decrease in unrestricted net position. A more detailed discussion of the change in net position can be found later in this report. For fiscal year 2019-2020, the total net position of the University increased by \$52.9 million as compared to fiscal year 2018-2019, due primarily to a \$23.4 million increase in unrestricted net position and a \$94.6 million increase in net investment in capital assets, partially offset by a \$66.2 million decrease in net position restricted for construction resulting from the spending of bond proceeds for the construction of the Foundational Sciences Building and Phase I of the North Residential Neighborhood.



Park Residence Hall

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report in summary fashion the financial position of the University as a whole and on its activities, focusing on the University's net position. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting. The only exceptions are gifts, grants, and interest on student loans, which are generally recorded only when received.

The following is a summary of the University's assets, deferred outflows and inflows of resources, liabilities, and net position as of the end of the previous three fiscal years.

Net Position As of June 30, 2021, 2020, and 2019			
	2021	2020	2019
Assets:			
Current Assets	\$ 218,475,943	\$ 220,317,042	\$ 249,497,935
Noncurrent Assets:			
Capital Assets, Net of Depreciation	893,357,621	821,050,246	749,180,530
Other	251,518,988	266,871,410	275,005,694
Deferred Outflows of Resources	90,878,997	49,846,117	39,620,129
Total Assets and Deferred Outflows of Resources	<u>\$1,454,231,549</u>	<u>\$1,358,084,815</u>	<u>\$1,313,304,288</u>
Liabilities:			
Current Liabilities	\$ 87,478,883	\$ 96,266,070	\$ 74,527,975
Noncurrent Liabilities	484,072,657	442,808,451	477,334,729
Deferred Inflows of Resources	58,281,889	33,390,434	28,703,841
Total Liabilities and Deferred Inflows of Resources	<u>\$ 629,833,429</u>	<u>\$ 572,464,955</u>	<u>\$ 580,566,545</u>
Net Position:			
Net Investment in Capital Assets	\$ 514,297,622	\$ 468,580,247	\$ 373,940,530
Restricted	85,422,301	84,920,092	150,106,804
Unrestricted	224,678,197	232,119,521	208,690,409
Total Net Position	<u>\$ 824,398,120</u>	<u>\$ 785,619,860</u>	<u>\$ 732,737,743</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$1,454,231,549</u>	<u>\$1,358,084,815</u>	<u>\$1,313,304,288</u>

Current and Noncurrent Assets

Current assets, such as cash and cash equivalents, accounts receivable, and inventories, support the current operations of the University. Current assets decreased \$1.8 million, or 0.8 percent, from the previous year, primarily due to an increase in cash and cash equivalents of \$47.4 million, a decrease in short term investments of \$51.3 million, an increase in accounts receivable of \$3.1 million, and a decrease in deposit with bond trustee of \$1.0 million. The net decrease between cash and short term investments is primarily due to continued spending for capital projects including the North Residential Neighborhood project and the new Foundational Sciences Building, offset by the issuance of new bonds for the Cooper Science Complex project. The decrease in deposit with bond trustee is due to the final maturity of the Student Fee Bonds, Series L during the fiscal year.

In fiscal year 2019-2020, current assets decreased \$29.2 million, or 11.7 percent, from the previous year primarily due to a net decrease in cash and cash equivalents and short term investments of \$25.6 million and a decrease in accounts receivable of \$3.0 million. The net decrease between cash and short term investments can be largely attributed to spending for capital projects including the ongoing North Residential Neighborhood project, the new Foundational Sciences Building, and the New York Avenue Parking Structure.

Noncurrent assets consist primarily of investments and capital assets, net of depreciation, but also includes accounts and notes receivable, net, and net OPEB asset. Noncurrent assets at June 30, 2021, showed a \$57.0 million, or 5.2 percent, increase over the previous year. The net increase is made up primarily of the combination of a \$72.3 million increase in capital assets, net of depreciation, a \$11.7 million decrease in investments, a \$2.3 million decrease in net OPEB asset, and a \$1.3 million decrease in accounts and notes receivable, net. The increase to capital assets is due to construction of the new Foundational Sciences Building, Northwest Residence Hall, and the Scheumann Family Indoor Practice Facility. The decrease in investments is also related to spending on these capital projects as well as a shift towards shorter duration instruments. The decrease in accounts and notes receivable, net of allowance, is primarily due to a decrease in Perkins Loans.

Noncurrent assets at June 30, 2020, showed a \$63.7 million, or 6.2 percent, increase over the previous year. The increase included a \$71.9 million increase in capital assets, net of depreciation, partially offset by a \$5.6 million decrease in investments and a \$2.2 million decrease in accounts and notes receivable, net.



R. Wayne Estopinal College of Architecture and Planning

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources represent consumption or receipt of resources applicable to a future reporting period. The balances reported on these line items represent changes of the net pension liability (total pension liability less the fiduciary net position) and net Other Post-Employment Benefits (OPEB) liability (total OPEB liability less the fiduciary net position). Most changes to net pension OPEB liabilities are to be included in benefits expense in the period of the change. However, certain changes are required to be expensed over current and future periods. Changes of economic and demographic assumptions or of other inputs and differences between expected and actual experience are required to be recorded as deferred outflows of resources or deferred inflows of resources as appropriate. Changes and differences to deferred outflows at June 30, 2021, was a \$41.0 million increase most of which related to assumption changes for the OPEB liability. Deferred inflows showed a \$24.9 million increase over the prior year. The changes and differences to deferred outflows at June 30, 2020, was a \$10.2 million increase, while changes and differences to deferred inflows was a \$4.7 million increase. For additional details, see the Notes and Required Supplemental Information sections of the financial report. The measurement date of the defined benefit pension plans that are administered by Indiana Public Retirement System (INPRS), and the OPEB plans administered by the University, is June 30, 2020, for the 2020-2021 financial report, and June 30, 2019, for the 2019-2020 financial report.

Current and Noncurrent Liabilities

Current liabilities consist primarily of accounts payable, interest payable, accrued compensation and related benefits, as well as deposits, unearned revenue, and the current portion of bonds that are payable within one year or less. Accounts payable and accrued liabilities may fluctuate from year to year based on timing of University initiatives and programmatic costs. For fiscal year 2020-2021, the University's current liabilities decreased by \$8.8 million, or 9.1 percent. The net decrease was primarily due to a decrease in accounts payable and accrued liabilities of \$5.6 million, a decrease in unearned revenue of \$8.5 million, an increase in the current portion of long term liabilities of \$3.0 million, and an increase in deposits of \$2.2 million. The decrease to accounts payable and accrued liabilities resulted from a decrease to construction project accruals. The decrease in unearned revenue was a result of the student room and board credits from spring term 2020 that were accrued for the 2019-2020 fiscal year and applied to fall term 2020 balances. In fiscal year 2019-2020, the University's current liabilities increased by \$21.7 million, primarily due to an increase in accounts payable and accrued liabilities of \$15.5 million, due in large part to construction project accruals, while unearned revenue increased \$8.1 million due to Spring 2020 room and board revenue that was credited to fall 2020 after the COVID-19 pandemic resulted in the closing of residence halls.

Noncurrent liabilities are predominantly comprised of bonds payable, pension and OPEB liabilities, liability for compensated absences, and the Perkins loan program. Total noncurrent liabilities increased by \$41.3 million, or 9.3 percent, in fiscal year 2020-2021. Bonds payable (long term liabilities, net) accounted for an increase equal to \$33.0 million over the previous fiscal year due to new student fee bonds issued for the Cooper Science Complex project, partially offset by regularly scheduled debt payments. Expected fluctuations in both the net pension and net OPEB liabilities amounted to a net increase of \$9.8 million, while the Perkins loan program decreased by \$1.4 million, due to a required return of funds to the U.S. Department of Education.

In fiscal year 2019-2020, total noncurrent liabilities decreased \$34.5 million. Bonds payable (long term liabilities, net) decreased \$23.7 million over the previous fiscal year due regularly scheduled debt payments. Expected fluctuations in the net pension and net OPEB liabilities amounted to a net decrease of \$10.0 million.

Debt and Financing Activities

The University funds new construction and major renovation projects on campus through various sources such as philanthropy, internal cash reserves, cash appropriations from the state, and bond proceeds. As of June 30, 2021, the University had \$379.1 million of capital-related bond indebtedness outstanding, compared to \$352.5 million and \$375.2 million outstanding as of June 30, 2020 and June 30, 2019, respectively. The increase in indebtedness is due to the issuance of Student Fee Bonds, Series T, for the financing of the Cooper Science Complex project, partially offset by regularly scheduled debt payments. All of the University's bonds are fixed-rate, tax-exempt issuances that are secured by student fees or auxiliary revenues, depending on the original purpose of the bond.

The University also had a revolving line of credit featuring an initial limit of \$30.0 million with an accordion to increase up to \$50.0 million during the 2020-2021 fiscal year. At June 30, 2021, the line of credit had not been utilized. The University allowed the agreement to lapse as it was deemed unnecessary.

Ball State University's credit rating was reaffirmed in May 2021 by both Standard & Poor's (AA-/Stable) and Moody's (Aa3/Stable). S&P noted the University's solid operating performance, healthy financial resource ratios relative to the rating category, solid management team, and consistent financial support from the State of Indiana, while Moody's also noted the excellent capital and operating support from the State of Indiana, strong unrestricted liquidity, and the University's very good strategic position bolstered by sound student demand and effective enrollment management. Additional detail regarding the University's bonds payable are presented in the Notes to Financial Statements.

Capital Assets

As of June 30, 2021, the University had \$514.3 million invested in capital assets, net of accumulated depreciation of \$511.4 million and related debt of \$379.1 million. Depreciation charges totaled \$31.1 million for the current fiscal year. All of these amounts reflect cost of construction rather than replacement cost. As of June 30, 2020, the University had \$468.6 million invested in capital assets, net of accumulated depreciation of \$482.5 million and related debt of \$352.5 million. Depreciation charges totaled \$30.8 million for fiscal year 2019-2020.

Significant capital additions in the current fiscal year included Northwest Residence Hall, the Foundational Sciences Building, the Scheumann Family Indoor Practice Facility, and the new Multicultural Center, offset by the partial demolition of the LaFollette Complex.

Net Position

At June 30, 2021, total net position for the University was \$824.4 million, up \$38.8 million from the previous year, including a decrease to unrestricted net position of \$7.4 million. Net position is classified into four categories: Net investment in capital assets, restricted nonexpendable, restricted expendable, and unrestricted. Net investment in capital assets accounted for approximately \$514.3 million as of June 30, 2021. This balance represents the University's investment in land, buildings, infrastructure, land improvements, and equipment, and is reported net of accumulated depreciation and related debt. Additional discussion of capital assets is available in the accompanying Notes to Financial Statements.

Restricted nonexpendable net position remained relatively unchanged from the previous year and accounts for only \$0.9 million of net position. These funds represent permanent endowments received from donors, the principal of which must be held in perpetuity with only present and future income earnings being used to support the wishes of the donor. Restricted expendable net position represents funds that have restrictions imposed by third parties in their purpose. Restricted expendable net position decreased by \$0.6 million in fiscal year 2020-2021, totaling \$84.5 million as of June 30, 2021. Of these restricted expendable funds, \$69.1 million are funds restricted for construction, such as the bond proceeds for the renovation and partial demolition of Cooper Science Complex and construction of the new Foundational Sciences Buildings. Approximately \$12.7 million is restricted for external grants, and \$2.7 million is restricted for student loans. The overall change in restricted expendable net position was primarily due to spending of bond proceeds for the Foundational Sciences Building and receipt of bond proceeds for the Cooper Science Complex project.

Aside from capital assets and restricted net position, the remaining \$224.7 million of net position is in unrestricted net position. Unrestricted net position is not subject to externally imposed restrictions. However, portions of the unrestricted net position are internally restricted for specific authorized purposes at the end of each fiscal year. The specific purposes for which these assets are internally restricted include the stewardship and renewal of capital assets, campus development and infrastructure, technological advancements, self-insurance reserves, unforeseen contingencies, and other purposes. In addition, adjustments to unrestricted net position are required to record the effect of GASB Statements No. 68, 71, and 75 for the University's pension and OPEB plans. Additional information regarding the adjustments required by the GASB Statements are discussed within the Notes to Financial Statements.

At June 30, 2020, the University's net position was \$785.6 million. Approximately \$468.6 million was comprised of net investment in capital assets, net of accumulated depreciation and related debt. Additionally, the University had other net positions totaling \$317.0 million as of June 30, 2020, of which \$84.9 million was restricted net position. The \$84.9 million restricted net position was comprised of: \$1.0 million in nonexpendable endowment restricted for student scholarships, \$2.7 million restricted for student loans, \$72.9 million restricted for construction, and \$8.3 million restricted for external grants. Unrestricted net position at June 30, 2020 was \$232.1 million, an increase of \$23.4 million.

Change in Net Position

The following is a summary of the revenues and expenses resulting in the changes in net position as of the end of the previous three fiscal years. Note that for purposes of this statement, state appropriations are considered non-operating revenues.

Changes in Net Position
Years Ended June 30, 2021, 2020, and 2019

	2021	2020	2019
Operating Revenues	\$ 237,232,417	\$ 256,012,592	\$ 281,179,839
Operating Expenses	465,045,123	480,073,994	510,293,441
Net Operating Income/(Loss)	\$ (227,812,706)	\$ (224,061,402)	\$ (229,113,602)
Net Non-Operating Revenues	256,233,768	271,208,033	243,733,397
Other Revenue – Capital Appropriations and Gifts	10,357,198	5,735,486	6,916,124
Increase in Net Position	\$ 38,778,260	\$ 52,882,117	\$ 21,535,919
Net Position - Beginning of Year	785,619,860	732,737,743	711,201,824
Net Position - End of Year	\$ 824,398,120	\$ 785,619,860	\$ 732,737,743

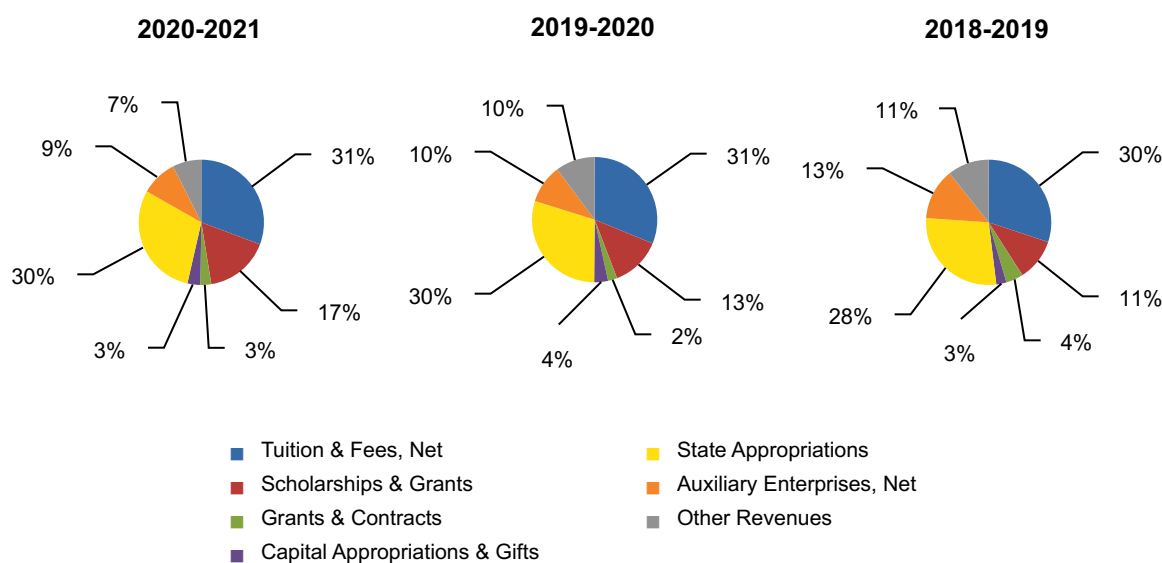
Operating Revenues

Operating revenues increase net position and include all transactions that result in sales and/or receipts from goods and services such as tuition and fees, housing, dining, and athletics. In addition, federal, state, and private grants are considered operating if they are not for financial aid or capital purposes. Revenues from tuition and fees and auxiliary enterprises are reported net of allowances for scholarships.

Total operating revenues decreased \$18.8 million, or 7.3 percent, in fiscal year 2020-2021. Tuition and fees revenue decreased by a net \$11.9 million when compared to fiscal year 2019-2020, as changing demographics, college attendance rates, increased competition for in-state students and lingering impacts from the pandemic led to a decrease in enrollment. Revenue from residential life also decreased by \$3.5 million, for the same reasons. Grants and contracts revenue increased by \$1.6 million from the prior year.

In fiscal year 2019-2020, total operating revenues decreased \$25.2 million, or 9.0 percent. Revenue from student tuition and fees and residential life decreased by \$7.1 million due to the onset of the pandemic, grants and contracts revenue decreased by \$10.9 million, primarily due to a grantor software donation in the prior year, and other operating revenues decreased by \$3.8 million revenue, primarily due to a change in bad debt contra revenue.

Total Revenues by Source

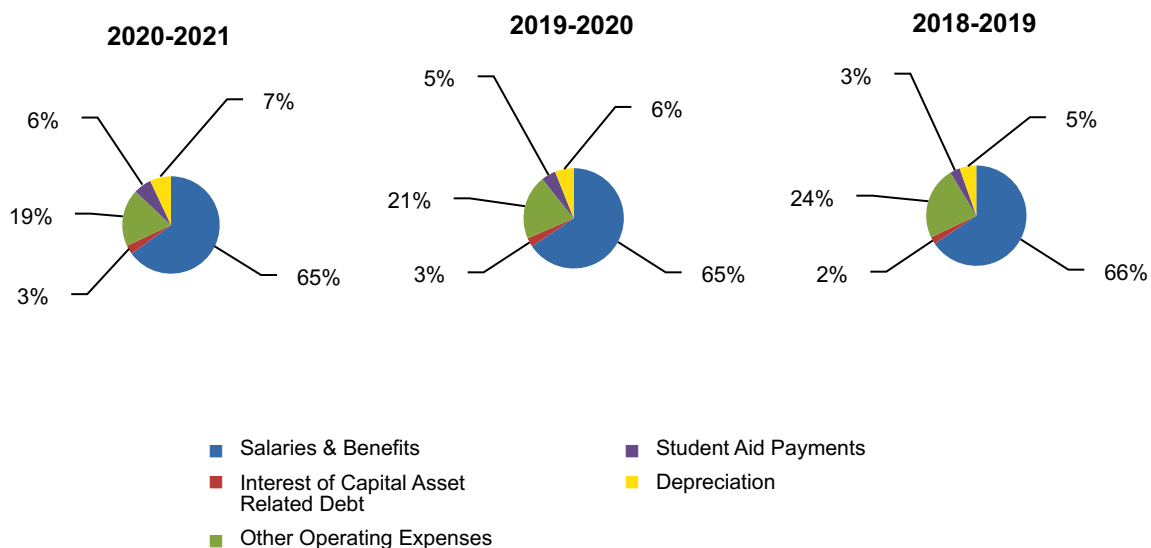


Operating Expenses

Operating expenses reduce net position and consist of all the costs necessary to perform and conduct the programs and primary purposes of the University. In fiscal year 2020-2021, operating expenses decreased \$15.0 million, or 3.1 percent. Personnel services and benefits account for approximately 67.0 percent of total operating expenses. Personnel services decreased by \$17.7 million, or 7.3 percent in fiscal year 2020-2021, and benefits expense increased by \$6.8 million. The decrease in Personnel Services can be attributed to a reduction in student and graduate student wages related to the impact of the pandemic as well as budget cuts. Benefits expense fluctuates in relation to pension and OPEB liability reporting required by GASB Statements No. 68 and No. 75, and therefore does not typically correlate with changes in personnel services. In addition, all activity related to the self-insured health and life plans for both benefits eligible employees and qualified retirees are reported in this line item which can cause volatility from year to year. Other supplies and expenses, repairs and maintenance, and utilities decreased a combined \$11.6 million, related to a decreased campus presence and other impacts of the COVID-19 pandemic. Student aid increased by \$7.3 million, or 31.4 percent, which was primarily due to \$5.3 million increase in awarded CARES Act Emergency Funds and Higher Education Emergency Relief Funding (HEERF) to students as well as a \$1 million increase in Ball State grants awarded to students in 2020-2021.

Operating expenses in fiscal year 2019-2020 decreased \$30.2 million, or 5.9 percent. Personnel services decreased \$3.5 million, while benefits decreased by \$14.0 million. Benefits expense fluctuates in relation to pension and OPEB liability reporting required by GASB Statement No. 68 and No. 75, and therefore does not typically correlate with changes in personnel services. Other supplies and expenses, repairs and maintenance, and utilities decreased a combined \$21.2 million, while student aid, which includes financial aid and scholarships, increased by \$6.1 million.

Total Expenses by Source



Non-Operating Revenues and Expenses

Non-operating revenues increase net position, and non-operating expenses decrease net position. Non-operating revenues and expenses are generated from transactions that are primarily non-exchange in nature, consisting mainly of state appropriations, federal and state scholarships and grants, private gifts, interest expense, and investment income (interest and dividend income and realized and unrealized gains and losses).

In fiscal year 2020-2021, net non-operating revenues and expenses decreased \$15.0 million, or 5.5 percent. Federal and state scholarships and state appropriations make up the majority of non-operating revenues. Federal and state scholarships and grants increased \$15.4 million, while state appropriations decreased \$9.3 million, primarily due to the State of Indiana holding a

7.0 percent reserve, or \$9.9 million, on university operating and line item funding as a result of the impact of the COVID-19 pandemic on state revenues. The increase to federal and state scholarships and grants includes \$22.7 million received in CARES Act and HEERF funds in fiscal year 2020-2021. Also included is a \$4.0 million receivable for institutional funds from the HEERF II funding that is available for draw. While shown as a revenue item under federal and state scholarships and grants, a large portion of these funds were disbursed directly to students as aid. A portion of this offset can be seen in increased student aid on the financial statements. Investment income decreased \$16.2 million during the year due primarily to unrealized losses from market declines. Private gifts decreased by \$7.0 million.

In fiscal year 2019-2020, net non-operating revenues and expenses increased by \$27.5 million, or 11.3 percent, as federal and state scholarships and grants increased by \$12.9 million and state appropriations increased by \$6.7 million. Additionally, private gifts increased by \$6.7 million, while interest income increased \$3.2 million.

Other Revenues

Other revenues increase net position and consist of capital appropriations, gifts and grants, as well as items that are typically non-recurring, or unusual to the University.

The State of Indiana typically appropriates capital renewal and replacement funds for state-supported buildings. Capital appropriations for fiscal year 2020-2021 decreased \$1.1 million, entirely due to the previous fiscal year including the last of the funds appropriated for the University's geothermal conversion project. Capital gifts from the Ball State University Foundation increased \$5.8 million, primarily due to gifts received for construction of the new Scheumann Family Indoor Practice Facility.

Statement of Cash Flows

The Statement of Cash Flows provides a means to assess the financial health of the University by presenting relevant information about the cash receipts and cash payments of the University during the fiscal year. It assists in determining the University's ability to generate future net cash flows to meet its obligations as they become due and to assess the University's need for external financing. The statement is divided into four sections based on major activity – operating, non-capital financing, capital financing, and investing. A fifth section reconciles the operating income or loss on the Statement of Revenues, Expenses, and Changes in Net Position to the net cash used in operations. A sixth section shows non-cash transactions.

