Financial Report

Year Ended June 30, 2022

BALL STATE
UNIVERSITY

Front Cover: Alderdice South Gate

Table of Contents

Ball State University Financial Report 2021-2022

To

The President and Board of Trustees

Ball State University

This financial report presents

the financial position of

Ball State University at June 30, 2022

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 31, 2022

Report of the President

It is my privilege to present the *Annual Financial Report of Ball State University* for the year ended June 30, 2022. 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, 2022, 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.

Despite the extraordinary challenges presented by the COVID-19 pandemic, our University has 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:

- Since the advent of the pandemic in March 2020, we have enabled and empowered more than 10,000 students to earn their degrees.
- For the fourth year in a row, our alumni and benefactors contributed more than $30 million in new philanthropic commitments to our University. The $44.9 million we received in new gifts and commitments this past fiscal year represents an all-time record in the 104-year history of our institution.
- The University's net position increased by $14.5 million to total net assets of $838.9 million. Additionally, S&P reaffirmed their ratings for our institution as AA-/Stable. The agency 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:

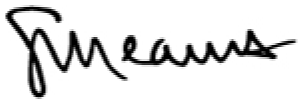
- Renovations to our Cooper Science Building, which features our Charles W. Brown Planetarium and is home to our departments of physics and astronomy as well as geography and meteorology.
- Construction of our Brown Family Amphitheater, an outdoor performance venue that will serve members of our campus community as well as our friends and neighbors in east central Indiana.
- The Phase 4 completion of our East Mall, which provides a non-vehicular corridor for bicyclists and pedestrians traveling through the heart of our campus.
- Construction of our Cardinal Central service center, which offers students and their families a "one-stop" access point for information and resources from our Office of Financial Aid and Scholarships, Student Financial Services (Bursar), Office of the Registrar, and Retention and Graduation services.

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, 2022.

Sincerely,



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

2021-2022

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Ball State University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the University, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Ball State University Foundation, Inc. (Foundation) or Muncie Community School Corporation (School Corporation), component units of the University as described in Note 1, which represent 100 percent, 100 percent, and 100 percent, respectively, of the total assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation and School Corporation, is based solely on the report of the other auditors. 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*.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of 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 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the To the President and Board of Trustees, Report of the President, General Information, and Board of Trustees and President of Ball State University, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Beth Kelley

Beth Kelley, CPA, CFE
Deputy State Examiner

October 31, 2022

Ball State University
Management's Discussion and Analysis
June 30, 2022

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 2021 enrollment of 20,319 students was comprised of 14,898 undergraduate and 5,421 graduate students. Approximately 79 percent of the University's on-campus students are characterized as Indiana residents; however, all 50 states, the District of Columbia, four U.S. territories, and 73 foreign nations are represented in the student body. As of the beginning of the 2021-2022 academic year, the University's staff and faculty (not including student employees and graduate assistants) totaled approximately 3,000 full-time and over 460 part-time personnel. The campus facilities include approximately 135 buildings totaling nearly eight 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, 2022, with selected comparative information for the two fiscal years ended June 30, 2021 and 2020. 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) are 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 2021-2022 increased by $14.5 million compared to the fiscal year 2020-2021, due primarily to a $23.0 million increase in unrestricted net position and an $8.9 million increase in net investment in capital assets partially offset by a $10.8 million decrease in net position restricted for construction and a $4.8 million decrease in net position restricted for external grants. A more detailed discussion of the change in net position can be found later in this report. For fiscal year 2020-2021, the total net position of the University increased by $38.8 million as compared to 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.

ROTC Welcome Weekend Run with President Mearns

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, 2022, 2021, and 2020

	2022	2021	2020
Assets:			
Current Assets	$ 163,560,131	$ 218,475,943	$ 220,317,042
Noncurrent Assets:			
Capital Assets, Net of Depreciation	878,349,258	893,357,621	821,050,246
Other	329,239,525	251,518,988	266,871,410
Deferred Outflows of Resources	85,566,207	90,878,997	49,846,117
Total Assets and Deferred Outflows of Resources	$1,456,715,121	$1,454,231,549	$1,358,084,815
Liabilities:			
Current Liabilities	$ 76,895,973	$ 87,478,883	$ 96,266,070
Noncurrent Liabilities	397,532,468	484,072,657	442,808,451
Deferred Inflows of Resources	143,374,812	58,281,889	33,390,434
Total Liabilities and Deferred Inflows of Resources	$ 617,803,253	$ 629,833,429	$ 572,464,955
Net Position:			
Net Investment in Capital Assets	$ 523,224,258	$ 514,297,622	$ 468,580,247
Restricted	68,438,154	85,422,301	84,920,092
Unrestricted	247,249,456	224,678,197	232,119,521
Total Net Position	$ 838,911,868	$ 824,398,120	$ 785,619,860
Total Liabilities, Deferred Inflows of Resources and Net Position	$1,456,715,121	$1,454,231,549	$1,358,084,815

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 $54.9 million, or 25.1 percent, from the previous year, primarily due to a decrease in cash and cash equivalents of $55.5 million. In June of the prior year, the University received bond proceeds which were reported as cash due to time constraints for investing. This fiscal year's change in cash and cash equivalents was partially offset by a rebalancing to longer term investments as well as a decrease resulting from net cash outflows from operations and spending on various capital projects.

In fiscal year 2020-2021, current assets decreased $1.8 million, or 0.8 percent, from the previous year primarily due to a decrease in short term investments of $51.3 million and a decrease in deposit with bond trustee of $29.4 million, partially offset by an increase in cash and cash equivalents of $75.8 million and an increase in accounts receivable of $3.1 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 change in deposit with bond trustee is a result of this balance being reclassified to cash and cash equivalents for fiscal year 2020-2021. See Note P for additional information.

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, 2022, showed a $62.7 million, or 5.5 percent, increase over the previous year. The net increase is made up primarily of the combination of a $61.8 million increase in net OPEB asset and a $17.4 million increase in investments, partially offset by a $15.0 million decrease in capital assets, net of depreciation and a $1.5 million decrease in accounts and notes receivable, net. The increase in net OPEB asset is a normal fluctuation based on actuarial valuations. The decrease to capital assets is due to annual depreciation outpacing new additions to capital assets during the year.

Noncurrent assets at June 30, 2021, showed a $57.0 million, or 5.2 percent, increase over the previous year. The increase included a $72.3 million increase in capital assets, net of depreciation, partially offset by an $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.

Ball State Wind Ensemble

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, 2022, was a $5.3 million decrease, most of which related to assumption changes for the OPEB liability. Deferred inflows showed an $85.1 million increase over the prior year. The changes and differences to deferred outflows at June 30, 2021, was a $41.0 million increase, while changes and differences to deferred inflows was a $24.9 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, 2021, for the 2021-2022 financial report, and June 30, 2020, for the 2020-2021 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 2021-2022, the University's current liabilities decreased by $10.6 million, or 12.1 percent. The net decrease was primarily due to a decrease in accounts payable and accrued liabilities of $3.9 million, a decrease in deposits of $5.6 million and a decrease in the current portion of long term liabilities of $1.1 million. In fiscal year 2020-2021, the University's current liabilities decreased by $8.8 million, 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.

Noncurrent liabilities are predominantly comprised of bonds payable, pension and OPEB liabilities, liability for compensated absences, and the Perkins loan program. Total noncurrent liabilities decreased by $86.5 million, or 17.9 percent, in fiscal year 2021-2022. Bonds payable (long term liabilities, net) accounted for a decrease equal to $26.3 million over the previous fiscal year due to regularly scheduled debt payments. Expected fluctuations in both the net pension and net OPEB liabilities amounted to a net decrease of $59.2 million, while the Perkins loan program decreased by $0.8 million.

In fiscal year 2020-2021, total noncurrent liabilities increased $41.3 million. Bonds payable (long term liabilities, net) increased $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 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.

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, 2022, the University had $355.1 million of capital-related bond indebtedness outstanding, compared to $379.1 million and $352.5 million outstanding as of June 30, 2021 and June 30, 2020, respectively. The decrease in indebtedness is due to 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.

Ball State University's credit is rated 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. The ratings were last affirmed by S&P in August 2022 and by Moody's in May 2021.

Capital Assets

As of June 30, 2022, the University had $523.2 million invested in capital assets, net of accumulated depreciation of $543.4 million and related debt of $355.1 million. Depreciation charges totaled $33.1 million for the current fiscal year. All of these amounts reflect cost of construction rather than replacement cost. 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 fiscal year 2020-2021.

Significant capital additions in the current fiscal year included the Cooper Science Complex, the Foundational Sciences Building, the Rinard Orchid Greenhouse, and the East Mall.

Net Position

At June 30, 2022, total net position for the University was $838.9 million, up $14.5 million from the previous year, including an increase to unrestricted net position of $22.6 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 $523.2 million as of June 30, 2022. 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 $17.0 million in fiscal year 2021-2022, totaling $67.5 million as of June 30, 2022. Of these restricted expendable funds, $58.2 million are funds restricted for construction, such as the bond proceeds for the renovation and partial demolition of Cooper Science Complex. Approximately $7.9 million is restricted for external grants, and $1.4 million is restricted for student loans. The overall change in restricted expendable net position was primarily due to spending of bond proceeds for capital projects.

Aside from capital assets and restricted net position, the remaining $247.2 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, 2021, the University’s net position was $824.4 million. Approximately $514.3 million was comprised of net investment in capital assets, net of accumulated depreciation and related debt. Additionally, the University had other net positions totaling $310.1 million as of June 30, 2021, of which $85.4 million was restricted net position. The $85.4 million restricted net position was comprised of: $0.9 million in nonexpendable endowment restricted for student scholarships, $2.7 million restricted for student loans, $69.1 million restricted for construction, and $12.7 million restricted for external grants. Unrestricted net position at June 30, 2021, was $224.7 million, a decrease of $7.4 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, 2022, 2021, and 2020

	2022	2021	2020
Operating Revenues	$ 240,679,223	$ 237,232,417	$ 256,012,592
Operating Expenses	478,508,504	465,045,123	480,073,994
Net Operating Income/(Loss)	$ (237,829,281)	$ (227,812,706)	$ (224,061,402)
Net Non-Operating Revenues	243,867,044	256,233,768	271,208,033
Other Revenue – Capital Appropriations and Gifts	8,475,985	10,357,198	5,735,486
Increase in Net Position	$ 14,513,748	$ 38,778,260	$ 52,882,117
Net Position - Beginning of Year	824,398,120	785,619,860	732,737,743
Net Position - End of Year	$ 838,911,868	$ 824,398,120	$ 785,619,860

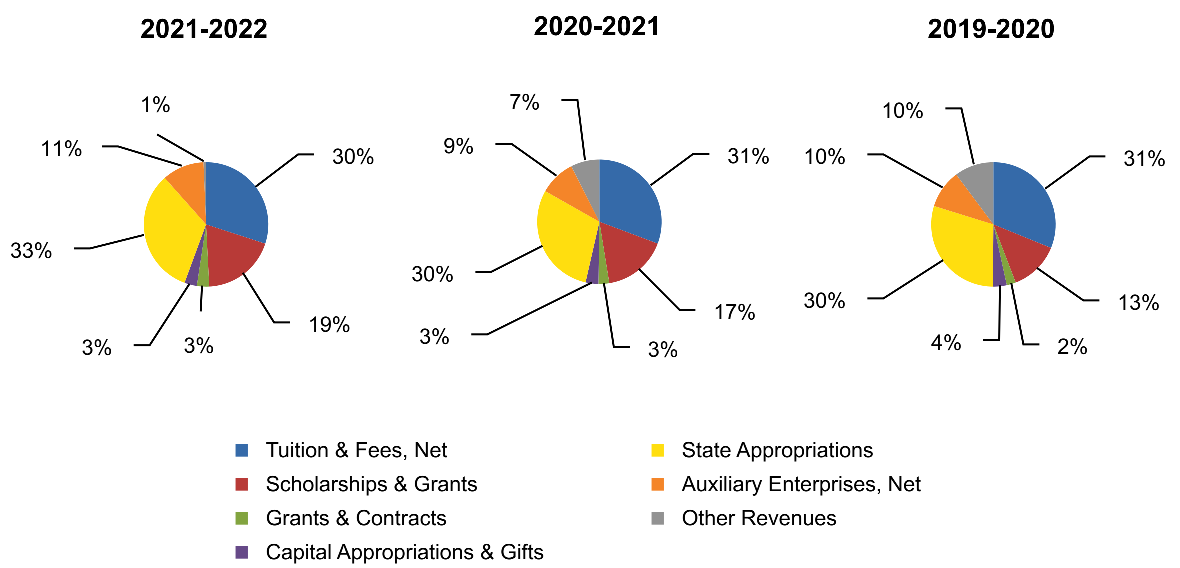
Operating Revenues

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 increased $3.4 million, or 1.5 percent, in fiscal year 2021-2022. Compared to the prior year, revenue from residential life increased by $2.1 million, other auxiliary revenue increased by $4.8 million, both primarily attributable to a full return to campus activities. Grants and contracts revenue also increased by $1.7 million. Conversely, tuition and fees revenue decreased by a net $6.6 million when compared to fiscal year 2020-2021, as two years of the COVID-19 pandemic continued to have an impact on enrollment.

