



# FINANCIAL REPORT | 2023-2024





# Table of Contents

Letter of Transmittal . . . . . 1

Board of Trustees and University Officers . . . . . 2

Independent Auditor’s Report . . . . . 3

Management’s Discussion and Analysis . . . . . 7

University Statement of Net Position . . . . . 13

Component Unit: USI Foundation Consolidated Statements of Financial Position . . . . . 14

University Statement of Revenues, Expenses, and Changes in Net Position . . . . . 15

Component Unit: USI Foundation Consolidated Statements of Activities . . . . . 16

University Statement of Cash Flows . . . . . 17

Statement of Fiduciary Net Position . . . . . 19

Statement of Changes in Fiduciary Net Position . . . . . 19

Notes to Financial Statements . . . . . 20

Component Unit: USI Foundation Notes to Consolidated Financial Statements . . . . . 49

Required Supplementary Information . . . . . 61

Notes to Required Supplementary Information . . . . . 63

**Additional copies of this report may be obtained from:**

Assistant Vice President for Finance and Administration  
 and Assistant Treasurer  
 Business Office  
 Orr Center, Room 027  
 University of Southern Indiana  
 8600 University Boulevard  
 Evansville, IN 47712-3597  
 Telephone: 812-464-1967  
 or from the website at



*[USI.edu/about/administration-and-operations/financial-transparency](https://www.usi.edu/about/administration-and-operations/financial-transparency)*

# Letter of Transmittal

To Board of Trustees of the University of Southern Indiana:

We are pleased to present the University of Southern Indiana’s audited financial report for the fiscal year ended June 30, 2024, with comparative data from the previous fiscal year. In addition, the audited financial statements and note disclosures of the University of Southern Indiana Foundation, a component unit of the University, are included. Furthermore, a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position for the VEBA Trust are provided.

University leadership continues to manage resources responsibly while striving for excellence in teaching and learning to achieve our core mission. The net position of the University increased again in 2023–2024, continuing a longstanding record of positive financial performance.

University management is responsible for the accuracy and completeness of the information presented, including all disclosures. The financial statements are prepared in accordance with guidelines established by the Governmental Accounting Standards Board (GASB) and audited by the Indiana State Board of Accounts. Management’s Discussion and Analysis (MD&A) provides insight into the 2023–2024 financial position and operating results of the University. The financial statements and accompanying notes follow the MD&A. The unmodified audit opinion, the most favorable outcome of an audit, from the State Board of Accounts is contained within the report.

The 2023–2024 audited financial report shows that the University of Southern Indiana remains well-positioned to prepare students to lead and make positive contributions to the State of Indiana, to the region, and to the global society.

**Steven J. Bridges**  
*Interim President*

**Jeffrey M. Sickman**  
*Assistant Vice President for Finance and  
Administration and Assistant Treasurer*

## Board of Trustees 2023–2024



**Christine H. Keck**  
*Chair*  
Evansville, Indiana  
*Term expires 2026*



**Christina M. Ryan**  
*First Vice Chair*  
Newburgh, Indiana  
*Term expires 2027*



**Daniel M. Fuquay**  
*Second Vice Chair*  
Evansville, Indiana  
*Term expires 2024*



**John M. Dunn**  
*Secretary*  
Evansville, Indiana  
*Term expires 2026*



**W. Harold Calloway**  
*Member*  
Evansville, Indiana  
*Term expires 2027*



**Fouad L. Hamami**  
*Member*  
Evansville, Indiana  
*Term expires 2025*



**Jeffrey L. Knight**  
*Member*  
Evansville, Indiana  
*Term expires 2027*



**Ronald D. Romain**  
*Member*  
Evansville, Indiana  
*Term expires 2024*



**Kenneth L. Sendelweck**  
*Member*  
Jasper, Indiana  
*Term expires 2024*

## University Officers 2023–2024

**Ronald S. Rochon**  
*President*

**Shelly B. Blunt**  
*Interim Provost*

**Steven J. Bridges**  
*Vice President for Finance and  
Administration and Treasurer*

**David A. Bower**  
*Vice President for Development*

**Khalilah T. Doss**  
*Vice President for  
Student Affairs*

**Troy A. Miller**  
*Vice President for Strategic  
Enrollment Management*

**Kindra L. Strupp**  
*Vice President for Marketing  
and Communications*

**Aaron C. Trump**  
*Vice President for Government  
Affairs and General Counsel*



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE UNIVERSITY OF SOUTHERN INDIANA, EVANSVILLE, INDIANA

**Report on the Audit of the Financial Statements**

***Opinions***

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

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

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

***Basis for Opinions***

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the University adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections*, in fiscal year 2024. Our opinion is not modified with respect to this matter.

As discussed in Note 18 to the financial statements, the University presented a prior period adjustment at June 30, 2023, to the business-type activities net position to restate unrestricted net position related to the University's net OPEB asset to restricted net position. The University also presented a prior period adjustment at June 30, 2023, to the business-type activities to restate amounts reported as other current liabilities to deferred inflows of resources due to an error correction. Our opinion is not modified with respect to these matters.

***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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

***Other Information***

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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



Beth Kelley, CPA, CFE  
Deputy State Examiner

October 31, 2024

# Management's Discussion and Analysis

## Introduction

This discussion and analysis prepared by management provides a summary of the financial position and activities of the University of Southern Indiana (the University or USI) during the fiscal year ended June 30, 2024 and compares that performance with select information for the years ended June 30, 2023 and 2022. It should be read in conjunction with the accompanying financial statements and note disclosures included in the 2023–2024 Financial Report.

Founded in 1965 to address the need for public higher education in southwestern Indiana, the University of Southern Indiana is located on a 1,400-acre campus in Evansville, Indiana. USI offers degrees in undergraduate, graduate and doctoral programs through the College of Liberal Arts, Romain College of Business, College of Nursing and Health Professions, and the Pott College of Science, Engineering, and Education. Certificate programs are offered also at the undergraduate, post-baccalaureate, and post-master's level. USI is a Carnegie Foundation Community Engaged University and offers continuing education and special programs to more than 15,000 participants annually through Outreach and Engagement. The University offers study-abroad opportunities in more than 60 countries and hosts international students from around the globe.

## Using the Financial Report

The University financial report consists of three statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The statements, the notes to the financial statements, the management discussion and analysis, and the required supplementary information have been prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

The Consolidated Statements of Financial Position, the Consolidated Statements of Activities and the accompanying note disclosures of the University of Southern Indiana Foundation, a component unit of the University, are presented discretely. The Foundation is subject to the reporting standards of the Financial Accounting Standards Board (FASB), which differ in some respects from GASB requirements. No modifications have been made to the statements of either entity to reconcile these differences. In addition, a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position for the Voluntary Employees' Beneficiary Association (VEBA) Trust are included in the Financial Report.

## Statement of Net Position

The Statement of Net Position presents the value of the assets, liabilities, and net position at the end of the fiscal year as well as deferred inflows of resources and deferred outflows of resources that affect the net position of the University. It is prepared under the accrual basis of accounting: revenues and expenses, and their impact on assets and liabilities, are recognized when service is provided or received by the University, regardless of when cash is exchanged. Assets and liabilities are classified as current (accessible or payable in one year or less) or noncurrent (accessible or payable beyond one year). Net position is categorized in one of three ways: net investment in capital assets, restricted for specific purposes, or unrestricted, and it is one indicator of current financial health. The increases or decreases in net position that occur over time indicate improvements or deteriorations of the University's financial condition.

CONDENSED STATEMENT OF NET POSITION			
Year Ended June 30 (in thousands)	2024	2023* Restated	2022
Current Assets	\$ 65,785	\$ 57,961	\$ 65,903
Noncurrent Assets:			
Capital assets, net of depreciation	223,495	209,120	212,664
Other non-current	114,943	142,907	138,353
<b>Total Assets</b>	<b>\$404,223</b>	<b>\$409,988</b>	<b>\$416,920</b>
<b>Deferred Outflow of Resources</b>	<b>\$ 6,547</b>	<b>\$ 6,837</b>	<b>\$ 9,315</b>
Current Liabilities	\$ 32,591	\$ 33,183	\$ 31,898
Noncurrent Liabilities	103,989	114,459	122,846
<b>Total Liabilities</b>	<b>\$136,580</b>	<b>\$147,642</b>	<b>\$154,744</b>
<b>Deferred Inflow of Resources</b>	<b>\$ 5,836</b>	<b>\$ 4,723</b>	<b>\$ 7,267</b>
<b>Total Net Position</b>	<b>\$268,354</b>	<b>\$264,460</b>	<b>\$264,224</b>

\*See Note 18 in Notes to Financial Statements.

## Assets

Current assets are used to support current operations and consist primarily of cash and cash equivalents, short-term investments, accounts receivable net of allowances, leases receivable, and inventories. Noncurrent assets include cash equivalents and investments held by a bond trustee, leases receivable, long-term investments, net other postemployment benefits (OPEB) asset, net leased assets, net subscription assets, and net capital assets. Lesser-valued current assets are grouped and listed as other current assets.

Total assets decreased \$5.8 million, or 1.4%, in fiscal year 2024 compared to a \$6.9 million, or 1.7% decrease in fiscal year 2023.

The current portion of cash and cash equivalents increased by \$4.6 million from June 30, 2023, to June 30, 2024. The change was primarily the result of a \$10.6 million decrease in investments offset by an increase in cash consumed by normal operations. Cash equivalent – deposit with bond trustee decreased by \$21 million. This decrease is the natural transition from bond proceeds from Series N student fee bonds to construction in progress for the construction and equipping of the Health Professions Classroom Renovation and Expansion project.

Net accounts receivable increased by \$5.4 million during fiscal year 2024. This change is primarily attributable to a \$1.4 million increase in receivables for gifts and nonoperating grants, a \$2.4 million increase in pending reimbursements for construction projects, and a \$498,000 increase in receivables for capital grants and gifts. Cumulative changes in other receivable categories accounted for the remainder of the increase.

Net other postemployment benefit (OPEB) asset increased by \$1.3 million during fiscal year 2024 to a balance of nearly \$8.3 million. The \$2.7 million increase in plan fiduciary net position of the Voluntary Employees' Benefit Association (VEBA) Trust during fiscal year 2024 exceeded the nearly \$1.4 million increase in the total OPEB liability increases.

Net changes to inventories, net leased assets, net subscription assets, and other current assets resulted in a combined increase to total assets by approximately \$156,000 during fiscal year 2024.

### Capital Assets

Net capital assets increased from \$209.1 million at June 30, 2023, to \$223.5 million at June 30, 2024. Construction in progress increased by \$18.2 million primarily due to the Health Professions construction noted above as well as a project to upgrade fire detection and alarm systems in student housing. The net capital asset value of buildings decreased by \$5.6 million during the year due to depreciation outpacing additions, and the net value of equipment increased by \$2.3 million as new equipment purchases exceeded depreciation. Cumulative changes in other asset categories accounted for the remainder of the increase.