The following is a summarized comparison of the University's changes in cash and cash equivalents for the previous three fiscal years:

Cash Flows			
Years Ended June 30, 2021, 2020, and 2019			
	2021	2020	2019
Cash and Cash Equivalents Provided/(Used) by:			
Operating Activities	\$ (205,599,990)	\$ (163,813,156)	\$ (181,540,136)
Non-Capital Financing Activities	255,352,911	249,975,968	231,796,862
Capital Financing Activities	(69,125,914)	(137,255,439)	(28,536,567)
Investing Activities	66,775,425	(36,489,914)	(80,386,866)
Net Change in Cash and Cash Equivalents	\$ 47,402,432	\$ (87,582,541)	\$ (58,666,707)
Cash and Cash Equivalents – Beginning of Year	61,097,214	148,679,755	207,346,462
Cash and Cash Equivalents – End of Year	<u>\$ 108,499,646</u>	<u>\$ 61,097,214</u>	<u>\$ 148,679,755</u>

The University's cash and cash equivalents increased in fiscal year 2020-2021 by \$47.4 million, and decreased in fiscal year 2019-2020 by \$87.6 million. Net cash flows from operating activities consist primarily of tuition and fees, grants and contracts, and auxiliary enterprise receipts. Payments to employees represent the largest use of cash for operating activities. Cash flows provided from non-capital financing activities are primarily state appropriations and scholarships and grants from federal and state sources, such as Pell and state scholarships. Changes in capital and related financing activities result from the University's capital plan. Details are provided in the Debt and Financing Activities and Capital Assets sections in the

Management's Discussion and Analysis. Cash flows from investing activities primarily consist of reinvesting the proceeds from investments as they mature.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic presents a constantly-evolving and dynamic situation, and the University's policies and plans are reviewed and appropriately updated as more information becomes available. The University is continuing its efforts to advance the health and safety of all students, faculty, staff, and campus visitors. Plans, resources, and updates regarding COVID-19 policies, testing, and vaccinations are aligned with guidance from government agencies, public health officials, and the Centers for Disease Control and Prevention (CDC). For the latest information on the University's response to the pandemic, visit <https://www.bsu.edu/about/administrativeoffices/emergency-preparedness/pandemicfluprep/coronavirus>.

The Return to Campus

After suspending in-person classes during the Spring 2020 semester and transitioning to alternative learning options for the remainder of that semester and the Summer of 2020, the University welcomed students back to campus in Fall 2020. Courses, through all majors and programs, were delivered in various modalities. Those modalities ranged from on-campus interactions with modified seating, to hybrid personalized instruction with alternate activities and attendance rotations, to online courses.

Gradually, some restrictions were scaled back, allowing for a more normal return to campus activities. Physical barriers were removed, and social distancing guidelines were cautiously relaxed for those that had been vaccinated. Graduation ceremonies took place in May 2021 recognizing graduates from both Spring 2020 and Spring 2021. Plans were also developed to bring nearly all employees back to campus in Fall 2021.

Financial Impact

The COVID-19 pandemic continues to have a direct impact on the University's finances, the extent of which cannot be fully measured. As mentioned above, the State of Indiana withheld a reserve of 7% in the fiscal year 2020-2021 operating and line item appropriations to all state public institutions of higher education, which amounted to approximately \$9.9 million for the University. This reserve impacted fiscal year 2020-2021 only, and the appropriations for fiscal year 2021-2022 will be restored to their pre-pandemic levels. Fortunately, the short-term impact of these revenue pressures was offset by various expense-reduction measures taken proactively by the University administration, as well as federal relief funds discussed in more detail below.

Various relief acts passed by the U.S. Congress provided for emergency aid to mitigate the disruption to campus operations due to the COVID-19 pandemic. These acts established and funded the Higher Education Emergency Relief Fund (HEERF). The relief funds were made available to both public and private higher education institutions directly from the Department of Education. The University was allocated approximately \$15.2 million in HEERF I funds, nearly \$22.5 million in HEERF II funds, and approximately \$39.9 million in HEERF III funds. At least 50 percent of the funds allocated from HEERF I and HEERF III must be used for students emergency funds, while institutions are required to spend the same dollar amount from the HEERF II allocation as was spent on student aid under HEERF I. The remainder of HEERF funds after the student payments may be used for other institutional needs related to the institution's response to COVID-19. The University received \$10.9 million of the HEERF I allocation in fiscal year 2019-2020 and \$22.7 million in fiscal year 2020-2021, with \$5.5 million of the total going to student aid in fiscal year 2019-2020 and \$10.8 million to student aid in fiscal year 2020-2021. No funds had been drawn from the HEERF III allocation as of the end of fiscal year 2020-2021.

Conclusion

In summary, as the financial statements indicate, the University has been an effective steward of the human, physical, and financial resources entrusted to it, based on a planned approach to addressing long-term needs and liabilities while facing shorter-term challenges not unlike other public institutions nationwide. When all of this is taken into consideration, Ball State University remains in a strong position to be a major asset of significant benefit to the citizens of the State of Indiana.

Ball State University

Statement of Net Position

As of June 30, 2021 and 2020

	2021	2020
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 108,499,646	\$ 61,097,214
Short Term Investments	56,292,163	107,631,756
Accounts Receivable, Net, and Unbilled Costs	20,387,907	17,288,491
Inventories	1,330,070	1,162,860
Deposit with Bond Trustee	28,391,519	29,407,831
Notes Receivable, Net	1,260,957	1,308,481
Prepaid Expenses	2,313,681	2,420,409
Total Current Assets	<u>\$ 218,475,943</u>	<u>\$ 220,317,042</u>
Noncurrent Assets:		
Accounts and Notes Receivable, Net	\$ 4,658,320	\$ 5,997,889
Net OPEB Asset	—	2,273,491
Investments	246,860,668	258,600,030
Capital Assets, Net	893,357,621	821,050,246
Total Noncurrent Assets	<u>\$ 1,144,876,609</u>	<u>\$ 1,087,921,656</u>
Total Assets	<u>\$ 1,363,352,552</u>	<u>\$ 1,308,238,698</u>
Deferred Outflows of Resources:		
Pension Contributions	\$ 11,981,101	\$ 10,420,705
OPEB Contributions	78,897,896	39,425,412
Total Assets and Deferred Outflows of Resources	<u>\$ 1,454,231,549</u>	<u>\$ 1,358,084,815</u>
Liabilities:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 50,836,365	\$ 56,418,008
Deposits	12,173,358	9,928,900
Unearned Revenue	534,160	9,014,162
Long Term Liabilities – Current Portion	23,935,000	20,905,000
Total Current Liabilities	<u>\$ 87,478,883</u>	<u>\$ 96,266,070</u>
Noncurrent Liabilities:		
Liability for Compensated Absences	\$ 3,806,700	\$ 3,964,491
Net Pension Liability	28,919,758	31,695,761
Net OPEB Liability	38,332,384	25,726,952
Perkins Loan Program – Federal Capital Contribution	5,142,146	6,537,810
Long Term Liabilities, Net	407,871,669	374,883,437
Total Noncurrent Liabilities	<u>\$ 484,072,657</u>	<u>\$ 442,808,451</u>
Total Liabilities	<u>\$ 571,551,540</u>	<u>\$ 539,074,521</u>
Deferred Inflows of Resources:		
Pension Contributions	\$ 13,154,253	\$ 12,178,209
OPEB Contributions	45,127,636	21,212,225
Total Liabilities and Deferred Inflows of Resources	<u>\$ 629,833,429</u>	<u>\$ 572,464,955</u>

Ball State University

Statement of Net Position

As of June 30, 2021 and 2020

	2021	2020
Net Position:		
Net Investment in Capital Assets	\$ 514,297,622	\$ 468,580,247
Restricted for:		
Nonexpendable Scholarships	924,375	988,560
Expendable:		
Debt Service	—	—
Loans	2,699,092	2,725,541
Construction	69,062,754	72,943,301
External Grants	12,736,080	8,262,690
Unrestricted	224,678,197	232,119,521
Total Net Position	<u>\$ 824,398,120</u>	<u>\$ 785,619,860</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,454,231,549</u>	<u>\$ 1,358,084,815</u>

See accompanying Notes to Financial Statements

Ball State University Foundation, Inc.

Combined and Consolidated Statements of Financial Position

As of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 3,898,896	\$ 2,188,107
Contributions receivable, net	22,908,448	14,116,851
Investments	279,913,058	224,285,175
Investments held in split-interest agreements	1,932,741	1,556,085
Beneficial interest in remainder trusts	252,290	212,927
Artwork and other assets	7,168,517	7,169,117
Cash surrender value of life insurance	2,035,052	2,035,052
Property and equipment	7,581,932	7,569,536
Beneficial interest in perpetual trusts	3,508,867	2,878,297
Total assets	<u>\$ 329,199,801</u>	<u>\$ 262,011,147</u>
Liabilities		
Accounts payable	\$ 385,339	\$ 1,757,264
Accrued expenses	1,001,367	909,959
Line of credit	—	6,450,000
Term notes payable	10,175,000	10,675,000
Annuity obligations	2,536,498	2,677,281
Trust obligations	777,299	563,263
Total liabilities	<u>14,875,503</u>	<u>23,032,767</u>
Net Assets		
Without donor restrictions	18,646,288	(9,661,790)
With donor restrictions	295,678,010	248,640,170
Total net assets	<u>314,324,298</u>	<u>238,978,380</u>
Total liabilities and net assets	<u>\$ 329,199,801</u>	<u>\$ 262,011,147</u>

See Note A in Notes to Financial Statements

MUNCIE COMMUNITY SCHOOLS**STATEMENT OF NET POSITION**

June 30, 2021 and 2020

	2021	2020
	Governmental Activities	Governmental Activities
ASSETS		
Cash and investments	\$ 32,653,905	\$ 28,000,120
Receivables (net)		
Taxes receivable	4,110,425	5,618,961
Intergovernmental receivable	5,541,940	4,361,032
Accounts	284,991	217,238
Prepaid expenses	261,445	203,106
Capital Assets		
Land and construction in progress	281,665	2,016,174
Other capital assets, net of depreciation	51,273,218	49,583,927
Net pension asset	—	627,977
Total Assets	94,407,589	90,628,536
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	3,172,100	3,026,840
LIABILITIES		
Accounts payable	1,176,107	1,006,925
Accrued wages and payroll withholding payable	1,366,521	1,368,853
Interest payable	408,392	472,850
Compensated absences payable	139,347	149,170
Claims payable	39,443	197,333
Noncurrent Liabilities		
Due within one year		
Bonds payable	3,420,000	3,330,000
Loans payable	680,000	680,000
Due in more than one year		
Loans payable	11,000,000	11,680,000
Bonds payable (net of premiums)	29,278,042	32,952,275
Compensated absences	418,043	447,512
Total OPEB Obligation	45,739	108,740
Net pension liabilities	2,796,290	2,602,407
Total Liabilities	50,767,924	54,996,065
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	4,185,170	4,706,465
NET POSITION		
Net investment in capital assets	19,518,989	16,656,360
Restricted for:		
Instruction	25,017,230	11,901,709
Support services	6,066,758	5,455,731
Community services	5,814	61,218
Building acquisition and construction	505,771	7,607,930
Other	527,956	754,216
Debt service	4,155,768	4,233,331
Unrestricted (deficit)	(13,171,691)	(12,717,649)
TOTAL NET POSITION	\$ 42,626,595	\$ 33,952,846

See Note A in Notes to Financial Statements

Ball State University **Statements of Fiduciary Net Position** **Fiduciary Funds**

As of June 30, 2021 and 2020

	2021			Unaudited 2020		
	VEBA	OPEB 115		VEBA	OPEB 115	
	Trust	Trust	Totals	Trust	Trust	Totals
Assets:						
Current Assets:						
Cash and Cash Equivalents	\$ 882,936	\$ 15,595	\$ 898,531	\$ 5,614,790	\$ 2,164	\$ 5,616,954
Short Term Investments	—	—	—	3,358,235	—	3,358,235
Accrued Interest and Dividend Receivable	—	26,652	26,652	125,219	24,248	149,467
Total Current Assets	<u>\$ 882,936</u>	<u>\$ 42,247</u>	<u>\$ 925,183</u>	<u>\$ 9,098,244</u>	<u>\$ 26,412</u>	<u>\$ 9,124,656</u>
Investments, at Fair Value:						
Fixed Income	\$ 63,556,108	\$ 6,063,077	\$ 69,619,185	\$ 54,888,290	\$ 6,041,154	\$ 60,929,444
Domestic Equity	221,659,124	12,904,103	234,563,227	170,453,760	9,599,012	180,052,772
International Equity	81,422,465	9,382,775	90,805,240	47,233,369	7,211,868	54,445,237
Real Estate Investments	28,206,587	3,472,648	31,679,235	27,076,397	3,333,504	30,409,901
Total Investments	<u>\$394,844,284</u>	<u>\$ 31,822,603</u>	<u>\$426,666,887</u>	<u>\$299,651,816</u>	<u>\$ 26,185,538</u>	<u>\$325,837,354</u>
Total Assets	<u><u>\$395,727,220</u></u>	<u><u>\$ 31,864,850</u></u>	<u><u>\$427,592,070</u></u>	<u><u>\$308,750,060</u></u>	<u><u>\$ 26,211,950</u></u>	<u><u>\$334,962,010</u></u>
Liabilities:						
Current Liabilities:						
Accrued Expenses and Other Liabilities	\$ 165,362	\$ 149,660	\$ 315,022	\$ 55,520	\$ 144,813	\$ 200,333
Total Liabilities	<u>\$ 165,362</u>	<u>\$ 149,660</u>	<u>\$ 315,022</u>	<u>\$ 55,520</u>	<u>\$ 144,813</u>	<u>\$ 200,333</u>
Net Position:						
Restricted for:						
Postemployment Benefits Other Than Pensions	<u>\$395,561,858</u>	<u>\$ 31,715,190</u>	<u>\$427,277,048</u>	<u>\$308,694,540</u>	<u>\$ 26,067,137</u>	<u>\$334,761,677</u>

See Note A in Notes to Financial Statements

Ball State University

Statement of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues:		
Student Tuition and Fees	\$ 240,512,453	\$ 253,303,853
Scholarship Allowances	(81,747,278)	(82,683,812)
Net Student Tuition and Fees	\$ 158,765,175	\$ 170,620,041
Federal Grants and Contracts	4,714,696	3,835,659
State & Local Grants and Contracts	2,674,403	2,316,809
Non-Governmental Grants and Contracts	7,109,226	6,785,115
Sales and Services of Educational Departments	6,632,601	8,492,412
Auxiliary Enterprises:		
Residential Life (Net of Scholarships and		
Allowances 2021-\$13,428,144; 2020 - \$15,895,450)	42,163,357	45,619,772
Other	6,203,069	9,048,023
Other Operating Revenues	8,969,890	9,294,761
Total Operating Revenues	\$ 237,232,417	\$ 256,012,592
Operating Expenses:		
Personnel Services	\$ 224,965,233	\$ 242,685,403
Benefits	87,564,665	80,806,460
Utilities	12,758,709	12,952,692
Repairs and Maintenance	13,946,880	17,507,169
Other Supplies and Expenses	64,281,449	72,140,689
Student Aid	30,430,448	23,151,871
Depreciation	31,097,739	30,829,710
Total Operating Expenses	\$ 465,045,123	\$ 480,073,994
Operating (Loss)	\$ (227,812,706)	\$ (224,061,402)
Non-Operating Revenues/(Expenses):		
Federal and State Scholarships and Grants	\$ 86,578,004	\$ 71,154,474
State Appropriations	153,053,397	162,363,120
Investment Income	3,696,470	19,878,939
Interest on Capital Asset Related Debt	(13,138,715)	(14,171,784)
Private Gifts	6,837,946	13,847,099
State Pension Contributions	9,845,239	9,686,679
Other Non-Operating Income	9,361,427	8,449,506
Net Non-Operating Revenues/(Expenses)	\$ 256,233,768	\$ 271,208,033
Income Before Other Revenues, Expenses, Gains or Losses	\$ 28,421,062	\$ 47,146,631
Capital Appropriations	2,917,359	4,056,999
Capital Gifts	7,439,839	1,678,487
Increase in Net Position	\$ 38,778,260	\$ 52,882,117
Net Position – Beginning of Year	785,619,860	732,737,743
Net Position – End of Year	\$ 824,398,120	\$ 785,619,860

See accompanying Notes to Financial Statements

Ball State University Foundation, Inc.

Combined and Consolidated Statements of Activities

Years Ended June 30, 2021 and 2020

	2021		
	Without	With	Total
	Donor Restrictions	Donor Restrictions	
Revenues, Gains and Other Support			
Contributions	\$ 1,021,188	\$ 33,038,406	\$ 34,059,594
Promotional activities and other revenue	1,228,817	—	1,228,817
Investment income, net of fees	30,331,946	33,086,491	63,418,437
Change in value of split-interest agreements	—	576,154	576,154
Rental income, losses on sales of property and other	743,382	—	743,382
Operating support fees	3,116,600	(3,116,600)	—
	36,441,933	63,584,451	100,026,384
Net assets released from restrictions	16,546,611	(16,546,611)	—
Total revenues, gains and other support	52,988,544	47,037,840	100,026,384
Expenses			
University programs	16,540,906	—	16,540,906
Management and general	3,052,230	—	3,052,230
Fund raising	5,087,330	—	5,087,330
Total expenses	24,680,466	—	24,680,466
Change in Net Assets	28,308,078	47,037,840	75,345,918
Net Assets, Beginning of Year	(9,661,790)	248,640,170	238,978,380
Net Assets, End of Year	<u>\$ 18,646,288</u>	<u>\$295,678,010</u>	<u>\$314,324,298</u>
	2020		
	Without	With	Total
	Donor Restrictions	Donor Restrictions	
Revenues, Gains and Other Support			
Contributions	\$ 699,665	\$ 22,510,057	\$ 23,209,722
Promotional activities and other revenue	404,236	—	404,236
Investment income, net of fees	1,324,098	4,780,625	6,104,723
Change in value of split-interest agreements	—	(450,600)	(450,600)
Rental income, losses on sales of property and other	325,448	(2,733,680)	(2,408,232)
Operating support fees	2,492,013	(2,492,013)	—
	5,245,460	21,614,389	26,859,849
Net assets released from restrictions	11,170,216	(11,170,216)	—
Total revenues, gains and other support	16,415,676	10,444,173	26,859,849
Expenses			
University programs	13,613,094	—	13,613,094
Management and general	4,108,625	—	4,108,625
Fund raising	4,196,588	—	4,196,588
Total expenses	21,918,307	—	21,918,307
Change in Net Assets	(5,502,631)	10,444,173	4,941,542
Net Assets, Beginning of Year	(4,159,159)	238,195,997	234,036,838
Net Assets, End of Year	<u>\$ (9,661,790)</u>	<u>\$248,640,170</u>	<u>\$238,978,380</u>

See Note A in Notes to Financial Statements

MUNCIE COMMUNITY SCHOOLS

STATEMENT OF ACTIVITIES

For the years ended June 30, 2021 and 2020

	2021				2020			
		Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:								
Instruction	\$41,133,560	\$ 241,623	\$ 12,663,698	\$ (28,228,239)	\$ 38,306,739	\$ 182,069	\$ 9,329,241	\$ (28,795,429)
Support services	23,508,844	269,064	1,142,373	(22,097,407)	22,154,895	291,336	1,471,729	(20,391,830)
Community services	3,016,425	—	3,333,397	316,972	3,671,446	—	3,700,092	28,646
Facilities acquisition and construction	304,623	—	—	(304,623)	1,193,171	—	—	(1,193,171)
Interest on long term debt	1,082,751	—	—	(1,082,751)	1,186,936	—	—	(1,186,936)
Nonprogrammed charges	3,662,757	177,633	—	(3,485,124)	2,739,211	292,367	—	(2,446,844)
Total Governmental Activities	72,708,960	688,320	17,139,468	(54,881,172)	69,252,398	765,772	14,501,062	(53,985,564)
General Revenues:								
Property taxes				9,848,623				10,650,060
Other taxes				1,339,664				1,408,943
State aid				40,169,717				40,762,735
Grants and contributions not restricted to specific programs				465,135				144,540
Investment income				27				82,612
Nonemployer entity contributions				9,108,441				8,926,179
Contributions				490,000				—
Sale of property				19,827				—
Transfers				106,614				1,548,218
Miscellaneous				2,006,873				1,833,437
Gain on disposal of assets				—				8,236
Total General Revenues and Transfers				63,554,921				65,364,960
Change in Net Position				8,673,749				11,379,396
NET POSITION - Beginning of Year				33,952,846				27,028,263
Adjustment to net position - Net OPEB Obligation				—				(156,209)
Adjustment to correct prior period error				—				(4,301,697)
Adjustment to net position - reclassification from Special Revenue to Custodial				—				(81,118)
Adjustment to net position - reclassification of funds from Custodial to Special Revenue				—				84,211
NET POSITION - Beginning as adjusted				33,952,846				22,573,450
NET POSITION - END OF YEAR				<u>\$ 42,626,595</u>				<u>\$ 33,952,846</u>

Ball State University **Statements of Changes in Fiduciary Net Position** **Fiduciary Funds**

As of June 30, 2021 and 2020

	2021			Unaudited 2020		
	VEBA	OPEB 115		VEBA	OPEB 115	
	Trust	Trust	Totals	Trust	Trust	Totals
Additions:						
Investment Earnings:						
Interest and Dividends from Investments	\$ 8,012,792	\$ 946,042	\$ 8,958,834	\$ 7,320,346	\$ 719,146	\$ 8,039,492
Net Gain from Sale of Investments	12,829,087	238,855	13,067,942	24,620,238	101,118	24,721,356
Unrealized Gains from Market Appreciation/(Depreciation)	66,536,067	5,646,067	72,182,134	(22,791,742)	(203,536)	(22,995,278)
Total Investment Earnings	\$ 87,377,946	\$ 6,830,964	\$94,208,910	\$ 9,148,842	\$ 616,728	\$ 9,765,570
Less Investment Expenses:						
Investment Custodial Fees	\$ 55,320	\$ 4,152	\$ 59,472	\$ 48,306	\$ 4,339	\$ 52,645
Investment Management Fees	455,308	33,422	488,730	635,565	37,477	673,042
Total Investment Expenses	510,628	37,574	548,202	683,871	41,816	725,687
Net Investment Earnings	\$ 86,867,318	\$ 6,793,390	\$93,660,708	\$ 8,464,971	\$ 574,912	\$ 9,039,883
Total Additions	\$ 86,867,318	\$ 6,793,390	\$93,660,708	\$ 8,464,971	\$ 574,912	\$ 9,039,883
Deductions:						
Premiums Paid from Trust	\$ —	\$ 1,145,337	\$ 1,145,337	\$ —	\$ 1,101,609	\$ 1,101,609
Total Deductions	\$ —	\$ 1,145,337	\$ 1,145,337	\$ —	\$ 1,101,609	\$ 1,101,609
Net Increase (Decrease) in Fiduciary Net Position	\$ 86,867,318	\$ 5,648,053	\$92,515,371	\$ 8,464,971	\$ (526,697)	\$ 7,938,274
Net Position Restricted for Fiduciary Funds:						
Net Position - Beginning of Year	308,694,540	26,067,137	334,761,677	300,229,569	26,593,834	326,823,403
Net Position - End of Year	\$395,561,858	\$ 31,715,190	\$427,277,048	\$308,694,540	\$ 26,067,137	\$334,761,677