In fiscal year 2020-2021, total operating revenues decreased $18.8 million, or 7.3 percent. 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, and other operating revenues decreased by $0.3 million revenue, primarily due to a change in bad debt contra revenue.

Total Revenues by Source

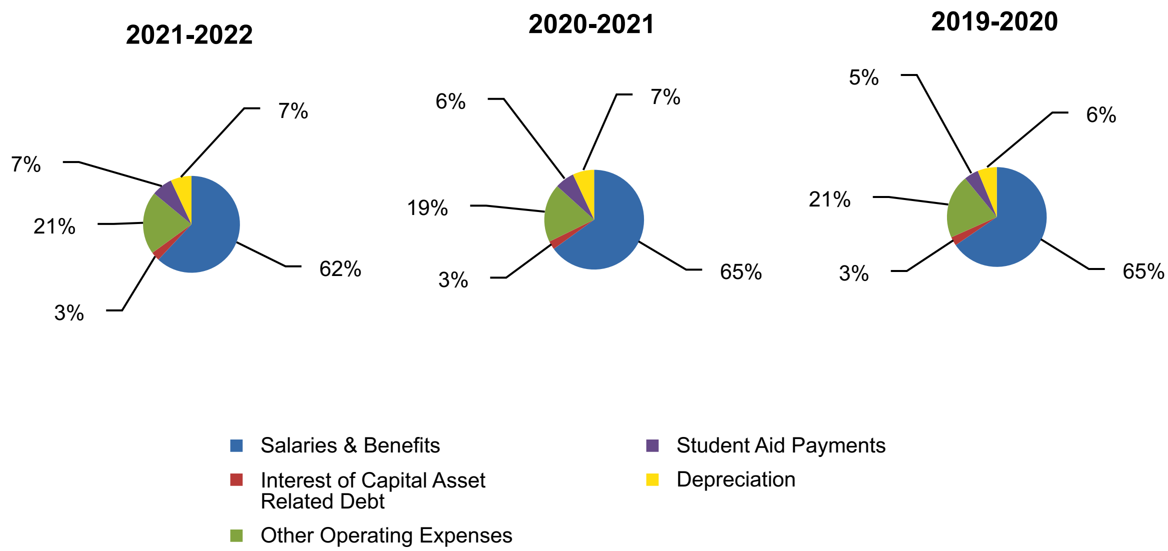


Operating Expenses

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 2021-2022, operating expenses increased $13.5 million, or 2.9 percent. Personnel services and benefits account for 64.1 percent of total operating expenses. Personnel services increased by $4.7 million, or 2.1 percent, in fiscal year 2021-2022, and benefits expense decreased by $10.4 million. 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 increased a combined $11.0 million, related to a return to full campus operations after the COVID-19 pandemic. Student aid increased by $6.2 million, or 20.3 percent, which was primarily due to increases in CARES Act Emergency Funds and Higher Education Emergency Relief Funding (HEERF) awarded to students.

Operating expenses in fiscal year 2020-2021 decreased $15.0 million, or 3.1 percent. Personnel services decreased $17.7 million, while benefits 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 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 $11.6 million, while student aid, which includes financial aid and scholarships, increased by $7.3 million. The increase in student aid 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.

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 2021-2022, net non-operating revenues and expenses decreased $12.4 million, or 4.8 percent. Federal and state scholarships and state appropriations make up the majority of non-operating revenues. Federal and state scholarships and grants increased $10.6 million, while state appropriations increased $13.2 million, as a result of the State of Indiana restoring appropriations to their pre-pandemic levels. Additionally, private gifts increased by $1.1 million, and other non-operating income increased by $2.4 million. These increases were offset by a decrease in investment income of $39.8 million during the year due primarily to unrealized losses from market declines.

In fiscal year 2020-2021, net non-operating revenues and expenses decreased by $15.0 million, or 5.5 percent, as federal and state scholarships and grants increased by $15.4 million and state appropriations decreased by $9.3 million, primarily due to the State of Indiana holding a 7.0 percent reserve, or $9.9 million, as a result of the impact of the pandemic on state revenues. Additionally, private gifts decreased by $7.0 million, while investment income decreased $16.2 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 2021-2022 remained unchanged from the prior year. Capital gifts from the Ball State University Foundation decreased $1.9 million, primarily due to gifts received in the prior year 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 COVID-19 Pandemic

The COVID-19 pandemic was felt through all facets of life, and the University was not immune to its impact. However, through appropriate and measured responses, perseverance when faced with difficult decisions, and prudent fiscal administration, the University was able to react to, adapt to, and endure the crisis. Relief funds from the federal government also helped to ensure that the mission of the University would continue during the pandemic-induced periods of lower enrollment and activity on campus.

All campus operations have now returned to full pre-pandemic status, including classroom instruction, student housing and dining, graduation ceremonies, and orientation and campus visits. The University will continue to respond to the pandemic and other health-related issues in a manner that promotes the safety of employees, students, and campus visitors, while furthering the University's mission and values. The University's 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.

Financial Impact

The COVID-19 pandemic continues to impact the University's finances and likely will for some time. State appropriations, which were reduced in fiscal year 2020-2021 due to the impact on the State of Indiana's revenue collections, were restored to their budgeted level in fiscal year 2021-2022. During that year of reduced appropriations, various expense-reduction measures were undertaken proactively by the University administration, many of which continued into fiscal year 2021-2022.

In efforts to mitigate the impact of the pandemic on campus operations throughout the country, the U.S. Congress passed several relief acts to provide emergency aid. 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 $39.6 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 funds in fiscal year 2019-2020, $22.8 million in fiscal year 2020-2021, and $43.6 million in fiscal year 2021-2022, with $5.5 million, $10.8 million, and $19.8 million being allocated to student aid in each respective fiscal year.

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, 2022 and 2021

	2022	2021 Restated
Assets:		
Current Assets:		
Cash and Cash Equivalents	$ 81,379,921	$ 136,891,165
Short Term Investments	55,951,126	56,292,163
Accounts Receivable, Net, and Unbilled Costs	20,761,933	20,387,907
Inventories	1,503,362	1,330,070
Notes Receivable, Net	1,112,042	1,260,957
Prepaid Expenses	2,851,747	2,313,681
Total Current Assets	$ 163,560,131	$ 218,475,943
Noncurrent Assets:		
Accounts and Notes Receivable, Net	$ 3,109,391	$ 4,658,320
Net OPEB Asset	61,837,629	—
Investments	264,292,505	246,860,668
Capital Assets, Net	878,349,258	893,357,621
Total Noncurrent Assets	$ 1,207,588,783	$ 1,144,876,609
Total Assets	$ 1,371,148,914	$ 1,363,352,552
Deferred Outflows of Resources:		
Pension Contributions	$ 17,766,331	$ 11,981,101
OPEB Contributions	67,799,876	78,897,896
Total Assets and Deferred Outflows of Resources	$ 1,456,715,121	$ 1,454,231,549
Liabilities:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$ 46,930,231	$ 50,836,365
Deposits	6,592,950	12,173,358
Unearned Revenue	547,792	534,160
Long Term Liabilities – Current Portion	22,825,000	23,935,000
Total Current Liabilities	$ 76,895,973	$ 87,478,883
Noncurrent Liabilities:		
Liability for Compensated Absences	$ 3,443,199	$ 3,806,700
Net Pension Liability	8,099,354	28,919,758
Net OPEB Liability	—	38,332,384
Perkins Loan Program – Federal Capital Contribution	4,374,327	5,142,146
Long Term Liabilities, Net	381,615,588	407,871,669
Total Noncurrent Liabilities	$ 397,532,468	$ 484,072,657
Total Liabilities	$ 474,428,441	$ 571,551,540
Deferred Inflows of Resources:		
Pension Contributions	$ 30,199,946	$ 13,154,253
OPEB Contributions	113,174,866	45,127,636
Total Liabilities and Deferred Inflows of Resources	$ 617,803,253	$ 629,833,429

Ball State University

Statement of Net Position

As of June 30, 2022 and 2021

	2022	2021 Restated
Net Position:		
Net Investment in Capital Assets	$ 523,224,258	$ 514,297,622
Restricted for:		
Nonexpendable Scholarships	895,243	924,375
Expendable:		
Debt Service	—	—
Loans	1,386,323	2,699,092
Construction	58,229,564	69,062,754
External Grants	7,927,024	12,736,080
Unrestricted	247,249,456	224,678,197
Total Net Position	$ 838,911,868	$ 824,398,120
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,456,715,121	$ 1,454,231,549

See accompanying Notes to Financial Statements

Ball State University Foundation, Inc.
Combined and Consolidated Statements of Financial Position
As of June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 3,486,342	$ 3,898,896
Contributions receivable, net	30,043,632	22,908,448
Investments	272,199,473	279,913,058
Investments held in split-interest agreements	1,473,570	1,932,741
Asset held for sale	6,500,000	—
Beneficial interest in remainder trusts	205,617	252,290
Other assets	186,473	7,168,517
Cash surrender value of life insurance	2,101,208	2,035,052
Property and equipment	6,532,025	7,581,932
Beneficial interest in perpetual trusts	2,929,122	3,508,867
Total assets	$ 325,657,462	$ 329,199,801
Liabilities		
Accounts payable	$ 244,265	$ 385,339
Accrued expenses	1,026,905	1,001,367
Line of credit	2,500,000	—
Term notes payable	10,475,000	10,175,000
Annuity obligations	2,087,202	2,536,498
Trust obligations	506,611	777,299
Total liabilities	16,839,983	14,875,503
Net Assets		
Without donor restrictions	3,482,564	18,646,288
With donor restrictions	305,334,915	295,678,010
Total net assets	308,817,479	314,324,298
Total liabilities and net assets	$ 325,657,462	$ 329,199,801