## Deferred Outflow of Resources

Deferred outflow of resources, which represent the consumption of resources applicable to a future period, decreased by \$290,000 in fiscal year 2024 compared to a \$2.5 million decrease in fiscal year 2023. Deferred outflows related to hedging derivative instruments, bond refundings, and OPEB all declined marginally during the last two fiscal years. Only the deferred outflow of resources related to pensions increased slightly in both years predominantly due to the difference between projected and actual investment returns on pension plan investments.

## Liabilities

Current liabilities are primarily composed of accounts payable; accrued payroll, related benefits and deductions, which includes the current portions of the liabilities for compensated absences and termination benefits; the current portion of bonds payable; the current portion of leases and subscriptions payable; debt interest payable; unearned revenue, and other miscellaneous liabilities. Noncurrent liabilities consist of bonds payable, leases and subscriptions payable, the June 30 mark-to-market valuation for the Series 2006 hedgeable financial derivatives, compensated absences, termination benefits, the University's share of the net pension liability for the Public Employees' Retirement Fund (PERF), and other miscellaneous liabilities.

Total liabilities decreased by \$11.1 million, or 7.5%, in fiscal year 2024 following a \$6.8 million, or 4.4%, reduction in fiscal year 2023. Current liabilities decreased by nearly \$592,000 in 2024, but noncurrent liabilities decreased by \$10.5 million during the same period.

Other noncurrent liabilities increased from about \$7,000 at June 30, 2023, to \$1 million at June 30, 2024. The increase stemmed from the estimated liability that will be owed to the U.S. Treasury in October 2025 due to the University's excess cumulative interest earnings on unspent proceeds from its 2020 Series N bond issue.

**Debt and Financing Activity**

Total bonds payable decreased by \$11.4 million during fiscal year 2024 after declining by \$11.3 million during fiscal year 2023. The current portion of bonds payable increased slightly by \$336,000 as the University expects to retire more debt principal in fiscal year 2025 than it did in 2024. However, the current portion of debt interest payable was \$882,000 at June 30, 2024, down from \$961,000 at June 30, 2023, indicating that the University will pay less in debt interest during fiscal year 2025 than it did in 2024.

The cumulative change of all other current and noncurrent liabilities was immaterial for fiscal year 2024.

**Deferred Inflow of Resources**

Deferred inflows of resources, which represent acquisitions of resources applicable to a future period, increased by \$1.1 million in fiscal year 2024 following a \$2.8 million decrease in 2023. The majority of the change relates to the University's Public-Private Partnership (PPP or P3) agreement with Sodexo Services of Indiana Limited Partnership for the management and operations of food service. The \$1 million deferred inflow related to PPP represents the portion of mandatory improvements made by Sodexo under terms of the agreement to be recognized as income through the end of the public-private partnership term, which is June 30, 2032.

**Net Position**

Net Position increased by \$3.9 million in fiscal year 2024 following a \$236,000 increase in fiscal year 2023. Net investment in capital assets grew by \$5.1 million during 2024 while unrestricted net position decreased by \$2.5 million. Restricted expendable net position increased by \$1.3 million. At June 30, 2024, unrestricted net position totaled \$119.6 million and comprised 44.6% of total net position. Of the total unrestricted amount, \$93.4 million has been internally designated as follows.

- \$16 million for equipment and facilities maintenance and replacement
- \$4.6 million for technology and software replacement
- \$16 million for auxiliary systems
- \$1 million for working capital and outstanding encumbrances
- \$14.4 million for academic operations and initiatives
- \$4 million for insurance and campus safety
- \$37.4 million for medical premiums and other employee benefits

A summary of net position for the 2022 through 2024 fiscal years follows.

NET POSITION			
Year Ended June 30 (in thousands)	2024	2023* Restated	2022* Restated
Net Position:			
Net investment in capital assets	\$140,418	\$135,355	\$129,680
Restricted—expendable	8,337	6,997	4,947
Unrestricted	119,599	122,108	129,597
<b>Total Net Position</b>	<b>\$268,354</b>	<b>\$264,460</b>	<b>\$264,224</b>

\*The University's net OPEB asset has been restated for fiscal years 2023 and 2022 from unrestricted to restricted—expendable net position. See Note 18 in Notes to Financial Statements for additional information related to this restatement.

**Statement of Revenues, Expenses, and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and the expenses incurred during the fiscal year. The statement illustrates how financial activities of the University during the previous two years affected the net position of the University.

Activities are reported as either operating or non-operating. Student fees and revenues from auxiliary enterprises are the major sources of operating income. Operating income is reduced by discounts and allowances for scholarships, room, and board. Discounts and allowances are institutional resources provided to students as financial aid up to and equal to the amounts owed by the students to the institution.

A key point to recognize on this financial statement is that state appropriations and non-exchange governmental and corporate grants and contracts are required to be classified as non-operating revenues. This creates large operating deficits for public universities, which rely heavily on state funding and governmental grants to meet their missions and goals. The change in net position is a more complete indicator of whether the University is in a better or worse financial position compared to the previous fiscal year.

<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>			
<b>Year Ended June 30 (in thousands)</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Operating Revenues	67,840	66,030	69,954
Operating Expenses	(167,772)	(156,868)	(156,586)
<b>Operating Loss</b>	<b>\$ (99,932)</b>	<b>\$ (90,838)</b>	<b>\$ (86,632)</b>
Non-operating Revenues	103,358	93,268	99,007
Non-operating Expenses	(4,353)	(3,739)	(4,016)
<b>Income before other revenues, expenses, gains or losses</b>	<b>\$ (927)</b>	<b>\$ (1,309)</b>	<b>\$ 8,359</b>
Other Revenues	4,821	1,545	1,113
<b>Increase in Net Position</b>	<b>\$ 3,894</b>	<b>\$ 236</b>	<b>\$ 9,472</b>
Net Position—Beginning of Year	264,460	264,224	254,752
<b>Net Position—End of Year</b>	<b>\$ 268,354</b>	<b>\$ 264,460</b>	<b>\$ 264,224</b>

## Revenues

Operating revenues increased by \$1.8 million in fiscal year 2024 after a decrease of \$3.9 million in fiscal year 2023. The 2024 increase was driven by the following factors.

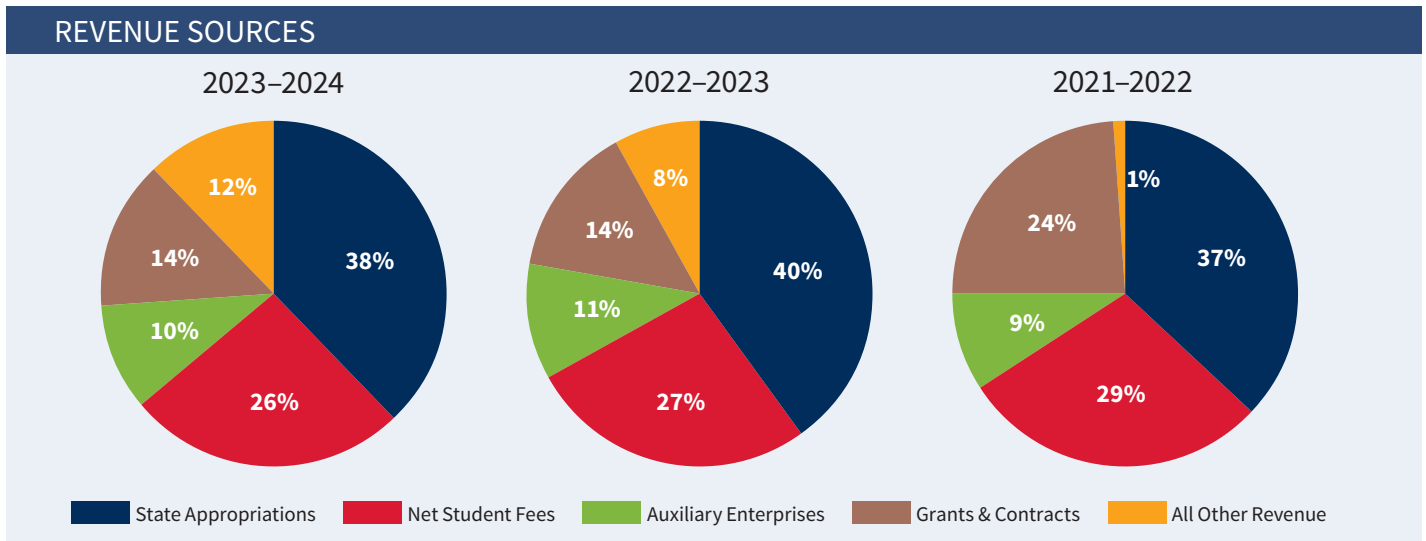
- Net student fees increased by \$1.1 million in 2024. Gross student fees increased by \$3.5 million while scholarship discounts and allowances increased by \$2.5 million. Both increases resulted from the combined impact from changes in tuition rates and enrollment.
- Net revenues from auxiliary enterprises increased from \$17.1 million in 2023 to \$18 million in 2024.
  - Housing revenues increased to \$11.4 million, from \$10.6 million in 2023. Room and board discounts and allowances applied to auxiliary revenues grew from \$2.9 million in 2023 to \$4.1 million in 2024 due to an increase in overall institutional aid.
  - Dining revenues increased from \$4.5 million in 2023 to \$5.2 million in 2024. This increase is in line with enrollment and housing occupancy trends.
  - Parking, Campus Store, and other auxiliary revenues grew by a combined \$451,000.
- Income from operating grants and contracts remained steady at \$1.7 million.
- Other operating revenues declined slightly by \$116,000 during 2024. These revenues include sales and services by educational units, athletics and theater ticket sales, sponsorships, commissions, facilities rental, special event fees, and other miscellaneous income.

Non-operating revenues increased from \$93.3 million in fiscal year 2023 to \$103.4 million in fiscal year 2024. The following elements contributed to the change in 2024.

- State operating and fee replacement appropriations grew from \$64.4 million in 2023 to \$67 million in 2024.
- Non-operating gift income, which comes almost entirely from the USI Foundation, increased to \$6 million in 2024, an increase of \$1.5 million over the previous year. This increase aligns with Accelerating Impact: USI's Strategic Plan, 2021-2025, which established annual fundraising increases as one of its financial objectives.
- Non-operating grants and contracts from all sources increased by \$1.5 million in the 2024 fiscal year. The increase was primarily due to an increase in state and local grants and contract, specifically state student financial aid.
- Net investment income improved by \$4.4 million in fiscal year 2024 to \$7.2 million. Investment income for the year totaled \$6.3 million before expenses. The increase is due to a rise in the market value of investments at June 30, 2024. See Note 2, Deposits and Investments, in Notes to Financial Statements for more information.

Capital appropriations increased from \$1.1 million in fiscal year 2023 to nearly \$3.9 million in fiscal year 2024 for the renovation of the Byron C. Wright Administration Building and phase IV of the Health Professions renovation and expansion project. In addition, the University recorded \$964,000 in capital grant dollars from the USI Foundation during 2024 compared to \$432,000 in fiscal year 2023.

Total revenues (operating, non-operating, and other) increased \$15.2 million, or 9.4%, in fiscal year 2024 after decreasing by \$9.2 million, or 5.4%, in fiscal year 2023. The graph below shows the composition of the University's revenues by source for the three most recent fiscal years ended June 30.