See Note A in Notes to Financial Statements

Ball State University

Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Sources/(Uses) of Cash:		
Operating Activities:		
Tuition and Fees	\$ 160,185,899	\$ 179,849,593
Grants and Contracts	10,565,127	14,693,029
Payments to Suppliers	(74,548,397)	(57,549,588)
Payments for Maintenance and Repair	(13,946,880)	(17,507,169)
Payments for Utilities	(12,758,709)	(12,952,692)
Payments for Personnel Services	(219,048,081)	(236,600,147)
Payments for Benefits	(81,870,953)	(82,766,728)
Payments for Scholarships and Fellowships	(30,430,448)	(23,151,871)
Auxiliary Enterprise Charges:		
Room and Board	42,289,227	44,916,996
Other	17,060,204	9,875,246
Sales and Services of Educational Activities	629,226	8,449,741
Other Receipts/Disbursements/Advances	(3,726,205)	8,930,434
Net Cash (Used) by Operating Activities	\$ (205,599,990)	\$ (163,813,156)
Non-Capital Financing Activities:		
Federal and State Scholarships and Grants	\$ 86,516,518	\$ 71,405,548
State Appropriations	153,053,397	162,363,120
William D. Ford Direct Lending Receipts	(111,615,108)	(125,332,150)
William D. Ford Direct Lending Disbursements	111,615,108	125,332,150
Private Gifts	6,421,569	7,757,794
Foundation Receipts	(1,067,705)	505,716
Foundation Disbursements	1,067,705	(505,716)
Other Non-Operating Revenue	9,361,427	8,449,506
Net Cash Provided by Non-Capital Financing Activities	\$ 255,352,911	\$ 249,975,968
Capital Financing Activities:		
Proceeds from Capital Debt	\$ 57,520,434	\$ (2,833,878)
Capital Appropriations	2,917,359	4,056,999
Capital Gifts	7,439,839	1,678,487
Purchases of Capital Assets	(103,449,831)	(105,080,235)
Principal Paid on Capital Debt	(20,905,000)	(22,770,000)
Interest Paid on Capital Debt	(13,665,027)	(13,144,138)
Deposits with Trustee	1,016,312	837,326
Net Cash (Used) by Capital Financing Activities	\$ (69,125,914)	\$ (137,255,439)
Investing Activities:		
Proceeds from Sales and Maturities of Investments	\$ 804,664,092	\$ 557,731,227
Interest on Investments	7,921,610	23,123,004
Purchase of Investments	(745,810,277)	(617,344,145)
Net Cash Provided/(Used) by Investing Activities	\$ 66,775,425	\$ (36,489,914)
Net Increase/(Decrease) in Cash	\$ 47,402,432	\$ (87,582,541)
Cash – Beginning of the Year	61,097,214	148,679,755
Cash – End of the Year	\$ 108,499,646	\$ 61,097,214

Ball State University Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Net Operating Revenues/(Expenses) to		
Net Cash Provided/(Used) by Operating Activities:		
Operating Income/(Loss)	\$ (227,812,706)	\$ (224,061,402)
Adjustments to Reconcile Income/(Loss) to Net Cash		
Provided/(Used) by Operating Activities:		
Depreciation Expense	31,097,739	30,829,710
Equipment Retired	44,717	2,380,811
GIK Donations	1,363,270	6,970,485
Pensions Covered by State of Indiana	9,845,239	9,686,679
Changes in Assets and Liabilities:		
Operating Receivables, Net	(2,632,921)	1,824,912
Inventories	(167,210)	(41,016)
Other Assets	106,728	(258,732)
Net OPEB Asset	2,273,491	320,805
Accounts Payable	(5,652,532)	14,473,068
Unearned Revenue	(8,480,002)	8,118,887
Deposits Held for Others	(503,109)	(1,527,289)
Compensated Absences	(157,791)	733,673
Net Pension Liability	(2,776,003)	(4,067,466)
Net OPEB Liability	12,605,432	(5,942,823)
Deferred Outflows	(41,032,880)	(10,225,988)
Deferred Inflows	24,891,455	4,686,593
Accounts and Notes Receivable	1,387,093	2,285,937
Net Cash (Used) by Operating Activities	<u>\$ (205,599,990)</u>	<u>\$ (163,813,156)</u>
Non-Cash Transactions		
TRF Pre-1996 Pension Expense Covered by State of Indiana	<u>\$ 9,845,239</u>	<u>\$ 9,686,679</u>
Gifts in Kind Donations	<u>\$ 1,363,270</u>	<u>\$ 6,970,485</u>

See accompanying Notes to Financial Statements

Ball State University Foundation, Inc.

Combined and Consolidated Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 75,345,918	\$ 4,941,542
Items not requiring (providing) cash		
Depreciation and amortization	281,489	268,137
Net realized and unrealized gains on investments	(64,380,107)	(7,898,469)
Loss on sale of property and equipment	7,000	2,733,680
Change in value of trusts	(669,933)	(36,107)
Contributions of marketable equity securities	(466,605)	(3,343,602)
Contributions restricted for long-term investment	(4,687,874)	(8,579,637)
Contributions of artwork, property and equipment	—	(6,500,000)
Net change in value of split-interest agreements	(303,403)	272,771
Changes in		
Contributions receivable, including accretion of discount on pledges receivable	(8,791,597)	(1,763,603)
Other assets	600	291,780
Accounts payable and accrued expenses	(1,280,517)	(1,304,737)
Net cash used in operating activities	<u>(4,945,029)</u>	<u>(20,918,245)</u>
Investing Activities		
Purchase of property and equipment	(300,885)	(150,408)
Proceeds from sales of property, equipment and real estate	—	1,592,387
Purchase of investments and certificates of deposit	(184,666,591)	(19,287,927)
Sales and maturities of investments and certificates of deposit	193,885,420	27,890,144
Net decrease (increase) in cash surrender value of life insurance	—	(51,397)
Net cash provided by investing activities	<u>8,917,944</u>	<u>9,992,799</u>
Financing Activities		
Borrowings under line of credit agreement	1,000,000	2,450,000
Payments under line of credit agreement	(7,450,000)	—
Reduction of term notes payable	(500,000)	(125,000)
Proceeds from contributions restricted for investment in permanent endowment	4,687,874	8,579,637
Net cash provided by (used in) financing activities	<u>(2,262,126)</u>	<u>10,904,637</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,710,789	(20,809)
Cash and Cash Equivalents, Beginning of the Year	2,188,107	2,208,916
Cash and Cash Equivalents, End of Year	<u>\$ 3,898,896</u>	<u>\$ 2,188,107</u>
 Interest Paid	 \$ 152,685	 \$ 574,302

See Note A in Notes to Financial Statements

Ball State University

Notes to Financial Statements

June 30, 2021

Note A—Basis of Presentation and Summary of Significant Accounting Policies

Organization

Ball State University (the "University") is a public institution of higher education governed by a nine-member Board of Trustees in accordance with IC 21-19-3-2. The University is considered to be a component unit of the State of Indiana. The Governor of Indiana appoints the Trustees, one of whom is a full-time student at the University and two of whom are nominated or selected by the Ball State University Alumni Association. All members of the Board of Trustees are appointed for terms of four years, except for the student member whose term is two years. No more than six of the non-student Trustees may be of the same sex.

Reporting Entity

Discrete Component Units

The financial reporting entity consists of the primary government, Ball State University, and other legally separate organizations that are deemed related to the primary government due to financial accountability, an imposition of will, or when the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, as required by GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 80, *Blending Requirements for Certain Component Units*, as well as additional requirements of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. Based on these criteria, the financial report includes the University and its related entity, Ball State University Foundation which is discretely presented. In addition, beginning with fiscal year 2018-2019, the Muncie Community School Corporation is shown as a discrete component unit. Other related entities may meet the requirements for a blended presentation, but are not included in these financial statements as they are not material and their omission does not significantly impact the Ball State University financial statements. The University evaluates potential component units for inclusion in the reporting entity based on all of the aforementioned criteria on an annual basis.

The Ball State University Foundation (the "Foundation") is a legally separate, tax-exempt Indiana nonprofit corporation that is an Internal Revenue Code Section 170(b) (1) (A) organization organized and operated for the benefit of the University. Under the reporting standards of the Governmental Accounting Standards Board (GASB), the Foundation is defined to be a component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The Foundation by-laws allow for thirty-five voting directors, eight of whom serve by position. The eight directors who serve by position include the following:

- Chair of the Ball State University Board of Trustees;
- President of Ball State University (who shall serve as the Vice-Chair of the Board of Directors);
- Vice President for Business Affairs and Treasurer, Ball State University;
- President of Ball State University Foundation (who shall serve as the University's Vice President for University Advancement);
- Two (2) additional members of the Ball State University Board of Trustees, as designated by the Board of Trustees;
- Two (2) members of the Executive Committee of the Alumni Council of the Ball State University Alumni Association, as designated by the Alumni Council.

Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Transactions with the Foundation primarily involve the funding of expenditures for which University funds are not available. These include both unrestricted funds and those restricted by donors. Expenditures include scholarships, funding of distinguished professorships, capital expenditures, and operational support. All non-payroll financial activity is reported by the Foundation in its financial statements. Payroll and benefit expenses remain as expenses on the University's statements.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's annual report for these differences.

Complete financial statements for the Foundation can be requested from the Ball State University Foundation office at 2800 W. Bethel Ave., Muncie, IN 47306.

The Muncie Community Schools (the "School Corporation") was established under the laws of the State of Indiana. The School Corporation operates under the Board of School Trustees form of government and provides educational services. During a special legislative session in May 2018, the Indiana General Assembly adopted legislation to grant Ball State University authority to appoint a Muncie Community School Board of Trustees in June 2018. This action created a discrete component unit relationship.

The School Corporation's financial statements can be requested from the Muncie Community Schools at 4301 S Cowan Rd, Muncie, Indiana 47302, or by emailing mcsinfo@muncieschools.org. The audited financial reports are also available on the Indiana State Board of Accounts website at: <https://secure.in.gov/apps/sboa/audit-reports/#/>. Additional financial information can be found on the Indiana Gateway for Government Units website at: <https://gateway.ifionline.org/>.

Fiduciary Activities

With the implementation of GASB Statement No. 84, *Fiduciary Activities*, the University has included the financial statements of the fiduciary funds that hold the assets for the University's OPEB plans. The principal objective of this statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. There are two legally separate custodial trusts. The Voluntary Employee Beneficiary Association (VEBA) Trust is the larger of the two funds and was established in 1988 as a vehicle to accumulate assets for the Retiree Healthcare Plan. Once the VEBA is adequately funded in relation to the actuarial accrued liability of the benefit, the trust will begin to cover a portion of the costs for this OPEB plan.

The second trust is an OPEB 115 Trust (OPEB 115), which was originally established as Life Insurance Continuity Fund in 1979. It has since been re-established as a 115 Trust. This trust was created to support another OPEB plan, the Retiree Life Insurance Plan. During the last few years, the OPEB 115 Trust has been used to pay some of the life insurance premiums for the plan.

Both trusts were analyzed and determined not to be component units under GASB No. 84. The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position are found in the Financial Statements section of this report. These statements only contain information related directly to the custodial trusts. Plan information is found in Note I.

The University also holds funds in agency relationships that may qualify as a fiduciary activity. However, the activity is deemed immaterial and thus not presented in this report.

Basis of Presentation

The financial statements of the University are prepared in accordance with the accounting principles generally accepted in the United States of America as provided by the Governmental Accounting Standard Board (GASB) including GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. The University has elected to report its financial results as a

special-purpose government engaged only in business-type activities, using proprietary fund accounting and financial reporting. Fiduciary activities are not included.

Required financial statements consist of:

- Management's Discussion and Analysis
- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements
- Required Supplemental Information other than Management's Discussion and Analysis

The financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting with the following exceptions, which are common practices in colleges and universities:

- Interest on student loans is recorded only when received.
- Gifts are recorded when received.

The University is included in the state's financial statements as a discrete component unit. Transactions with the State of Indiana relate primarily to: appropriations for operations, repairs and rehabilitations, and debt service for academic buildings; appropriations and other revenues for operation of the Indiana Academy for Science, Mathematics, and Humanities; grants for other purposes; and payments to state retirement programs for University employees.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of ninety days or less, that bear little or no market risk. Amounts included are cash held in banks, revolving and change funds, cash in transit, and investments held at June 30 with original maturities of ninety days or less.

Funds reported as Deposit with Bond Trustee represent amounts that are paid to bondholders at the beginning of the next fiscal year. The bond covenants state that the bond payment amount must be delivered to the Trustee one day before the payment date in the case of Revenue Bonds and five days before in the case of Student Fee Bonds. Therefore, the deposits do not meet the criteria of being able to be withdrawn and thus are not reported as cash and cash equivalents.

Investments

Investments are reported at fair value. Investments with a maturity date of ninety-one days to one year are considered to be short term investments. Investments with a maturity date of greater than one year are considered to be noncurrent assets.

Accounts Receivable

Accounts receivable consists primarily of amounts due from students, grants and contracts, and auxiliary enterprises and are recorded net of a calculated reserve for uncollectible amounts. The reserves as of June 30, 2021, and June 30, 2020, were \$9,428,186 and \$9,028,143, respectively.

Inventories

Inventories are stated at the lower of cost or market value, based on a physical count. Cost is based on purchases and determined on a moving average basis for Central Stores and a first-in, first-out basis for all other inventories.

Notes Receivable

Notes receivable consists primarily of student loan repayments due the University and are recorded net of a calculated reserve for uncollectible amounts. The reserves as of June 30, 2021, and June 30, 2020, were \$2,304,000 and \$2,336,605, respectively. Notes receivable due in greater than one year are classified as a noncurrent asset.

Capital Assets

Capital assets consist of land and land improvements, infrastructure, buildings and building improvements, construction in progress, and equipment and are recorded at cost or, for contributed assets, at fair value at the date of acquisition. Additionally, in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, intangible assets costing in excess of \$100,000 and having a life greater than one year are capitalized. All land and building acquisitions are capitalized. Capital assets also include land improvements and infrastructure costing in excess of \$100,000. Building improvements are capitalized if the project cost is more than \$100,000 or 20.0 percent of the building's replacement value and either extends the useful life of the building, changes the use or purpose of the original building, or expands the total square footage of the building. The University capitalizes equipment with a cost of \$5,000 or more and a useful life in excess of one year. Construction costs that cross fiscal years are capitalized as construction in progress, but are not depreciated until the assets are placed in service. Non-capital equipment and facility costs, routine repairs, and maintenance are charged to operating expenses in the year the expense was incurred.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets, generally fifty years for buildings, ten to fifty years for exhaustible land improvements, and three to twenty-five years for equipment. Land is not depreciated.

The library collection is not depreciated. All items in the collection are deemed to retain their full value if they are still on hand. All new additions to the collection are treated as an expense at the time of purchase.

The art collection, housed primarily in the David Owsley Museum of Art at Ball State University, is not included, due to the difficulty in determining an accurate value, plus the restrictions in place regarding sales of artwork and use of the funds resulting from such sales, as well as disposition of the artwork in the unlikely event that the museum would cease to exist.

Deferred Outflows of Resources

The deferred outflows of resources section on the Statement of Net Position, represents a consumption of net position that applies to a future period that will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred outflows of resources include amounts from the calculation of both net pension liability and net Other Post-Employment Benefits (OPEB) liability as well as contributions paid after the measurement dates.

Unearned Revenue

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

Deposits Held in Custody for Others

Deposits of affiliates and others represent cash and invested funds held by the University as a result of agency relationships with various groups and individuals.

Compensated Absences

Liabilities for compensated absences are recorded for all unused vacation and sick leave balances that are payable upon employee termination in accordance with University policy. Accumulation of vacation and sick leave are dependent upon a University employee's job classification. University policy determines other variables with each job classification such as: years of service, age, eligibility for retirement, and in which retirement plan the employee participates. All of these variables are considered in computing the University's liability for compensated absences.

Deferred Inflows of Resources

The deferred inflows of resources section on the Statement of Net Position represents an acquisition of net position that applied to a future period and so will not be recognized as an inflow or resources (revenue) until that time. Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period, but do not require a further exchange of goods or services. The deferred inflows of resources include amounts from the calculation of the University's net pension liability and net OPEB liability.

Net Position

The University's net position is classified for financial reporting in the following categories:

- **Net investment in capital assets:** This component of net position includes capital assets, net of accumulated depreciation and outstanding principal debt balances related to the acquisition, construction, or improvement of those assets.
- **Restricted – nonexpendable scholarships:** This includes endowments received by donors, for which the principal is to be maintained in perpetuity and invested for the purpose of producing present and future income, which may be either expended or added to principal.
- **Restricted – expendable:** Resources classified as restricted and expendable are those for which the University is legally obligated to spend in accordance with externally imposed stipulations.
- **Unrestricted:** Unrestricted resources are not subject to externally imposed restrictions and are primarily used for meeting expenses for academic, capital and general operations of the University.

Intra-University Transactions

Intra-university transactions are eliminated from the statement to avoid double counting of certain activities. Examples of these transactions are sales and services between University departments.

Operating Revenues and Expenses

Operating revenues encompass all revenues from exchange transactions arising from the activities necessary to carry out the primary mission of the University, including tuition and fees, grants and contracts, sales and services of educational departments, and auxiliary enterprises net revenues.

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

Non-Operating Revenues and Expenses

Revenues and expenses that do not meet the definition of operating or capital revenues are classified as non-operating. These revenues and expenses are from non-exchange transactions. Examples are investment income, Ball State University Foundation donations, federal and state financial aid, and state appropriations. Grant revenue from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act): Higher Education Emergency Relief Fund is shown in this section for fiscal years 2019-2020 and 2020-2021. In addition, the Coronavirus Response and Relief Supplemental Appropriations Act, Higher

Education Emergency Relief Fund II is also reported in the Non-Operating Revenues and Expense section to the extent of the draws completed by June 30, 2021.

Student Tuition and Fees

Student tuition and fees are net of scholarship allowances funded from University funds as well as scholarships and fellowships funded from federal, state and other grants, to the extent that these funds offset all or a portion of each student's tuition and fees. Scholarships and grants awarded by third parties directly to students without University involvement in the decision-making process are not treated as a reduction of tuition and fees but rather as a source of direct payment.

The University conducts summer classes, which for billing purposes consist of two five-week summer terms and a ten-week summer semester. The first summer term takes place during May and June, while the second summer term takes place during June and July, with slightly more days falling in July. The summer semester takes place during the two summer terms. Bills are due on June 1. By June 30, students have exhausted most of their rights to any refund of tuition and fees. Therefore, all summer tuition and fees are reported as revenue for the year ended June 30 of that summer. Faculty salaries for summer are expensed for work performed through June 30, and accrued for any payments made in June for work in July.

Net Pension Liability and Related Items

Net pension liability and related deferred inflow and outflows of resources of defined benefit pension plans administered by Indiana Public Retirement System (INPRS) are included in the University's financial statements in accordance with GASB Statement No. 68. The University participates in the Public Employees' Defined Benefit Account (Hybrid Plan) (PERF DB), Teachers' 1996 Defined Benefit Account (TRF 1996 DB), and the Teachers' Pre-1996 Defined Benefit Account (TRF Pre-1996 DB). The University uses information provided by INPRS to report its allocated share of these items. See Note I for more information.

Funds Held in Trust for Others

The University adopted the CARES Act provision which allows for the deferral of the employer's share of Social Security taxes until payments are due by December 2021 and December 2022.

Service Concession Agreements

The University has entered into agreements with various vendors. Some of these arrangements are considered to be Service Concession Agreements with Ball State University as the transferor and each of these entities recognized as an operator under GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*. However, none of the agreements have resulted in significant deferred inflows or outflows of resources that would require further disclosure as of June 30, 2021, and June 30, 2020.

New Accounting Pronouncements: Adoption of New Standard

For fiscal year end June 30, 2021, the University adopted GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, and GASB Statement No. 93, *Replacement of Interbank Offered Rates (excluding paragraphs 11b, 13, and 14)*.

The effect of GASB Statement No. 84, required the University to identify fiduciary activities, and determine if reporting was necessary. The statement enhances the value provided by the information reported in the financial statements for assessing governmental accountability and stewardship. Two custodial trusts used for OPEB plans met the reporting criteria and are presented retroactively in the Financial Statement section.

GASB Statement No. 90 and GASB Statement No. 93 had no effect on current reporting.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was released with an immediate effective date during the 2019-2020 fiscal year. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of several Statements. As a result, the University did not adopt any new Statements during the 2019-2020 fiscal year.