See Note A in Notes to Financial Statements

MUNCIE COMMUNITY SCHOOLS

STATEMENT OF NET POSITION

June 30, 2022 and 2021

	2022 Governmental Activities	2021 Governmental Activities
ASSETS		
Cash and investments	$ 34,727,614	$ 32,653,905
Receivables (net):		
Taxes receivable	4,734,261	4,110,425
Intergovernmental receivable	9,671,332	5,541,940
Accounts	305,144	284,991
Prepaid expenses	277,004	261,445
Restricted Assets:		
Cash and investments	4,074,056	—
Net pension asset- TRF	2,210,512	—
Capital Assets:		
Land and construction in progress	8,646,928	281,665
Other capital assets, net of depreciation	49,623,586	51,273,218
Total Assets	114,270,437	94,407,590
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	6,081,631	3,172,100
LIABILITIES		
Accounts payable	3,854,330	1,176,107
Accrued wages and payroll withholding payable	1,386,698	1,366,521
Interest payable	369,960	408,392
Compensated absences payable	125,599	139,347
Claims payable	198,126	39,443
Noncurrent Liabilities:		
Due within one year:		
Bonds payable	3,515,000	3,420,000
Loans payable	680,000	680,000
Due in more than one year:		
Loans payable	10,320,000	11,000,000
Bonds payable (net of premiums)	25,505,959	29,278,042
Compensated absences	376,796	418,043
Total OPEB Obligation	24,329	45,739
Net pension liabilities - PERF	1,160,317	2,796,290
Total Liabilities	47,517,114	50,767,924
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	8,933,655	4,185,170
NET POSITION		
Net investment in capital assets	29,320,813	19,518,989
Restricted for:		
Instruction	20,521,606	25,017,230
Support services	3,424,451	6,066,758
Community services	—	5,814
Building acquisition and construction	71,258	505,771
Other	543,444	527,956
Debt service	3,704,096	4,155,768
Pensions	2,210,512	—
Unrestricted (deficit)	4,105,119	(13,171,691)
TOTAL NET POSITION	$ 63,901,299	$ 42,626,595

See Note A in Notes to Financial Statements

Ball State University
Statements of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2022 and 2021

	2022			2021		
	VEBA Trust	OPEB 115 Trust	Totals	VEBA Trust	OPEB 115 Trust	Totals
Assets:						
Current Assets:						
Cash and Cash Equivalents	$ 2,383,638	$ 234,720	$ 2,618,358	$ 882,936	$ 15,595	$ 898,531
Short Term Investments	—	—	—	—	—	—
Accrued Interest and Dividend Receivable	162,113	21,524	183,637	—	26,652	26,652
Total Current Assets	$ 2,545,751	$ 256,244	$ 2,801,995	$ 882,936	$ 42,247	$ 925,183
Investments, at Fair Value:						
Fixed Income	$ 64,241,785	$ 5,493,650	$ 69,735,435	$ 63,556,108	$ 6,063,077	$ 69,619,185
Domestic Equity	193,540,583	10,705,409	204,245,992	221,659,124	12,904,103	234,563,227
International Equity	59,704,358	7,018,628	66,722,986	81,422,465	9,382,775	90,805,240
Real Estate Investments	30,424,422	3,939,573	34,363,995	28,206,587	3,472,648	31,679,235
Total Investments	$347,911,148	$ 27,157,260	$375,068,408	$394,844,284	$ 31,822,603	$426,666,887
Total Assets	$350,456,899	$ 27,413,504	$377,870,403	$395,727,220	$ 31,864,850	$427,592,070
Liabilities:						
Current Liabilities:						
Accrued Expenses and Other Liabilities	$ 47,072	$ 165,307	$ 212,379	$ 165,362	$ 149,660	$ 315,022
Total Liabilities	$ 47,072	$ 165,307	$ 212,379	$ 165,362	$ 149,660	$ 315,022
Net Position:						
Restricted for:						
Postemployment Benefits Other Than Pensions	$350,409,827	$ 27,248,197	$377,658,024	$395,561,858	$ 31,715,190	$427,277,048

See Note A in Notes to Financial Statements

Ball State University

Statement of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2022 and 2021

	2022	2021
Operating Revenues:		
Student Tuition and Fees	$ 229,551,026	$ 240,512,453
Scholarship Allowances	(77,430,773)	(81,747,278)
Net Student Tuition and Fees	$ 152,120,253	$ 158,765,175
Federal Grants and Contracts	7,789,460	4,714,696
State & Local Grants and Contracts	2,991,383	2,674,403
Non-Governmental Grants and Contracts	5,461,464	7,109,226
Sales and Services of Educational Departments	7,527,241	6,632,601
Auxiliary Enterprises:		
Residential Life (Net of Scholarships and Allowances 2022- $13,882,538; 2021- $13,428,144)	44,223,910	42,163,357
Other	11,010,206	6,203,069
Other Operating Revenues	9,555,306	8,969,890
Total Operating Revenues	$ 240,679,223	$ 237,232,417
Operating Expenses:		
Personnel Services	$ 229,653,353	$ 224,965,233
Benefits	77,120,111	87,564,665
Utilities	14,643,992	12,758,709
Repairs and Maintenance	13,928,394	13,946,880
Other Supplies and Expenses	73,444,354	64,281,449
Student Aid	36,594,923	30,430,448
Depreciation	33,123,377	31,097,739
Total Operating Expenses	$ 478,508,504	$ 465,045,123
Operating (Loss)	$ (237,829,281)	$ (227,812,706)
Non-Operating Revenues/(Expenses):		
Federal and State Scholarships and Grants	$ 97,200,947	$ 86,578,004
State Appropriations	166,271,449	153,053,397
Investment Income	(36,072,868)	3,696,470
Interest on Capital Asset Related Debt	(13,886,906)	(13,138,715)
Private Gifts	7,985,790	6,837,946
State Pension Contributions	10,612,403	9,845,239
Other Non-Operating Income	11,756,229	9,361,427
Net Non-Operating Revenues/(Expenses)	$ 243,867,044	$ 256,233,768
Income Before Other Revenues, Expenses, Gains or Losses	$ 6,037,763	$ 28,421,062
Capital Appropriations	2,917,359	2,917,359
Capital Gifts	5,558,626	7,439,839
Increase in Net Position	$ 14,513,748	$ 38,778,260
Net Position – Beginning of Year	824,398,120	785,619,860
Net Position – End of Year	$ 838,911,868	$ 824,398,120

See accompanying Notes to Financial Statements

Ball State University Foundation, Inc.

Combined and Consolidated Statements of Activities

Years Ended June 30, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions of cash and other financial assets	$ 1,259,572	$ 32,210,304	$ 33,469,876
Contributions of nonfinancial assets	—	1,567,202	1,567,202
Promotional activities and other revenue	1,745,165	—	1,745,165
Investment income (loss), net of fees	(13,139,578)	(2,862,394)	(16,001,972)
Change in value of split-interest agreements	—	(711,080)	(711,080)
Rental income, losses on sales of property and other	356,884	—	356,884
Operating support fees	4,224,003	(4,224,003)	—
	(5,553,954)	25,980,029	20,426,075
Net assets released from restrictions	16,323,124	(16,323,124)	—
Total revenues, gains and other support	10,769,170	9,656,905	20,426,075
Expenses			
University programs	16,403,558	—	16,403,558
Management and general	3,754,005	—	3,754,005
Fund raising	5,775,331	—	5,775,331
Total expenses	25,932,894	—	25,932,894
Change in Net Assets	(15,163,724)	9,656,905	(5,506,819)
Net Assets, Beginning of Year	18,646,288	295,678,010	314,324,298
Net Assets, End of Year	$ 3,482,564	$305,334,915	$308,817,479

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions of cash and other financial assets	$ 1,021,188	$ 31,477,398	$ 32,498,586
Contributions of nonfinancial assets	—	1,561,008	1,561,008
Promotional activities and other revenue	1,228,817	—	1,228,817
Investment income (loss), 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	$ 18,646,288	$295,678,010	$314,324,298

See Note A in Notes to Financial Statements

MUNCIE COMMUNITY SCHOOLS

STATEMENT OF ACTIVITIES

For the years ended June 30, 2022 and 2021

	2022				2021			
		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	$45,229,208	$ 810,012	$ 16,410,580	$ (28,008,616)	$41,133,560	$ 241,623	$ 12,663,698	$ (28,228,239)
Support services	22,937,690	245,594	2,239,365	(20,452,731)	23,508,844	269,064	1,142,373	(22,097,407)
Community services	4,289,185	—	—	(4,289,185)	3,016,425	—	3,333,397	316,972
Facilities acquisition and construction	570,164	—	—	(570,164)	304,623	—	—	(304,623)
Interest on long term debt	1,022,402	—	—	(1,022,402)	1,082,751	—	—	(1,082,751)
Nonprogrammed charges	4,645,512	213,912	208,961	(4,222,639)	3,662,757	177,633	—	(3,485,124)
Total Governmental Activities	78,694,161	1,269,518	18,858,906	(58,565,737)	72,708,960	688,320	17,139,468	(54,881,172)
General Revenues:								
Property taxes				10,894,282				9,848,623
Other taxes				—				1,339,664
State aid				42,234,330				40,169,717
Grants and contributions not restricted to specific programs				7,393,516				465,135
Investment income				111,878				27
Nonemployer entity contributions				14,395,764				9,108,441
Contributions				—				490,000
Sale of property				11,495				19,827
Transfers				—				106,614
Miscellaneous				4,799,176				2,006,873
Gain on disposal of assets				—				—
Total General Revenues and Transfers				79,840,441				63,554,921
Change in Net Position				21,274,704				8,673,749
NET POSITION - Beginning of Year				42,626,595				33,952,846
NET POSITION - END OF YEAR				$ 63,901,299				$ 42,626,595

Ball State University
Statements of Changes in Fiduciary Net Position
Fiduciary Funds
As of June 30, 2022 and 2021

	2022			2021		
	VEBA Trust	OPEB 115 Trust	Totals	VEBA Trust	OPEB 115 Trust	Totals
Additions:						
Investment Earnings:						
Interest and Dividends from Investments	$ 7,261,975	$ 1,469,246	$ 8,731,221	$ 8,012,792	$ 946,042	$ 8,958,834
Net Gain from Sale of Investments	18,272,460	15,737	18,288,197	12,829,087	238,855	13,067,942
Unrealized Gain (Loss) from Market Appreciation/(Depreciation)	(70,199,812)	(4,732,510)	(74,932,322)	66,536,067	5,646,067	72,182,134
Total Investment Earnings (Losses)	$(44,665,377)	$ (3,247,527)	$(47,912,904)	$ 87,377,946	$ 6,830,964	$ 94,208,910
Less Investment Expenses:						
Investment Custodial Fees	$ 67,875	$ 5,196	$ 73,071	$ 55,320	$ 4,152	$ 59,472
Investment Management Fees	418,779	35,372	454,151	455,308	33,422	488,730
Total Investment Expenses	486,654	40,568	527,222	510,628	37,574	548,202
Net Investment Earnings (Losses)	$(45,152,031)	$ (3,288,095)	$(48,440,126)	$ 86,867,318	$ 6,793,390	$ 93,660,708
Total Additions (Deductions)	$(45,152,031)	$ (3,288,095)	$(48,440,126)	$ 86,867,318	$ 6,793,390	$ 93,660,708
Deductions:						
Premiums Paid from Trust	$ —	$ 1,178,898	$ 1,178,898	$ —	$ 1,145,337	$ 1,145,337
Total Deductions	$ —	$ 1,178,898	$ 1,178,898	$ —	$ 1,145,337	$ 1,145,337
Net Increase (Decrease) in Fiduciary Net Position	$(45,152,031)	$ (4,466,993)	$(49,619,024)	$ 86,867,318	$ 5,648,053	$ 92,515,371
Net Position Restricted for Fiduciary Funds:						
Net Position - Beginning of Year	395,561,858	31,715,190	427,277,048	308,694,540	26,067,137	334,761,677
Net Position - End of Year	$350,409,827	$ 27,248,197	$377,658,024	$395,561,858	$ 31,715,190	$427,277,048