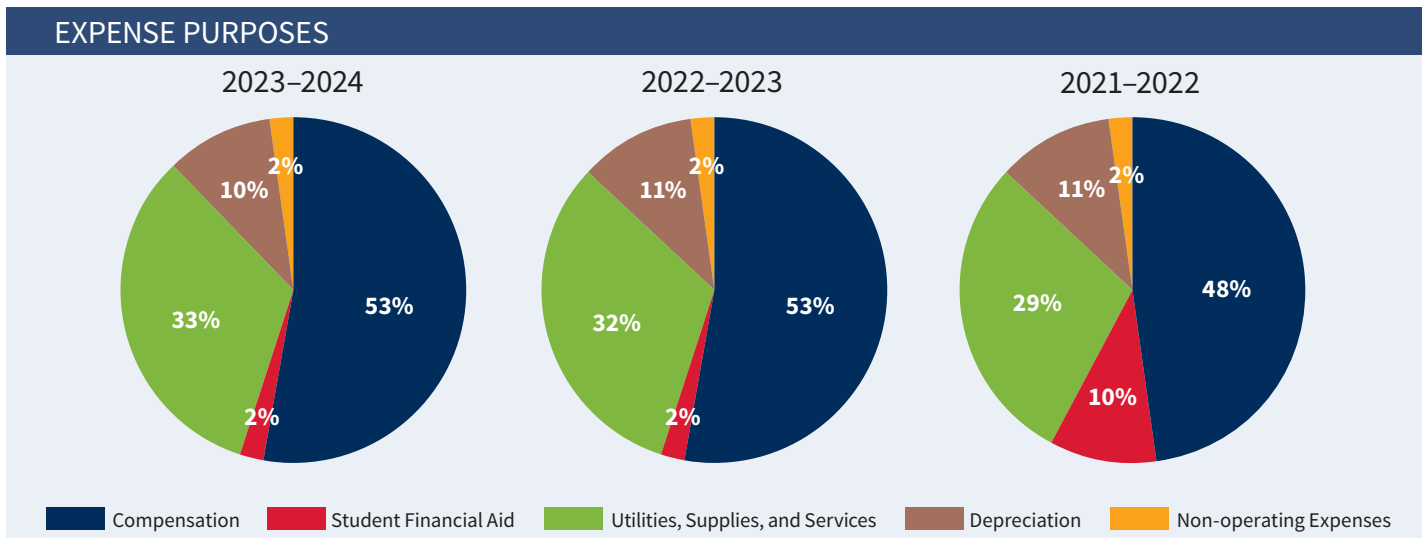
## Expenses

Operating expenses increased by \$10.9 million in fiscal year 2024 to \$167.8 million compared to \$156.9 million in fiscal year 2023 and \$156.6 million in fiscal year 2022. The following expenses contributed to the current year increase.

- Salaries and wages increased from \$61.2 in 2023 to \$65.1 in 2024. The increase is the combined result of across the board increases for eligible support staff, merit raises for all employees, promotions, and market and equity adjustments. Benefits expense increased by \$1.3 million. The majority of the increase, about \$997,000, was due to increased medical insurance costs.
- Student financial aid expenses remained relatively stable, increasing by only \$618,000
- Supplies and other services increased by \$5 million primarily due to increases in honoraria and professional services and noncapital equipment purchases.
- Utilities, depreciation, and amortization increased modestly to account for the remaining increase in operating expenses.

Non-operating expenses consist of interest on capital asset-related debt and other costs associated with issuing bonds and refinancing debt. Interest on debt increased from \$3.7 million in 2023 to \$4.4 million in 2024.

Total expenses (operating and non-operating) increased by \$11.5 million to a total of \$172.1 million in fiscal year 2024 after two consecutive years totaling \$160.6 million in fiscal year 2023 and fiscal year 2022. Expense trends for the past three years are depicted in the graph below.



## Statement of Cash Flows

The Statement of Cash Flows provides additional information about the financial health of the University by helping the user assess the ability to generate future cash flows, the ability to meet obligations as they come due, and the need for external financing. The statement identifies the sources and uses of cash and equivalents throughout the fiscal year and informs the user how much cash was used by or provided by the following activities: operating, noncapital financing, capital financing, and investing.

## Factors Affecting Future Periods

Operating and capital appropriations provided by the State of Indiana continue to provide critical resources to the University that are necessary to fulfill its mission. USI will receive a general operating appropriation of \$53.1 million for the 2025 fiscal year, an increase from \$52.6 million in the 2024 fiscal year. In addition, the state will provide \$12.3 million in fiscal year 2025 for fee replacement associated with debt service on student fee bonds. The state will support the University through continued appropriations for Historic New Harmony, Pathways to College Program targeting underserved students, dual credit, and repair and rehabilitation. Overall, total appropriations for 2024-2025 are expected to increase by \$1 million from 2023-2024. In July 2024, the State Comptroller announced that the State of Indiana ended the 2024 fiscal year with nearly \$2.6 billion in reserves with debt per capita among the lowest in the nation. The sustained financial strength of the University reinforced by consistent financial support from the state positions USI well for the future.

The University continues its position as one of the most affordable baccalaureate degree-granting institutions in Indiana, making quality education accessible to residents of the state and the region. Undergraduate residents of Indiana will pay \$299.19 in the 2024-2025 academic year, a 3.3% increase from 2023-2024 as approved by the Board of Trustees in June 2023. Rates for the 2025-2026 and 2026-2027 academic years will be approved by the Board of Trustees in spring 2025.

For the second year in a row, the University of Southern Indiana saw an increase in its overall enrollment and first-time freshman enrollment, as well as record graduate enrollment, for Fall 2024. Combined, undergraduate, graduate and dual credit enrollment totaling 9,489 was up 2.2% from Fall 2023. The University also saw an increase in its first-time, full-time freshmen enrollment to 1,321, up 3.0% compared to 2023. USI also saw a significant 6.6% increase in the number of students transferring from other institutions, and a record 1,886 students are enrolled in graduate programs, an increase of more than 1.7% from 2023. The Romain College of Business Master of Business Administration (MBA) Program remains a strong component of the University's growing graduate enrollment, ranking 20th in *Fortune Education's* Best Online MBA Programs for 2024. In 25 high schools across the state, 2,256 students are enrolled in dual credit through the College Achievement Program (CAP)—an increase of 11.5% from 2023.

The University remains academically strong, welcoming the Class of 2028 with an average GPA of 3.5 on a 4.0 scale. This reflects a consistent trend of attracting students with strong academic aspirations and standards, reinforcing USI's position as a preferred campus for high achieving students. The University continues its dedication to serving underrepresented populations with students of color and international students making up a record 19.0% of the student population, up from the previous year's record of 18.1% with a continuously upward trend over the last decade. Students at USI represent 88 Indiana counties, 47 states and 48 countries. In-state students comprise 75.3% of the student body, with out-of-state and international students making up the remaining 24.7%.

In October 2024, the University announced a \$6 million leadership gift from Evansville business leader and USI alumnus Wayne Kinney and his family. To honor the Kinney family for its generosity to the University, the College of Nursing and Health Professions was named the Kinney College of Nursing and Health Professions. The unrestricted gift will be used to address the greatest needs of the college. This leadership gift followed a \$2.55 million leadership gift announced in May 2024 from the Lois M. Collier Charitable Trust to establish the Lois M. and Reginald B. Collier Family Presidential Scholarship Endowment to provide scholarships in perpetuity for Presidential Scholars at USI, beginning immediately. These gifts will provide valuable resources to benefit students for years to come.

The Board of Trustees announced the appointment of Steven J. Bridges as Interim President effective July 20, 2024. Bridges is a longtime USI employee and two-time alumnus, the first to serve as president. Previously, Bridges served as Vice President for Finance and Administration, the University's chief business and fiscal officer. Bridges replaced Dr. Ronald S. Rochon, who accepted the presidency of California State University, Fullerton. On September 5, the Board of Trustees announced the members of the Presidential Search Committee and engaged Academic Search, a national search firm, to assist with the process. The presidential search is anticipated to be completed by summer 2025.

The University of Southern Indiana remains in a healthy financial position, poised to meet the educational and economic development needs of the State of Indiana and the surrounding region with a solid financial base, reliable funding from the state, declining debt, stable enrollment, and experienced leadership.

## Statement of Net Position

<b>As of June 30</b>	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		<i>Restated*</i>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 29,869,081	\$ 25,290,195
Short-term investments	20,378,817	22,985,303
Accounts receivable, net	11,240,653	5,882,484
Inventories	493,376	531,644
Other current assets	3,803,462	3,271,760
Total current assets	\$ 65,785,389	\$ 57,961,386
<b>Noncurrent Assets</b>		
Cash equivalent - Deposit with bond trustee	\$ 20,492,661	\$ 41,462,776
Long-term investments	80,113,507	88,118,856
Net OPEB asset	8,285,312	6,936,905
Subscription assets, net	5,543,955	6,104,877
Leased assets, net	507,209	283,575
Capital assets, net	223,494,780	209,120,330
Total noncurrent assets	\$338,437,424	\$352,027,319
<b>Total Assets</b>	<b>\$404,222,813</b>	<b>\$409,988,705</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Hedging derivative instruments	\$28,469	\$48,191
Deferred amount on bond refundings	1,092,905	1,345,701
Deferred outflow of resources related to pensions	1,958,335	1,769,979
Deferred outflow of resources related to OPEB	3,467,495	3,673,572
Total deferred outflow of resources	\$ 6,547,204	\$ 6,837,443
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,024,689	\$ 3,775,799
Accrued payroll, benefits, and deductions	6,516,185	6,364,244
Bonds payable	11,739,718	11,403,393
Leases and subscriptions payable	1,933,519	1,931,120
Debt interest payable	882,424	960,816
Unearned revenue	8,292,763	8,673,311
Other current liabilities	202,046	74,465
Total current liabilities	\$ 32,591,344	\$ 33,183,148
<b>Noncurrent Liabilities</b>		
Bonds payable	\$ 92,101,391	\$103,841,109
Leases and subscriptions payable	2,837,970	3,337,655
Derivative instruments--interest rate swap	28,469	48,191
Compensated absences and termination benefits	3,244,174	2,843,642
Net pension liability	4,754,719	4,381,619
Other noncurrent liabilities	1,021,983	7,010
Total noncurrent liabilities	\$103,988,706	\$114,459,226
<b>Total Liabilities</b>	<b>\$136,580,050</b>	<b>\$147,642,374</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred inflow of resources related to PPPs	\$ 1,001,441	\$ —
Deferred inflow of resources related to bonds	192,071	288,107
Deferred inflow of resources related to pensions	752,012	903,860
Deferred inflow of resources related to OPEB	3,890,449	3,531,583
Total deferred inflow of resources	\$ 5,835,973	\$ 4,723,550
<b>NET POSITION</b>		
Net investment in capital assets	\$140,417,854	\$135,354,978
Restricted		
Expendable		
OPEB	8,285,312	6,936,905
Debt Service	35,678	50,214
Scholarship, research, and other	16,365	9,660
Unrestricted	119,598,785	122,108,467
<b>Total Net Position</b>	<b>\$268,353,994</b>	<b>\$264,460,224</b>

\*See Note 18 in the Notes to Financial Statements.