Note B – Capital Assets

	Book Value June 30, 2020	Additions	Deductions	CIP Transfers	Book Value June 30, 2021
Assets not Being Depreciated:					
Land	\$ 32,212,179	\$ 4,590,234	\$ —	\$ —	\$ 36,802,413
Construction in Progress	72,753,650	96,816,167	—	(33,444,262)	136,125,555
Total Capital Assets Not Being Depreciated	\$ 104,965,829	\$ 101,406,401	\$ —	\$ (33,444,262)	\$ 172,927,968
Other Capital Assets:					
Land Improvements	\$ 48,383,121	\$ —	\$ —	\$ —	\$ 48,383,121
Infrastructure	112,829,444	—	—	407,515	113,236,959
Educational Buildings	407,501,412	—	149,259	4,473,530	411,825,683
Utility Buildings	42,552,703	—	—	6,517	42,559,220
Educational Equipment	57,573,872	1,255,564	1,939,696	—	56,889,740
Auxiliary Enterprise Buildings	492,292,525	—	—	28,556,700	520,849,225
Auxiliary Enterprise Equipment	17,764,100	787,865	172,585	—	18,379,380
Other Property	3,364,020	—	—	—	3,364,020
Software	16,348,922	—	—	—	16,348,922
Total Other Capital Assets	\$ 1,198,610,119	\$ 2,043,429	\$ 2,261,540	\$ 33,444,262	\$ 1,231,836,270
Less Accumulated Depreciation:					
Land Improvements	\$ 29,442,912	\$ 1,558,029	\$ —	\$ —	\$ 31,000,941
Infrastructure	38,103,282	4,302,328	—	—	42,405,610
Educational Buildings	186,732,345	8,256,461	137,174	—	194,851,632
Utility Buildings	14,749,414	853,271	—	—	15,602,685
Educational Equipment	44,509,416	3,157,599	1,929,594	—	45,737,421
Auxiliary Enterprise Buildings	141,290,093	10,331,476	—	—	151,621,569
Auxiliary Enterprise Equipment	13,835,354	937,301	150,055	—	14,622,600
Other Property	409,502	66,381	—	—	475,883
Software	13,453,384	1,634,892	—	—	15,088,276
Total Accumulated Depreciation, Other Capital Assets	\$ 482,525,702	\$ 31,097,738	\$ 2,216,823	\$ —	\$ 511,406,617
Capital Assets, Net	\$ 821,050,246	\$ 72,352,092	\$ 44,717	\$ —	\$ 893,357,621

	Book Value June 30, 2019	Additions	Deductions	CIP Transfers	Book Value June 30, 2020
Assets not Being Depreciated:					
Land	\$ 27,067,692	\$ 5,144,487	\$ —	\$ —	\$ 32,212,179
Construction in Progress	107,136,830	96,507,441	—	(130,890,621)	72,753,650
Total Capital Assets Not Being Depreciated	\$ 134,204,522	\$ 101,651,928	\$ —	\$ (130,890,621)	\$ 104,965,829
Other Capital Assets:					
Land Improvements	\$ 47,489,714	\$ —	\$ —	\$ 893,407	\$ 48,383,121
Infrastructure	110,427,418	—	—	2,402,026	112,829,444
Educational Buildings	355,567,530	—	116,931	52,050,813	407,501,412
Utility Buildings	42,385,160	43,714	—	123,829	42,552,703
Educational Equipment	57,371,457	2,751,279	3,520,439	971,575	57,573,872
Auxiliary Enterprise Buildings	429,188,815	—	11,345,261	74,448,971	492,292,525
Auxiliary Enterprise Equipment	17,621,810	633,314	491,024	—	17,764,100
Other Property	3,714,488	—	350,468	—	3,364,020
Software	18,196,922	—	1,848,000	—	16,348,922
Total Other Capital Assets	\$ 1,081,963,314	\$ 3,428,307	\$ 17,672,123	\$ 130,890,621	\$ 1,198,610,119
Less Accumulated Depreciation:					
Exhaustible Land Improvements	\$ 27,884,883	\$ 1,558,029	\$ —	\$ —	\$ 29,442,912
Infrastructure	33,821,823	4,281,459	—	—	38,103,282
Educational Buildings	178,604,838	8,170,011	42,504	—	186,732,345
Utility Buildings	13,894,720	854,694	—	—	14,749,414
Educational Equipment	44,489,937	3,459,532	3,440,053	—	44,509,416
Auxiliary Enterprise Buildings	140,999,614	9,812,230	9,521,751	—	141,290,093
Auxiliary Enterprise Equipment	13,244,920	992,480	402,046	—	13,835,354
Other Property	380,079	66,381	36,958	—	409,502
Software	13,666,492	1,634,892	1,848,000	—	13,453,384
Total Accumulated Depreciation, Other Capital Assets	\$ 466,987,306	\$ 30,829,708	\$ 15,291,312	\$ —	\$ 482,525,702
Capital Assets, Net	\$ 749,180,530	\$ 74,250,527	\$ 2,380,811	\$ —	\$ 821,050,246

Note C – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020
Accrued Payroll	\$ 7,419,578	\$ 7,732,835
Accrual for Compensated Absences	3,668,154	4,062,124
Interest Payable	7,976,519	8,502,831
Vendor and Other Payables	31,772,114	36,120,218
Total Accounts Payable and Accrued Liabilities	<u>\$ 50,836,365</u>	<u>\$ 56,418,008</u>

Note D – Other Liabilities

Other liability activity for the fiscal years ended June 30, 2021, and 2020, is summarized below as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current
Long Term Liabilities	\$ 398,622,315	\$ 60,334,756	\$ 23,719,323	\$ 435,237,748	\$ 27,366,080
Liability for Compensated Absences	8,026,614	—	551,760	7,474,854	3,668,154
Net Pension Liability	31,695,761	9,036,413	11,812,416	28,919,758	—
Net OPEB Liability	25,726,952	12,605,432	—	38,332,384	—
Perkins Loan Program - Federal Capital Contribution	6,537,810	356,490	1,752,154	5,142,146	—
Other Liabilities	<u>\$ 470,609,452</u>	<u>\$ 82,333,091</u>	<u>\$ 37,835,653</u>	<u>\$ 515,106,890</u>	<u>\$ 31,034,234</u>

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Current
Long Term Liabilities	\$ 424,226,194	\$ —	\$ 25,603,879	\$ 398,622,315	\$ 23,738,878
Liability for Compensated Absences	6,818,361	2,350,183	1,141,930	8,026,614	4,062,124
Net Pension Liability	35,763,227	6,472,665	10,540,131	31,695,761	—
Net OPEB Liability	31,669,775	4,574,722	10,517,545	25,726,952	—
Perkins Loan Program - Federal Capital Contribution	8,048,593	476,034	1,986,817	6,537,810	—
Other Liabilities	<u>\$ 506,526,150</u>	<u>\$ 13,873,604</u>	<u>\$ 49,790,302</u>	<u>\$ 470,609,452</u>	<u>\$ 27,801,002</u>



Nursing student in College of Health

Note E – Bonds Payable and Other Obligations

Long term liabilities reported in the Statement of Net Position include principal obligations for outstanding bonds and the noncurrent portions of premiums received on certain bond series and unamortized deferred costs. These bonds are considered other debt in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The premiums are being amortized over the life of each series and reduce the recorded interest expense. The deferred costs represent losses on refunding of previous debt and are amortized over the shorter of the life of the old or new debt. The current portion of net unamortized premium and deferred costs are reflected in the Statement of Net Position as accounts payable and accrued liabilities.

Debt-Related Liabilities	Balance	Increases	Decreases	Balance	Current
	June 30, 2020			June 30, 2021	Portion
Bonds Payable					
Revenue Bonds	\$ 145,535,000	\$ —	\$ 6,930,000	\$ 138,605,000	\$ 7,285,000
Student Fee Bonds	206,935,000	47,495,000	13,975,000	240,455,000	16,650,000
Total Bonds Payable	\$ 352,470,000	\$ 47,495,000	\$ 20,905,000	\$ 379,060,000	\$ 23,935,000
Net Unamortized Premiums and Deferred Costs	46,152,315	12,839,756	2,814,323	56,177,748	3,431,080
Total Debt-Related Liabilities	\$ 398,622,315	\$ 60,334,756	\$ 23,719,323	\$ 435,237,748	\$ 27,366,080

Debt-Related Liabilities	Balance	Increases	Decreases	Balance	Current
	June 30, 2019			June 30, 2020	Portion
Bonds Payable					
Revenue Bonds	\$ 152,120,000	\$ —	\$ 6,585,000	\$ 145,535,000	\$ 6,930,000
Student Fee Bonds	223,120,000	—	16,185,000	206,935,000	13,975,000
Total Bonds Payable	\$ 375,240,000	\$ —	\$ 22,770,000	\$ 352,470,000	\$ 20,905,000
Net Unamortized Premiums and Deferred Costs	48,986,194	—	2,833,878	46,152,315	2,833,878
Total Debt-Related Liabilities	\$ 424,226,194	\$ —	\$ 25,603,878	\$ 398,622,315	\$ 23,738,878

When necessary, the University issues municipal bonds for purposes of construction and renovation of campus facilities. All outstanding bonds are tax-exempt with fixed rates and maturities of twenty years or less. The principal and interest on these bonds are payable from net revenues of specific auxiliary enterprises and/or from student fees. As part of each biennial budget, the Indiana General Assembly authorizes a state appropriation to the University for "fee replacement" of debt service payments on certain student fee bonds issued under IC 21-34-6. While state statutes prohibit a current General Assembly from binding future General Assemblies to provide fee replacement, the State of Indiana has never failed to fully fund fee replacement obligations established by a prior General Assembly. In the table that follows, all student fee bonds with the exception of Series O (now a part of Series R) are eligible for fee replacement from the state.



Sports Link in Communication and Media Building

Issue	Description	Interest Rates	Date of Issue	Final Maturity	Original Issue	Outstanding June 30, 2020	Retired 2020-2021	Outstanding June 30, 2021	Current Portion Outstanding June 30, 2021
Revenue Bonds Issued Under Authority of IC 21-35-3:									
Housing and Dining Series 2013	Fund the renovation and expansion of Botsford/Swinford Residence Halls in Johnson Complex	3.00-5.00%	10/8/13	7/1/33	\$ 33,160,000	\$ 25,855,000	\$ 1,325,000	\$ 24,530,000	\$ 1,395,000
Housing and Dining Series 2016	Fund the renovation and expansion of Schmidt/Wilson Residence Halls in Johnson Complex and to refund the outstanding Housing and Dining System Revenue Bonds, Series 2006.	2.00-5.00%	1/27/16	7/1/35	\$ 53,230,000	\$ 42,685,000	\$ 3,085,000	\$ 39,600,000	\$ 3,240,000
Housing and Dining Series 2018	Fund North Residential Neighborhood Phase I which includes reconfiguration of McKinley Avenue and construction of one new residence hall and a stand-alone dining facility	3.25-5.00%	6/27/18	7/1/38	\$ 79,390,000	\$ 76,995,000	\$ 2,520,000	\$ 74,475,000	\$ 2,650,000
Student Fee Bonds Issued Under Authority of IC 21-34-6:									
Series L	Refund all of the outstanding Student Fee Bonds remaining in Series J	3.00-5.50%	7/21/04	7/1/20	\$ 16,425,000	\$ 1,475,000	\$ 1,475,000	\$ —	\$ —
Series Q	Fund Phase II of the Central Campus Renovation and Utilities Improvement Project, a portion of the campus geothermal project, and to refund the outstanding Student Fee Bonds, Series M	2.00-5.00%	10/21/13	7/1/32	\$ 35,840,000	\$ 23,640,000	\$ 2,080,000	\$ 21,560,000	\$ 2,185,000
Series R	Fund construction of the new Health Professions Building and to refund portions of the outstanding Student Fee Bonds, Series N and all outstanding Student Fee Bonds, Series O and Series P	2.00-5.00%	1/26/17	7/1/36	\$123,025,000	\$103,130,000	\$ 7,020,000	\$ 96,110,000	\$ 7,375,000
Series S	Fund construction of the new Foundational Sciences Building and to refund portions of the outstanding Student Fee Bonds, Series N	4.00-5.00%	5/22/19	7/1/38	\$ 83,650,000	\$ 78,690,000	\$ 3,400,000	\$ 75,290,000	\$ 3,570,000
Series T	Fund renovation and partial demolition of the Cooper Science Complex	5.00%	6/16/21	7/1/40	\$ 47,495,000	\$ —	\$ —	\$ 47,495,000	\$ 3,520,000
Subtotal Bonds Payable					\$472,215,000	\$352,470,000	\$20,905,000	\$379,060,000	\$ 23,935,000
Net Unamortized Premiums and Costs						46,152,315	(10,025,433)	56,177,748	3,431,080
Total Bonds Payable						\$398,622,315	\$10,879,567	\$435,237,748	\$ 27,366,080

Future payments related to debt for the fiscal years ending June 30 are as follows:

Bonds Payable As of June 30, 2021			
Fiscal Year	Principal	Interest	Total
2022	\$ 23,935,000	\$ 16,728,985	\$ 40,663,985
2023	22,825,000	16,604,163	39,429,163
2024	23,925,000	15,479,163	39,404,163
2025	23,425,000	14,308,063	37,733,063
2026	24,585,000	13,133,638	37,718,638
2027-2031	109,185,000	49,071,806	158,256,806
2032-2036	98,225,000	23,987,750	122,212,750
2037-2041	52,955,000	4,445,700	57,400,700
Total	<u>\$ 379,060,000</u>	<u>\$ 153,759,268</u>	<u>\$ 532,819,268</u>

The University has an unused revolving line of credit with a local financial institution that features an initial limit of \$30.0 million with an accordion to increase up to \$50.0 million.

Note F – Defeased Bonds

Bonds are defeased by early redemption or refunding with an issuance of new debt. When the bonds are defeased, irrevocable escrow accounts are established with a trustee for purposes of satisfying all future obligations of the defeased debt. Federal, state, and local government securities are purchased in amounts sufficient to pay principal and interest payments through the call date.

Under the terms of the escrow agreements, the University is relieved of all liability for the defeased issues. As such, neither the defeased bonds nor the related escrow accounts are reflected in the accompanying financial statements. The University's defeased debt is shown below:

Issue	Final Maturity/ Call Date	Amount Outstanding	
		June 30, 2021	June 30, 2020
Student Fee Bonds, Series P	7/1/2020	\$ —	\$ 21,060,000

Note G – Operating Leases

The University leases various buildings and equipment under operating lease rental agreements. Operating leases do not give rise to property rights or meet other capital lease criteria and, therefore, the related assets and liabilities are not recorded in the accompanying financial statements. The total rental expense under these agreements was \$428,950 for the year ended June 30, 2021.

Future minimum lease payments on all significant operating leases with initial terms in excess of one year, as of June 30, 2021, are as follows:

Fiscal Year	Future Lease Payments
2022	\$ 363,682
2023	104,465
2024	17,330
2025	5,934
2026	—
Total	<u>\$ 491,411</u>

Note H – Deposits and Investments

The Ball State University Board of Trustees (Trustees) have acknowledged responsibility as a fiduciary body for the invested assets of the University. Indiana Code 30-4-3-3 requires the Trustees to “exercise the judgment and care required by Indiana Code 30-4-3.5,” the Indiana Uniform Prudent Investor Act. That act requires the Trustees to act “as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution.” The Trustees have the responsibility to assure the assets are prudently invested in a manner consistent with the University’s investment policy. The Trustees have delegated the day-to-day responsibilities for overseeing the investment program to the University Investment Committee which is overseen by the Vice President for Business Affairs and Treasurer.

As of June 30, 2021, and 2020, the University held deposits and investments, including endowment funds, as reflected below:

	June 30, 2021	June 30, 2020
Cash and Cash Equivalents	\$ 108,499,646	\$ 61,097,214
Short Term Investments	56,292,163	107,631,756
Long Term Investments	246,860,668	258,600,030
Total	<u>\$ 411,652,477</u>	<u>\$ 427,329,000</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely impact the fair value of individual investments. As interest rates rise the fair value of the underlying assets are reduced. Those assets with longer durations to maturity are the most susceptible to interest rate risk. The University has reduced its exposure to this risk by structuring subcomponents of the portfolio to a range of targeted balances. The targeted balances are determined by each of the subcomponent’s specific purposes.

The University held deposits and investments with the following maturities at June 30, 2021:

Investment Type	Fair Value	Maturities (in years)			
	June 30, 2021	Less than 1	1 - 5	6 - 10	More than 10
Money Market Index Funds	\$ 65,052,775	\$ 65,052,775	\$ —	\$ —	\$ —
Money Market Savings Accounts	40,742,195	40,742,195	—	—	—
U.S. Government Obligations	94,142,271	27,202,669	29,727,978	27,955,444	9,256,180
Municipal Bonds	5,164,632	710,854	4,453,778	—	—
Corporate Debt	168,595,602	19,842,731	91,094,099	28,894,613	28,764,159
Certificate of Deposits	4,318,738	4,318,738	—	—	—
Foreign Obligations	33,636,264	6,921,847	24,109,513	2,604,904	—
Total	<u>\$ 411,652,477</u>	<u>\$ 164,791,809</u>	<u>\$ 149,385,368</u>	<u>\$ 59,454,961</u>	<u>\$ 38,020,339</u>

The University held deposits and investments with the following maturities at June 30, 2020:

Investment Type	Fair Value	Maturities (in years)			
	June 30, 2020	Less than 1	1 - 5	6 - 10	More than 10
Money Market Index Funds	\$ 16,141,941	\$ 16,141,941	\$ —	\$ —	\$ —
Money Market Savings Accounts	44,955,272	44,955,272	—	—	—
U.S. Government Obligations	89,720,672	13,013,695	39,845,265	25,634,993	11,226,719
Municipal Bonds	3,962,510	—	3,962,510	—	—
Corporate Debt	213,068,875	60,896,498	102,445,277	28,173,957	21,553,143
Certificate of Deposits	13,965,429	6,488,674	7,476,755	—	—
Foreign Obligations	45,514,301	27,232,890	15,760,703	2,520,708	—
Total	<u>\$ 427,329,000</u>	<u>\$ 168,728,970</u>	<u>\$ 169,490,510</u>	<u>\$ 56,329,658</u>	<u>\$ 32,779,862</u>

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

As of June 30, 2021, the balance of the University's deposits was covered in full between the Federal Deposit Insurance Corporation (FDIC) and the Public Deposit Insurance Fund (PDIF), which covers all public funds held in approved depositories.

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The University manages custodial credit risk by identifying the types of investments permissible through its investment policy. The University also monitors the credit rating and other performance metrics of its custodian and commercial banks. All investments of the University are registered in the name of the University.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University addresses this risk by establishing an acceptable minimum credit rating by investment type. The minimum credit ratings permit that no more than 5.0 percent of the entire portfolio have ratings lower than BBB- or Baa3 thus maintaining a significant portion of the overall portfolio as investment grade rated.

As of June 30, 2021, and 2020, University deposits and investments reflected the respective credit ratings as illustrated below:

	Fair Value June 30, 2021					
	Maturities (in years)					
Credit Quality Rating	Less than 1	1 - 5	6 - 10	More than 10	Percentage of Total Pool	
Short Term Ratings						
A-1+	\$ —	\$ —	\$ —	\$ —	— %	
A-1	3,999,600	—	—	—	0.97 %	
A-2	1,199,976	—	—	—	0.29 %	
Long Term Ratings						
AAA	\$ 19,660,728	\$ 26,066,142	\$ 12,528,682	\$ 23,570,660	19.88 %	
AA+	3,059,752	10,874,731	—	—	3.39 %	
AA	3,145,419	5,260,333	1,746,301	300,788	2.54 %	
AA-	6,282,302	22,646,336	—	1,195,505	7.32 %	
A+	4,329,364	9,508,346	—	—	3.36 %	
A	743,936	10,112,869	1,831,967	—	3.08 %	
A-	417,573	11,703,822	6,591,519	—	4.55 %	
BBB+	1,393,117	19,175,505	6,599,816	—	6.60 %	
BBB	1,107,696	14,317,320	6,741,132	—	5.38 %	
BBB-	1,170,429	7,303,552	4,080,487	—	3.05 %	
BB+	—	461,529	—	—	0.11 %	
BB	477,454	399,718	472,572	—	0.33 %	
B	—	781,754	—	—	0.19 %	
Not Rated	117,804,463	10,773,411	18,862,485	12,953,386	38.96 %	
Total	\$ 164,791,809	\$ 149,385,368	\$ 59,454,961	\$ 38,020,339	100.00 %	

	Fair Value June 30, 2020					
	Maturities (in years)					
Credit Quality Rating	Less than 1	1 - 5	6 - 10	More than 10	Percentage of Total Pool	
Short Term Ratings						
A-1+	\$ —	\$ —	\$ —	\$ —	— %	
A-1	—	—	—	—	— %	
A-2	—	—	—	—	— %	
Long Term Ratings						
AAA	\$ 3,533,011	\$ 34,317,863	\$ 14,411,719	\$ 17,063,776	16.22 %	
AA+	14,253,047	10,818,915	—	—	5.87 %	
AA	—	12,918,558	664,940	968,582	3.41 %	
AA-	17,098,222	16,810,622	—	1,210,725	8.22 %	
A+	25,256,162	9,358,596	1,112,050	—	8.36 %	
A	—	11,285,588	6,944,633	—	4.27 %	
A-	1,080,816	16,447,228	4,089,372	—	5.06 %	
BBB+	—	15,281,826	7,411,221	—	5.31 %	
BBB	724,891	14,161,772	5,068,377	—	4.67 %	
BBB-	510,350	7,545,972	2,329,942	—	2.43 %	
BB+	—	1,019,209	—	—	0.24 %	
BB	—	1,386,362	411,654	—	0.42 %	
B	—	387,036	—	—	0.09 %	
Not Rated	106,272,471	17,750,963	13,885,750	13,536,779	35.43 %	
Total	\$ 168,728,970	\$ 169,490,510	\$ 56,329,658	\$ 32,779,862	100.00 %	

Credit Risk Concentration

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's investment practices require that deposits and investments are diversified to the extent that the securities of a single issuer are limited to less than 5.0 percent of the total portfolio market value. U.S. Government securities and U.S. governmental agency securities are exempt from this requirement as well as financial institutions demand deposit and other cash accounts covered by federal and state insurance.

The Federal Deposit Insurance Corporation (FDIC) and the Public Deposit Insurance Fund (PDIF) insure investments held at individual financial institutions. It is standard practice to limit investments held at individual financial institutions to less than 20.0 percent of the total market portfolio.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a government's deposits and investments. The University only invests in assets denominated in U.S. dollars and therefore has no direct exposure to foreign currency risk.

Fair Value Measurements

The University categorizes its fair value measurements within the fair value hierarchy as established by GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the underlying assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The University had the following recurring fair value measurements as of June 30, 2021:

Investments by Fair Value Level	June 30, 2021	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money Market Index Funds	\$ 65,052,774	\$ 65,052,774	\$ —
U.S. Treasuries	5,488,872	5,488,872	—
U.S. Government Agencies	88,653,399	47,445,071	41,208,328
Municipal Bonds	5,164,632	—	5,164,632
Corporate Debt	168,595,603	—	168,595,603
Foreign Obligations	33,636,264	—	33,636,264
Total Investments by Fair Value Level	\$ 366,591,544	\$ 117,986,717	\$ 248,604,827
Non-Classified Assets			
Money Market Savings Accounts	\$ 40,742,195	\$ —	\$ —
Certificate of Deposits	4,318,738	—	—
Total Non-Classified Assets	\$ 45,060,933	\$ —	\$ —
Total Investments by Fair Value	\$ 411,652,477	\$ 117,986,717	\$ 248,604,827

The University had the following recurring fair value measurements as of June 30, 2020:

Investments by Fair Value Level	June 30, 2020	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money Market Index Funds	\$ 16,141,941	\$ 16,141,941	\$ —
U.S. Treasuries	3,398,980	3,398,980	—
U.S. Government Agencies	86,321,692	38,489,672	47,832,020
Municipal Bonds	3,962,510	—	3,962,510
Corporate Debt	218,564,901	—	218,564,901
Foreign Obligations	45,514,301	—	45,514,301
Total Investments by Fair Value Level	\$ 373,904,325	\$ 58,030,593	\$ 315,873,732
Non-Classified Assets			
Money Market Savings Accounts	\$ 44,955,272	\$ —	\$ —
Certificate of Deposits	8,469,403	—	—
Total Non-Classified Assets	\$ 53,424,675	\$ —	\$ —
Total Investments by Fair Value	\$ 427,329,000	\$ 58,030,593	\$ 315,873,732

Endowments

Most endowments pledged are held and reported by the Ball State University Foundation pursuant to Indiana Code 30-2-12, *Uniform Management of Institutional Funds*. This code sets forth the provisions governing the investment of endowment assets and the expenditure of endowment fund appreciation. The code requires that trustees and their agents act in good faith and with the care a prudent person acting in a like position would use under similar circumstances, with respect to the investment of endowment assets. The code also sets forth provisions governing the expenditure of endowment fund appreciation under which the trustees may authorize expenditures, consistent with donor intent. Complete financial statements for the Foundation can be requested from the Ball State University Foundation office at 2800 W Bethel Ave., Muncie, IN 47306.

While Ball State University Foundation holds most of the endowments, the University still has a small number of legacy endowments that were given to the University approximately fifty years ago. Endowment funds are to be held in perpetuity and may be invested in any investment type that is within the University's Investment policy including cash. The University held

\$925,109 in endowment funds as of June 30, 2021. Of which, \$67,208 were in short term investments and \$857,901 were in long term investments. At June 30, 2020, endowments held by the University were \$988,560.

Note I – Retirement Plans and Other Post-Employment Benefits

Pension Plans - Defined Benefit Retirement Funds

General Plan Information

The University contributes to three defined benefit retirement funds. The funds are administered by the Indiana Public Retirement System (INPRS). INPRS issues a publicly available financial report that includes financial statements and required supplementary information for these funds as a whole and for its participants. Please go to www.in.gov/inprs/annualreports.htm to view INPRS financial reports.