See Note A in Notes to Financial Statements

Ball State University
Statement of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021 Restated
Sources/(Uses) of Cash:		
Operating Activities:		
Tuition and Fees	$ 157,845,735	$ 160,185,899
Grants and Contracts	10,919,211	10,565,127
Payments to Suppliers	(73,551,662)	(74,548,397)
Payments for Maintenance and Repair	(13,928,394)	(13,946,880)
Payments for Utilities	(14,643,992)	(12,758,709)
Payments for Personnel Services	(235,013,444)	(219,048,081)
Payments for Benefits	(97,138,521)	(81,870,953)
Payments for Scholarships and Fellowships	(36,594,923)	(30,430,448)
Auxiliary Enterprise Charges:		
Room and Board	43,224,060	42,289,227
Other	15,774,662	17,060,204
Sales and Services of Educational Activities	7,361,826	629,226
Other Receipts/Disbursements/Advances	4,675,973	(3,726,205)
Net Cash (Used) by Operating Activities	$ (231,069,469)	$ (205,599,990)
Non-Capital Financing Activities:		
Federal and State Scholarships and Grants	$ 97,511,075	$ 86,516,518
State Appropriations	166,271,449	153,053,397
William D. Ford Direct Lending Receipts	(102,253,205)	(111,615,108)
William D. Ford Direct Lending Disbursements	102,253,205	111,615,108
Private Gifts	3,651,919	6,421,569
Foundation Receipts	1,132,442	(1,067,705)
Foundation Disbursements	(1,132,442)	1,067,705
Other Non-Operating Revenue	11,756,229	9,361,427
Net Cash Provided by Non-Capital Financing Activities	$ 279,190,672	$ 255,352,911
Capital Financing Activities:		
Proceeds from Capital Debt	$ (3,431,079)	$ 57,520,434
Capital Appropriations	2,917,359	2,917,359
Capital Gifts	5,558,626	7,439,839
Purchases of Capital Assets	(18,280,779)	(103,449,831)
Principal Paid on Capital Debt	(23,935,000)	(20,905,000)
Interest Paid on Capital Debt	(13,297,906)	(13,665,027)
Deposits with Trustee	—	29,407,831
Net Cash (Used) by Capital Financing Activities	$ (50,468,779)	$ (40,734,395)
Investing Activities:		
Proceeds from Sales and Maturities of Investments	$ 1,157,707,315	$ 804,664,092
Interest on Investments	(31,847,728)	7,921,610
Purchase of Investments	(1,179,023,255)	(745,810,277)
Net Cash Provided/(Used) by Investing Activities	$ (53,163,668)	$ 66,775,425
Net Increase/(Decrease) in Cash	$ (55,511,244)	$ 75,793,951
Cash – Beginning of the Year	136,891,165	61,097,214
Cash – End of the Year	$ 81,379,921	$ 136,891,165

Ball State University
Statement of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of Net Operating Revenues/(Expenses) to		
Net Cash Provided/(Used) by Operating Activities:		
Operating Income/(Loss)	$ (237,829,281)	$ (227,812,706)
Adjustments to Reconcile Income/(Loss) to Net Cash		
Provided/(Used) by Operating Activities:		
Depreciation Expense	33,123,377	31,097,739
Equipment Retired	165,765	44,717
GIK Donations	900,902	1,363,270
Pensions Covered by State of Indiana	10,612,403	9,845,239
Changes in Assets and Liabilities:		
Operating Receivables, Net	1,396,911	(2,632,921)
Inventories	(173,291)	(167,210)
Other Assets	(538,066)	106,728
Net OPEB Asset	(61,837,629)	2,273,491
Accounts Payable	(4,495,134)	(5,652,532)
Unearned Revenue	13,632	(8,480,002)
Deposits Held for Others	(4,996,326)	(503,109)
Compensated Absences	(363,501)	(157,791)
Net Pension Liability	(20,820,404)	(2,776,003)
Net OPEB Liability	(38,332,384)	12,605,432
Deferred Outflows	5,312,790	(41,032,880)
Deferred Inflows	85,092,923	24,891,455
Accounts and Notes Receivable	1,697,844	1,387,093
Net Cash (Used) by Operating Activities	$ (231,069,469)	$ (205,599,990)
Non-Cash Transactions		
TRF Pre-1996 Pension Expense Covered by State of Indiana	$ 10,612,403	$ 9,845,239
Gifts in Kind Donations	$ 900,902	$ 1,363,270

See accompanying Notes to Financial Statements

Ball State University
Notes to Financial Statements
June 30, 2022

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 entities, Ball State University Foundation and Muncie Community School Corporation. 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 a 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.

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, deposits with bond trustee, and investments held at June 30 with original maturities of ninety days or less.

Funds identified as Deposit with Bond Trustee represent amounts that are paid to bondholders at the beginning of the next fiscal year and thus are reported as restricted. Restricted cash and cash equivalents for fiscal year ended June 30, 2022 and 2021 were $31,390,519 and $28,391,519 respectively.

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, 2022, and June 30, 2021, were $11,362,602 and $9,428,186, 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, 2022, and June 30, 2021, were $2,150,000 and $2,304,000, 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 (asset) 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 (asset).

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 2020-2021 and 2021-2022. 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, 2022.

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. The first payment was processed by the December 2021 due date, and the final payment will be processed by 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, 2022, and June 30, 2021.

New Accounting Pronouncements: Adoption of New Standard

The most significant pronouncement effective for the fiscal year ending June 30, 2022, was GASB Statement No. 87, *Leases.* The purpose of this statement changes the reporting of leases to a single model and recognizes that leases are financings of the right to use an underlying asset. This statement changes the accounting for both lessees and lessors. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Refer to Note G for additional information.

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.

The remaining pronouncements effective for the June 30, 2022 and June 30, 2021 reporting dates had no effect including GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* as this was an option for reporting and was early implemented in prior years.

Reclassifications/Restatements

Certain reclassifications have been made to certain notes for comparative purposes.

A restatement was necessary for the fiscal year ended June 30, 2022 to reclassify the *Deposit with Bond Trustee* line item on the Statement of Net Position to *Cash and Cash Equivalents* for the fiscal years ending 2022 and 2021. This change is also evident on the Statement of Cash Flows. Please see Note P for details.

Note B – Capital Assets

	Book Value June 30, 2021	Additions	Deductions	CIP Transfers	Book Value June 30, 2022
Assets not Being Depreciated:					
Land	$ 36,802,413	$ 1,058,985	$ —	$ —	$ 37,861,398
Construction in Progress	136,125,555	14,786,811	—	(140,565,952)	10,346,414
Total Capital Assets Not Being Depreciated	$ 172,927,968	$ 15,845,796	$ —	$ (140,565,952)	$ 48,207,812
Other Capital Assets:					
Land Improvements	$ 48,383,121	$ —	$ —	$ 5,132,981	$ 53,516,102
Infrastructure	113,236,959	—	—	—	113,236,959
Educational Buildings	411,825,683	—	83,242	86,814,791	498,557,232
Utility Buildings	42,559,220	—	—	—	42,559,220
Educational Equipment	56,889,740	1,921,190	891,112	—	57,919,818
Auxiliary Enterprise Buildings	520,849,225	—	275,176	48,618,180	569,192,229
Auxiliary Enterprise Equipment	18,379,380	410,166	47,445	—	18,742,101
Other Property	3,364,020	103,627	—	—	3,467,647
Software	16,348,922	—	—	—	16,348,922
Total Other Capital Assets	$ 1,231,836,270	$ 2,434,983	$ 1,296,975	$ 140,565,952	$ 1,373,540,230
Less Accumulated Depreciation:					
Land Improvements	$ 31,000,941	$ 1,808,534	$ —	$ —	$ 32,809,475
Infrastructure	42,405,610	4,270,702	—	—	46,676,312
Educational Buildings	194,851,632	9,957,294	78,095	—	204,730,831
Utility Buildings	15,602,685	853,271	—	—	16,455,956
Educational Equipment	45,737,421	2,958,860	858,909	—	47,837,372
Auxiliary Enterprise Buildings	151,621,569	11,285,495	146,761	—	162,760,303
Auxiliary Enterprise Equipment	14,622,600	903,171	47,445	—	15,478,326
Other Property	475,883	68,453	—	—	544,336
Software	15,088,276	1,017,597	—	—	16,105,873
Total Accumulated Depreciation, Other Capital Assets	$ 511,406,617	$ 33,123,377	$ 1,131,210	$ —	$ 543,398,784
Capital Assets, Net	$ 893,357,621	$ (14,842,598)	$ 165,765	$ —	$ 878,349,258

	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:					
Exhaustible 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

Note C – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2022, and 2021:

	June 30, 2022	June 30, 2021
Accrued Payroll	$ 8,080,068	$ 7,419,578
Accrual for Compensated Absences	3,405,479	3,668,154
Interest Payable	8,565,519	7,976,519
Vendor and Other Payables	26,879,166	31,772,114
Total Accounts Payable and Accrued Liabilities	$ 46,930,231	$ 50,836,365

Note D – Other Liabilities

Other liability activity for the fiscal years ended June 30, 2022, and 2021, is summarized below as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current
Long Term Liabilities	$ 435,237,748	$ —	$ 27,366,080	$ 407,871,668	$ 26,256,080
Liability for Compensated Absences	7,474,854	1,324,981	1,951,157	6,848,678	3,405,479
Net Pension Liability	28,919,758	7,466,981	28,287,385	8,099,354	—
Net OPEB Liability	38,332,384	—	38,332,384	—	—
Perkins Loan Program - Federal Capital Contribution	5,142,146	1,306,315	2,074,134	4,374,327	—
Other Liabilities	$ 515,106,890	$ 10,098,277	$ 98,011,140	$ 427,194,027	$ 29,661,559

	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	$ 470,609,452	$ 82,333,091	$ 37,835,653	$ 515,106,890	$ 31,034,234

North Residence Hall fire pit

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 June 30, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion
Bonds Payable					
Revenue Bonds	$ 138,605,000	$ —	$ 7,285,000	$ 131,320,000	$ 7,650,000
Student Fee Bonds	240,455,000	—	16,650,000	223,805,000	15,175,000
Total Bonds Payable	$ 379,060,000	$ —	$ 23,935,000	$ 355,125,000	$ 22,825,000
Net Unamortized Premiums and Deferred Costs	56,177,748	—	3,431,080	52,746,668	3,431,080
Total Debt-Related Liabilities	$ 435,237,748	$ —	$ 27,366,080	$ 407,871,668	$ 26,256,080

Debt-Related Liabilities	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current 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

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.

Obstetrics Simulation Lab, Health Professions Building

The University had no direct borrowings or direct placement debt for the fiscal years ended June 30, 2022 and 2021. Please see Note N for additional information.

Issue	Description	Interest Rates	Date of Issue	Final Maturity	Original Issue	Outstanding June 30, 2021	Retired 2021-2022	Outstanding June 30, 2022	Current Portion Outstanding June 30, 2022
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	$ 24,530,000	$ 1,395,000	$ 23,135,000	$ 1,465,000
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	$ 39,600,000	$ 3,240,000	$ 36,360,000	$ 3,400,000
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	$ 74,475,000	$ 2,650,000	$ 71,825,000	$ 2,785,000
Student Fee Bonds Issued Under Authority of IC 21-34-6:									
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	$ 21,560,000	$ 2,185,000	$ 19,375,000	$ 2,300,000
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	$ 96,110,000	$ 7,375,000	$ 88,735,000	$ 7,705,000
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	$ 75,290,000	$ 3,570,000	$ 71,720,000	$ 3,750,000
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	$ 43,975,000	$ 1,420,000
					$455,790,000	$379,060,000	$23,935,000	$355,125,000	$ 22,825,000
Net Unamortized Premiums and Costs						56,177,748	3,431,080	52,746,668	3,431,080
Total Bonds Payable						$435,237,748	$27,366,080	$407,871,668	$ 26,256,080

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

Bonds Payable
As of June 30, 2022

Fiscal Year	Principal	Interest	Total
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	21,870,000	11,991,388	33,861,388
2028-2032	107,040,000	43,753,831	150,793,831
2033-2037	96,010,000	19,392,338	115,402,338
2038-2042	35,445,000	2,367,700	37,812,700
Total	$ 355,125,000	$ 137,030,284	$ 492,155,284

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 had no defeased debt for the fiscal years ended June 30, 2022 and 2021.