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Component Unit

University of Southern Indiana Foundation  
Consolidated Statements of Financial Position

<b>As of June 30</b>	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash	\$ 424,222	\$ 342,303
Accounts and interest receivable	192,284	166,844
Contributions receivable, net	5,265,993	5,747,515
Prepaid expenses	1,245	1,185
Investments	187,726,887	163,656,890
Cash value of life insurance	544,644	528,590
Beneficial interest in charitable remainder trusts	499,290	456,301
Beneficial interest in perpetual trusts	7,210,120	6,610,938
Beneficial interest in Community Foundation	75,046	70,294
Real estate held for investment	2,480,215	2,480,215
Land and land improvements, net of accumulated depreciation; 2024 – \$28,678, 2023 – \$23,304	295,617	300,991
Buildings and building improvements, net of accumulated depreciation; 2024 – \$688,496, 2023 – \$673,090	232,346	235,663
Equipment, net of accumulated depreciation; 2024 – \$8,187, 2023 – \$3,721	36,470	40,936
Property management deposits	8,115	8,190
<b>Total assets</b>	<b>\$204,992,494</b>	<b>\$180,646,855</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 59,291	\$ 59,305
Deposits	6,115	6,190
Deferred income	4,324	6,454
Payable to related parties	3,053,670	1,215,206
Annuities payable	518,248	550,647
<b>Total liabilities</b>	<b>3,641,648</b>	<b>1,837,802</b>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	8,722,289	7,949,347
Undesignated board endowments	13,450,251	11,939,244
	22,172,540	19,888,591
With donor restrictions		
Perpetual-in-nature endowments	110,483,541	96,357,711
Purpose-restricted board endowments	34,681,341	30,664,895
Purpose restrictions	24,378,220	23,203,353
Time restrictions for future periods	9,635,204	8,694,503
	179,178,306	158,920,462
<b>Total net assets</b>	<b>201,350,846</b>	<b>178,809,053</b>
<b>Total liabilities and net assets</b>	<b>\$204,992,494</b>	<b>\$180,646,855</b>

# Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30	2024	2023
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Student fees	\$ 76,116,668	\$ 72,576,893
Scholarship discounts and allowances	(31,110,311)	(28,641,403)
Grants and contracts	1,730,214	1,720,891
Auxiliary enterprises	22,046,383	20,047,565
Room and board discounts and allowances	(4,068,131)	(2,915,596)
Other operating revenues	3,125,372	3,241,211
<b>Total operating revenues</b>	<b>\$ 67,840,195</b>	<b>\$ 66,029,561</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Salaries and wages	\$ 65,102,838	\$ 61,189,002
Benefits	25,316,805	24,020,246
Student financial aid	3,804,632	3,186,467
Utilities	6,013,415	6,080,312
Supplies and other services	50,391,825	45,350,764
Depreciation and amortization	17,142,950	17,041,262
<b>Total operating expenses</b>	<b>\$167,772,465</b>	<b>\$156,868,053</b>
Operating loss	\$ (99,932,270)	\$ (90,838,492)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State appropriations	\$ 67,044,723	\$ 64,387,351
Gifts	5,972,087	4,441,286
Federal grants and contracts	11,947,610	12,521,100
State/Local grants and contracts	9,385,080	7,996,275
Nongovernmental grants and contracts	1,767,771	1,079,977
Investment income (net of investment expense of \$230,646 and \$227,249 for 2024 and 2023)	7,236,150	2,841,751
Interest on capital asset related debt	(4,353,088)	(3,650,384)
Bond issuance costs	—	(88,629)
Other non-operating revenues/(expenses)	5,116	940
<b>Net non-operating revenues (expenses)</b>	<b>\$ 99,005,449</b>	<b>\$ 89,529,667</b>
Income before other revenues, expenses, gains or losses	\$ (926,821)	\$ (1,308,825)
Capital appropriations	\$ 3,856,126	\$ 1,112,962
Capital gifts	964,465	431,984
<b>Total other revenues</b>	<b>\$ 4,820,591</b>	<b>\$ 1,544,946</b>
Increase in net position	\$ 3,893,770	\$ 236,121
<b>NET POSITION</b>		
Net position – beginning of year	\$264,460,224	\$264,224,103
<b>Net position – end of year</b>	<b>\$268,353,994</b>	<b>\$264,460,224</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Component Unit

## University of Southern Indiana Foundation

## Consolidated Statements of Activities

Year Ended June 30	2024	2023
<b>REVENUES AND OTHER SUPPORT</b>		
Contributions of cash and other financial assets	\$ 6,175,169	\$ 2,645,058
Grants	277,317	265,271
Change in value of split-interest agreements	21,759	158,361
Rental property income (loss), net	(6,849)	25,854
Miscellaneous income	213,294	226,461
Net assets released from restrictions	—	—
<b>Total revenues and other support</b>	<b>\$ 6,680,690</b>	<b>\$ 3,321,005</b>
<b>EXPENSES</b>		
<b>Program Services – University of Southern Indiana</b>		
Scholarships and awards	\$ 3,367,621	\$ 3,136,177
Educational grants and academic enhancements	1,693,567	1,105,005
Athletic support	1,660,681	350,587
Other University support	572,933	660,610
Capital projects	9,000	5,125
Community outreach	31,400	—
<b>Total program services</b>	<b>\$ 7,335,202</b>	<b>\$ 5,257,504</b>
Management and general	\$ 856,812	\$ 837,434
Fundraising	239,211	382,990
Uncollectible pledge loss	427,805	7,560
<b>Total expenses</b>	<b>\$ 8,859,030</b>	<b>\$ 6,485,488</b>
<b>OTHER CHANGES</b>		
Investment income, net	\$ 24,085,883	\$ 17,251,478
Change in fair value of perpetual trusts and Community Foundation	603,935	367,316
Mineral royalty income	14,261	16,818
Gain on cash value of life insurance	16,054	15,500
<b>Total other changes</b>	<b>\$ 24,720,133</b>	<b>\$ 17,651,112</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 22,541,793</b>	<b>\$ 14,486,629</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>\$178,809,053</b>	<b>\$164,322,424</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$201,350,846</b>	<b>\$178,809,053</b>

# Statement of Cash Flows

Year Ended June 30	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 44,887,220	\$ 43,413,677
Grants and contracts	1,085,684	3,297,769
Payments to suppliers	(51,161,878)	(45,509,017)
Payments for utilities	(6,013,415)	(6,080,312)
Payments to employees	(64,987,152)	(61,457,322)
Payments for benefits	(25,630,585)	(24,018,250)
Payments for scholarships	(3,804,632)	(3,186,467)
Auxiliary enterprises receipts	17,961,654	17,295,755
Sales and services of educational depts.	627,174	603,422
Proceeds from Fiduciary Activities	624,335	438,024
Payments for Fiduciary Activities	(614,101)	(438,797)
Other receipts (payments)	1,203,180	3,094,653
<b>Net cash used by operating activities</b>	<b>\$ (85,822,516)</b>	<b>\$ (72,546,865)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	\$67,044,723	\$ 64,387,351
Gifts and grants for other than capital purposes	27,721,158	26,404,659
Other non-operating receipts (payments)	38,897	34,954
<b>Net cash provided by noncapital financing activities</b>	<b>\$ 94,804,778</b>	<b>\$ 90,826,964</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from capital debt	\$ —	\$ 6,840,000
Capital appropriations	1,483,291	1,112,962
Capital gifts	466,413	431,984
Bond financing costs	(34,450)	(119,333)
Purchase of capital assets	(27,324,467)	(10,785,453)
Principal paid on capital debt and right-to-use assets	(14,117,867)	(20,777,078)
Interest paid on capital debt and right-to-use assets	(3,727,893)	(4,382,407)
<b>Net cash used by capital financing activities</b>	<b>\$ (43,254,973)</b>	<b>\$ (27,679,325)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	\$ 49,024,400	\$ 71,718,751
Interest on investments	4,168,633	1,920,008
Purchase of investments	(35,311,551)	(55,195,339)
<b>Net cash provided by investing activities</b>	<b>\$ 17,881,482</b>	<b>\$ 18,443,420</b>
Net increase (decrease) in cash	\$ (16,391,229)	\$ 9,044,194
Cash – beginning of year	66,752,971	57,708,777
<b>Cash – end of year</b>	<b>\$ 50,361,742</b>	<b>\$ 66,752,971</b>

# Statement of Cash Flows—continued

Year Ended June 30	2024	2023
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (99,932,270)	\$ (90,838,492)
<b>ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Depreciation and amortization expense	17,142,950	17,041,262
Provision for uncollectible accounts	(717,326)	(751,134)
<b>CHANGES IN ASSETS, LIABILITIES, AND DEFERRED RESOURCES:</b>		
Operating receivables	(418,565)	907,656
Inventories	38,268	(3,164)
Other assets	(565,199)	249,621
Accounts payable	(656,379)	(328,382)
Unearned revenue	(380,548)	1,271,028
Deposits held for others	6,355	(1,455)
Employee and retiree benefits	(350,036)	(93,032)
Fiduciary funds	10,234	(773)
<b>Net cash used by operating activities:</b>	<b>\$ (85,822,516)</b>	<b>\$ (72,546,865)</b>
<b>NONCASH TRANSACTIONS</b>		
Unrealized gain/(loss) on short-term investments	\$ 59,968	\$ 71,379
Unrealized gain/(loss) on long-term investments	3,041,047	682,516
Subscription assets	(2,367,131)	(4,684,035)
Leased assets	(487,074)	(167,488)
Bonds payable – LT and ST Series K-1	—	988,951
Bonds payable – LT and ST Series O	—	(988,951)
<b>Net noncash transactions</b>	<b>\$ 246,810</b>	<b>\$ (4,097,628)</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Statement of Fiduciary Net Position

Year Ended June 30	2024	2023
	<u>OPEB Trust</u>	<u>OPEB Trust</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 215,483	\$ 272,889
Investments:		
Equities	21,311,163	19,273,324
Fixed Income	8,030,125	7,315,885
Accrued income	39,236	35,259
<b>Total assets</b>	<b>\$29,596,007</b>	<b>\$26,897,357</b>
<b>NET POSITION</b>		
Restricted for other postemployment benefits	\$29,596,007	\$26,897,357
<b>Total Net Position</b>	<b>\$29,596,007</b>	<b>\$26,897,357</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Statement of Changes in Fiduciary Net Position

Year Ended June 30	2024	2023
	<u>OPEB Trust</u>	<u>OPEB Trust</u>
<b>ADDITIONS</b>		
Investment income		
Net increase/(decrease) in fair value of investments	\$ 2,322,491	\$ 1,957,798
Interest, dividends and other	545,485	469,796
Net gain/(loss) on sale of assets	1,146,187	449,249
<b>Total investment earnings</b>	<b>4,014,163</b>	<b>2,876,843</b>
Less investment costs	(39,328)	(34,675)
<b>Net investment earnings</b>	<b>3,974,835</b>	<b>2,842,168</b>
<b>Total additions</b>	<b>3,974,835</b>	<b>2,842,168</b>
<b>DEDUCTIONS</b>		
Other postemployment benefits	\$ 1,275,000	\$ 1,100,000
Taxes	1,185	1,185
<b>Total deductions</b>	<b>1,276,185</b>	<b>1,101,185</b>
Increase/(decrease) in net position	\$ 2,698,650	\$ 1,740,983
<b>NET POSITION</b>		
Net position – beginning of year	\$26,897,357	\$25,156,374
<b>Net position – end of year</b>	<b>\$29,596,007</b>	<b>\$26,897,357</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

# Notes to Financial Statements

## NOTE 1 – Summary of Significant Accounting Policies

The University of Southern Indiana was established in 1985 as described in the Indiana Code (IC 21-24 through IC 21-24-4-1). The University is managed by a nine-member board of trustees whose members are appointed by the governor. The board must include at least one alum, one resident of Vanderburgh County, and one full-time student in good standing. Each member must be a citizen of the United States and a resident of the State of Indiana. Trustees serve four-year terms with varying expiration dates except for the student trustee, who serves a term of two years.