The defined benefit retirement funds administered by INPRS for BSU are:

- Public Employees' Defined Benefit Account (PERF DB)
- Teachers' 1996 Defined Benefit Account (TRF 1996 DB)
- Teachers' Pre-1996 Defined Benefit Account (TRF Pre-1996 DB)

Public Employees' Defined Benefit Account (Hybrid Plan)

Pension Fund Description. The University contributes to the Public Employees' Defined Benefit Account (PERF DB), a cost-sharing, multiple-employer defined benefit fund which is generally administered in accordance with state statutes IC 5-10.2, IC 5-10.3, IC 5-10.5, 35 IAC 1.2, and other Indiana pension law. The University contributes to the plan through the Indiana Public Retirement System (INPRS). See also the Public Employees' Defined Contribution Account information in the Defined Contribution Retirement Funds section.

Basis of the Allocation. The University's (an employer of the plan) proportion of the net pension liability for PERF DB was based on wages reported by employers relative to the collective wages of the plan. This basis of allocation measures the proportionate relationship of an employer to all employers, and is consistent with the manner in which contributions to the pension plan are determined. The PERF DB pension plan does not have a special funding situation, as there is not a non-employer contributing entity legally responsible for making contributions that are used to provide pension benefits to members of the pension plans.

Benefits Provided. PERF DB was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan. As an instrumentality of the State of Indiana, Ball State University is allowed to participate in this plan. All full-time staff and service personnel are eligible to participate in the defined benefit plan. PERF DB Lifetime Annual Benefit = Years of Creditable Service x Average Highest Five-Year Annual Salary x 1.1 percent. Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the INPRS Board of Trustees (INPRS Board).

Eligibility for Full and Early Retirement Pension Benefit

- At age 65 with at least 10 years of creditable service
- At age 60 with at least 15 years of creditable service
- At age 55 if age and creditable service total at least 85 ("Rule of 85")
- At age 70 with 20 years of creditable service and still active in the PERF-covered position
- Age 50 and minimum of 15 years of creditable service (44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59)

Contributions. The PERF DB consists of the pension provided by employer contributions plus an additional amount provided by the member's Public Employees' Retirement Fund Defined Contribution Account (PERF DC). Member contributions are set by statute and the INPRS Board at three percent of covered payroll. The employer may choose to make these contributions on behalf of the member. The University has elected to pay all the contributions on behalf of the member. For more information on the defined contribution component of the retirement plan, see the section of this report on Defined Contribution Retirement Funds. The PERF DB required contributions are determined by the INPRS Board based on an actuarial valuation. Actuarially determined amounts are subject to review and modifications, as actual results are compared with past expectations and new estimates are developed. In 2020, an experience study was performed resulting in an update to several assumptions. The assumption changes included a change in the mortality assumptions, retirement assumptions, withdrawal assumptions, disability assumptions, dependent spouse assumptions, and future salary increase assumptions. As PERF DB is a cost-

sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During the year ended June 30, 2020, participating employers were required to contribute 11.2 percent for PERF DB and three percent for PERF DC, of covered payroll for members employed by the state. For the fiscal year ended June 30, 2021, there were 1,120 employees with an annual pay of \$44,772,393 participating in PERF DB. In addition, there were 1,254 employees participating in PERF DB with an annual pay equal to \$50,779,654 for the fiscal year ended June 30, 2020. The University's contribution to the PERF DB and PERF DC accounts for the years ended June 30, 2021, and 2020, were \$6,283,527 and \$7,149,040, respectively. The University contributed 100.0 percent of required contributions for each of the fiscal years.

Teachers' 1996 Defined Benefit Account

Pension Fund Description. The Teachers' 1996 Defined Benefit Account (TRF 1996 DB) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits. Administration of the account is generally in accordance with state statutes IC 5-10.2, IC 5-10.4, 35 IAC 14, and other Indiana pension law. TRF 1996 DB is the employer funded defined benefit component of the Teachers' Hybrid Plan, and the Teachers' Defined Contribution Account (see Defined Contribution Retirement Funds section) is the other component.

Certain employees who participate in TRF 1996 DB are also eligible for supplementary retirement benefits under a noncontributory plan. Through October 2020, the employee could designate one or more of the following companies to administer the funds:

Voya Financial
Fidelity Investments
Lincoln Financial Group
Teachers Insurance and Annuity Association (TIAA)

As of November 2, 2020, the University selected Fidelity as the sole recordkeeping services provider. Existing funds at another provider could remain with that provider or could be transferred to Fidelity.

Basis of the Allocation. The University's (an employer of the plan) proportion of the net pension liability for TRF 1996 DB was based on wages reported by employers relative to the collective wages of the plan. This basis of allocation measures the proportionate relationship of an employer to all employers, and is consistent with the manner in which contributions to the pension plan are determined. The TRF 1996 DB pension plan does not have a special funding situation, as there is not a non-employer contributing entity legally responsible for making contributions that are used to provide pension benefits to members of the pension plans.

Benefits Provided. This plan provides retirement, disability, and survivor benefits to plan members and beneficiaries. All faculty and professional personnel are eligible to participate. TRF 1996 DB Lifetime Annual Benefit = Years of Creditable Service x Average Highest Five-Year Annual Salary x 1.1 percent. Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the INPRS Board.

Eligibility for Full and Early Retirement Pension Benefit

- At age 65 with at least 10 years of creditable service
- At age 60 with at least 15 years of creditable service
- At age 55 if age and creditable service total at least 85 ("Rule of 85")
- At age 70 with 20 years of creditable service and still active in the TRF-covered position
- Age 50 and minimum of 15 years of creditable service (44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59)

Contributions. For the fiscal year ended June 30, 2021, there were 315 employees participating in TRF 1996 DB with annual pay equal to \$22,637,993. The University recorded 371 employees participating in TRF 1996 DB with annual pay equal to \$23,405,082 for fiscal year ended June 30, 2020. The University contributes at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 5.5 percent of covered payroll. The Teachers' Defined Contribution Account (TRF DC) provides supplemental retirement benefits to TRF 1996 DB members. Contributions to TRF DC are three percent of covered payroll, as determined by state statute and the INPRS Board. The University has elected to make the contributions on behalf of the members. The University's contributions to TRF 1996 DB and the associated TRF DC for the years ended June 30, 2021, and 2020, were \$1,918,908 and \$1,980,414, respectively. The University contributed 100.0 percent of required contributions for each of the fiscal years.

Teachers' Pre-1996 Defined Benefit Account

Pension Fund Description. The Teachers' Pre-1996 Defined Benefit Account (TRF Pre-1996 DB) is a pay-as-you-go, cost-sharing, multiple-employer defined benefit fund. Administration of the account is generally in accordance with IC 5-10.2, IC 5-10.4, 35 IAC 14, and other Indiana pension law. TRF Pre-1996 DB is the employer-funded defined benefit component of the Teachers' Hybrid Plan, along with TRF DC, a member-funded account. Refer to the Defined Contribution Retirement Funds section for information on the TRF DC component.

Membership in TRF Pre-1996 DB is closed to new entrants. Generally, members hired prior to July 1, 1996, participate in TRF Pre-1996 DB, and members hired after July 1, 1996, participate in TRF 1996 DB.

Basis of the Allocation. In determining the proportionate share of the net pension liability and corresponding pension amounts for a cost-sharing plan, the basis should be consistent with the manner in which contributions to the Plan, excluding those to separately finance specific liabilities of an individual employer, are determined. INPRS has determined that the actual contributions made to the Plan during the fiscal year are appropriate as the basis because they are representative of future contributions. GASB Statement No. 68 states that special funding situations are defined as circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and the amount of contribution is not dependent upon one or more events unrelated to pensions. Based on this definition, the TRF Pre-1996 Account plan does have a special funding situation, as the State of Indiana is the non-employer contributing entity legally responsible for making contributions that are used to provide pension benefits to members of the pension plan on behalf of the participating TRF Pre-1996 Account employers. The participating employers also make contributions but only in specific cases when an active member is paid from federal funds. These contributions are based on a rate which was estimated to be the normal cost for the period covered. Due to this fact, future contributions to cover the historical pension benefits are paid entirely by the non-employer contributing entity (State of Indiana) and, therefore, the entire net pension liability is being allocated to the State of Indiana.

Benefits Provided. The plan was established to provide retirement, disability, and survivor benefits to regularly employed licensed teachers and administrators at certain state universities and other educational institutions hired before 1996, who have maintained continuous employment with the same covered institution since that date to June 30, 2005. TRF Pre-1996 DB Lifetime Annual Benefit = Years of Creditable Service x Average Highest Five-Year Annual Salary x 1.1 percent (minimum of \$180 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Eligibility for Full and Early Retirement Pension Benefit

- At age 65 with at least 10 years of creditable service
- At age 60 with at least 15 years of creditable service
- At age 55 if age and creditable service total at least 85 ("Rule of 85")
- At age 70 with 20 years of creditable service and still active in the TRF-covered position
- Age 50 and minimum of 15 years of creditable service (44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59)

Contributions. The State of Indiana makes contributions as the sole non-employer contributing entity. State appropriations are made in accordance with IC 5-10.4-2-4 for each fiscal year. In accordance with statute for TRF Pre-1996 DB, the nonemployer contributing entity contributions increase three percent annually. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund as part of the assets of TRF Pre-1996 DB, which was established according to IC 5-10.4.2.5. According to statute, the TRF Pre-1996 DB fund is funded primarily by appropriations from the state general fund and lottery proceeds. As a non-employer contributing entity, the State of Indiana contributed \$971.1 million in fiscal year ended June 30, 2020, to TRF Pre-1996. The actuarially determined contribution (ADC) for TRF Pre-1996 was \$973.5 million. Employers contributed \$2.4 million in fiscal year ended June 30, 2020.

TRF Pre-1996 Account members contribute three percent of covered payroll to their TRF Pre-1996 Defined Contribution Account (TRF Pre-1996 DC), formerly their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to ten percent of their compensation into their TRF DC fund account. The University has elected to make three percent contributions on behalf of their participating employees. For the fiscal year ended June 30, 2021, the University shows 20 employees participating in the TRF Pre-1996 DB with annual payroll equal to \$2,018,150. The University made contributions of \$148,613 which included payments to the TRF DC on behalf of the members.

For the fiscal year ended June 30, 2020, the University showed 26 employees participating in the TRF Pre-1996 DB with annual payroll equal to \$2,364,075. The University's contributions to the TRF Pre-1996 DB for fiscal year ended June 30, 2020, were \$180,810.

Retirement Plans - Defined Contribution Retirement Funds

General Plan Information

The University contributes to two defined contribution retirement funds. The funds are administered by the Indiana Public Retirement System (INPRS). INPRS issues a publicly available financial report that includes financial statements and required supplementary information for these funds as a whole and for its participants. Please go to www.in.gov/inprs/annualreports.htm to view INPRS financial reports.

The defined contribution retirement funds administered by INPRS for BSU are:

- Public Employees' Defined Contribution Account (PERF DC)
- Teachers' Defined Contribution Account (TRF DC)

Public Employees' Defined Contribution Account

Retirement Fund Description. PERF DC is a multiple-employer defined contribution fund and is generally administered in accordance with IC 5-10.2, IC 5-10.3, 35 IAC 1.2, and other Indiana pension law. The fund provides supplemental defined contribution benefits to PERF DB members.

Contributions. The University participates in the Public Employees' Hybrid Members Defined Contribution Account (PERF DC), the defined contribution component of the Public Employees' Hybrid Plan. The Public Employees' Defined Benefit Account (see Defined Benefit Retirement Funds section) is the other component of the Public Employees' Hybrid Plan. Member contributions are set by statute at three percent of compensation, and the University makes these contributions on behalf of the member. Members are 100 percent vested in their account balance, which includes all contributions and earnings.

Benefits Provided. Members are entitled to the sum total of vested contributions plus earnings 30 days after separation from employment (retirement, termination, disability, or death). The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Teachers' Defined Contribution Account

Retirement Fund Description. TRF DC is a multiple-employer defined contribution fund providing supplemental retirement benefits to TRF Pre-1996 DB and TRF-1996 DB members. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.4, 35 IAC 14, and other Indiana pension law. TRF DC is the defined contribution component of the Teachers' Hybrid Plan. The Teachers' Pre-1996 Defined Benefit Account and the Teachers' 1996 Defined Benefit Account (see Defined Benefit Retirement Funds section) are the defined benefit components.

Contributions. The University participates in the Teachers' Defined Contribution Account (TRF DC), the defined contribution component of the Teachers' Hybrid Plan. The TRF 1996 DB and TRF Pre-1996 DB (see Defined Benefit Retirement Funds section) are the other components of the Teachers' Hybrid Plan. Member contributions are determined by statute and the INPRS Board at three percent of covered payroll, and the University makes these contributions on behalf of the member. Members are 100 percent vested in their account balance plus earnings.

Benefits Provided. Members are entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, monthly annuity, or installment options (in accordance with INPRS requirements).

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

At June 30, 2021, the University reported a liability of \$28,919,758 for its proportionate share of the net pension liability, as compared to \$31,695,761 for the year ended June 30, 2020. The net pension liability reported by the University was measured as of June 30, 2020, for fiscal year 2020-2021, and as of June 30, 2019, for fiscal year 2019-2020 reporting. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates for all plans.

The University's proportionate percentage, deferred outflows of resources, deferred inflows of resources, net pension liability, and pension expense for each plan are shown in the following tables:

June 30, 2020:	PERF DB	TRF-1996 DB	TRF Pre-1996 DB	Aggregate
Proportionate Share	0.0094006	0.0067518	—	
Net Pension Liability/(Asset)	\$ 28,393,518	\$ 526,240	\$ —	\$ 28,919,758
Deferred Outflow of Resources	\$ 2,940,334	\$ 2,746,938	\$ —	\$ 5,687,272
Deferred Inflow of Resources	\$ 8,566,448	\$ 4,587,805	\$ —	\$ 13,154,253
Pension Expense/(Income)	\$ 1,229,499	\$ 1,321,590	\$ 9,845,239	\$ 12,396,328

June 30, 2019:	PERF DB	TRF-1996 DB	TRF Pre-1996 DB	Aggregate
Proportionate Share	0.0099076	0.0073054	—	
Net Pension Liability/(Asset)	\$ 32,745,249	\$ (1,049,488)	\$ —	\$ 31,695,761
Deferred Outflow of Resources	\$ 876,313	\$ 2,265,483	\$ —	\$ 3,141,796
Deferred Inflow of Resources	\$ 6,544,749	\$ 5,633,460	\$ —	\$ 12,178,209
Pension Expense/(Income)	\$ 4,343,360	\$ 1,566,820	\$ 9,686,679	\$ 15,596,859

The University recognized expenses of \$12,396,328 at June 30, 2021, and \$15,596,859 at June 30, 2020. For TRF Pre-1996 DB, the University's proportionate share (amount) of the collective net pension liability was zero for both fiscal years. The portion of the non-employer contributing entity's (the state) total proportionate share (amount) of the collective net pension liability that was associated with the University was an amount equal to 100.0 percent of the net pension liability. The total of the University's proportionate share (amount) of the collective net pension liability, and the portion of the state's total proportionate share of the collective net pension liability associated with the University, reflects all of the net pension liability. The TRF Pre-1996 DB net pension liability associated with the University at June 30, 2020, was \$104,496,930, and \$109,089,506 at June 30, 2019. The total net pension liability for the TRF Pre-1996 DB Account at June 30, 2020, was \$10,307,551,857, compared to \$10,630,018,922 at June 30, 2019. Since the TRF Pre-1996 DB Account was a special funding situation, the University was not required to report the net pension liability in the financial statements as the University was not legally responsible for the net pension liability and contributions to the pension plan. The University was required to show the pension expense paid by the state that was associated with its proportionate share totaling \$9,845,239 for June 30, 2021, and \$9,686,679 at June 30, 2020. An increase for these amounts was recorded as a state pension contribution to recognize the amount paid to INPRS by the state on behalf of the University.



Official Partner of Esports Combine

At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Average Remaining Service Life for 2020:	PERF DB 3.84 Years		TRF 1996 DB 10.60 Years		TRF Pre-1996 DB
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences Between Expected and Actual Experience	\$ 503,052	\$ 381,220	\$ 355,309	\$ 1,178,627	\$ —
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2,430,026	—	838,012	—	—
Change of Assumptions	—	5,916,022	1,018,523	1,980,920	—
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	7,256	2,269,206	535,094	1,428,258	—
Contributions Subsequent to the Measurement Date	4,956,021	—	1,241,646	—	96,162
Total	\$ 7,896,355	\$ 8,566,448	\$ 3,988,584	\$ 4,587,805	\$ 96,162

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Average Remaining Service Life for 2019:	PERF DB 3.86 Years		TRF 1996 DB 11.07 Years		TRF Pre-1996 DB
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences Between Expected and Actual Experience	\$ 867,083	\$ —	\$ 424,558	\$ 1,193,482	\$ —
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	—	1,547,785	—	574,450	—
Change of Assumptions	7,290	3,559,650	1,239,789	2,384,665	—
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,940	1,437,314	601,136	1,480,863	—
Contributions Subsequent to the Measurement Date	5,638,679	—	1,414,581	—	129,150
Total	\$ 6,514,992	\$ 6,544,749	\$ 3,680,064	\$ 5,633,460	\$ 129,150

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

Amortization of Net Deferred Outflows/(Inflows) of Resources - Debit/(Credit)	PERF DB	TRF 1996 DB
2021	\$ (3,874,614)	\$ (234,055)
2022	(1,908,649)	(160,845)
2023	(875,068)	7,470
2024	1,032,217	53,812
2025	—	(292,908)
Thereafter	—	(1,214,341)
Total	\$ (5,626,114)	\$ (1,840,867)

Actuarial Assumptions. Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented as follows:

Description	PERF DB	TRF Pre-1996 DB	TRF 1996 DB
Asset Valuation Date	June 30, 2020		
Liability Valuation Date	June 30, 2019 - Member census data as of June 30, 2019 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2019 and June 30, 2020. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2019 to the June 30, 2020 measurement date.		
Actuarial Cost Method (Accounting)	Entry Age Normal (Level Percent of Payroll)		
Actuarial Assumptions:			
Experience Study Date	Period of five years ended June 30, 2019		
Investment Rate of Return (Accounting)	6.75%, includes inflation and net of investment expenses		
Cost of Living Increases (COLA) or "Ad Hoc" COLA	2020-2021 - 13th check, Beginning Jan. 1, 2022- 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%		
Future Salary Increases, including Inflation	2.75% - 8.75%	2.75% - 12.00%	
Inflation	2.25%		
Mortality- Healthy Employees & Retirees- Base Table	PubG-2010	PubT-2010	
Mortality- Healthy Employees & Retirees-M/F Set Forward	+3/+1	+1/+1	
Mortality- Disableds- Base Table	PubG-2010		
Mortality- Disableds- Load	140%	140%	
Mortality-Beneficiaries- Base Table	PubCS-2010		
Mortality-Beneficiaries- M/F Set Forward	+0/+2		
Mortality- Improvement- All Tables- Generational Improvement Scale	MP-2019		

Description	PERF DB	TRF Pre-1996 DB	TRF 1996 DB
Asset Valuation Date	June 30, 2019		
Liability Valuation Date	June 30, 2018 - Member census data as of June 30, 2018 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2018 to the June 30, 2019 measurement date.		
Actuarial Cost Method (Accounting)	Entry Age Normal (Level Percent of Payroll)		
Actuarial Assumptions:			
Experience Study Date	Period of four years ended June 30, 2014	Period of three years ended June 30, 2014	
Investment Rate of Return (Accounting)	6.75%, includes inflation and net of investment expenses		
Cost of Living Increases (COLA) or "Ad Hoc" COLA	2020-2021 - 13th check, Beginning Jan. 1, 2022- 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%		
Future Salary Increases, including Inflation	2.50% - 4.25%	2.5% - 12.5%	
Inflation	2.25%		
Mortality- Healthy	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006	RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006	
Mortality- Disabled	RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2006		

The long-term return expectation for the INPRS defined benefit retirement plans has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of

possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return. This range ultimately supports the long-term expected rate of return assumption of 6.75% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

	Geometric Basis at June 30, 2020		Geometric Basis at June 30, 2019	
	Long Term Expected Rate of Return	Target Asset Allocation	Long Term Expected Rate of Return	Target Asset Allocation
Public Equity	4.4%	22.0%	4.9%	22.0%
Private Markets	7.6%	14.0%	7.0%	14.0%
Fixed Income - Ex Inflation-Linked	1.9%	20.0%	2.5%	20.0%
Fixed Income - Inflation-Linked	0.5%	7.0%	1.3%	7.0%
Commodities	1.6%	8.0%	2.0%	8.0%
Real Estate	5.8%	7.0%	6.7%	7.0%
Absolute Return	2.9%	10.0%	2.9%	10.0%
Risk Parity	5.5%	12.0%	5.3%	12.0%

Discount Rate. Total pension liability for each defined benefit pension plan was calculated using the long-term expected rate of return of 6.75 percent at both June 30, 2020, and at June 30, 2019. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from the members, would at the minimum be made at the actuarially determined required rates, computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State of Indiana (the non-employer contributing entity) would be made as stipulated by Indiana statute. Projected inflows from investment earnings were calculated using the 6.75 percent long-term assumed investment rate of return. Based on those assumptions, each defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members, therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Sensitivity of the University's Proportionate Share of the Net Pension Liability. Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following tables present the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.75 percent for the last two fiscal years, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent), or one percentage point higher (7.75 percent) than the current rate:

Discount Rate Sensitivity - Liability / (Asset) at June 30, 2020

Pre-Funded Defined Benefit

PERF DB			TRF 1996 DB		
1% Decrease (5.75)%	Current Discount Rate (6.75)%	1% Increase (7.75)%	1% Decrease (5.75)%	Current Discount Rate (6.75)%	1% Increase (7.75)%
\$46,291,093	\$28,393,518	\$13,402,846	\$8,045,219	\$526,240	\$(5,554,157)

Discount Rate Sensitivity - Liability / (Asset) at June 30, 2019

Pre-Funded Defined Benefit

PERF DB			TRF 1996 DB		
1% Decrease (5.75)%	Current Discount Rate (6.75)%	1% Increase (7.75)%	1% Decrease (5.75)%	Current Discount Rate (6.75)%	1% Increase (7.75)%
\$52,589,302	\$32,745,249	\$16,193,790	\$6,424,998	\$(1,049,488)	\$(7,103,692)

Basis of Accounting. The financial statements of INPRS have been prepared using the accrual basis of accounting in conformity with GAAP as applied to government units. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for established governmental accounting and financial reporting principles. INPRS adopts all applicable GASB pronouncements in accounting and reporting for its operations. Investments are generally reported at fair value.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by INPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Required Supplementary Information and Other Supplementary Schedules

The historical trend information is designed to provide decision-usefulness of the financial reports, improved value for assessing accountability and greater transparency related to measures of net pension liabilities impacting INPRS. The Schedule of Ball State University's Proportionate Share of the Net Pension Liability and Schedule of University Contributions are included immediately following the Notes to the Financial Statements in the Required Supplemental Information Section.

Retirement Funds – Defined Contribution Plan

Alternate Pension

Through October 2020, faculty and professional personnel of the University had the option, in accordance with IC 21-38-3-3 and IC 21-38-7-3, to participate in a defined contribution plan administered by Fidelity Investments Institutional Services Company, Inc., Voya Financial, Lincoln Financial Group, and Teachers Insurance and Annuity Association (TIAA), which were the same companies used for the TRF supplementary retirement contribution at that time. As of November 2, 2020, the University selected Fidelity as the sole recordkeeping services provider. Existing funds at another provider could remain with that provider or could be transferred to Fidelity. Benefit provisions are established and/or amended by the University's Board of Trustees. These plans have no assets held in trust as the plan makes contributions to individual members' account and provides for immediate vesting. The University contributes 12.27 percent of each participating employee's base salary for employees hired before October 1, 2010. For employees hired on or after October 1, 2010, the University contributes five percent of each employee's base salary for the first three years and 10.5 percent for each year thereafter.