Note G – Leases

As a result of the University implementation of GASB 87, *Leases,* there is no more differentiation between operating and capital leases. This standard adopts a single model that all leases represent financings. Lessees are required to concurrently recognize a right-of-use asset and the related lease liability. The lease liability is measured at the present value of effectively fixed minimum lease payments, while the asset's initial balance will equal the liability plus additional payments for initial direct costs made to the lessor on or before the start of the lease term. As the right-of-use asset is classified as an intangible, lessees are required to amortize the value of the asset in a systematic manner over the shorter period of the lease term or the useful life of the asset. In addition, lessees are required to recognize interest expenses over time based on the current balance of the lease and the implicit interest rate charged to the lessee. Lessors are required to report a lease receivable that is measured at the present value of lease payments expected to be received during the lease term, and the deferred inflow of resources that are measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

Each year, all potential leases are analyzed to determine whether they are subject to the new accounting standard and whether the measurement calculation needs to be adjusted due to changes in the terms of the leases. The statement allows for the grouping of similar leases to be presented on a combined basis. Due to the immaterial nature, no entries were posted as a result of GASB 87 for the years ended June 30, 2022 and 2021. However, this note provides information regarding the amounts that would have been included in the financial statements.

Subleases

There are two sublease arrangements involving the University. In both arrangements, the University is the lessee of a building and/or certain spaces within buildings under a five-year term with both fixed and variable lease payments. The University sublets the same spaces for two to five year terms with fixed payments.

As the lessee, the University paid a total of $231,098 for the fiscal year ended June 30, 2022 and $183,925 for the fiscal year ended June 30, 2021. As a lessor, the University received $192,926 in both fiscal years 2022 and 2021.

Lease Receivables

The lease receivables include agricultural land, residential property, and buildings with lease terms greater than one year. Some lease terms are indeterminate and continue until a request to terminate is presented. The agricultural land payments are scheduled for twice a year. Lease payments for residential property and buildings are typically a fixed monthly amount.

For the fiscal year ended June 30, 2022, the total lease receivable was $676,789, and for the year ended June 30, 2021, the total lease receivable was $1,292,660.

For the fiscal year ended June 30, 2022, the University recognized total lease revenue of $768,795 and total interest revenue related to leases of $35,775. For the fiscal year ended June 30, 2021, the University recognized total lease revenue of $732,094 and total interest revenue related to leases of $56,908. The deferred inflows were $651,879 for June 30, 2022 and $1,420,673 for June 30, 2021.

Lease Payables

Ball State University is a lessee of various equipment, vehicles, and buildings. These leases generally have monthly fixed payments for lease terms that range from three years for vehicles, five to ten years for equipment, and one to three years with likely renewals for additional periods for building and leased spaces. Please see the table below for the related details, including the amount of the lease assets and the related accumulated amortization, both in total and by classification of the underlying assets.

	June 30, 2022			June 30, 2021		
Lease Classification	**Net Asset**	**Accumulated Amortization**	**Gross Asset**	**Net Asset**	**Accumulated Amortization**	**Gross Asset**
Building Total	$ 384,305	$ 976,438	$ 1,360,743	$ 870,182	$ 486,237	$ 1,356,419
Equipment Total	93,377	64,056	157,433	125,405	32,028	157,433
Vehicle Total	22,992	29,504	52,496	19,889	13,845	33,734
Totals	$ 500,674	$ 1,069,998	$ 1,570,672	$ 1,015,476	$ 532,110	$ 1,547,586

A maturity analysis of the University's lease liability balance is presented below. The schedule projects the undiscounted cash flows to be made in the future, separated by principal and interest.

Maturity Analysis of Lease Payables

Fiscal Year Ending June 30,	Principal	Interest	Total Payment
2023	$ 328,619	$ 14,193	$ 342,812
2024	140,036	6,132	146,168
2025	34,563	1,387	35,950
2026	11,517	547	12,063
2027	8,677	134	8,811
2028-2032	—	—	—
	$ 523,412	$ 22,393	$ 545,804

Lease expense recognized for the year was not included in the measurement of lease liabilities. For the year ended June 30, 2022, the total lease expense recognized was $563,242, and the total interest expense related to leases recognized was $25,355. For the year end June 30, 2021, the totals recognized were $574,883 in lease expense and $42,773 in interest expense related to leases.

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, 2022, and 2021, the University held deposits and investments, including endowment funds, as reflected below:

	June 30, 2022	June 30, 2021
Cash and Cash Equivalents	$ 81,379,921	$ 136,891,165
Short Term Investments	55,951,126	56,292,163
Long Term Investments	264,292,505	246,860,668
Total	$ 401,623,552	$ 440,043,996

*FY21 Cash and Cash Equivalents restated to include deposit with bond trustee.

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 is 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 invests in asset-back securities, collateralized mortgage obligations, and mortgage pass-through securities that are highly sensitive to interest rate changes.

The University held deposits and investments with the following maturities at June 30, 2022:

	Fair Value	Maturities (in years)			
Investment Type	**June 30, 2022**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
Corporate Debt	$ 168,285,773	$ 33,336,803	$ 51,180,683	$ 38,005,622	$ 45,762,665
U.S. Government Obligations	83,077,110	19,614,029	21,733,788	13,723,488	28,005,805
Foreign Obligations	23,006,464	2,898,318	13,929,127	4,474,882	1,704,137
Municipal Bonds	822,608	101,976	720,632	—	—
Total	$ 275,191,955	$ 55,951,126	$ 87,564,230	$ 56,203,992	$ 75,472,607

Deposits and investments not subject to interest rate risk:	
All other	$ 70,322,719
U.S. equities	31,211,750
International equities	13,839,926
Money market funds	11,057,202
Total deposits and investments	$ 401,623,552

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

Investment Type	Fair Value June 30, 2021	Maturities (in years) Less than 1	1 - 5	6 - 10	More than 10
Corporate Debt	$ 168,595,602	$ 19,842,731	$ 91,094,099	$ 28,894,613	$ 28,764,159
U.S. Government Obligations	94,142,271	27,202,669	29,727,978	27,955,444	9,256,180
Foreign Obligations	33,636,264	6,921,847	24,109,513	2,604,904	—
Municipal Bonds	5,164,632	710,854	4,453,778	—	—
Certificate of Deposits	4,318,738	4,318,738	—	—	—
Total	$ 305,857,507	$ 58,996,839	$ 149,385,368	$ 59,454,961	$ 38,020,339
Deposits and investments not subject to interest rate risk:					
All other	$ 69,133,714				
Money market funds	65,052,775				
Total deposits and investments	$ 440,043,996				

*FY21 Cash and Cash Equivalents restated to include deposit with bond trustee.

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, 2022, 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.

Sursa Performance Hall studio

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 for internally managed assets and requiring a minimum average portfolio quality of A- for Short Duration Bond, Core, and Core Plus mandates for externally managed assets. The minimum credit ratings permit that all assets managed internally must be investment grade, that no more than 10.0 percent of the Short Duration Bond or the Core portfolios may be invested in securities rated below BBB-, and that no more than 20.0 percent of the Core Plus portfolio have ratings lower than BBB- thus maintaining a significant portion of the overall portfolio as investment grade rated.

As of June 30, 2022, and 2021, University deposits and investments reflected the respective credit ratings as illustrated below:

Investment Type	Fair Value June 30, 2022	AAA	AA	A	BBB	BB	Below BB	Not Rated
Corporate Obligations	$ 168,285,773	$ 9,403,369	$ 35,495,174	$ 27,359,971	$ 48,806,115	$ 3,814,113	$ 636,525	$ 42,770,506
U.S. Government Obligations	83,077,110	—	4,621,298	—	—	—	—	78,455,812
Foreign Obligations	23,006,464	—	6,242,634	10,864,331	5,899,499	—	—	—
Money Market Index Funds	11,057,202	—	—	—	—	—	—	11,057,202
Municipal Bonds	822,608	101,976	720,632	—	—	—	—	—
Total	$ 286,249,157	$ 9,505,345	$ 47,079,738	$ 38,224,302	$ 54,705,614	$ 3,814,113	$ 636,525	$ 132,283,520
Percentage subject to credit risk		3.32 %	16.45 %	13.35 %	19.11 %	1.33 %	0.22 %	46.21 %
Not subject to credit risk	$ 115,374,395							
Total deposits and investments	$ 401,623,552							

Investment Type	Fair Value June 30, 2021	Short-Term Ratings A1	A2	Long-Term Ratings AAA	AA	A	BBB	BB	Below BB	Not Rated
Corporate Obligations	$168,595,602	$3,999,600	$1,199,976	$30,746,550	$35,991,017	$30,332,664	$56,616,256	$1,597,945	$781,754	$ 7,329,840
U.S. Government Obligations	94,142,271	—	—	48,178,091	3,013,982	—	—	—	—	42,950,198
Foreign Obligations	33,636,264	—	—	2,586,640	10,656,768	14,906,730	5,272,798	213,328	—	—
Money Market Index Funds	65,052,775	—	—	—	—	—	—	—	—	65,052,775
Municipal Bonds	5,164,632	—	—	314,931	4,849,701	—	—	—	—	—
Total	$366,591,544	$3,999,600	$1,199,976	$81,826,212	$54,511,468	$45,239,394	$61,889,054	$1,811,273	$781,754	$115,332,813
Percentage subject to credit risk		1.09 %	0.33 %	22.32 %	14.87 %	12.34 %	16.88 %	0.49 %	0.21 %	31.46 %
Not subject to credit risk	$ 73,452,452									
Total deposits and investments	$440,043,996									

*FY21 Cash and Cash Equivalents restated to include deposit with bond trustee.

Administration Building

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 the FDIC and the PDIF.

The FDIC and the 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's policy for controlling exposure to foreign currency risk is to limit investment in non-U.S. denominated debt to a maximum of 15.0 percent of the Core Plus portion of the portfolio. No other portfolio mandates are permitted to hold non-U.S. denominated debt.

Marilyn K. Glick Center for Glass

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, 2022:

		Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs
Investments by Fair Value Level	**June 30, 2022**	**(Level 1)**	**(Level 2)**
Corporate Debt	$ 168,285,773	$ —	$ 168,285,773
U.S. Treasuries	58,551,510	58,551,510	—
Mutual Funds - Equity	45,051,676	—	45,051,676
U.S. Government Agencies	24,525,600	—	24,525,600
Foreign Obligations	23,006,464	—	23,006,464
Money Market Index Funds	11,057,202	11,057,202	—
Municipal Bonds	822,608	—	822,608
Total Investments by Fair Value Level	$ 331,300,833	$ 69,608,712	$ 261,692,121

Non-Classified Assets	
Money Market Savings Accounts	$ 38,932,200
Deposit with Bond Trustee	31,390,519
Total Deposits and Investments	$ 401,623,552

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

		Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs
Investments by Fair Value Level	**June 30, 2021**	**(Level 1)**	**(Level 2)**
Corporate Debt	$ 168,595,603	$ —	$ 168,595,603
U.S. Government Agencies	88,653,399	47,445,071	41,208,328
Money Market Index Funds	65,052,774	65,052,774	—
Foreign Obligations	33,636,264	—	33,636,264
U.S. Treasuries	5,488,872	5,488,872	—
Municipal Bonds	5,164,632	—	5,164,632
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
Deposit with Bond Trustee	28,391,519
Certificate of Deposits	4,318,738
Total Deposits and Investments	$ 440,043,996

*FY21 Cash and Cash Equivalents restated to include deposit with bond trustee.

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 $895,243 in endowment funds as of June 30, 2022. Of which, $86,230 were in cash and cash equivalents and $809,013 were in long term investments. At June 30, 2021, endowments held by the University were $925,109.