### Basis of Accounting

The University is a special-purpose governmental entity, which has elected to report as a business-type activity using proprietary fund accounting, following standards set forth by the Governmental Accounting Standards Board (GASB). The financial reporting emphasizes the entity as a whole rather than the individual fund groups—unrestricted, designated, auxiliary, restricted, loans, fiduciary, and plant funds—that comprise the whole. The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

The University also is considered a component unit of the State of Indiana. As such, the University is financially integrated with the State and depends on annual appropriations from the State to maintain quality service and deliver quality programs to students. The University must receive authorization from the State before undertaking major capital projects. As a component unit, public higher education institutions, as a group, will be discretely presented on the Annual Comprehensive Financial Report issued annually by the State of Indiana.

### New Accounting Pronouncements

The University adopted GASB Statement 100, Accounting Changes and Error Corrections—an Amendment of GASB Statement 62—effective for the fiscal year ended June 30, 2024. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

### Cash and Cash Equivalents

The Statement of Cash Flows is presented using the direct method, and it identifies the sources and uses of both cash and cash equivalents during the fiscal year. Cash equivalents are investment instruments, including certificates of deposit and repurchase agreements, which have an original maturity date of 90 days or less.

### Investments

Investments are recognized in the accounting records at cost on the date of purchase. For financial statement presentation, they are reported at the market value in effect on June 30 of the current fiscal year. Unrealized gain or loss is included with interest income on the Statement of Revenues, Expenses and Changes in Net Position.

### Accounts Receivable

Accounts receivable consist primarily of amounts due from students, grants and contracts, and auxiliary enterprises and are recorded net of estimated uncollectible amounts.

### Inventories

Prepaid expenses and inventories of materials and supplies are considered expenditures when used. The inventory on hand at the end of the fiscal year is valued using a perpetual system, and cost is determined using the first-in, first-out method of inventory accounting.

Inventories of retail merchandise are considered expenditures when sold. The value of the inventory on hand at the end of the fiscal year is based on a physical count and cost is determined using the retail or weighted average method of accounting.

### Cash Equivalent - Deposits with Bond Trustee

Deposits with bond trustee consist of unexpended bond proceeds and associated interest earnings which will be used for capital expenditures related to construction or renovation projects, bond issuance costs and future debt payments. The purpose of these funds is to maintain liquidity necessary to meet projected cash flow needs. They are not invested for the purpose of generating additional income.

## Subscription Assets, Net

Subscription-based information technology arrangements (SBITAs) are contracts that convey control of the right to use another party's information technology software as specified in the contract for a period of time in an exchange or exchange-like transaction. Subscription assets are presented on the Statement of Net Position net of accumulated amortization. The University recognizes an intangible right-to-use asset at the commencement of the subscription term as the sum of 1) the initial subscription liability amount, 2) payments made to the SBITA vendor before commencement of the subscription term, and 3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized over the length of the subscription term.

## Leased Assets, Net

Leased assets are buildings, vehicles and equipment that are leased from third parties rather than purchased and presented net of accumulated amortization. The University recognizes a leased asset at its inception as the sum of 1) the amount of the initial measurement of the lease liability which is equal to the present value of payments expected to be made during the lease term; and 2) lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term; and 3) initial direct costs that are ancillary charges necessary to place the asset in to service. Leased assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities may be required to be remeasured at subsequent financial reporting dates which may require an adjustment of a leased asset by the same amount.

## Capital Assets Accounting Policies

The University capitalizes equipment with a cost of \$5,000 or more. Building components, land improvements, infrastructure and computer software are capitalized if costs exceed \$50,000. All capitalized assets have a useful life greater than two years. Library materials are capitalized using the group method. Periodicals and subscriptions are expensed as incurred. Renovations to buildings and other improvements are capitalized if costs are greater than \$50,000 and the renovation meets one of the following criteria:

- Increases the capacity (applies to buildings only)
- Increases the useful life
- Increases the operating efficiency

The University records depreciation for all capital assets except for land and historical sites. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The estimated useful life of each capital asset group is as follows:

- Building components (shell, roof, utilities, and internal) — 8-50 years
- Computer Software — 3-10 years
- Equipment — 3-10 years
- Infrastructure — 25 years
- Land improvements — 15 years
- Library materials — 10 years

Capital assets are removed from the records at the time of disposal. See note on capital assets, net of accumulated depreciation for current-year activity and accumulated depreciation on the various classes of assets.

The Historic New Harmony buildings are not depreciated due to the age of the buildings. However, the buildings are maintained because they have a historic value. The process for maintaining these buildings is the same as it would be for any other building that the University owns.

The University owns a collection of museum exhibit items located in Historic New Harmony. The collection consists of approximately 3,000 objects that are primarily 19th century decorative arts, furniture, prints, medical equipment, and textiles. The collection consists of both donated and purchased items. Historic New Harmony does not place a monetary value on the collection because the museum is organized as a public trust which acts as a steward for the public in collecting, protecting, preserving, and interpreting objects. A well-documented inventory is maintained, but the value is unknown and therefore not included in the capitalized asset value at June 30, 2024.

The University owns a permanent art collection whose primary function and aim is education in accordance with one element of the University's mission: to enhance the cultural awareness of its students, faculty, staff and the citizens of southwestern Indiana. The collection consists of both donated and purchased items. Some donated pieces were received without appraised values. Collection pieces, which have been appraised or otherwise valued, total \$3,249,470. The currently known value is not included in the capitalized asset value at June 30, 2024.

## Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the USI Voluntary Employees' Benefit Association (VEBA) Trust and additions to/deductions from the VEBA's fiduciary net position have been determined on the same basis as they are reported by the VEBA. Investments are reported at market value, except for money market investments, which are reported at cost.

## Accrued Payroll, Benefits and Deductions

Accrued payroll, benefits and deductions include amounts owed but not paid for salaries and wages, medical and life insurance, taxes, and retirement plans. The liability for medical claims incurred but not reported is estimated based on an average monthly claim multiplied by the plan provider's average turnaround time from when claims are incurred to when claims are submitted to the University for payment.

## Unearned Revenue

Unearned revenue is recorded for current cash receipts of student tuition and fees and certain auxiliary goods and services that are received in advance of providing services. Tuition and fees for the second summer session are assessed in June annually, and the portion allocated to unearned revenue is based on the number of instructional days in each fiscal year. Amounts received from contracts and grant sponsors that have not met the criteria for revenue recognition are included as well.

## Compensated Absences and Termination Benefits

Liabilities for compensated absences are accrued for vacation and sick leave based on past service and measured at the salary rate in effect on the Statement of Net Position date. Additional amounts are accrued for required salary-related payments due to terminating or retiring employees. The salary-related payments included are the University's share of Social Security and Medicare taxes and the University's contributions to a defined benefit retirement plan and a defined contribution retirement plan.

Liabilities for voluntary termination benefits are recorded for eligible employees with an accepted retirement offer. Eligible employees are those full-time prior to January 1, 1999, age 60 or older, and with 15 or more consecutive years of service. The benefits include continued retirement contributions through the end of the fiscal year in which the retiree reaches age 66 and a lump-sum retirement service pay based on final salary rate and length of service.

## Net Pension Liability

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 Indiana Public Retirement System (INPRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Effective January 1, 2018, funds previously known as annuity savings accounts (which had been reported within defined benefit (DB) funds) were recategorized as defined contribution (DC) funds based on Internal Revenue Service Private Letter Rulings PLR-193-2016 and PLR-110249-18. For more information refer to the Retirement Plans Note.

## Deferred Outflows and Deferred Inflows

Deferred outflows of resources represent a consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources record an acquisition of net assets that is applicable to a future reporting period.

## Net Position

Net position represents the difference between all other elements in the Statement of Net Position, and it includes three components.

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation and outstanding debt. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of the assets are included in this component.

**Restricted net position—expendable** consists of resources which the University is legally or contractually obligated to use in accordance with restrictions imposed by parties external to the institution.

**Unrestricted net position** is the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, which do not qualify for classification as net investment in capital assets or restricted net position-expendable.

## Restricted and Unrestricted Resources

If both restricted and unrestricted resources are available to be expended for the same purpose or project, the determination of the funding source is made based on relevant facts and circumstances. The fund order is decided on a case-by-case basis.

## Classification of Revenues and Expenses

- Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.
- Restricted revenues and receivables resulting from non-exchange transactions are recognized when all applicable eligibility requirements are met. Resources received before eligibility requirements are met are recorded as unearned revenues.
- Revenue from major sources is susceptible to accrual if the amount is measurable.
- Internal service activity, referred to as chargeback income/expense, has been eliminated from the Statement of Revenues, Expenses and Changes in Net Position to prevent the double counting of expenses and the recognition of self-generated revenue.

## Operating Revenues and Expenses

Operating revenues of the University consist of student fees (net of scholarship discounts and allowances), exchange grants and contracts, sales and services of educational activities, and auxiliary enterprise revenues (net of scholarship discounts and allowances). Operating expenses include payments to suppliers for goods and services, employee wages and benefits, payments for scholarships, utilities and depreciation and amortization of capital assets.

## Non-operating Revenues and Expenses

Non-operating revenues of the University consist of state appropriations, gifts, non-exchange grants and contracts, and investment income. Non-operating expenses include interest on capital asset related debt, bond issuance costs and annual bond management fees.

## Other Revenues

Other revenues of the University consist of appropriations, grants and gifts received for capital expenditures.

## Component Unit

The University includes the University of Southern Indiana Foundation, Inc. (Foundation) as a component unit as defined by GASB Statement 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus*. The Foundation is a private nonprofit organization that reports under the standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial report for these differences.

The Foundation is a legally separate, tax-exempt entity formed in 1969 to provide support for the University and its faculty and students to promote educational, scientific, charitable, and related activities and programs exclusively for the benefit of the University and its students. 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 majority of the resources that the Foundation holds and invests, and the income generated by those resources, are restricted to the activities of the University by the donors. Because these resources can only be used by or for the benefit of the University, the Foundation is considered a component unit of the University, and its audited financial statements and notes are discretely presented in the University financial report.