The table below shows the amounts contributed for participating members:

	2021	2020	2019
Contributions	\$ 12,044,083	\$ 12,613,739	\$ 12,927,533
Number of Participating Members	1,288	1,620	1,696
Related Payroll	\$ 120,593,850	\$ 126,542,755	\$ 131,006,992

Other Post-Employment Benefits

OPEB Plan Description. In addition to providing retirement benefits, the University, as authorized by the University's Board of Trustees, provides certain health care and life insurance benefits for qualified retired employees. There are two Other Postemployment Benefits Other than Pension (OPEB) plans. The first plan, Ball State University Health Care Plan, was established to help offset the cost of retiree health care for both eligible retirees and the University. A Voluntary Employee Beneficiary Association (VEBA) Trust was created to provide a vehicle where assets could be accumulated for this specific purpose. The retiree health care plan is a single-employer defined benefit plan that is administered by the University. Beginning January 1, 2020, the plan was closed to new hires and employees not in a benefits-eligible position.

The second OPEB plan, Ball State University OPEB 115 Plan, was established to help offset the cost of retiree life insurance for both the members and the University. This plan is an open single-employer defined benefit plan that is administered by the

University. Likewise, it has a trust, OPEB 115 Trust, connected to the plan to allow for the accumulation of earnings and the payment of a large portion of the insurance premiums.

Since the University administers defined benefit OPEB plans that have trusts or equitable arrangements attached, adoption of GASB Statement No. 74 was required and impacts the financial reports of the plan administrator. GASB Statement No. 74 superseded GASB Statement No. 43 and focuses on changes in the actuarial valuation and added new disclosure requirements for financial reporting. The complement standard to GASB Statement No. 74 is GASB Statement No. 75 which replaced GASB Statement No. 45 and requires significant changes to the reporting and disclosures of defined benefit OPEB plans of plan sponsors. These two standards are similar to the two pension standards, GASB Statements No. 67 and 68, that were enacted to provide consistency in measurement and transparency of future liability obligations.

The University has in past years issued an audited publicly available stand-alone financial report that includes financial statements and required supplemental information for the plans, through fiscal year June 30, 2019. These reports may be obtained from the Ball State University website at: <https://www.bsu.edu/about/administrativeoffices/controller/retiree-health-and-life-plan-trusts>. With the requirements of GASB Statement No. 74 and No. 75, much of the information formerly contained in these stand-alone financial statements is now presented in the notes to the Ball State University Financial Report. The trusts fall under the fiduciary responsibility of the University and are presented in the Financial Statements section of this report.

Benefits Provided. Health insurance at Ball State University is a self-funded plan that utilizes third party administrators for health, dental, and prescription drug benefits. Retiree health care benefits are the same as employee health care benefits (for retirees not eligible for Medicare) or substantially the same (for retirees who qualify for Medicare). The Plan includes prescription drug coverage, but dental coverage is optional. Spouses and dependents are eligible for coverage under the same rules as the employee plan, and unmarried surviving spouses are eligible to retain the coverage for the remainder of their lifetime. Medicare-eligible retirees and spouses receive supplemental “carve-out” medical coverage which is coordinated with Medicare Part A and Part B. Dental and prescription drug coverage is the same under all plans.

The Hartford provides a fully-funded life insurance plan for retired employees with premiums set at annual renewal. Eligible employees receive life insurance coverage equal to 103.0 percent of twice the amount of their defined annual compensation, up to a maximum of \$125.0 thousand. Retirees are eligible to receive 50.0 percent of the amount of coverage they have immediately prior to retirement or prior to reaching age 66, whichever occurs first, up to a maximum of \$37.5 thousand.

Plan Administration. The authority to change benefits and to make adjustments to the plans and trusts ultimately resides with the University Board of Trustees. There is a committee of University personnel who work with consultants and third party administrators to propose changes to the benefit plans. These recommendations are then presented to the Board of Trustees for discussion and approval. A second committee composed of University personnel and designated trustees from the Board of Trustees work with external investment consultants, fund managers, and the trust custodian to manage the trust assets. The investment policy with any recommended changes is taken to the Board of Trustees for approval on an annual basis.

Eligibility. The University’s regular full-time employees may become eligible for retiree health and life insurance benefits upon attainment of age 62 with 15 years of services (and Health Plan participation). Eligible employees hired June 30, 2009, and prior may retire with health and life insurance benefits upon attainment of age 50 with 15 years of service (and 15 years of Health Plan participation). Eligible employees hired August 31, 1999, and prior may also retire with health and life insurance benefits at the earlier of age 50 with 15 years of service or age 60 with ten years of service (and 12 months of Health Plan participation). Eligible full-time contract faculty (not on a semester-by-semester basis) may accumulate cumulative years of service instead of consecutive years of service. Beginning January 1, 2020, the retiree health plan is closed to new hires and those who were not in a benefit eligible position. As of June 30, 2021, 1,142 retirees were enrolled in life insurance coverage, and 2,032 retirees, spouses and surviving spouses were enrolled in health insurance coverage. As of June 30, 2021, out of a total of 2,938 (3,142 in 2020) benefits eligible active employees, 730 (812 in 2020) had fulfilled the age and service requirements for these retiree benefits. Employees receiving benefits and who have successfully fulfilled the age and service requirements to qualify for retiree health and life insurance must enroll in the plan before they retire. If the election is not requested at the time of retirement, the employee will not be eligible to participate in the plans. There are no provisions for accepting late elections.

Plan Membership For Each Plan as of June 30,	2020	2019
Retirees with Life Insurance Coverage	1,113	1,106
Retirees, Spouses and Surviving Spouses with Health Insurance	2,037	2,030

Contributions. The required contribution is based on projected pay-as-you-go financing requirements, as well as amounts necessary to prefund benefits as determined annually by the University. It is the University's intent to budget health care premiums so that claims and administrative expenses are covered. Any surplus of premiums over claims and administrative expenses are used to adjust the health care reserve balances. Residual balances may be contributed to the VEBA Trust.

Each year, the Board of Trustees establishes premiums for the next calendar year, of which premiums paid by the employees and retirees range between 11.0 and 29.0 percent, depending on the health plan. The premiums paid by the University range between 71.0 and 89.0 percent. The premiums are intended to fully fund all claims, administrative costs, and reserve adjustments. The claims and applicable administrative costs of current retirees are paid from the self-funded plan, while the contributions to the VEBA Trust are intended to partially fund claims and administrative costs for eligible retirees and their beneficiaries in the future.

For the year ended June 30, 2021, retirees contributed \$3.4 million (\$3.0 million in 2020) in premiums for health care coverage while the University contributed \$9.2 million (\$9.7 million in 2020). Retirees not eligible for Medicare were limited to one plan option in calendar year 2021, the High Deductible Wellness plan. Monthly premiums paid by retirees not eligible for Medicare ranged from \$116.91 for single coverage to \$303.52 for family coverage. Medicare-eligible retirees and spouses each paid \$122.39 for medical and prescription drug coverage. Both non-Medicare and Medicare-eligible retirees and spouses paid \$12.42 if they chose the optional dental coverage. This was in addition to the Medicare Part B Premium.

Ball State University accounts for the OPEB 115 Plan in a manner similar to the Health Care Plan. Each year, The Hartford establishes, and the Board of Trustees approves, premiums for the next fiscal year. The Plan collects 25.0 percent from employees and retirees and 75.0 percent from the University. The premiums are intended to fully fund all claims and administrative costs for employees and retirees. The Hartford bills the University for monthly premiums.

For the year ended June 30, 2021, retirees contributed \$106.4 thousand (\$102.9 thousand in 2020) in premiums for life insurance coverage to fulfill their 25.0 percent of total premium requirement, while the University contributed \$329.0 thousand (\$316.5 thousand in 2020) as its 75.0 percent requirement. Retirees pay \$.2267 per \$1,000 of coverage per month, which means the maximum monthly premium paid by retirees is \$8.50.

Reserves. The University is self-funded with regard to its health care plans, and premium rates developed each year are expected to cover the cost of employees' and retirees' health care claims expense, as well as a variety of health plan-related administrative costs. In addition to its VEBA Trust for ensuring the continuity of the retiree health care plans, the University, consistent with best practices, maintains three health care reserve funds: the Reserve for Incurred but Unreported Claims (IBNR), the Reserve for Self-Insurance, and the Reserve for Post-Retirement Health.

The IBNR and the Reserve for Self-Insurance balances are actuarially determined at each fiscal year end. A qualified actuary uses completion factors that were developed using an eighteen month period of historical claim experience. These completion factors, when applied to claims paid, produce projected incurred claims by month. These projected claims less actual amounts paid produce the incurred but not paid claim liability as of the valuation date.

Ball State University is responsible for the entire health claim risk and, therefore, maintains a Reserve of Self-Insurance that would be used as a contingency reserve for unexpected, adverse claims experience. While the University has stop loss coverage, this reserve would help to cover the gap between high claimants and the stop loss coverage. In prior years, this reserve was based on the risk-based capital (RBC) formula. For the current year, the new actuaries calculated the reserve based on the number of participants, stop loss coverage and claim experience.

The IBNR, Reserve for Self-Insurance, and the Reserve for Post-Retirement Health are adjusted by year-end activity in the Health Care Auxiliary funds of the University. The Health Care Auxiliary fund accounts for all premiums received during the fiscal year from the University, active employees, and retirees. The Auxiliary fund also accounts for all claims paid during the fiscal year and a variety of health care-related administrative expenses. Premium rates are set to cover the anticipated cost of claims and expenses. At fiscal year-end, if the Health Care Auxiliary has a surplus of premiums over expenses, the resulting

surplus is used to fund the current year-end actuarial estimates for the IBNR and the Reserve for Self-Insurance. Any residual is held in the Reserve for Post-Retirement Health. If the Health Care Auxiliary has a deficit, it is funded first by the Reserve for Post-Retirement Health and if needed, by the Reserve for Self-Insurance. At the University's discretion, a contribution of funds from the Reserve for Post-Retirement Health fund to the VEBA is performed when funds are available and it is strategically appropriate.

The balances of the reserve funds for the fiscal years ended June 30, 2021, and 2020 are shown below:

	June 30, 2021	June 30, 2020
Reserve for Unreported Claims	\$ 3,992,144	\$ 3,759,407
Reserve for Self-Insurance	\$ 5,937,000	\$ 6,420,105
Reserve for Post-Retirement Health	\$ 19,402,650	\$ 16,036,425

Net OPEB Liability

At June 30, 2021, the University reported a Net OPEB Liability of \$38,332,384. The net OPEB liability reported in fiscal year 2020-2021 is from both the retiree health care plan and the OPEB 115 Plan. In fiscal year 2019-2020, the OPEB 115 Plan was shown separately, as a Net OPEB Asset. The liabilities of the plans are offset by the trust assets. When trust assets exceed the liability, an asset is reported on the financial statements.

The measurement date is June 30, 2020.

The measurement period for the OPEB plans are July 1, 2019 through June 30, 2020.

The reporting period is July 1, 2020 through June 30, 2021.

Net OPEB Liability was measured as of June 30, 2020.

The Total OPEB Liability used to calculate the Net OPEB Liability was determined as of that date.

Based on the actuarial study for June 30, 2020, and June 30, 2019, the components of the Net OPEB Liability (Asset) of the University (sponsor) were as follows:

	June 30, 2020	
	Health Care Plan	OPEB 115 Plan
Total OPEB Liability	\$ 345,219,389	\$ 28,012,658
Plan Fiduciary Net Position	(308,694,549)	(26,205,114)
Net OPEB Liability June 30, 2020	<u>\$ 36,524,840</u>	<u>\$ 1,807,544</u>
Plan Fiduciary Net Position as a percentage of the		
Total OPEB Liability June 30, 2020	<u>89.42 %</u>	<u>93.55 %</u>
	June 30, 2019	
	Health Care Plan	OPEB 115 Plan
Total OPEB Liability	\$ 325,956,523	\$ 24,453,051
Plan Fiduciary Net Position	(300,229,571)	(26,726,542)
Net OPEB Liability (Asset) June 30, 2019	<u>\$ 25,726,952</u>	<u>\$ (2,273,491)</u>
Plan Fiduciary Net Position as a percentage of the		
Total OPEB Liability June 30, 2019	<u>92.11 %</u>	<u>109.30 %</u>

Actuarial Assumptions. The Total OPEB Liability was determined by actuarial valuations for June 30, 2020, and June 30, 2019, using the following actuarial assumptions:

Methods and Assumptions Used to Determine Contribution Amounts for the Fiscal Year Ending:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Valuation Date:	June 30, 2019	June 30, 2018
Notes:	Actuarially determined contribution rates are calculated annually as of June 30. The valuation date is 12 months prior to the fiscal year end.	Actuarially determined contribution rates are calculated annually as of June 30. The valuation date is 12 months prior to the fiscal year end.
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period:	18 years	19 years
Asset Valuation Method:	Market value of assets	Market value of assets
Price Inflation:	No explicit price inflation assumption used	No explicit price inflation assumption used
Salary Increases:	3.5% per year	3.5% per year
Investment Rate of Return:	7.0%, net of OPEB plan investment expense, including inflation	7.0%, net of OPEB plan investment expense, including inflation
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition	Experience-based table of rates that are specific to the type of eligibility condition
Mortality:	Fully generational RP-2014 Mortality Table for health employees and annuitants, with 2006 base rates projected forward from 2006 using Projection Scale MP-2019, with no collar adjustment	Fully generational RP-2014 Mortality Table for health employees and annuitants, with 2006 base rates projected forward from 2006 using Projection Scale MP-2018, with no collar adjustment
Health Care Trend Rates:	Initial trend starting at 8.25% and gradually decreasing to an ultimate trend rate of 3.5%	Initial trend starting at 8.25% and gradually decreasing to an ultimate trend rate of 3.5%
Dental Trend Rates:	Initial trend starting at 4.5% and gradually decreasing to an ultimate trend rate of 3.5%	Initial trend starting at 4.5% and gradually decreasing to an ultimate trend rate of 3.5%
Aging Factors:	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

VEBA and OPEB Investment Asset Allocation. The University's VEBA and OPEB 115 Trust Committee working under the authority of the Board of Trustees with a Board Trustee participating on the committee is overseen by the Vice President of Business Affairs and Treasurer. The committee works with external investment consultants to set performance expectations, manage asset allocation of the trusts, and perform administrative due diligence. The investment policy is reviewed and updated as necessary each year. There were no significant changes in fiscal years 2020-2021 or 2019-2020.

The table below summarizes the investment allocations for the two plans combined and provides the long-term expected return:

Asset Allocations for the Combined VEBA and OPEB 115 Trusts			
		June 30, 2021	June 30, 2020
Asset Class	Target Allocation	Long-Term Expected Return	Long-Term Expected Return
International Equity	20.0 %	6.2 %	6.8 %
Emerging Markets Equity	4.0 %	7.6 %	8.4 %
Low Volatility Equity	4.0 %	5.7 %	6.3 %
US Small Cap Equity	10.0 %	6.1 %	6.6 %
US Large Cap Equity	32.0 %	5.5 %	6.0 %
Fixed Income	20.0 %	5.7 %	2.4 %
Real Estate	10.0 %	6.2 %	6.2 %
Total	<u>100.0 %</u>		

Notes:

- There were no investments identified at June 30, 2020, and June 30, 2019, that represented 5.0 percent or more of the fiduciary net position of the plans.
- The long-term expected return shown above was provided by investment consultants using the geometric return calculation. The rate was calculated as a 20-year outlook.
- The annual money-weighted rate of return on the VEBA and OPEB 115 plan investments combined was 27.8 percent for June 30, 2021, and 2.7 percent for June 30, 2020. The plans rely on various investment managers hired by the University's Board of Trustees, with the advice of outside consultants to prudently invest the amounts contributed. These investment manager arrangements are in the form of mutual funds, separately managed accounts with securities in the possession of custodians other than the investment manager, a private investment trust, and a private closed-end real estate investment trust. Investments are reported by the managers and in some cases custodial banks at fair value. Fixed income securities maturing within one year of the date of the financial statements are classified as short term investments. The fair value of the investments in the core real estate fund is based on independent appraisals and internal valuations of recent acquisitions.

Single Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on OPEB plan investments was reduced to 6.0 percent for the June 30, 2020 actuarial study. The municipal bond rate is 2.45 percent, resulting in a Single Discount Rate is 6.0 percent. The Single Discount Rate was reduced from 7.0 percent from the prior year when the municipal bond rate was 3.13 percent.

The projection of cash flows used to determine this Single Discount Rate assumed the following:

- In all years the employer contributions will be made at rates equal to the actuarially determined contribution rate; and
- Contributions and benefit payments occur halfway through the year.



Art and Journalism Building stairwell

Changes in Net OPEB Liability - Health

		June 30, 2020		
		Increase (Decrease)		
		Total OPEB	Plan Net	Net OPEB
		Liability	Position	Liability
Health Care Plan				
Beginning Balance		\$ 325,956,523	\$ 300,229,571	\$ 25,726,952
Changes for the Year:				
Service Cost		8,156,166	—	8,156,166
Interest		22,695,850	—	22,695,850
Difference Between Expected and Actual Experience		(36,345,287)	—	(36,345,287)
Changes in Assumptions		36,372,491	—	36,372,491
Contributions - Employer		(11,616,354)	11,616,354	(23,232,708)
Net Investment Income		—	8,464,978	(8,464,978)
Benefit Payments, Including Refunds		—	(11,616,354)	11,616,354
Net Changes		19,262,866	8,464,978	10,797,888
Balances at June 30, 2020		<u>\$ 345,219,389</u>	<u>\$ 308,694,549</u>	<u>\$ 36,524,840</u>

		June 30, 2019		
		Increase (Decrease)		
		Total OPEB	Plan Net	Net OPEB
		Liability	Position	Liability
Health Care Plan				
Beginning Balance		\$ 308,880,335	\$ 287,728,105	\$ 21,152,230
Changes for the Year:				
Service Cost		7,611,987	—	7,611,987
Interest		21,470,286	—	21,470,286
Difference Between Expected and Actual Experience		(10,137,052)	—	(10,137,052)
Changes in Assumptions		9,074,176	—	9,074,176
Contributions - Employer		(10,943,209)	10,943,209	(21,886,418)
Net Investment Income		—	12,501,466	(12,501,466)
Benefit Payments, Including Refunds		—	(10,943,209)	10,943,209
Net Changes		17,076,188	12,501,466	4,574,722
Balances at June 30, 2019		<u>\$ 325,956,523</u>	<u>\$ 300,229,571</u>	<u>\$ 25,726,952</u>

Changes in Net OPEB Liability - Life

		June 30, 2020		
		Increase (Decrease)		
		Total OPEB	Plan Net	Net OPEB
		Liability	Position	Liability(Asset)
OPEB 115 Plan				
Beginning Balance		\$ 24,453,051	\$ 26,726,542	\$ (2,273,491)
Changes for the Year:				
Service Cost		301,802	—	301,802
Interest		1,662,984	—	1,662,984
Changes in Benefit Terms		—	—	—
Difference Between Expected and Actual Experience Loss (Gain)		202,820	—	202,820
Changes in Assumptions		3,086,070	—	3,086,070
Contributions - Employer		(1,694,069)	597,740	(2,291,809)
Net Investment Income		—	574,901	(574,901)
Benefit Payments, Including Refunds		—	(1,694,069)	1,694,069
Net Changes		3,559,607	(521,428)	4,081,035
	Balances at June 30, 2020	\$ 28,012,658	\$ 26,205,114	\$ 1,807,544

		June 30, 2019		
		Increase (Decrease)		
		Total OPEB	Plan Net	Net OPEB
		Liability	Position	Liability(Asset)
OPEB 115 Plan				
Beginning Balance		\$ 23,996,368	\$ 26,590,664	\$ (2,594,296)
Changes for the Year:				
Service Cost		305,397	—	305,397
Interest		1,643,677	—	1,643,677
Changes in Benefit Terms		—	—	—
Difference Between Expected and Actual Experience Loss (Gain)		(10,643)	—	(10,643)
Changes in Assumptions		142,956	—	142,956
Contributions - Employer		(1,624,704)	566,552	(2,191,256)
Net Investment Income		—	1,194,030	(1,194,030)
Benefit Payments, Including Refunds		—	(1,624,704)	1,624,704
Net Changes		456,683	135,878	320,805
	Balances at June 30, 2019	\$ 24,453,051	\$ 26,726,542	\$ (2,273,491)

Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption. Regarding the sensitivity of the net OPEB liability to changes in the Single Discount Rate (SDR), the following presents the plans' net OPEB liability, calculated using a Single Discount Rate of seven percent, as well as what the plans' net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption

	Health Care Plan		
June 30, 2020	1% Decrease 5.00%	Current SDR Assumption 6.00%	1% Increase 7.00%
Total OPEB Liability	\$ 395,013,983	\$ 345,219,389	\$ 304,439,249
Plan Net Position	308,694,549	308,694,549	308,694,549
Net OPEB Liability (Asset)	<u>\$ 86,319,434</u>	<u>\$ 36,524,840</u>	<u>\$ (4,255,300)</u>

	Health Care Plan		
June 30, 2019	1% Decrease 6.00%	Current SDR Assumption 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 370,056,019	\$ 325,956,523	\$ 289,507,273
Plan Net Position	300,229,571	300,229,571	300,229,571
Net OPEB Liability (Asset)	<u>\$ 69,826,448</u>	<u>\$ 25,726,952</u>	<u>\$ (10,722,298)</u>

Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption

	OPEB 115 Plan		
June 30, 2020	1% Decrease 5.00%	Current SDR Assumption 6.00%	1% Increase 7.00%
Total OPEB Liability	\$ 32,195,107	\$ 28,012,658	\$ 24,636,736
Plan Net Position	26,205,114	26,205,114	26,205,114
Net OPEB Liability (Asset)	<u>\$ 5,989,993</u>	<u>\$ 1,807,544</u>	<u>\$ (1,568,378)</u>

	OPEB 115 Plan		
June 30, 2019	1% Decrease 6.00%	Current SDR Assumption 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 27,770,004	\$ 24,453,051	\$ 21,748,251
Plan Net Position	26,726,542	26,726,542	26,726,542
Net OPEB Liability (Asset)	<u>\$ 1,043,462</u>	<u>\$ (2,273,491)</u>	<u>\$ (4,978,291)</u>

Sensitivity of Net OPEB Liability to the Health Care Cost Trend Rate Assumption. Regarding the sensitivity of the net OPEB liability to changes in the health care cost trend rates, the following presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

Sensitivity of Net OPEB Liability to the Health Care Cost Trend Rate Assumption

Health Care Plan			
June 30, 2020	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	\$ 301,220,188	\$ 345,219,389	\$ 399,761,771
Plan Net Position	308,694,549	308,694,549	308,694,549
Net OPEB Liability (Asset)	<u>\$ (7,474,361)</u>	<u>\$ 36,524,840</u>	<u>\$ 91,067,222</u>

Health Care Plan			
June 30, 2019	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	\$ 286,703,013	\$ 325,956,523	\$ 374,047,350
Plan Net Position	300,229,571	300,229,571	300,229,571
Net OPEB Liability (Asset)	<u>\$ (13,526,558)</u>	<u>\$ 25,726,952</u>	<u>\$ 73,817,779</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources:

The University posted a combined Net OPEB Liability of \$38,332,384 for the fiscal year ended June 30, 2021, for the Health Care Plan and OPEB 115 Plan used for retiree life insurance. The Net OPEB Liability was actuarially determined, and measured as of June 30, 2020, for fiscal year 2020-2021.