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 the University 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, 2021, 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, 2022, there were 1,088 employees with an annual pay of $45,438,429 participating in PERF DB. In addition, there were 1,120 employees participating in PERF DB with an annual pay equal to $44,772,393 for the fiscal year ended June 30, 2021. The University's contribution to the PERF DB and PERF DC accounts for the years ended June 30, 2022, and 2021, were $6,452,257 and $6,283,527, respectively. The University contributed 100.0 percent of required contributions for each of the fiscal years.

Health Professions Building

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. Effective November 2, 2020, Fidelity Investments was selected as the sole recordkeeping services provider for the plan. Existing funds in place prior to that date were either transferred to Fidelity or remained with the previous provider.

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, 2022, there were 390 employees participating in TRF 1996 DB with annual pay equal to $24,807,882. The University recorded 315 employees participating in TRF 1996 DB with annual pay equal to $22,637,993 for fiscal year ended June 30, 2021. 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, 2022, and 2021, were $2,106,005 and $1,918,908, 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 on or 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 $1,598.4 million in fiscal year ended June 30, 2021, to TRF Pre-1996. The actuarially determined contribution (ADC) for TRF Pre-1996 was $1,600.6 million. Employers contributed $2.3 million in fiscal year ended June 30, 2021.

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, 2022, the University shows 18 employees participating in the TRF Pre-1996 DB with annual payroll equal to $1,854,963. The University made contributions of $136,116 which included payments to the TRF DC on behalf of the members. For the fiscal year ended June 30, 2021, the University showed 20 employees participating in the TRF Pre-1996 DB with annual payroll equal to $2,018,150. The University's contributions to the TRF Pre-1996 DB for fiscal year ended June 30, 2021, were $148,613.

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, 2022, the University reported a liability of $8,099,354 for its proportionate share of the net pension liability, as compared to $28,919,758 for the year ended June 30, 2021. The net pension liability reported by the University was measured as of June 30, 2021, for fiscal year 2021-2022, and as of June 30, 2020, for fiscal year 2020-2021 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, 2021:	PERF DB	TRF-1996 DB	TRF Pre-1996 DB	Aggregate
Proportionate Share	0.0084321	0.0063773	—	
Net Pension Liability/(Asset)	$ 11,095,359	$ (2,996,005)	$ —	$ 8,099,354
Deferred Outflow of Resources	$ 5,964,626	$ 5,261,817	$ —	$ 11,226,443
Deferred Inflow of Resources	$ 20,876,466	$ 9,323,480	$ —	$ 30,199,946
Pension Expense/(Income)	$ (2,869,455)	$ (28,597)	$ 10,612,403	$ 7,714,351

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

The University recognized expenses of $7,714,351 at June 30, 2022, and $12,396,328 at June 30, 2021. 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, 2021, was $86,880,851, and $104,496,930 at June 30, 2020. The total net pension liability for the TRF Pre-1996 DB Account at June 30, 2021, was $9,263,437,176, compared to $10,307,551,857 at June 30, 2020. 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 $10,612,403 for June 30, 2022, and $9,845,239 at June 30, 2021. 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.

Esports Center, Robert Bell Building

At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Average Remaining Service Life for 2021:	PERF DB 3.82 Years		TRF 1996 DB 10.43 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	$ 379,493	$ 221,541	$ 859,425	$ 984,189	$ —
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	—	14,406,310	—	5,324,798	—
Change of Assumptions	5,581,038	2,492,228	3,933,340	1,659,656	—
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,095	3,756,387	469,052	1,354,837	—
Contributions Subsequent to the Measurement Date	5,089,104	—	1,362,709	—	88,075
Total	$ 11,053,730	$ 20,876,466	$ 6,624,526	$ 9,323,480	$ 88,075

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

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
2022	$ (4,759,706)	$ (1,294,863)
2023	(3,789,664)	(1,135,884)
2024	(2,244,452)	(1,092,112)
2025	(4,118,018)	(1,419,600)
2026	—	95,581
Thereafter	—	785,215
Total	$ (14,911,840)	$ (4,061,663)

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, 2021		
Liability Valuation Date	June 30, 2020 - Member census data as of June 30, 2020 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2020 and June 30, 2021. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2020 to the June 30, 2021 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)	6.25%, includes inflation and net of investment expenses		
Cost of Living Increases (COLA) or "Ad Hoc" COLA	Beginning Jan. 1, 2024 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%		
Future Salary Increases, including Inflation	2.65% - 8.65%	2.65% - 11.90%	
Inflation	2.00%		
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, 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		

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 6.25 percent 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, 2021		Geometric Basis at June 30, 2020	
	Long Term Expected Rate of Return	Target Asset Allocation	Long Term Expected Rate of Return	Target Asset Allocation
Public Equity	3.6%	20.0%	4.4%	22.0%
Private Markets	7.3%	15.0%	7.6%	14.0%
Fixed Income - Ex Inflation-Linked	1.5%	20.0%	1.9%	20.0%
Fixed Income - Inflation-Linked	(0.3)%	15.0%	0.5%	7.0%
Commodities	0.8%	10.0%	1.6%	8.0%
Real Estate	4.2%	10.0%	5.8%	7.0%
Absolute Return	2.5%	5.0%	2.9%	10.0%
Risk Parity	4.4%	20.0%	5.5%	12.0%
Leverage Offset	(1.4)%	(15.0)%	—%	—%

Discount Rate. Total pension liability for each defined benefit pension plan was calculated using the long-term expected rate of return of 6.25 percent at June 30, 2021, and 6.75 percent at June 30, 2020. 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 6.25 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 6.25 percent at June 30, 2021, and 6.75 percent at June 30, 2020, 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 or one percentage point higher than the current rate:

Discount Rate Sensitivity - Liability / (Asset) at June 30, 2021

Pre-Funded Defined Benefit

PERF DB			TRF 1996 DB		
1% Decrease (5.25)%	Current Discount Rate (6.25)%	1% Increase (7.25)%	1% Decrease (5.25)%	Current Discount Rate (6.25)%	1% Increase (7.25)%
$29,019,229	$11,095,359	$(3,855,520)	$5,540,986	$(2,996,005)	$(9,881,168)

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)

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

Faculty and professional personnel of the University have the option, in accordance with IC 21-38-3-3 and IC 21-38-7-3, to participate in a defined contribution plan. Effective November 2, 2020, Fidelity Investments was selected as the sole recordkeeping services provider for the plan. Existing funds in place prior to that date were either transferred to Fidelity or remained with the previous provider. 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:

	2022	2021	2020
Contributions	$ 12,608,826	$ 12,044,083	$ 12,613,739
Number of Participating Members	1,398	1,288	1,620
Related Payroll	$ 125,023,011	$ 120,593,850	$ 126,542,755

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 retiree health and life insurance plans no longer issue stand-alone financial statements. 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, third party administrators and other advisory services to propose changes to the benefit plans. These recommendations are then presented to the Vice President of Business Affairs and Treasurer for review and decision. If approved, the changes are presented to the Board of Trustees. 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, 2022, 1,257 retirees were enrolled in life insurance coverage, and 2,150 retirees, spouses and surviving spouses were enrolled in health insurance coverage. As of June 30, 2022, out of a total of 2,816 (2,938 in 2021) benefits eligible active employees, 653 (730 in 2021) 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,	2021	2020
Retirees with Life Insurance Coverage	1,142	1,113
Retirees, Spouses and Surviving Spouses with Health Insurance	2,032	2,037

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, 2022, retirees contributed $3.5 million ($3.4 million in 2021) in premiums for health care coverage while the University contributed $9.5 million ($9.2 million in 2021). Retirees not eligible for Medicare were limited to one plan option in calendar year 2022, the High Deductible Wellness plan. Monthly premiums paid by retirees not eligible for Medicare ranged from $120.42 for single coverage to $312.63 for family coverage. Medicare-eligible retirees and spouses each paid $126.06 for medical and prescription drug coverage. Both non-Medicare and Medicare-eligible retirees and spouses paid $12.79 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, 2022, retirees contributed $110.0 thousand ($106.4 thousand in 2021) in premiums for life insurance coverage to fulfill their 25.0 percent of total premium requirement, while the University contributed $339.8 thousand ($329.0 thousand in 2021) as its 75.0 percent requirement. Retirees pay $0.2267 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, 2022, and 2021 are shown below:

	June 30, 2022	June 30, 2021
Reserve for Unreported Claims	$ 4,729,854	$ 3,992,144
Reserve for Self-Insurance	$ 6,750,000	$ 5,937,000
Reserve for Post-Retirement Health	$ 15,760,671	$ 19,402,650

Net OPEB Liability (Asset)

At June 30, 2022, the University reported a Net OPEB Asset of $61,837,629. The Net OPEB Asset reported in fiscal year 2021-2022 is from both the retiree health care plan and the OPEB 115 Plan. In fiscal year 2020-2021, both plans had a Net OPEB Liability. 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, 2021.

The measurement period for the OPEB plans is July 1, 2020 through June 30, 2021.

The reporting period is July 1, 2021 through June 30, 2022.

Net OPEB Liability (Asset) was measured as of June 30, 2021.

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

Based on the actuarial study for June 30, 2021, and June 30, 2020, the components of the Net OPEB Liability (Asset) of the University (sponsor) were as follows:

	June 30, 2021	
	Health Care Plan	OPEB 115 Plan
Total OPEB Liability	$ 337,933,203	$ 27,506,216
Plan Fiduciary Net Position	(395,561,858)	(31,715,190)
Net OPEB Liability (Asset) June 30, 2021	$ (57,628,655)	$ (4,208,974)
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability June 30, 2021	117.05 %	115.30 %

	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 (Asset) June 30, 2020	$ 36,524,840	$ 1,807,544
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability June 30, 2020	89.42 %	93.55 %

Actuarial Assumptions. The Total OPEB Liability was determined by actuarial valuations for June 30, 2021, and June 30, 2020, using the following actuarial assumptions:

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

	June 30, 2021	**June 30, 2020**
Valuation Date:	June 30, 2020	June 30, 2019
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 Dollar, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period:	17 years	18 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:	3.25% 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
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 Pub-2010 General tables for healthy employees and annuitants, 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-2019, with no collar adjustment
Health Care Trend Rates:	Established separate trend rates for Medicare of 6.25% and under 65 of 7.5% with both decreasing to 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 2021-2022 or 2020-2021.

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, 2022	**June 30, 2021**
Asset Class	**Target Allocation**	**Long-Term Expected Return**	**Long-Term Expected Return**
International Equity	14.0 %	7.2 %	6.2 %
Emerging Markets Equity	4.0 %	8.1 %	7.6 %
Low Volatility Equity	10.0 %	6.7 %	5.7 %
US Small Cap Equity	10.0 %	7.0 %	6.1 %
US Large Cap Equity	32.0 %	6.4 %	5.5 %
Fixed Income	20.0 %	3.5 %	5.7 %
Real Estate	10.0 %	8.8 %	6.2 %
Total	**100.0 %**		

Notes:

- There were no investments identified at June 30, 2021, and June 30, 2020, 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 -11.4 percent for June 30, 2022, and 27.8 percent for June 30, 2021. 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 remained at the 6.0 percent for the June 30, 2021 actuarial study. The municipal bond rate is 1.92 percent, resulting in a Single Discount Rate of 6.0 percent. The Single Discount Rate was 6.0 percent from the prior year when the municipal bond rate was 2.45 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.