Direct support from the Foundation for both restricted and unrestricted purposes is included in the amounts reported for gifts and capital gifts on the Statement of Revenues, Expenses and Changes in Net Position. Complete financial statements, including explanatory notes, for the Foundation can be obtained from the Office of the Vice President for Finance and Administration at 8600 University Boulevard, Evansville, IN 47712.

## NOTE 2 – Deposits and Investments

Under authority granted by IC 21-24-3, the Board of Trustees authorizes management to invest in obligations of the U.S. Treasury and U.S. government agencies; money market funds; certificates of deposit, demand/transaction deposits and time deposits; commercial paper; bankers' acceptances; investment grade corporate notes and bonds; mortgage-backed securities; asset-backed securities; municipal bonds; and derivatives. Deposits with bond trustee are authorized to be invested under the same Board-approved investment policy as the unrestricted investments. Investments with Indiana institutions are limited to those banks, savings banks, and savings and loan institutions that provide deposit insurance for university funds under Indiana statutes by the Public Deposit Insurance Fund, in addition to the amounts insured by agencies of the United States government Federal Deposit Insurance Corporation/Savings Association Insurance Fund (FDIC/SAIF). Investments with non-Indiana institutions must be insured by agencies of the U.S. government to the maximum statutory amount of \$250,000.

## Deposits

At June 30, 2024, the bank balances of the University's operating demand deposit accounts were \$25,562,323, of which \$1,019,166 was covered by federal depository insurance. The bank balances of the University's operating demand deposit accounts were \$26,556,400, at June 30, 2023, of which \$1,000,000 was covered by federal depository insurance. The remaining balances were insured by the Public Deposit Insurance Fund, which covers all public funds held in approved Indiana depositories. None of these funds were exposed to custodial credit risk, which is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits or collateral securities that are in the possession of an outside party. The balance of the cash equivalents - unrestricted investment accounts was \$3,887,488, at June 30, 2024, and \$1,328,612, at June 30, 2023. The balance of the cash equivalents - deposits with bond trustee was \$20,492,661, at June 30, 2024, and \$41,462,776, at June 30, 2023.

## Investments

The University's investments at June 30, 2024, are identified in the table below.

INVESTMENTS			JUNE 30, 2024				
Investment Type	Market Value	Type %	Maturities (in Years)				More than 10 years
			Less than 1 year	1–3 years	4–5 years	6–10 years	
<b>Unrestricted investments</b>							
Certificates of deposit	13,102,947	13%	11,490,098	1,303,241	309,608	—	—
Agency securities	8,487,026	8%	1,512,642	2,492,435	2,085,252	2,396,697	—
Asset-backed securities	9,720,746	10%	72,839	1,284,736	3,847,205	2,348,595	2,167,371
Corporate bonds	33,794,264	34%	4,257,044	8,652,243	7,973,305	12,911,672	—
Foreign bonds	1,902,327	2%	83,496	740,323	469,756	608,752	—
Municipal bonds	2,092,669	2%	319,719	437,409	87,434	1,176,315	71,792
U.S. treasury securities	31,392,345	31%	2,642,979	3,652,763	6,723,371	15,535,633	2,837,599
<b>Total unrestricted investments</b>	<b>\$100,492,324</b>		<b>\$20,378,817</b>	<b>\$18,563,150</b>	<b>\$21,495,931</b>	<b>\$34,977,664</b>	<b>\$5,076,762</b>
Maturity %	100%		20%	19%	21%	35%	5%

The University's investments at June 30, 2023, are identified in the table below.

INVESTMENTS			JUNE 30, 2023				
Investment Type	Market Value	Type %	Maturities (in Years)				More than 10 years
			Less than 1 year	1–3 years	4–5 years	6–10 years	
<b>Unrestricted investments</b>							
Certificates of deposit	20,050,844	18%	14,258,757	5,266,806	525,281	—	—
Agency securities	13,775,669	12%	3,207,632	4,882,967	2,906,954	2,778,116	—
Asset-backed securities	9,270,622	8%	11,425	1,102,011	2,972,095	2,366,503	2,818,588
Corporate bonds	29,351,010	27%	2,376,139	7,103,142	7,252,758	11,922,839	696,132
Foreign bonds	1,671,662	2%	—	973,623	294,957	403,082	—
Municipal bonds	2,458,621	2%	—	596,860	457,751	1,211,605	192,405
U.S. treasury securities	34,525,731	31%	3,131,350	7,230,183	6,677,422	15,382,680	2,104,096
<b>Total unrestricted investments</b>	<b>\$111,104,159</b>		<b>\$22,985,303</b>	<b>\$27,155,592</b>	<b>\$21,087,218</b>	<b>\$34,064,825</b>	<b>\$5,811,221</b>
Maturity %	100%		21%	24%	19%	31%	5%

## Investment Custodial Credit Risk

This is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University investment policy requires certificates of deposit, demand/transaction deposits, time deposits, and bankers' acceptances to be purchased from domestic banks and savings and loan associations that are designated by the Indiana State Board of Finance as a depository for public funds in accordance with Indiana Code 5-13-9-5-3; other investment types are not bound by this requirement. All certificates of deposit are insured by FDIC/SAIF, the Public Deposit Insurance Fund, or collateral as required by federal regulations.

Of the \$100.5 million invested at June 30, 2024, \$39.9 million unrestricted investments are U.S. securities held in the name of the nominee bank and insured by policies of the financial institution or guarantees of the U.S. government. Of the \$111.1 million invested at June 30, 2023, \$48.3 million unrestricted investments are U.S. securities held in the name of the nominee bank and insured by policies of the financial institution or guarantees of the U.S. government.

## Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy does not address exposure to fair value losses arising from changes in interest rates, but the investment objective is to obtain the highest revenue while maintaining safety and insuring adequate liquidity for institutional needs. To that end, management maintained 20% of investments in short-term investments to be in a position to take advantage of the best rates in a timely fashion as well as sustaining adequate cash flow for operating needs.

## Credit Risk

This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University has established the following requirements as part of its Investment Policy Statement.

INVESTMENT TYPE	EXPOSURE RESTRICTIONS
Money Market Funds	Invests only in US Treasury or Federal Agency Securities whose assets exceed \$250 million or funds managed by Indiana banks insured under the Public Deposit Insurance Fund and registered with the SEC
Commercial Paper	S&P or Fitch Rated A-1 or above/Moody's Rated P-1 or above
Investment-grade Corporate Notes and Bonds	S&P, Fitch, or Moody's Rated BBB-/Baa- or above
Mortgage-backed Securities	S&P, Fitch, or Moody's Rated AA-/Aa- or above
Asset-backed Securities	S&P, Fitch, or Moody's Rated AA-/Aa- or above
Municipal Bonds	S&P, Fitch, or Moody's Rated A- or above

June 30, 2024						
Rating	A	Aa	Aaa	Baa	Unrated	Total
<b>Unrestricted investments</b>						
Agency securities	—	—	8,487,026	—	—	8,487,026
Asset-backed securities	532,656	579,061	4,439,745	475,554	3,693,730	9,720,746
Certificates of deposit	—	—	—	—	13,102,947	13,102,947
Corporate bonds	16,307,658	1,415,959	456,284	13,952,970	1,661,393	33,794,264
Foreign bonds	563,494	—	—	1,219,093	119,740	1,902,327
Municipal bonds	299,969	960,414	335,821	111,386	385,079	2,092,669
U.S. treasury securities	—	—	27,083,868	—	4,308,477	31,392,345
<b>Total unrestricted investments</b>	<b>\$17,703,777</b>	<b>\$2,955,434</b>	<b>\$40,802,744</b>	<b>\$15,759,003</b>	<b>\$23,271,366</b>	<b>\$100,492,324</b>

June 30, 2023								
Rating	A	Aa	Aaa	B	Ba	Baa	Unrated	Total
<b>Unrestricted investments</b>								
Agency securities	—	4,102,643	9,673,026	—	—	—	—	13,775,669
Asset-backed securities	41,384	223,100	4,416,717	—	124,554	132,788	4,332,079	9,270,622
Certificates of deposit	—	—	—	—	—	—	20,050,844	20,050,844
Corporate bonds	14,421,590	707,364	585,429	73,793	100,908	11,318,335	2,143,591	29,351,010
Foreign bonds	192,342	470,857	—	—	—	892,100	116,363	1,671,662
Municipal bonds	519,043	1,285,631	65,825	—	—	—	588,122	2,458,621
U.S. treasury securities	—	—	31,717,573	—	—	—	2,808,158	34,525,731
<b>Total unrestricted investments</b>	<b>\$15,174,359</b>	<b>\$6,789,595</b>	<b>\$46,458,570</b>	<b>\$73,793</b>	<b>\$225,462</b>	<b>\$12,343,223</b>	<b>\$30,039,157</b>	<b>\$111,104,159</b>

## Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University has established the following requirements as part of its Investment Policy Statement. At June 30, 2024, and June 30, 2023, the University is in compliance with that policy.

INVESTMENT TYPE	EXPOSURE RESTRICTIONS
Commercial Paper	\$500,000 maximum per corporation \$1 million maximum per industry
Investment-grade Corporate Notes and Bonds	60% maximum per investment manager's portfolio
Mortgage-backed Securities	20% maximum per investment manager's portfolio
Non-agency Residential Mortgage-backed Securities	5% maximum per investment manager's portfolio
Asset-backed Securities	20% maximum per investment manager's portfolio
Municipal Bonds	15% maximum per investment manager's portfolio 5% maximum per state in investment manager's portfolio

Investments not explicitly guaranteed by the U.S. government are subject to disclosure if any one issuer represents 5% or more of total investments. The \$31.4 million unrestricted investments that were invested in U.S. Treasury Securities at June 30, 2024, and \$34.5 million unrestricted investments that were invested in U.S. Treasury Securities at June 30, 2023, were the only investments explicitly guaranteed. The following investments are neither guaranteed nor insured by the full faith and credit of the U.S. Treasury.