The University's deferred outflows of resources, deferred inflows of resources, net OPEB liability, and OPEB expense for each plan are shown in the following tables:

June 30, 2020	Health Care Plan	OPEB 115 Plan	Aggregate
Net OPEB Liability	\$ 36,524,840	\$ 1,807,544	\$ 38,332,384
Deferred Outflow of Resources	\$ 73,207,129	\$ 5,690,767	\$ 78,897,896
Deferred Inflow of Resources	\$ 44,535,671	\$ 591,965	\$ 45,127,636
OPEB Expense (Revenue)	\$ 11,635,255	\$ 780,871	\$ 12,416,126

June 30, 2019	Health Care Plan	OPEB 115 Plan	Aggregate
Net OPEB Liability	\$ 25,726,952	\$ —	\$ 25,726,952
Net OPEB (Asset)	\$ —	\$ (2,273,491)	\$ (2,273,491)
Deferred Outflow of Resources	\$ 37,353,834	\$ 2,071,578	\$ 39,425,412
Deferred Inflow of Resources	\$ 20,231,007	\$ 981,218	\$ 21,212,225
OPEB Expense (Revenue)	\$ 8,226,259	\$ 63,824	\$ 8,290,083

On June 30, 2021, and June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Health Care Plan

Average Remaining Service Life for 2020:

	6.58 Years		
	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Outflows (Inflows) of Resources
Differences Between Expected and Actual Experience	\$ 5,133,358	\$ 39,552,640	\$ (34,419,282)
Assumption Changes	41,063,199	—	41,063,199
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	14,624,575	4,983,031	9,641,544
Contributions Subsequent to the Measurement Date	12,385,997	—	—
Total	<u>\$ 73,207,129</u>	<u>\$ 44,535,671</u>	<u>\$ 16,285,461</u>

Health Care Plan

Average Remaining Service Life for 2019:

	6.58 Years		
	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Outflows (Inflows) of Resources
Differences Between Expected and Actual Experience	\$ 6,567,016	\$ 10,912,838	\$ (4,345,822)
Assumption Changes	13,058,864	—	13,058,864
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	6,111,601	9,318,169	(3,206,568)
Contributions Subsequent to the Measurement Date	11,616,353	—	—
Total	<u>\$ 37,353,834</u>	<u>\$ 20,231,007</u>	<u>\$ 5,506,474</u>

OPEB 115 Plan

Average Remaining Service Life for 2020:

	7.18 Years		
	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Outflows (Inflows) of Resources
Differences Between Expected and Actual Experience	\$ 371,473	\$ 198,152	\$ 173,321
Assumption Changes	3,329,076	—	3,329,076
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,384,237	393,813	990,424
Contributions Subsequent to the Measurement Date	605,981	—	—
Total	<u>\$ 5,690,767</u>	<u>\$ 591,965</u>	<u>\$ 4,492,821</u>

OPEB 115 Plan

Average Remaining Service Life for 2019:

	7.20 Years		
	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Outflows (Inflows) of Resources
Differences Between Expected and Actual Experience	\$ 243,757	\$ 257,338	\$ (13,581)
Assumption Changes	828,153	—	828,153
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	504,225	723,880	(219,655)
Contributions Subsequent to the Measurement Date	495,443	—	—
Total	<u>\$ 2,071,578</u>	<u>\$ 981,218</u>	<u>\$ 594,917</u>

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

Health Care Plan	
Year Ending June 30	Net Deferred Outflow of Resources
2021	\$ 1,799,309
2022	5,486,554
2023	5,858,890
2024	3,228,250
2025	(89,918)
Thereafter	2,376
Total	<u>\$ 16,285,461</u>

OPEB 115 Plan	
Year Ending June 30	Outflows of Resources
2021	\$ 648,570
2022	914,893
2023	978,639
2024	892,949
2025	513,185
Thereafter	544,585
Total	<u>\$ 4,492,821</u>

Note J – Included Entities

The University operates Burris Laboratory School (kindergarten through high school), and the Indiana Academy for Science, Mathematics, and Humanities (a residential high school), under the direction of the Teachers College. The financial activity for these entities is included in the required financial statements of this annual report.

Note K – Commitments and Contingent Liability

During the normal course of operations, the University has become an interested party to various legal and administrative actions, the resolutions of which are not yet known. However, in the opinion of legal counsel and University management, the disposition of all pending litigation and actions will not have a material adverse effect on the financial condition of the University. To protect the integrity of any litigation or action, further details are held confidential.

The University has entered into a loan guaranty agreement on one property as discussed below:

Sigma Phi Epsilon Alumni Corporation – The loan agreement allowed for the construction of a new fraternity house for Sigma Phi Epsilon Fraternity, Indiana Gamma chapter in Muncie, Indiana. On June 18, 2009, the University guaranteed a term loan in the amount of \$1,040,000 and a term note in the amount of \$559,000. On January 2, 2014, the loan and note were consolidated with a reduction in the original interest rate at the request of the housing corporation and the consent of the University for a total consolidated loan of \$1,068,957. Current financial statements provided by the chapter show the housing corporation has the ability to service the debt and meet its other financial obligations.

The University has outstanding commitments for capital construction contracts of \$12,512,899 at June 30, 2021.

Note L – Risk Management

The University is exposed to risks of loss related to:

- torts;
- theft of, damage to, or destruction of assets;
- errors or omissions;
- cyber liability;
- job-related illnesses or injuries to employees;
- life, health and other medical benefits provided to employees and their dependents; and,
- long-term disability benefits provided to employees.

The University handles these risks of loss through combinations of risk retention, self-insurance, and commercial insurance. The risk per incident for buildings and contents is \$100,000. The risk per incident for general liability is \$150,000. The University retains the entire risk for job-related illnesses, injury to employees, and short-term disability. Auto physical damage, auto liability, life insurance, and long-term disability are handled through fully insured commercial policies. The University retains the risk for its medical benefits.

Separate funds and accounts have been established to measure the results of the various combinations of risk retention and commercial insurance. Periodically (in some cases annually), after reviewing exposures with insurance consultants and actuaries, adjustments are made to reflect potential liabilities arising from risk retention. The University has had no settlements in excess of insurance coverage for each of the past three fiscal years.

The University is self-insured for employee and retiree health care and maintains various reserve funds and stop loss insurance to mitigate the risk of catastrophic claim experience. The Reserve for Claims Unreported or claims incurred but not paid (IBNP) and the Reserve of Self-Insurance are actuarially determined each year by external consultants.

This estimated liability for IBNP at June 30, 2021, and June 30, 2020, for both active employees and retirees was \$4.0 million and \$3.8 million, respectively, as determined by the University's actuarial consultants. Claims activity for each year was as follows:

June 30, 2021	
Unpaid Health Claims at July 1, 2020	3,759,407
Claims Incurred	51,570,704
Claims Paid	51,337,967
Unpaid Health Claims at June 30, 2021	<u>\$ 3,992,144</u>

June 30, 2020	
Unpaid Health Claims at July 1, 2019	4,257,837
Claims Incurred	50,485,186
Claims Paid	50,983,616
Unpaid Health Claims at June 30, 2020	<u>\$ 3,759,407</u>

Note M – Functional Expenses

The University's operating expenses by functional classification were as follows for fiscal year ended June 30, 2021:

	Functional Classification						Total
	Personnel Services	Benefits	Student Aid	Utilities	Supplies and Expenses Repairs and Maintenance	Depreciation	
Instruction	\$ 110,900,427	\$ 33,870,692	\$ 414,421	\$ 19,234	\$ 10,916,363	\$ —	\$ 156,121,137
Research	5,462,365	1,404,157	64,447	—	2,490,591	—	9,421,560
Public Service	4,576,164	1,463,818	37,394	32,101	5,123,242	—	11,232,719
Academic Support	26,094,852	9,457,264	72,926	5,488	10,159,518	—	45,790,048
Student Services	8,349,959	2,810,449	5,400	4,148	7,073,008	—	18,242,964
Institutional Support	27,575,524	19,498,538	1,140,510	70,695	13,864,247	—	62,149,514
Oper & Maint of Physical Plant	12,795,297	6,056,034	—	11,541,062	4,615,629	—	35,008,022
Scholarships & Fellowships	1,675,363	489,776	21,151,157	—	205,315	—	23,521,611
Auxiliary Enterprises	27,535,282	12,513,937	7,544,193	1,085,981	23,780,416	—	72,459,809
Depreciation	—	—	—	—	—	31,097,739	31,097,739
Total Operating Expenses	<u>\$ 224,965,233</u>	<u>\$ 87,564,665</u>	<u>\$ 30,430,448</u>	<u>\$ 12,758,709</u>	<u>\$ 78,228,329</u>	<u>\$ 31,097,739</u>	<u>\$ 465,045,123</u>

The University's operating expenses by functional classification were as follows for fiscal year ended June 30, 2020:

	Functional Classification						Total
	Personnel Services	Benefits	Student Aid	Utilities	Supplies and Expenses Repairs and Maintenance	Depreciation	
Instruction	\$ 117,849,829	\$ 30,633,200	\$ 197,277	\$ 15,630	\$ 13,533,056	\$ —	\$ 162,228,992
Research	6,214,973	1,299,115	55,641	—	2,208,063	—	9,777,792
Public Service	5,404,826	1,474,314	32,160	31,134	9,377,137	—	16,319,571
Academic Support	29,005,755	8,555,948	26,462	2,682	10,738,582	—	48,329,429
Student Services	8,531,452	2,481,580	5,925	4,933	7,936,336	—	18,960,226
Institutional Support	28,704,376	18,886,036	3,865	62,493	9,064,536	—	56,721,306
Oper & Maint of Physical Plant	13,771,350	5,454,514	—	11,681,472	5,076,727	—	35,984,063
Scholarships & Fellowships	2,003,879	439,461	14,974,025	—	258,179	—	17,675,544
Auxiliary Enterprises	31,198,963	11,582,292	7,856,516	1,154,348	31,455,242	—	83,247,361
Depreciation	—	—	—	—	—	30,829,710	30,829,710
Total Operating Expenses	<u>\$ 242,685,403</u>	<u>\$ 80,806,460</u>	<u>\$ 23,151,871</u>	<u>\$ 12,952,692</u>	<u>\$ 89,647,858</u>	<u>\$ 30,829,710</u>	<u>\$ 480,073,994</u>

Note N – Subsequent Event

In fiscal year 2020-2021, the University entered into an agreement with First Merchants Bank for a revolving Line of Credit. The Loan Agreement was effective as of August 1, 2020. It features an initial limit of \$30.0 million with an accordion to increase up to \$50.0 million. Interest rate is a per annum rate of interest equal to the sum of (a) LIBOR Index, plus (b) the LIBOR Margin. Under no circumstance will the interest rate be less than 0.50 percent per annum. The maturity date was July 31, 2021.

In July of 2021, the University decided not to renew the existing revolving Line of Credit and allowed it to expire. The final unused facility fee for having the line of credit was subsequently paid, and the account has been closed.

Ball State University

Required Supplemental Information

June 30, 2021

Schedule of Ball State University's Proportionate Share of the

Net Pension Liability

Public Employees' Defined Benefit Account (PERF DB)

Last 10 Fiscal Years*

Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability**
2020	0.0094006	\$ 28,393,518	\$ 50,750,122	55.9%	81.4%
2019	0.0099076	\$ 32,745,249	\$ 51,619,288	63.4%	80.1%
2018	0.0102797	\$ 34,920,606	\$ 52,452,970	66.6%	78.9%
2017	0.010432	\$ 46,542,821	\$ 51,754,607	89.9%	72.7%
2016	0.0106414	\$ 48,295,404	\$ 50,999,766	94.7%	71.2%
2015	0.0106374	\$ 43,325,088	\$ 50,950,992	85.0%	73.3%
2014	0.0099214	\$ 26,072,795	\$ 48,439,081	53.8%	81.1%
2013	0.0098422	\$ 33,710,313	\$ 47,254,108	71.3%	74.3%

*The ten year schedule will be built over time. Measurement date is June 30 for each year.

**2013 - 2017 were adjusted to reflect Defined Benefit activity only, due to the Defined Benefit/Defined Contribution split effective January 1, 2018.

Schedule of Ball State University's Proportionate Share of the

Net Pension Liability

Teachers' 1996 Defined Benefit Account (TRF 1996 DB)

Last 10 Fiscal Years*

Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability**
2020	0.0067518	\$ 526,240	\$ 23,290,949	2.3%	98.8%
2019	0.0073054	\$ (1,049,488)	\$ 23,816,767	(4.4)%	102.4%
2018	0.0075972	\$ 842,621	\$ 23,874,193	3.5%	98.0%
2017	0.0068661	\$ 4,546,709	\$ 20,731,715	21.9%	88.0%
2016	0.0063119	\$ 4,926,567	\$ 18,180,579	27.1%	84.9%
2015	0.0059797	\$ 3,148,778	\$ 16,389,126	19.2%	88.9%
2014	0.007277	\$ 346,027	\$ 18,832,391	1.8%	98.8%
2013	0.0065355	\$ 2,055,229	\$ 15,926,895	12.9%	91.6%

*The ten year schedule will be built over time. Measurement date is June 30 for each year.

**2013 - 2017 were adjusted to reflect Defined Benefit activity only, due to the Defined Benefit/Defined Contribution split effective January 1, 2018.

Schedule of Ball State University's Proportionate Share of the**Net Pension Liability****Teachers' Pre-1996 Defined Benefit Account (TRF Pre-1996 DB)****Last 10 Fiscal Years***

Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Portion of the Non-Employer Contributing Entities Total Proportionate Share (Amount) of the Collective NPL Associated with the University	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability**
2020	—	\$ —	100.00%	\$ 693,965,000	N/A	26.2%
2019	—	\$ —	100.00%	\$ 753,355,000	N/A	26.1%
2018	—	\$ —	100.00%	\$ 824,770,000	N/A	25.4%
2017	—	\$ —	100.00%	\$ 912,685,000	N/A	23.1%
2016	—	\$ —	100.00%	\$ 989,093,000	N/A	22.6%
2015	—	\$ —	100.00%	\$ 1,074,827,000	N/A	23.6%
2014	—	\$ —	100.00%	\$ 1,262,828,000	N/A	25.9%
2013	—	\$ —	100.00%	\$ 1,383,428,000	N/A	23.2%

*The ten year schedule will be built over time. Measurement date is June 30 for each year.

**2013 - 2017 were adjusted to reflect Defined Benefit activity only, due to the Defined Benefit/Defined Contribution split effective January 1, 2018.

Schedule of Ball State University's Contributions**Public Employees' Defined Benefit Account (PERF DB)****Last 10 Fiscal Years***

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2020	\$ 5,623,552	\$ 5,623,552	\$ —	\$ 50,750,122	11.08%
2019	\$ 5,641,447	\$ 5,641,447	\$ —	\$ 51,619,288	10.93%
2018	\$ 5,859,623	\$ 5,859,623	\$ —	\$ 52,452,970	11.17%
2017	\$ 5,745,383	\$ 5,745,383	\$ —	\$ 51,754,607	11.10%
2016	\$ 5,689,277	\$ 5,689,277	\$ —	\$ 50,999,766	11.16%
2015	\$ 5,504,427	\$ 5,504,427	\$ —	\$ 50,950,992	10.80%
2014	\$ 5,409,794	\$ 5,409,794	\$ —	\$ 48,439,081	11.17%
2013	\$ 4,554,942	\$ 4,569,568	\$ (14,626)	\$ 47,254,108	9.67%

*The ten year schedule will be built over time. Measurement date is June 30 for each year.

Schedule of Ball State University's Contributions
Teachers' 1996 Defined Benefit Account (TRF 1996 DB)
Last 10 Fiscal Years*

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2020	\$ 1,272,972	\$ 1,272,972	\$ —	\$ 23,290,949	5.47%
2019	\$ 1,772,451	\$ 1,772,451	\$ —	\$ 23,816,767	7.44%
2018	\$ 1,643,410	\$ 1,643,410	\$ —	\$ 23,874,193	6.88%
2017	\$ 1,555,479	\$ 1,555,479	\$ —	\$ 20,731,715	7.50%
2016	\$ 1,366,970	\$ 1,366,970	\$ —	\$ 18,180,579	7.52%
2015	\$ 1,304,966	\$ 1,304,966	\$ —	\$ 16,389,126	7.96%
2014	\$ 1,321,375	\$ 1,321,375	\$ —	\$ 18,832,391	7.02%
2013	\$ 1,194,517	\$ 1,194,517	\$ —	\$ 15,926,895	7.50%

*The ten year schedule will be built over time. Measurement date is June 30 for each year.

Schedule of Ball State University's Contributions
Teachers' Pre-1996 Defined Benefit Account (TRF Pre-1996)
Last 10 Fiscal Years*

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2020	\$ 129,150	\$ 129,150	\$ —	\$ 2,364,075	5.46%
2019	\$ 179,501	\$ 179,501	\$ —	\$ 2,546,007	7.05%
2018	\$ 204,795	\$ 204,795	\$ —	\$ 2,896,105	7.07%
2017	\$ 222,186	\$ 222,186	\$ —	\$ 3,097,835	7.17%
2016	\$ 230,716	\$ 230,716	\$ —	\$ 3,275,322	7.04%
2015	\$ 230,667	\$ 230,667	\$ —	\$ 3,335,080	6.92%
2014	\$ 441,356	\$ 441,356	\$ —	\$ 4,370,814	10.10%
2013	\$ 443,976	\$ 443,976	\$ —	\$ 4,274,503	10.39%

*The ten year schedule will be built over time. Measurement date is June 30 for each year.

Closed plan - the contributions would need to be calculated and provided by the actuaries

Schedule of Ball State University's Changes in Net OPEB Liability and Related Ratios Multi-year

Health Care Plan				
Last 10 Fiscal Years*				
Fiscal year ending June 30,	2020	2019	2018	2017
Total OPEB Liability:				
Service Cost	\$ 8,156,166	\$ 7,611,987	\$ 6,830,783	\$ 6,599,790
Interest on the Total OPEB Liability	22,695,850	21,470,286	19,577,788	18,399,968
Changes of Benefit Terms	—	—	—	—
Difference Between Expected and Actual Experience	(36,345,287)	(10,137,052)	9,434,332	(4,229,345)
Change of Assumptions **	36,372,491	9,074,176	487,135	9,175,625
Benefit Payments, Including Refunds of Employee Contributions ^	(11,616,354)	(10,943,209)	(9,161,538)	(8,982,186)
Net change in Total OPEB Liability	\$ 19,262,866	\$ 17,076,188	\$ 27,168,500	\$ 20,963,852
Total OPEB Liability - Beginning	325,956,523	308,880,335	281,711,835	260,747,983
Total OPEB Liability - Ending (a)	\$ 345,219,389	\$ 325,956,523	\$ 308,880,335	\$ 281,711,835
Plan Fiduciary Net Position:				
Employer Contributions ^	\$ 11,616,354	\$ 10,943,209	\$ 9,161,538	\$ 15,482,186
Nonemployer Contributing Entities Contributions	—	—	—	—
Employee Contributions	—	—	—	—
OPEB Plan Net Investment Income	8,464,978	12,501,466	21,850,871	34,411,338
Benefit Payments, Including Refunds of Employee Contributions ^	(11,616,354)	(10,943,209)	(9,161,538)	(8,982,186)
OPEB Plan Administrative Expense	—	—	—	—
Other	—	—	—	—
Net Change in Plan Fiduciary Net Position	\$ 8,464,978	\$ 12,501,466	\$ 21,850,871	\$ 40,911,338
Plan Fiduciary Net Position - Beginning	300,229,571	287,728,105	265,877,234	224,965,896
Plan Fiduciary Net Position - Ending (b)	\$ 308,694,549	\$ 300,229,571	\$ 287,728,105	\$ 265,877,234
Net OPEB Liability - Ending (a) - (b)	\$ 36,524,840	\$ 25,726,952	\$ 21,152,230	\$ 15,834,601
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	89.42 %	92.11 %	93.15 %	94.38 %
Covered Payroll #	\$ 202,031,009	\$ 206,811,806	\$ 203,494,948	\$ 194,729,643
Net OPEB Liability as a Percentage of Covered Payroll	18.08 %	12.44 %	10.39 %	8.13 %

Notes to Schedule:

*The ten year schedule will be built over time. Measurement date is June 30 for each year.

**Represents the effect of the change in assumed future increases in medical benefits (medical trend).

^Includes amount being paid outside of trust.

#Payroll provided separately by the employer.

Schedule of Ball State University's Changes in Net OPEB Liability and Related Ratios Multi-year

OPEB 115 Plan (Life)				
Last 10 Fiscal Years*				
Fiscal year ending June 30,	2020	2019	2018	2017
Total OPEB Liability:				
Service Cost	\$ 301,802	\$ 305,397	\$ 299,665	\$ 289,531
Interest on the Total OPEB Liability	1,662,984	1,643,677	1,532,799	1,557,695
Changes of Benefit Terms **	—	—	—	(407,528)
Difference Between Expected and Actual Experience	202,820	(10,643)	337,477	(421,297)
Change of Assumptions	3,086,070	142,956	976,135	—
Benefit Payments, Including Refunds of Employee Contributions ^	(1,694,069)	(1,624,704)	(1,501,416)	(1,259,902)
Net Change in Total OPEB Liability	\$ 3,559,607	\$ 456,683	\$ 1,644,660	\$ (241,501)
Total OPEB Liability - Beginning	24,453,051	23,996,368	22,351,708	22,593,209
Total OPEB Liability - Ending (a)	\$ 28,012,658	\$ 24,453,051	\$ 23,996,368	\$ 22,351,708
Plan Fiduciary Net Position:				
Employer Contributions ^	\$ 597,740	\$ 566,552	\$ 468,068	\$ 418,438
Nonemployer Contributing Entities Contributions	—	—	—	—
Employee Contributions	—	—	—	—
OPEB Plan Net Investment Income	574,901	1,194,030	2,071,247	2,943,702
Benefit Payments, Including Refunds of Employee Contributions ^	(1,694,069)	(1,624,704)	(1,501,416)	\$ (1,259,902)
OPEB Plan Administrative Expense	—	—	—	—
Other	—	—	—	—
Net Change in Plan Fiduciary Net Position	\$ (521,428)	\$ 135,878	\$ 1,037,899	\$ 2,102,238
Plan Fiduciary Net Position - Beginning	26,726,542	26,590,664	25,552,765	23,450,527
Plan Fiduciary Net Position - Ending (b)	\$ 26,205,114	\$ 26,726,542	\$ 26,590,664	\$ 25,552,765
Net OPEB Liability - Ending (a) - (b)	\$ 1,807,544	\$ (2,273,491)	\$ (2,594,296)	\$ (3,201,057)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	93.55 %	109.30 %	110.81 %	114.32 %
Covered Payroll #	\$ 202,031,009	\$ 206,811,806	\$ 203,494,948	\$ 194,729,643
Net OPEB Liability as a Percentage of Covered Payroll	0.89 %	(1.10)%	(1.27)%	(1.64)%

Notes to Schedule:

*The ten year schedule will be built over time. Measurement date is June 30 for each year.