Park Hall

Changes in Net OPEB Liability - Health

Health Care Plan	**June 30, 2021** Increase (Decrease) Total OPEB Liability	Plan Net Position	Net OPEB Liability
Beginning Balance	$ 345,219,389	$ 308,694,549	$ 36,524,840
Changes for the Year:			
Service Cost	$ 8,123,943	$ —	$ 8,123,943
Interest	20,582,629	—	20,582,629
Difference Between Expected and Actual Experience	(24,611,487)	—	(24,611,487)
Changes in Assumptions	1,093,830	—	1,093,830
Contributions - Employer	(12,475,101)	12,475,101	(24,950,202)
Net Investment Income	—	86,867,318	(86,867,318)
Benefit Payments, Including Refunds	—	(12,475,101)	12,475,101
Other	—	(9)	9
Net Changes	$ (7,286,186)	$ 86,867,309	$ (94,153,495)
Balances at June 30, 2021	$ 337,933,203	$ 395,561,858	$ (57,628,655)

Health Care Plan	**June 30, 2020** Increase (Decrease) Total OPEB Liability	Plan Net Position	Net OPEB Liability
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	$ 345,219,389	$ 308,694,549	$ 36,524,840

Changes in Net OPEB Liability - Life

OPEB 115 Plan	Total OPEB Liability	Plan Net Position	Net OPEB Liability(Asset)
	June 30, 2021		
	Increase (Decrease)		
Beginning Balance	$ 28,012,658	$ 26,205,114	$ 1,807,544
Changes for the Year:			
Service Cost	$ 353,933	$ —	$ 353,933
Interest	1,638,838	—	1,638,838
Changes in Benefit Terms	—	—	—
Difference Between Expected and Actual Experience Loss (Gain)	(651,055)	—	(651,055)
Changes in Assumptions	(96,840)	—	(96,840)
Contributions - Employer	(1,751,318)	605,981	(2,357,299)
Net Investment Income	—	6,793,390	(6,793,390)
Benefit Payments, Including Refunds	—	(1,751,318)	1,751,318
Other	—	(137,977)	137,977
Net Changes	$ (506,442)	$ 5,510,076	$ (6,016,518)
Balances at June 30, 2021	$ 27,506,216	$ 31,715,190	$ (4,208,974)

OPEB 115 Plan	Total OPEB Liability	Plan Net Position	Net OPEB Liability(Asset
	June 30, 2020		
	Increase (Decrease)		
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

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 six 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, 2021	1% Decrease 5.00%	Current SDR Assumption 6.00%	1% Increase 7.00%
Total OPEB Liability	$ 385,104,125	$ 337,933,203	$ 299,113,147
Plan Net Position	395,561,858	395,561,858	395,561,858
Net OPEB Liability (Asset)	$ (10,457,733)	$ (57,628,655)	$ (96,448,711)

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)	$ 86,319,434	$ 36,524,840	$ (4,255,300)

Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption

OPEB 115 Plan

June 30, 2021	1% Decrease 5.00%	Current SDR Assumption 6.00%	1% Increase 7.00%
Total OPEB Liability	$ 31,573,353	$ 27,506,216	$ 24,219,153
Plan Net Position	31,715,190	31,715,190	31,715,190
Net OPEB Liability (Asset)	$ (141,837)	$ (4,208,974)	$ (7,496,037)

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)	$ 5,989,993	$ 1,807,544	$ (1,568,378)

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, 2021	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	$ 296,042,793	$ 337,933,203	$ 389,576,774
Plan Net Position	395,561,858	395,561,858	395,561,858
Net OPEB Liability (Asset)	$ (99,519,065)	$ (57,628,655)	$ (5,985,084)

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)	$ (7,474,361)	$ 36,524,840	$ 91,067,222

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

The University posted a combined Net OPEB Liability (Asset) of $61,837,629 for the fiscal year ended June 30, 2022, for the Health Care Plan and OPEB 115 Plan used for retiree life insurance. The Net OPEB Liability (Asset) was actuarially determined, and measured as of June 30, 2021, for fiscal year 2021-2022.

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, 2021	Health Care Plan	OPEB 115 Plan	Aggregate
Net OPEB Liability (Asset)	$ (57,628,655)	$ (4,208,974)	$ (61,837,629)
Deferred Outflow of Resources	$ 63,136,932	$ 4,662,944	$ 67,799,876
Deferred Inflow of Resources	$ 108,114,733	$ 5,060,133	$ 113,174,866
OPEB Expense (Revenue)	$ (5,190,196)	$ 95,455	$ (5,094,741)

June 30, 2020	Health Care Plan	OPEB 115 Plan	Aggregate
Net OPEB Liability (Asset)	$ 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

On June 30, 2022, and June 30, 2021, 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 2021:	**6.71 Years**		
	Deferred Outflow of Resources	**Deferred Inflow of Resources**	**Net Outflows (Inflows) of Resources**
Differences Between Expected and Actual Experience	$ 3,699,700	$ 52,790,323	$ (49,090,623)
Assumption Changes	33,625,839	—	33,625,839
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	10,586,457	55,324,410	(44,737,953)
Subtotal	$ 47,911,996	$ 108,114,733	$ (60,202,737)
Contributions Subsequent to the Measurement Date	15,224,936	—	15,224,936
Total	$ 63,136,932	$ 108,114,733	$ (44,977,801)

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
Subtotal	$ 60,821,132	$ 44,535,671	$ 16,285,461
Contributions Subsequent to the Measurement Date	12,385,997	—	12,385,997
Total	$ 73,207,129	$ 44,535,671	$ 28,671,458

OPEB 115 Plan

Average Remaining Service Life for 2021:	**7.37 Years**		
	Deferred Outflow of Resources	**Deferred Inflow of Resources**	**Net Outflows (Inflows) of Resources**
Differences Between Expected and Actual Experience	$ 296,369	$ 701,706	$ (405,337)
Assumption Changes	2,743,929	83,704	2,660,225
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,006,664	4,274,723	(3,268,059)
Subtotal	$ 4,046,962	$ 5,060,133	$ (1,013,171)
Contributions Subsequent to the Measurement Date	615,982	—	615,982
Total	$ 4,662,944	$ 5,060,133	$ (397,189)

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
Subtotal	$ 5,084,786	$ 591,965	$ 4,492,821
Contributions Subsequent to the Measurement Date	605,981	—	605,981
Total	$ 5,690,767	$ 591,965	$ 5,098,802

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	
2022	$	(11,687,860)
2023		(11,315,524)
2024		(13,946,164)
2025		(17,264,333)
2026		(3,502,909)
Thereafter		(2,485,947)
Total	$	(60,202,737)

OPEB 115 Plan

Year Ending June 30	Net Deferred Outflows of Resources	
2022	$	(239,302)
2023		(175,556)
2024		(261,247)
2025		(641,011)
2026		360,195
Thereafter		(56,250)
Total	$	(1,013,171)

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 $58,930,976 at June 30, 2022.

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, 2022, and June 30, 2021, for both active employees and retirees was $4.7 million and $4.0 million, respectively, as determined by the University's actuarial consultants. Claims activity for each year was as follows:

June 30, 2022		
Unpaid Health Claims at July 1, 2021		3,992,144
Claims Incurred		57,512,387
Claims Paid		56,774,677
Unpaid Health Claims at June 30, 2022	$	4,729,854

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	$	3,992,144

Note M – Functional Expenses

The University's operating expenses by functional classification were as follows for fiscal year ended June 30, 2022:

	Functional Classification						
	Personnel Services	Benefits	Student Aid	Utilities	Supplies and Expenses Repairs and Maintenance	Depreciation	Total
Instruction	$ 112,276,071	$ 23,849,660	$ 255,697	$ 12,649	$ 11,664,407	$ —	$ 148,058,484
Research	5,767,093	1,050,290	131,224	—	4,294,325	—	11,242,932
Public Service	4,698,852	1,041,739	84,523	59,646	4,741,626	—	10,626,386
Academic Support	26,384,349	6,590,506	96,625	1,464	10,211,899	—	43,284,843
Student Services	8,997,412	2,111,665	115,852	5,198	8,397,388	—	19,627,515
Institutional Support	28,463,306	25,683,829	137,710	66,080	12,393,602	—	66,744,527
Oper & Maint of Physical Plant	12,776,017	4,319,914	—	13,432,855	5,432,060	—	35,960,846
Scholarships & Fellowships	1,795,975	353,157	27,762,482	—	183,940	—	30,095,554
Auxiliary Enterprises	28,494,278	12,119,351	8,010,810	1,066,100	30,053,501	—	79,744,040
Depreciation	—	—	—	—	—	33,123,377	33,123,377
Total Operating Expenses	$ 229,653,353	$ 77,120,111	$ 36,594,923	$ 14,643,992	$ 87,372,748	$ 33,123,377	$ 478,508,504

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

	Functional Classification						
	Personnel Services	Benefits	Student Aid	Utilities	Supplies and Expenses Repairs and Maintenance	Depreciation	Total
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	$ 224,965,233	$ 87,564,665	$ 30,430,448	$ 12,758,709	$ 78,228,329	$ 31,097,739	$ 465,045,123

Note N – Subsequent Event

On August 30, 2022, the University entered into a forward delivery bond purchase agreement with JPMorgan Chase Bank, N.A. in the principal amount of $20,135,000. Concurrently with the forward delivery, the University intends to issue its Ball State University Housing and Dining System Refunding Revenue Bond, Series 2023. The proceeds of the Series 2023 Bond will be used to redeem certain of the University's Ball State University Housing and Dining System Revenue Bonds, Series 2013 maturing on July 1, 2024 through and including July 1, 2033. The Series 2023 Bond will be delivered on or about June 28, 2023 and used to redeem at par the refunded Series 2013 Bonds on or about their call date of July 1, 2023.

Note O – Termination Benefits

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

The University Board of Trustee approved the Ball State University Voluntary Early Retirement Incentive Plan for Faculty on December 17, 2021. This is a one-time offering and allows eligible full-time faculty the opportunity to retire earlier with certain benefits.

Full-time faculty members of the University who satisfied the following criteria were eligible to participate in the voluntary plan:

1. The faculty member is employed by the University at the start of the Spring 2022 semester on January 10, 2022, and was:
   a. a full-time tenure or tenure-track faculty member; or
   b. a full-time non-tenure line (contract) faculty member; or
   c. a full-time tenure or tenure-track faculty member with an administrative appointment (Associate Deans, Chairs/Directors, and Associate Chairs, but not including Deans) who was classified as a professional employee.

2. As of May 14, 2022, (i) the faculty member has attained age 55, and (ii) has at least 10 years of service with the University, and (iii) the faculty member's age plus years of service with the University equals or exceeds 70; and (iv) the faculty member voluntarily agrees to retire from the University effective May 14, 2022.

Participating employees were eligible to receive the following plan benefits:

1. Separation Payment. An eligible full-time faculty member will receive a separation payment equal to 125% of his or her 2021-2022 academic year base salary.

2. Retiree Health Benefit. An eligible full-time faculty member can elect retiree health and dental coverage under the Ball State University Retiree Health Plan and/or the Ball State University Retiree Dental Plan (collectively, "Retiree Health and Dental Plan") if the eligible full-time faculty member is enrolled in the Ball State University Group Health Plan on his or her Retirement Date, and the University will subsidize premiums in the same amount as it does for retirees generally.

3. Emeritus/Honoratus Status. A full-time faculty member in good standing, who is eligible for this incentive plan as of his or her Retirement Date, will be submitted to the President to be considered for Emeritus or Honoratus status.

Ninety-two faculty members signed agreements to participate in the plan at a cost of $10.3 million. All of the participants retired and received their benefit on or before June 30, 2022, except for three faculty members who will receive their benefit during the 2022-2023 fiscal year once their teaching assignments are completed. An accrued liability for $432,539 was posted for this benefit.

Note P – Reclassification/Restatement

Certain reclassifications were made to the June 30, 2021 statements for comparative purposes. The net effect of the reclassifications are outlined below.