June 30, 2024							
Bank	Certificates of Deposit	Percentage of CDs	Bonds	US Agency Securities	Asset-Backed Securities	Total	Percentage of Total
Banterra Bank	4,347,323	33%	—	—	—	4,347,323	6%
Fifth Third Bank	—	0%	5,377,137	490,010	2,405,294	8,272,441	12%
First Federal Savings Bank	2,918,380	22%	—	—	—	2,918,380	4%
First Financial Bank NA	1,057,188	8%	—	—	—	1,057,188	2%
German American Bank	309,608	3%	1,203,197	1,039,972	—	2,552,777	4%
Johnson Asset Management	230,670	2%	15,041,644	1,275,133	323,040	16,870,487	24%
Longfellow Investment Management	—	0%	10,415,604	—	6,129,435	16,545,039	24%
Old National Bank	—	0%	5,751,678	5,022,184	862,977	11,636,839	17%
Regions Bank	—	0%	—	659,727	—	659,727	1%
United Fidelity Bank	4,239,778	32%	—	—	—	4,239,778	6%
<b>Total</b>	<b>\$13,102,947</b>	<b>100%</b>	<b>\$37,789,260</b>	<b>\$8,487,026</b>	<b>\$9,720,746</b>	<b>\$69,099,979</b>	<b>100%</b>

June 30, 2023							
Bank	Certificates of Deposit	Percentage of CDs	Bonds	US Agency Securities	Asset-Backed Securities	Total	Percentage of Total
Banterra Bank	4,248,513	21%	—	—	—	4,248,513	6%
Fifth Third Bank	—	0%	4,706,607	1,941,580	2,779,571	9,427,758	12%
First Federal Savings Bank	4,104,444	20%	—	—	—	4,104,444	5%
First Financial Bank NA	1,010,973	5%	—	—	—	1,010,973	1%
German American Bank	5,306,526	27%	1,692,814	4,102,643	—	11,101,983	14%
Johnson Asset Management	218,755	1%	12,301,930	1,297,700	389,772	14,208,157	19%
Longfellow Investment Management	—	0%	8,796,959	—	5,085,733	13,882,692	18%
Old National Bank	—	0%	5,982,983	5,267,923	1,015,546	12,266,452	16%
Regions Bank	—	0%	—	1,165,823	—	1,165,823	2%
United Fidelity Bank	5,161,633	26%	—	—	—	5,161,633	7%
<b>Total</b>	<b>\$20,050,844</b>	<b>100%</b>	<b>\$33,481,293</b>	<b>\$13,775,669</b>	<b>\$9,270,622</b>	<b>\$76,578,428</b>	<b>100%</b>

## Foreign Currency Risk

This is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University investment policy does not authorize global investments. The foreign bonds in the portfolio are bonds of foreign companies traded in U.S. markets denominated in U.S. dollars. Therefore, it is not exposed to foreign currency risk.

## NOTE 3 – Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs. GASB Statement 72, *Fair Value Measurement and Application*, established a hierarchy of inputs to measure fair value. The hierarchy includes the following three levels.

- Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date
- Level 2** Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly
- Level 3** Unobservable inputs for an asset or liability

The following table presents value of University deposits and investments as reported in the accompanying Statement of Net Position at fair valuation on a recurring basis and their level within the fair-value hierarchy at June 30, 2024.

FAIR VALUE MEASUREMENTS	FAIR VALUE AT JUNE 30, 2024			
	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Unrestricted investments				
Agency securities	8,487,026	—	8,487,026	—
Asset-backed securities	9,720,746	—	9,720,746	—
Certificates of deposit	13,102,947	13,102,947	—	—
Corporate bonds	33,794,264	—	33,794,264	—
Foreign bonds	1,902,327	—	1,902,327	—
Municipal bonds	2,092,669	—	2,092,669	—
U.S. treasury securities	31,392,345	31,392,345	—	—
<b>Total unrestricted investments</b>	<b>\$100,492,324</b>	<b>\$44,495,292</b>	<b>\$55,997,032</b>	<b>—</b>
Derivative instruments				
Interest rate swap	(28,469)	—	(28,469)	—
<b>Total derivative instruments</b>	<b>\$ (28,469)</b>	<b>—</b>	<b>\$ (28,469)</b>	<b>—</b>
Investments – deposits with bond trustee				
Agency securities	—	—	—	—
U.S. treasury securities	—	—	—	—
<b>Total investments – deposits with bond trustee</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

The University had the following fair value measurements at June 30, 2023.

FAIR VALUE MEASUREMENTS		FAIR VALUE AT JUNE 30, 2023		
	Fair Value Measurement Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Unrestricted investments				
Agency securities	13,775,669	—	13,775,669	—
Asset-backed securities	9,270,622	—	9,270,622	—
Certificates of deposit	20,050,844	20,050,844	—	—
Corporate bonds	29,351,010	—	29,351,010	—
Foreign bonds	1,671,662	—	1,671,662	—
Municipal bonds	2,458,621	—	2,458,621	—
U.S. treasury securities	34,525,731	34,525,731	—	—
<b>Total unrestricted investments</b>	<b>\$111,104,159</b>	<b>\$54,576,575</b>	<b>\$56,527,584</b>	<b>—</b>
Derivative instruments				
Interest rate swap	(48,191)	—	(48,191)	—
<b>Total derivative instruments</b>	<b>\$ (48,191)</b>	<b>—</b>	<b>\$ (48,191)</b>	<b>—</b>
Investments – deposits with bond trustee				
Agency securities	—	—	—	—
U.S. treasury securities	—	—	—	—
<b>Total investments – deposits with bond trustee</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such investments are classified in Level 2 of the valuation hierarchy.

The University utilizes the market-based valuation approach in accordance with GASB Statement 72. Valuation techniques did not change significantly during the fiscal year ended June 30, 2024 and June 30, 2023.

#### NOTE 4 – Derivative Instruments

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2024, classified by type and the fair value changes of those derivative instruments are as follows.

CHANGE IN FAIR VALUE				FAIR VALUE AT JUNE 30, 2024	
Derivative Instrument	Type	Amount	Classification	Amount	Current Notional
Series 2006	Cash flow hedge: Pay-fixed interest rate swap	\$ 19,722	Derivative Instrument Interest Rate Swap	\$ (28,469)	\$1,904,433

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2023, classified by type and the fair value changes of those derivative instruments are as follows.

CHANGE IN FAIR VALUE				FAIR VALUE AT JUNE 30, 2023	
Derivative Instrument	Type	Amount	Classification	Amount	Current Notional
Series 2006	Cash flow hedge: Pay-fixed interest rate swap	\$116,084	Derivative Instrument Interest Rate Swap	\$ (48,191)	\$2,360,059

The University determined that Series 2006 pay-fixed interest rate swap met the criteria for effectiveness as of June 30 of both years. The pay-fixed, receive-variable interest rate swap is designed to synthetically fix the cash flows on the variable rate bond. The fair value of the interest rate swap was estimated based on the present value of its estimated future cash flows.

The following table displays the objectives and terms of the University's hedging derivative instruments outstanding at June 30, 2024, along with the credit rating of the associated counterparty.

Type	Objective	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 2006 Bonds	1/1/2008	1/1/2028	65% of 3 mo. USD-SOFR-CME	Baa1

The following table displays the objectives and terms of the University's hedging derivative instruments outstanding at June 30, 2023, along with the credit rating of the associated counterparty. On June 28, 2023, the University replaced the reference rate of the hedging derivative's variable payment due to the cessation of the USD LIBOR panel. Per the federal Adjustable Interest Rate (LIBOR) Act, the primary replacement benchmark will be the 1-Month Secured Overnight Financing Rate (SOFR) plus a slight margin adjustment to account for the difference between historic LIBOR and SOFR rates. The two rates are essentially equivalent, and all other conditions to continue hedge accounting under GASB Statement 93 have been met.

Type	Objective	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 2006 Bonds	1/1/2008	1/1/2028	65% of 3 mo. USD-LIBOR-BBA	A3
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 2006 Bonds	7/1/2023	10/1/2028	65% of 3 mo. USD-SOFR-CME	A3

The following schedule outlines fiscal year maturities of hedging derivative net cash flows and related interest expense.

Fiscal Year Ending	Series 2006		Total Debt Service
	Principal	Interest	
2025	476,951	80,681	557,632
2026	499,270	58,021	557,291
2027	522,636	34,301	556,937
2028	405,576	9,470	415,046
<b>Total</b>	<b>\$2,360,059</b>	<b>\$284,801</b>	<b>\$2,644,860</b>

**Credit Risk** — The fair value of the Series 2006 hedging derivative instruments is in a liability position as of June 30, 2024, and June 30, 2023, with a balance of \$28,469 and \$48,191 respectively. Because the Series 2006 derivative instrument and the debt being hedged are with the same counterparty, there is no credit risk exposure. The fair value of the derivative instrument would simply be netted against the payoff of the debt.

**Interest Rate Risk** — Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the derivative instruments. On a pay-fixed, receive-variable interest rate swap, the University will be negatively impacted by the lower rate environment, which will decrease the fair market values of its derivative instrument. The derivative instrument for Series 2006 fixes the hedged debt at 4.67%.

**Basis Risk** — Basis risk is the risk that the University may lose cash flows because of the differences in the indexes upon which the derivative instrument and the item it hedges are based. The University is not exposed to basis risk since both derivative instruments and the associated debts being hedged are based on the three-month SOFR index.

**Termination Risk** — The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The University is also exposed to termination risk if the student fee or auxiliary bonds are prepaid or partially prepaid. This risk is only to the extent the notional amount of the swap transactions exceeds the remaining amount after the prepayment.

**Rollover Risk** — Rollover risk is the risk that the maturity of the derivative instrument is shorter than the maturity of the associated debt. Since both the derivative instruments and the debt being hedged have identical maturity dates, there is no rollover risk to the University.

## NOTE 5 – Accounts Receivable

The following schedule summarizes accounts receivable at June 30, 2024, compared to the previous fiscal year.

Accounts Receivable	2024	2023
Student fees receivable	\$ 4,095,976	\$ 4,107,634
Auxiliary enterprises	908,615	1,038,788
Gifts and nonoperating grants	3,488,788	2,100,353
Contracts and operating grants	100,403	119,295
Capital grants and gifts	498,052	—
Other	3,369,570	454,491
<b>Current accounts receivable, gross</b>	<b>12,461,404</b>	<b>7,820,561</b>
Allowance for uncollectible accounts	(1,220,751)	(1,938,077)
<b>Current accounts receivable, net</b>	<b>\$11,240,653</b>	<b>\$ 5,882,484</b>

Other receivables are comprised primarily of revenues from external customers for education and public services and pending reimbursements for construction projects.

## NOTE 6 – Other Postemployment Benefits (OPEB)

### General Information about the OPEB Plan

**Plan Description** — USI provides postemployment benefits other than pensions for eligible retirees under a single employer defined benefit healthcare plan. The plan was administered by the University until January 1, 2021, when AmWins Group Benefits assumed administration of the plan on behalf of the University. The USI Board of Trustees has the authority to establish or amend the benefit provisions of the plan.

A Voluntary Employees' Benefit Association (VEBA) Trust was established in 1995 by the University to partially fund OPEB expenses in future years. The trustee, Old National Wealth Management, does not provide a stand-alone financial report of the USI VEBA Trust, but the plan assets and financial activity are included as part of its publicly available audited financial report. That report may be obtained by writing to Old National Wealth Management, 123 Main Street, Evansville, IN 47708, or by calling 800-830-0362. Funds that are placed into the trust cannot revert to the University under any circumstances; therefore, the financial statements of the University do not include the value of these assets. However, the fiscal year activity for the Trust is presented in the accompanying Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

**Benefits Provided** — USI provides medical, dental and life insurance benefits for eligible retirees and their dependents. The OPEB plan is closed to new entrants.

Full time employees hired before July 1, 2014 whose age plus years of creditable service equal 57 as of July 1, 2014, or who have 10 years of creditable service as of July 1, 2014, are eligible for lifetime medical and dental coverage at retirement once they reach age 60 with 10 years of service, or for certain eligible employees, age 55 with 85 points (age plus years of service is at least 85). Retirees hired prior to 1993 contribute 25% of the medical and dental premium rates regardless of years of service at retirement. Eligible retirees hired after 1993 contribute a percentage of the medical and dental premium rates based on their years of service at retirement. The percentages range from 25% to 75%. Employees hired before July 1, 2014 are eligible for University-subsidized life insurance.