**Represents the effect of the change in assumed future increases in medical benefits (medical trend).

^Includes amount being paid outside of trust.

#Payroll provided separately by the employer.

Schedule of the Net OPEB Liability Multiyear**Health Care Plan****Last 10 Fiscal Years***

FY Ending June 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a % of Total OPEB Liability	Covered Payroll #	Net OPEB Liability as a % of Covered Payroll
2020	\$ 345,219,389	\$ 308,694,549	\$ 36,524,840	89.42%	\$ 202,031,009	18.08%
2019	\$ 325,956,523	\$ 300,229,571	\$ 25,726,952	92.11%	\$ 206,811,806	12.44%
2018	\$ 308,880,335	\$ 287,728,105	\$ 21,152,230	93.15%	\$ 203,494,948	10.39%
2017	\$ 281,711,835	\$ 265,877,234	\$ 15,834,601	94.38%	\$ 194,729,643	8.13%

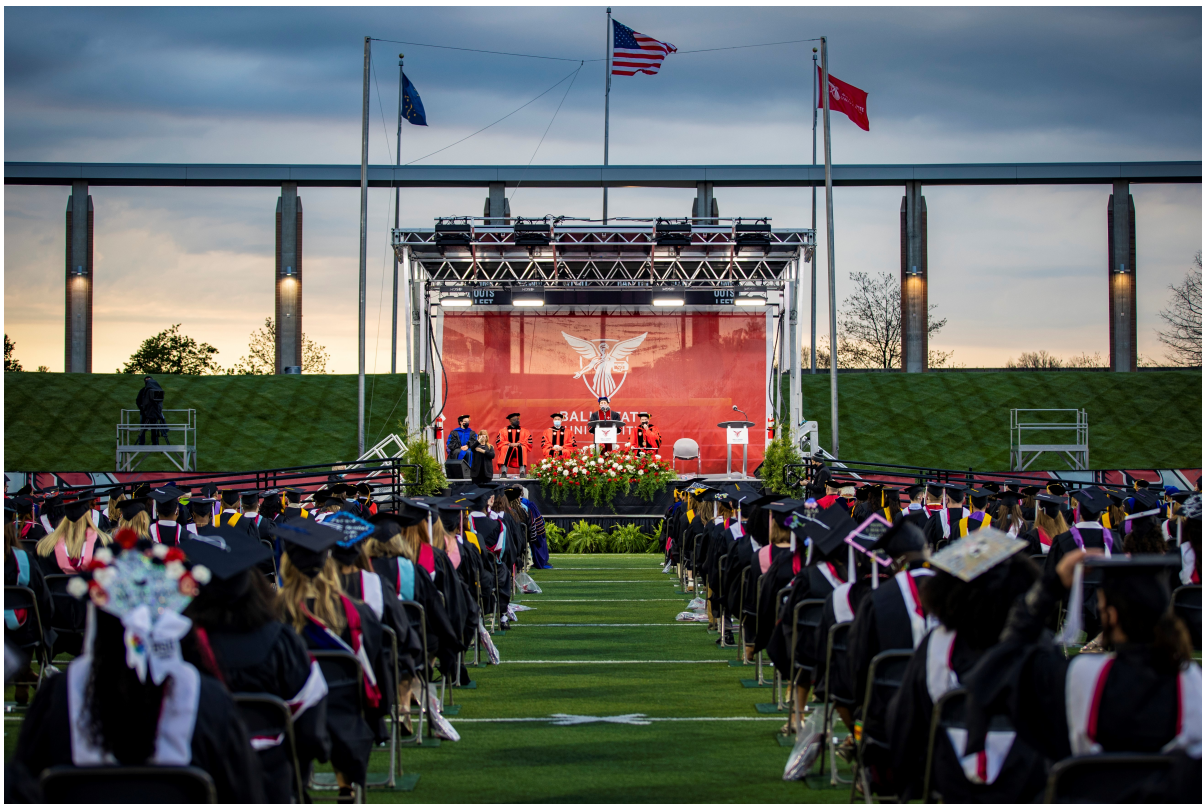
OPEB 115 Plan**Last 10 Fiscal Years***

FY Ending June 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a % of Total OPEB Liability	Covered Payroll #	Net OPEB Liability as a % of Covered Payroll
2020	\$ 28,012,658	\$ 26,205,114	\$ 1,807,544	93.55%	\$ 202,031,009	0.89%
2019	\$ 24,453,051	\$ 26,726,542	\$ (2,273,491)	109.30%	\$ 206,811,806	(1.10)%
2018	\$ 23,996,368	\$ 26,590,664	\$ (2,594,296)	110.81%	\$ 203,494,948	(1.27)%
2017	\$ 22,351,708	\$ 25,552,765	\$ (3,201,057)	114.32%	\$ 194,729,643	(1.64)%

Notes to Schedule:

* The ten year schedule will be built over time. Measurement date is June 30 for each year.

Payroll provided separately by the employer.



Graduation Ceremony

Schedule of Ball State University's OPEB Contributions Multi-year**Health Care Plan****Last 10 Fiscal Years***

FY Ending June 30,	Actuarially Determined Contribution	Actual Contribution ^	Contribution Deficiency (Excess)	Covered Payroll #	Actual Contribution as a Percentage of Covered Payroll
2020	\$ 10,431,022	\$ 11,616,354	\$ (1,185,332)	\$ 202,031,009	5.75%
2019	\$ 9,449,906	\$ 10,943,209	\$ (1,493,303)	\$ 206,811,806	5.29%
2018	\$ 8,202,596	\$ 9,161,538	\$ (958,942)	\$ 203,494,948	4.50%
2017	\$ 8,888,232	\$ 15,482,186	\$ (6,593,954)	\$ 194,729,643	7.95%

OPEB 115 Plan (Life Insurance)**Last 10 Fiscal Years***

FY Ending June 30,	Actuarially Determined Contribution	Actual Contribution ^	Contribution Deficiency (Excess)	Covered Payroll #	Actual Contribution as a Percentage of Covered Payroll
2020	\$ 142,988	\$ 597,740	\$ (454,752)	\$ 202,031,009	0.30%
2019	\$ 128,901	\$ 566,552	\$ (437,651)	\$ 206,811,806	0.27%
2018	\$ 86,343	\$ 468,068	\$ (381,725)	\$ 203,494,948	0.23%
2017	\$ 261,383	\$ 418,438	\$ (157,055)	\$ 194,729,643	0.21%

Notes to Schedule:

* The ten year schedule will be built over time. Measurement date is June 30 for each year.

^ Includes amount being paid outside of trust.

Payroll provided separately by the employer.



"Chirp Chirp"

Ball State University

Notes to Required Supplemental Information

June 30, 2021

To assist in the review of the PERF and TRF schedules please see plan amendments, assumption changes, and actuarial assumptions per year on the tables below, as reported on the Indiana Public Retirement System (INPRS) Comprehensive Annual Financial Reports (ACFR):

Schedules of Changes in Net Pension Liability per Fiscal Year

For the Year Ended June 30, 2020:

Plan Amendments

In 2020, there were no changes to the plan that impacted the pension benefits during the fiscal year.

Assumption Changes

In 2020, an experience study was performed resulting in an update to several assumptions. These assumption changes included a change in the mortality assumptions, retirement assumptions, withdrawal assumptions, disability assumptions, dependent spouse assumptions, and future salary increase assumptions.

For the Year Ended June 30, 2019:

Plan Amendments

In 2019, PERF DB, TRF Pre-1996 DB, and TRF 1996 DB were modified pursuant to HEA 1059. Previously, statute generally required PERF and TRF members to have 15 years of service to qualify for a survivor benefit prior to retirement. Statute now allows a qualifying spouse/dependent to receive a benefit if the deceased member had a minimum of 10 years of creditable service.

Assumption Changes

In 2019, there were no changes to assumptions that impacted the NPL during the fiscal year.

For the Year Ended June 30, 2018:

Plan Amendments

In 2018, there were no changes to the Plan that impacted the pension benefits during the fiscal year.

Assumption Changes

In 2018, the COLA assumption was changed due to passage of Senate Enrolled Act No. 373. In lieu of a 1.0% COLA beginning on January 1, 2020, INPRS now assumed that the COLA will be replaced by a thirteenth check for 2020 and 2021. The COLA assumption thereafter, would be 0.4% beginning on January 1, 2022, changing to 0.5% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

For the Year Ended June 30, 2017:

Plan Amendments

In 2017, there were no changes to the Plan that impacted the pension benefits during the fiscal year.

Assumption Changes

In 2017, a second mortality table was added creating both the healthy and disabled mortality tables. There were no other changes made during the current year that materially impacted Net Pension Liability during the fiscal year.

For the Year Ended June 30, 2016:

Plan Amendments

In 2016, there were no changes to the Plan that impacted the pension benefits during the fiscal year.

Assumption Changes

In 2016, there were no changes to the assumptions that impacted the Net Pension Liability during the fiscal year.

For the Year Ended June 30, 2015:

Plan Amendments

In 2015, there were no changes to the Plan that impacted the pension benefits during the fiscal year.

In 2014, HB 1075 impacted the Public Employees' Retirement Fund, the Teachers' Retirement Fund Pre-1996 Account, and the Teachers' Retirement Fund 1996 Account by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015 the rate is 4.5%. On January 1, 2017, the ASA annuities are allowed to be outsourced to a third party provider.

Assumption Changes

An experience study was performed in April of 2015 resulting in an update to several assumptions. These assumption changes included a change in the mortality assumptions, retirement assumptions, withdrawal assumptions, disability assumptions, ASA annuitization assumptions (PERF & TRF only), dependent assumptions, future salary increase assumptions, inflation assumptions and COLA assumptions. For further details refer to the Actuarial Section of the INPRS ACFR.

For the Year Ended June 30, 2014:

Plan Amendments

In 2014, HB 1075 impacted the Public Employees' Retirement Fund, the Teachers' Retirement Fund Pre-1996 Account, and the Teachers' Retirement Fund 1996 Account by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015 the rate becomes the greater of 4.5% or market rate. On January 1, 2017, the ASA annuities are allowed to be outsourced to a third party provider.

Assumption Changes

In 2015, there were no changes to the Plan that impacted the pension benefits during the fiscal year for PERF, TRF Pre-1996, or TRF 1996.

Actuarial Assumptions per Fiscal Year

PERF DB

Fiscal Year	Experience Study Date	Investment Rate of Return (Accounting)	Cost of Living Increases (COLA) or "Ad Hoc" COLA	Future Salary Increases, including Inflation	Inflation
2020	Period of five years ended June 30, 2019	6.75%, includes inflation and net of investment expenses	2020-2021 - 13th check, Beginning Jan. 1, 2022 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%	2.75% - 8.75%	2.25%
2019	Period of four years ended June 30, 2014	6.75%, includes Inflation and net of investment expenses	2020-2021 - 13th check, Beginning Jan. 1, 2022 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%	2.50% - 4.25%	2.25%
2018	Period of 4 Years ended June 30, 2014	6.75%, includes Inflation and net of investment expenses	2019-2020 - 13th check, 2021-2032 - 0.40%, 2033-2037 - 0.50%, 2038 and on - 0.60%	2.50% - 4.25%	2.25%
2017	Period of 4 Years ended June 30, 2014	6.75%, includes Inflation and net of investment expenses	1.00%	2.50% - 4.25%	2.25%
2016	Period of 4 Years ended June 30, 2014	6.75%, Net of Investment Expense, Including Inflation	1.00%	2.50% - 4.25%	2.25%
2015	Period of 4 Years Ended June 30, 2014	6.75%, Net of Investment Expense, Including Inflation	1.00%	2.50% - 4.25%	2.25%
2014	Period of 5 Years Ended June 30, 2010	6.75%, Net of Investment Expense, Including Inflation	1.00%	3.25% - 4.5%	3.00%

Actuarial Assumptions per Fiscal Year- Mortality

PERF DB

Fiscal Year	Mortality- Healthy Employees and Retirees		Mortality- Disableds		Mortality- Beneficiaries		Mortality-Improvement -All Tables
	Base Table	M/F Set Forward	Base Table	Load	Base Table	M/F Set Forward	Generational Improvement Scale
2020	PubG-2010	+3/+1	PubG-2010	1.4	PubCS-2010	+0/+2	MP-2019
2019	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006		RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A
2018	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006		RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A
2017	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006		RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A
2016	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A		N/A
2015	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2016		N/A		N/A		N/A
2014	N/A		N/A		N/A		N/A

Actuarial Assumptions per Fiscal Year

TRF 1996 DB

Fiscal Year	Experience Study Date	Investment Rate of Return (Accounting)	Cost of Living Increases (COLA) or "Ad Hoc" COLA	Future Salary Increases, including Inflation	Inflation
2020	Period of five years ended June 30, 2019	6.75%, includes inflation and net of investment expenses	2020-2021 - 13th check, Beginning Jan. 1, 2022 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%	2.75% - 12.00%	2.25%
2019	Period of three years ended June 30, 2014	6.75%, includes Inflation and net of investment expenses	2020-2021 - 13th check, Beginning Jan. 1, 2022 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%	2.5% - 12.5%	2.25%
2018	Period of 3 years ended June 30, 2014	6.75%, includes Inflation and net of investment expenses	2019-2020 - 13th check, 2021-2032 - 0.40%, 2033-2037 - 0.50%, 2038 and on - 0.60%	2.5% - 12.5%	2.25%
2017	Period of 3 years ended June 30, 2014	6.75%, includes Inflation and net of investment expenses	1.00%	2.5% - 12.5%	2.25%
2016	Period of 3 years ended June 30, 2014	6.75%, net of investment expense, including inflation	1.00%	2.5% - 12.5%	2.25%
2015	Period of 3 years ended June 30, 2014	6.75%, net of investment expense, including inflation	1.00%	2.5% - 12.5%	2.25%
2014	Period of 4 years ended June 30, 2011	6.75%, net of investment expense, including inflation	1.00%	3.0% - 12.5%	3.00%

Actuarial Assumptions per Fiscal Year- Mortality

TRF 1996 DB

Fiscal Year	Mortality- Healthy Employees and Retirees		Mortality- Disableds		Mortality- Beneficiaries		Mortality-Improvement -All Tables
	Base Table	M/F Set Forward	Base Table	Load	Base Table	M/F Set Forward	Generational Improvement Scale
2020	PubT-2010	+1/+1	PubG-2010	1.4	PubCS-2010	+0/+2	MP-2019
2019	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006		RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A
2018	RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006		RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A
2017	RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006		RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A
2016	RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A		N/A
2015	RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2016		N/A		N/A		N/A
2014	N/A		N/A		N/A		N/A

Actuarial Assumptions per Fiscal Year
TRF Pre-1996 DB

Fiscal Year	Experience Study Date	Investment Rate of Return (Accounting)	Cost of Living Increases (COLA) or "Ad Hoc" COLA	Future Salary Increases, including Inflation	Inflation
2020	Period of five years ended June 30, 2019	6.75%, includes inflation and net of investment expenses	2020-2021 - 13th check, Beginning Jan. 1, 2022 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%	2.75% - 12.00%	2.25%
2019	Period of three years ended June 30, 2014	6.75%, includes Inflation and net of investment expenses	2020-2021 - 13th check, Beginning Jan. 1, 2022 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%	2.5% - 12.5%	2.25%
2018	Period of 3 years ended June 30, 2014	6.75%, includes Inflation and net of investment expenses	2019-2020 - 13th check, 2021-2032 - 0.40%, 2033-2037 - 0.50%, 2038 and on - 0.60%	2.5% - 12.5%	2.25%
2017	Period of 3 years ended June 30, 2014	6.75%, includes Inflation and net of investment expenses	1.00%	2.5% - 12.5%	2.25%
2016	Period of 3 years ended June 30, 2014	6.75%, net of investment expense, including inflation	1.00%	2.5% - 12.5%	2.25%
2015	Period of 3 years ended June 30, 2014	6.75%, net of investment expense, including inflation	1.00%	2.5% - 12.5%	2.25%
2014	Period of 4 years ended June 30, 2011	6.75%, net of investment expense, including inflation	1.00%	3.0% - 12.5%	3.00%

Actuarial Assumptions per Fiscal Year- Mortality

TRF Pre-1996 DB

Fiscal Year	Mortality- Healthy Employees and Retirees		Mortality- Disableds		Mortality- Beneficiaries		Mortality-Improvement -All Tables
	Base Table	M/F Set Forward	Base Table	Load	Base Table	M/F Set Forward	Generational Improvement Scale
2020	PubT-2010	+1/+1	PubG-2010	1.4	PubCS-2010	+0/+2	MP-2019
2019	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006		RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A
2018	RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006		RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A
2017	RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006		RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A
2016	RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006		N/A		N/A		N/A
2015	RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2016		N/A		N/A		N/A
2014	N/A		N/A		N/A		N/A

Notes to Required Supplementary Information
Changes to OPEB Benefit Terms

June 30, 2020, changes in benefits since the prior valuation include:

Health Care Plan - Health Insurance:

There were no changes in the health care benefit eligibility requirements, deductibles, coinsurance, or plan maximums since the previous valuation. The self-insured premiums charged to active employees and retirees were increased three percent.

OPEB 115 Plan - Life Insurance:

There were no changes in the life insurance benefit eligibility requirements, retiree contributions or plan benefits since the previous valuation.

July 1, 2019, changes in benefits since the prior valuation include:

Health Care Plan - Health Insurance:

There were no changes in the health care benefit eligibility requirements, deductibles, coinsurance, or plan maximums since the previous valuation. The self-insured premiums charged to active employees and under age 65 retirees were increased two percent.

The retiree healthcare plan was closed to new hires effective January 1, 2020.

OPEB 115 Plan - Life Insurance:

There were no changes in the life insurance benefit eligibility requirements, retiree contributions or plan benefits since the previous valuation.

July 1, 2018, changes in benefits since the prior valuation include:

Health Care Plan - Health Insurance:

There were no changes in the health care benefit eligibility requirements, deductibles, coinsurance, or plan maximums since the previous valuation. The self-insured premiums charged to active employees and under age 65 retirees were increased two percent.

OPEB 115 Plan - Life Insurance:

There were no changes in the life insurance benefit eligibility requirements, retiree contributions or plan benefits since the previous valuation.

July 1, 2017, changes in benefits since the prior valuation include:

Health Care Plan - Health Insurance:

There were no changes in the health care benefit eligibility requirements, deductibles, coinsurance, or plan maximums since the previous valuation. The self-insured premiums charged to active employees and under age 65 retirees were increased two percent.

OPEB 115 Plan - Life Insurance:

Retiree contributions increased to \$0.2267 per \$1,000 effective January 1, 2017. Previously, it was \$0.173 per \$1,000.

Changes in OPEB Assumptions

June 30, 2020, changes in assumptions since the prior valuation include:

Claim costs were updated based on current plan experience and future expectations.

Rates of retirement and withdrawal were changed to reflect actual experience.

Assumed future increases in medical benefits changed from 7.75 percent for the fiscal year ending June 30, 2021, grading down to 3.5 percent in the next nine years for all participants to new rates for pre-65/post-65, which are more reflective of anticipated plan experience.

The mortality assumption was changed from fully generational RP-2014, from base year 2006, projected forward from 2006 using MP-2019 to fully generational Pub-2010 headcount-weighted General plan tables, projected forward from 2010 using MP-2020.

The interest rate was changed from 7.00 percent to 6.00 percent.

The salary increase/payroll growth assumption was changed from 3.50 percent to 3.25 percent per year.

July 1, 2019, changes in assumptions since the prior valuation include:

Claim costs were updated based on current plan experience and future expectations.

Assumed future increases in medical benefits changed from 7.75 percent for the fiscal year ending June 30, 2020, grading down to 3.5 percent in the next nine years, to 8.25 percent for the fiscal year ending June 30, 2019, grading down to 3.5 percent in the next ten years.

The mortality improvement projection scale was changed from MP-2018 to MP-2019

July 1, 2018, changes in assumptions since the prior valuation include:

Claim costs were updated based on current plan experience and future expectations.

Assumed future increases in medical benefits changed from 7.75 percent for the fiscal year ending June 30, 2019, grading down to 3.5 percent in the next nine years, to 8.25 percent for the fiscal year ending June 30, 2018, grading down to 3.5 percent in the next ten years.

The mortality improvement projection scale was changed from MP-2015 to MP-2018

July 1, 2017, changes in assumptions since the prior valuation include:

Claim costs were updated based on current plan experience and future expectations.

Assumed future increases in medical benefits changed from 7.75 percent for the fiscal year ending June 30, 2018, grading down to 3.5 percent in the next nine years, to 8.25 percent for the fiscal year ending June 30, 2017, grading down to 3.5 percent in the next ten years.

Methods and Assumptions Used to Determine OPEB Contribution Amounts for the Fiscal Year Ending:

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation Date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Notes:	Actuarially determined contribution rates are calculated annually as of June 30. The valuation date is 12 months prior to the fiscal year end.	Actuarially determined contribution rates are calculated annually as of June 30. The valuation date is 12 months prior to the fiscal year end.	Actuarially determined contribution rates are calculated annually as of June 30. The valuation date is 12 months prior to the fiscal year end.	Actuarially determined contribution rates are calculated annually as of June 30. The valuation date is 12 months prior to the fiscal year end.
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period:	18 years	19 years	20 years	21 years
Asset Valuation Method:	Market value of assets	Market value of assets	Market value of assets	Market value of assets
Price Inflation:	No explicit price inflation assumption used	No explicit price inflation assumption used	No explicit price inflation assumption used	No explicit price inflation assumption used
Salary Increases:	3.25% per year	3.5% per year	3.5% per year	3.5% per year
Investment Rate of Return:	6.0%, net of OPEB plan investment expense, including inflation	7.0%, net of OPEB plan investment expense, including inflation	7.0%, net of OPEB plan investment expense, including inflation	7.0%, net of OPEB plan investment expense, including inflation
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition	Experience-based table of rates that are specific to the type of eligibility condition	Experience-based table of rates that are specific to the type of eligibility condition	Experience-based table of rates that are specific to the type of eligibility condition
Mortality:	Fully generational Pub-2010 headcount-weighted General tables, projected forward from 2010 using Projection Scale MP-2020.	Fully generational RP-2014 Mortality Table for health employees and annuitants, with 2006 base rates projected forward from 2006 using Projection Scale MP-2018, with no collar adjustment.	Fully generational RP-2014 Mortality Table for health employees and annuitants, with 2006 base rates projected forward from 2006 using Projection Scale MP-2018, with no collar adjustment.	Fully generational RP-2014 Mortality Table for health employees and annuitants, with 2006 base rates projected forward from 2006 using Projection Scale MP-2015, with no collar adjustment.
Health Care Trend Rates:	Initial trend starting at 7.75% and gradually decreasing to an ultimate trend rate of 3.5%	Initial trend starting at 8.25% and gradually decreasing to an ultimate trend rate of 3.5%	Initial trend starting at 8.25% and gradually decreasing to an ultimate trend rate of 3.5%	Initial trend starting at 8.25% and gradually decreasing to an ultimate trend rate of 3.5%
Dental Trend Rates:	Initial trend starting at 4.5% and gradually decreasing to an ultimate trend rate of 3.5%	Initial trend starting at 4.5% and gradually decreasing to an ultimate trend rate of 3.5%	Initial trend starting at 4.5% and gradually decreasing to an ultimate trend rate of 3.5%	Initial trend starting at 4.5% and gradually decreasing to an ultimate trend rate of 3.5%
Aging Factors:	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"