	Prior to Reclassification 2021	Reclassification 2021	After Reclassification 2021	Note s
Statement of Net Position:				
Current Assets:				
Cash and Cash Equivalents	$ 108,499,646	$ 28,391,519	$ 136,891,165	A
Deposit with Bond Trustee	$ 28,391,519	$ (28,391,519)	$ —	A
Statement of Cash Flows:				
Capital Financing Activities:				
Deposits with Trustee	$ 1,016,312	$ 28,391,519	$ 29,407,831	A
Net Increase/(Decrease) in Cash	$ 47,402,432	$ 28,391,519	$ 75,793,951	A

Note A: Deposit with Bond Trustee has been determined to be restricted cash. In fiscal year 2021, it was listed as a separate line item on the Statement of Net Position and the Statement of Cash Flows. It has been reclassified to Cash and Cash Equivalents in the fiscal year 2021 restated Statement of Net Position and Statement of Cash Flows.

Ball State University
Required Supplemental Information
June 30, 2022

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**
2021	0.0084321	$ 11,095,359	$ 46,489,506	23.9%	92.5%
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	0.0104320	$ 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**
2021	0.0063773	$ (2,996,005)	$ 23,242,712	(12.9)%	106.2%
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	0.0072770	$ 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**
2021	—	$ —	100.00%	$ 625,812,000	N/A	35.4%
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
2021	$ 5,142,978	$ 5,142,978	$ —	$ 46,489,506	11.06%
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
2021	$ 1,272,852	$ 1,272,852	$ —	$ 23,242,712	5.48%
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
2021	$ 106,152	$ 106,152	$ —	$ 2,018,150	5.26%
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,	**2021**	**2020**	**2019**	**2018**	**2017**
Total OPEB Liability:					
Service Cost	$ 8,123,943	$ 8,156,166	$ 7,611,987	$ 6,830,783	$ 6,599,790
Interest on the Total OPEB Liability	20,582,629	22,695,850	21,470,286	19,577,788	18,399,968
Changes of Benefit Terms	—	—	—	—	—
Difference Between Expected and Actual Experience	(24,611,487)	(36,345,287)	(10,137,052)	9,434,332	(4,229,345)
Change of Assumptions **	1,093,830	36,372,491	9,074,176	487,135	9,175,625
Benefit Payments, Including Refunds of Employee Contributions ^	(12,475,101)	(11,616,354)	(10,943,209)	(9,161,538)	(8,982,186)
Net change in Total OPEB Liability	$ (7,286,186)	$ 19,262,866	$ 17,076,188	$ 27,168,500	$ 20,963,852
Total OPEB Liability - Beginning	345,219,389	325,956,523	308,880,335	281,711,835	260,747,983
Total OPEB Liability - Ending (a)	$337,933,203	$345,219,389	$325,956,523	$308,880,335	$281,711,835
Plan Fiduciary Net Position:					
Employer Contributions ^	$ 12,475,101	$ 11,616,354	$ 10,943,209	$ 9,161,538	$ 15,482,186
Nonemployer Contributing Entities Contributions	—	—	—	—	—
Employee Contributions	—	—	—	—	—
OPEB Plan Net Investment Income	86,867,318	8,464,978	12,501,466	21,850,871	34,411,338
Benefit Payments, Including Refunds of Employee Contributions ^	(12,475,101)	(11,616,354)	(10,943,209)	(9,161,538)	(8,982,186)
OPEB Plan Administrative Expense	—	—	—	—	—
Other	(9)	—	—	—	—
Net Change in Plan Fiduciary Net Position	$ 86,867,309	$ 8,464,978	$ 12,501,466	$ 21,850,871	$ 40,911,338
Plan Fiduciary Net Position - Beginning	308,694,549	300,229,571	287,728,105	265,877,234	224,965,896
Plan Fiduciary Net Position - Ending (b)	$395,561,858	$308,694,549	$300,229,571	$287,728,105	$265,877,234
Net OPEB Liability (Asset) - Ending (a) - (b)	$(57,628,655)	$ 36,524,840	$ 25,726,952	$ 21,152,230	$ 15,834,601
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	117.05 %	89.42 %	92.11 %	93.15 %	94.38 %
Covered Payroll #	$173,741,219	$202,031,009	$206,811,806	$203,494,948	$194,729,643
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	(33.17)%	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,	**2021**	**2020**	**2019**	**2018**	**2017**
Total OPEB Liability:					
Service Cost	$ 353,933	$ 301,802	$ 305,397	$ 299,665	$ 289,531
Interest on the Total OPEB Liability	1,638,838	1,662,984	1,643,677	1,532,799	1,557,695
Changes of Benefit Terms **	—	—	—	—	(407,528)
Difference Between Expected and Actual Experience	(651,055)	202,820	(10,643)	337,477	(421,297)
Change of Assumptions	(96,840)	3,086,070	142,956	976,135	—
Benefit Payments, Including Refunds of Employee Contributions ^	(1,751,318)	(1,694,069)	(1,624,704)	(1,501,416)	(1,259,902)
Net Change in Total OPEB Liability	$ (506,442)	$ 3,559,607	$ 456,683	$ 1,644,660	$ (241,501)
Total OPEB Liability - Beginning	28,012,658	24,453,051	23,996,368	22,351,708	22,593,209
Total OPEB Liability - Ending (a)	$ 27,506,216	$ 28,012,658	$ 24,453,051	$ 23,996,368	$ 22,351,708
Plan Fiduciary Net Position:					
Employer Contributions ^	$ 605,981	$ 597,740	$ 566,552	$ 468,068	$ 418,438
Nonemployer Contributing Entities Contributions	—	—	—	—	—
Employee Contributions	—	—	—	—	—
OPEB Plan Net Investment Income	6,793,390	574,901	1,194,030	2,071,247	2,943,702
Benefit Payments, Including Refunds of Employee Contributions ^	(1,751,318)	(1,694,069)	(1,624,704)	(1,501,416)	$ (1,259,902)
OPEB Plan Administrative Expense	—	—	—	—	—
Other	(137,977)	—	—	—	—
Net Change in Plan Fiduciary Net Position	$ 5,510,076	$ (521,428)	$ 135,878	$ 1,037,899	$ 2,102,238
Plan Fiduciary Net Position - Beginning	26,205,114	26,726,542	26,590,664	25,552,765	23,450,527
Plan Fiduciary Net Position - Ending (b)	$ 31,715,190	$ 26,205,114	$ 26,726,542	$ 26,590,664	$ 25,552,765
Net OPEB Liability - Ending (a) - (b)	$ (4,208,974)	$ 1,807,544	$ (2,273,491)	$ (2,594,296)	$ (3,201,057)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	115.30 %	93.55 %	109.30 %	110.81 %	114.32 %
Covered Payroll #	$194,070,076	$202,031,009	$206,811,806	$203,494,948	$194,729,643
Net OPEB Liability as a Percentage of Covered Payroll	(2.17)%	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
2021	$ 337,933,203	$ 395,561,858	$ (57,628,655)	117.05%	$ 173,741,209	(33.17)%
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
2021	$ 27,506,216	$ 31,715,190	$ (4,208,974)	115.30%	$ 194,070,076	(2.17)%
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.

Worthen Arena

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
2021	$ 11,846,667	$ 12,475,101	$ (628,434)	$ 173,741,219	7.18%
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
2021	$ 551,000	$ 605,981	$ (54,981)	$ 194,070,076	0.31%
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.

Chemistry lab, Foundational Sciences Building

Ball State University
Notes to Required Supplemental Information
June 30, 2022

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) Annual Comprehensive Financial Reports (ACFR):

Schedules of Changes in Net Pension Liability per Fiscal Year

For the Year Ended June 30, 2021:

Plan Amendments

In 2021, HEA 1001-2021 granted a 1% COLA for PERF DB, TRF Pre-'96 DB, and TRF '96 DB, effective January 1, 2022.

Assumption Changes

In 2021, several assumptions were updated. These assumption changes include a decrease in the investment rate of return, inflation assumption, and wage inflation assumption.

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
2021	Period of five years ended June 30, 2019	6.25%, includes inflation and net of investment expenses	Beginning Jan. 1, 2024 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%	2.65% - 8.65%	2.00%
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 four 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 four 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 four years ended June 30, 2014	6.75%, net of investment expense, including inflation	1.00%	2.50% - 4.25%	2.25%
2015	Period of four years ended June 30, 2014	6.75%, net of investment expense, including inflation	1.00%	2.50% - 4.25%	2.25%
2014	Period of five years ended June 30, 2010	6.75%, net of investment expense, including inflation	1.00%	3.25% - 4.50%	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
2021	PubG-2010	+3/+1	PubG-2010	140%	PubCS-2010	+0/+2	MP-2019
2020	PubG-2010	+3/+1	PubG-2010	140%	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
2021	Period of five years ended June 30, 2019	6.25%, includes inflation and net of investment expenses	Beginning Jan. 1, 2024-0.40%, Beginning Jan. 1, 2034-0.50%, Beginning Jan. 1, 2039-0.60%	2.65% - 11.90%	2.00%
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%	2.50% - 12.50%	2.25%
2018	Period of three 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% - 12.50%	2.25%
2017	Period of three years ended June 30, 2014	6.75%, includes inflation and net of investment expenses	1.00%	2.50% - 12.50%	2.25%
2016	Period of three years ended June 30, 2014	6.75%, net of investment expense, including inflation	1.00%	2.50% - 12.50%	2.25%
2015	Period of three years ended June 30, 2014	6.75%, net of investment expense, including inflation	1.00%	2.50% - 12.50%	2.25%
2014	Period of four years ended June 30, 2011	6.75%, net of investment expense, including inflation	1.00%	3.00% – 12.50%	3.00%

Actuarial Assumptions per Fiscal Year- Mortality

TRF 1996 DB

Fiscal Year	Mortality- Healthy Employees and Retirees: Base Table	Mortality- Healthy Employees and Retirees: M/F Set Forward	Mortality- Disableds: Base Table	Mortality- Disableds: Load	Mortality- Beneficiaries: Base Table	Mortality- Beneficiaries: M/F Set Forward	Mortality- Improvement -All Tables: Generational Improvement Scale
2021	PubT-2010	+1/+1	PubG-2010	140%	PubCS-2010	+0/+2	MP-2019
2020	PubT-2010	+1/+1	PubG-2010	140%	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
2021	Period of five years ended June 30, 2019	6.25%, includes inflation and net of investment expenses	Beginning Jan. 1, 2024 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%	2.65% - 11.90%	2.00%
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%	2.50% - 12.50%	2.25%
2018	Period of three 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% - 12.50%	2.25%
2017	Period of three years ended June 30, 2014	6.75%, includes inflation and net of investment expenses	1.00%	2.50% - 12.50%	2.25%
2016	Period of three years ended June 30, 2014	6.75%, net of investment expense, including inflation	1.00%	2.50% - 12.50%	2.25%
2015	Period of three years ended June 30, 2014	6.75%, net of investment expense, including inflation	1.00%	2.50% - 12.50%	2.25%
2014	Period of four years ended June 30, 2011	6.75%, net of investment expense, including inflation	1.00%	3.00% – 12.50%	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
2021	PubT-2010	+1/+1	PubG-2010	140%	PubCS-2010	+0/+2	MP-2019
2020	PubT-2010	+1/+1	PubG-2010	140%	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, 2021, 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.

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, 2021, changes in assumptions since the prior valuation include:

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

Separate trend rates were set for pre-65/post-65 participants, which start at 7.5% and 6.25% respectively decreasing to an ultimate trend rate of 3.5%

The mortality improvement scale was changed from MP-2020 to MP-2021

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, 2019, 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, 2018, 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, 2021	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Valuation Date:	June 30, 2020	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.	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	Entry Age Normal
Amortization Method:	Level Dollar, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period:	17 years	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	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	No explicit price inflation assumption used
Salary Increases:	3.25% per year	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	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	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 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:	Separate trend rates were set for pre-65/post-65 participants, which start at 7.5% and 6.25% respectively decreasing to an ultimate trend rate of 3.5%	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%	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"	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

This page intentionally left blank