Effective January 1, 2021, the University changed its medical insurance for Medicare eligible retirees from a cost-plus arrangement with Anthem to a fully insured option with United Healthcare. On January 1, 2024, USI also moved from Anthem to United Healthcare for its cost-plus medical plans offered to retirees and dependents who are not eligible for Medicare and active employees. Dental insurance is provided to all eligible retirees from Paramount Dental (formerly HRI). Effective January 1, 2023, the University changed providers for retiree life insurance, moving from Standard Insurance Company to Sun Life Assurance Company of Canada.

**Employees covered by benefit terms** — At June 30, 2024, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving medical/dental benefit payments	323	Inactive employees or beneficiaries currently receiving life insurance benefit payments	413
Inactive employees entitled to but not yet receiving medical/dental benefit payments	0	Inactive employees entitled to but not yet receiving life insurance benefit payments	0
Active employees eligible for medical/dental	196	Active employees eligible for life insurance	390
<b>Total</b>	<b>519</b>	<b>Total</b>	<b>803</b>

**Contributions** — Historically, the trust has been funded from three sources: University contributions and reserves designated by the University Board of Trustees for this purpose, employee payroll deductions for post-retirement benefits, and retiree contributions for medical and dental insurance premiums. In 2013, management elected to discontinue contributions to the trust from employees and retirees in anticipation of changes to retiree insurance coverage. The University did not contribute institutional funds to the VEBA during the most recent fiscal year.

The University uses a pay-as-you-go financing method where employee payroll deductions for post-retirement benefits and retiree contributions for medical and dental premiums are made at about the same time and in the same amount as benefit payments and expenses coming due. The University remits medical claims incurred and medical, dental and life insurance premiums directly to the third-party insurers. The University payroll deduction rates for medical, dental and life insurance ranged from \$42.14 to \$603.13 per month for single coverage and \$442.01 to \$1,668.74 for family coverage. Retiree contributions for medical and dental ranged from \$41.55 to \$600.77 per month for single coverage and \$441.42 to \$1,666.38 for family coverage. The University also offers retiree and spouse coverage, as well as retiree and dependent coverage, with rates falling within the ranges provided.

### Net OPEB Liability (Asset)

For fiscal year ending June 30, 2024, a June 30, 2024 measurement date was used. Liabilities as of June 30, 2024 are based on an actuarial valuation date of July 1, 2024 with no adjustments to get to the June 30, 2024 measurement date. Liabilities as of June 30, 2023 are based on an actuarial valuation date of July 1, 2022 projected to June 30, 2023, reflecting actual premiums and contributions.

**Actuarial assumptions** — The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

<b>Inflation</b>	2.00% for wages 2.50% for real rates of return
<b>Salary increases</b>	2.00–8.00%, including inflation
<b>Healthcare cost trend rates</b>	8.00% for 2025, decreasing 0.50% per year to an ultimate rate of 4.50% for 2032 and later years for pre 65 medical 6.50% for 2025, decreasing 0.25% per year to an ultimate rate of 4.50% for 2033 and later years for post 65 medical 4.00% for 2025 and later years for dental

Mortality rates were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 for healthy retirees, SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021 for surviving spouses and SOA Pub-2010 Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021 for disabled retirees.

Retiree contributions are assumed to increase according to health care trend rates.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study in 2013.

The long-term expected real rate of return on the OPEB plan investment is assumed to be 7%. This was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table. Returns shown below are real rates of return net of a 2.50% inflation assumption.

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Domestic Large Cap	45%	7.5%
Domestic Mid/Small Cap	15	8.5
International Equity	10	7.5
Domestic Bonds	30	2.5
<b>Total</b>	<b>100%</b>	

**Discount Rate** — The final equivalent single discount rate used for this year's accounting valuation is 7% as of the beginning and end of the fiscal year with the expectation that the University will continue contributing a percentage of pay-go cost to ensure that the trust has sufficient balance to pay for future benefit payments. The University is expected to withdraw at least 5% of the VEBA Trust in the future to pay for the pay-go costs.

The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

YIELD AS OF	JUNE 30, 2024
Bond Buyer Go 20-Bond Municipal Bond Index	3.93%
S&P Municipal Bond 20-Year High Grade Rate Index	4.21
Fidelity 20-Year Go Municipal Bond Index	3.97
Bond Index Range	3.93–4.21%

CHANGES IN THE NET OPEB LIABILITY (ASSET)			JUNE 30, 2024
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at 6/30/2023	\$19,960,452	\$26,897,357	\$(6,936,905)
<b>Changes for the year:</b>			
Service Cost	144,046	—	144,046
Interest	1,360,374	—	1,360,374
Change in benefit terms	(127,716)	—	(127,716)
Change in assumptions	2,081,622	—	2,081,622
Differences between expected and actual experience	(743,843)	—	(743,843)
Contributions – employer	—	89,240	(89,240)
Net Investment Income	—	4,014,163	(4,014,163)
Benefit Payments	(1,364,240)	(1,364,240)	—
Administrative Expense	—	(40,513)	40,513
<b>Net Changes</b>	<b>1,350,243</b>	<b>2,698,650</b>	<b>(1,348,407)</b>
Balances at 6/30/2024	\$21,310,695	\$29,596,007	\$(8,285,312)

CHANGES IN THE NET OPEB LIABILITY (ASSET)			JUNE 30, 2023
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at 6/30/2022	\$20,465,654	\$25,156,374	\$(4,690,720)
<b>Changes for the year:</b>			
Service Cost	141,154	—	141,154
Interest	1,402,207	—	1,402,207
Change in assumptions	—	—	—
Differences between expected and actual experience	(878,200)	—	(878,200)
Contributions – employer	—	70,363	(70,363)
Net Investment Income	—	2,876,843	(2,876,843)
Benefit Payments	(1,170,363)	(1,170,363)	—
Administrative Expense	—	(35,860)	35,860
<b>Net Changes</b>	<b>(505,202)</b>	<b>1,740,983</b>	<b>(2,246,185)</b>
Balances at 6/30/2023	\$19,960,452	\$26,897,357	\$(6,936,905)

**Sensitivity of the net OPEB liability (asset) to changes in the discount rate** — The following presents the net OPEB liability (asset) of the University, as well as what the University's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current discount rate.

	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
Net OPEB liability (asset)	\$(6,091,152)	\$(8,285,312)	\$(10,149,468)

**Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates** — The following presents the net OPEB liability (asset) of the University, as well as what the University's net OPEB liability (asset) would be if it were calculated using healthcare trend rates that are 1-percentage-point lower (7.00% decreasing to 3.50%) or 1-percentage-point higher (9.00% decreasing to 5.50%) than the current healthcare cost trend rates.

	1% Decrease (7.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)	1% Increase (9.00% decreasing to 5.50%)
Net OPEB liability (asset)	\$(10,022,968)	\$(8,285,312)	\$(6,256,732)

**OPEB plan fiduciary net position** — Information about the VEBA plan's fiduciary net position is available in the accompanying Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

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

For the year ended June 30, 2024, the University recognized OPEB expense of \$(694,224). At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

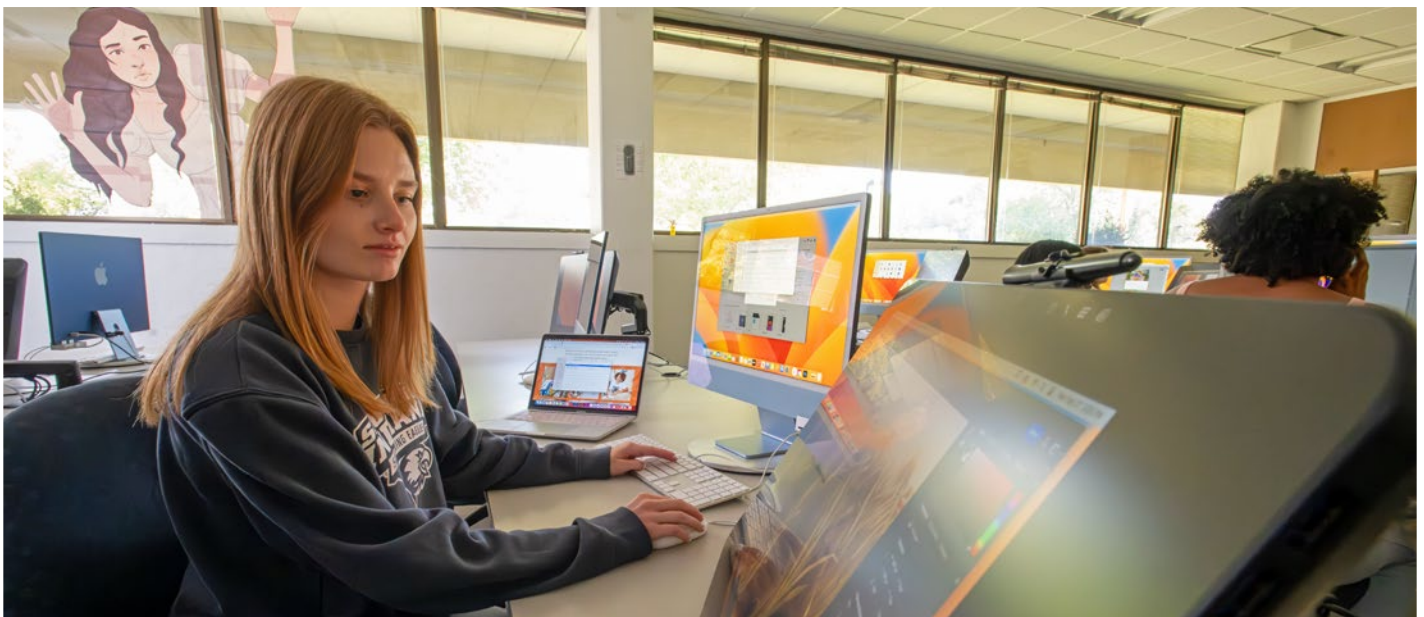
DEFERRED RESOURCES		JUNE 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between expected and actual experience	—	(371,921)	
Changes in assumptions	1,040,811	—	
Net differences between projected and actual earnings in OPEB plan investments	—	(1,091,844)	
<b>Total</b>	<b>\$1,040,811</b>	<b>\$(1,463,765)</b>	

For the year ended June 30, 2023, the University recognized OPEB expense of \$353,189. At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

DEFERRED RESOURCES		JUNE 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between expected and actual experience	—	439,100	
Changes in assumptions	—	—	
Net differences between projected and actual earnings in OPEB plan investments	581,089	—	
<b>Total</b>	<b>\$581,089</b>	<b>\$439,100</b>	

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

YEAR ENDED JUNE 30	
2025	131,663
2026	547,025
2027	(666,318)
2028	(435,324)
2029	—
Thereafter	—



## NOTE 7 – Capital Assets, Net of Accumulated Depreciation and Right-to-Use Assets, Net of Accumulated Amortization

The table below displays the increase in total capital assets from \$479.9 million at June 30, 2023, to \$507.0 million on June 30, 2024. Gross capital assets, less accumulated depreciation of \$283.5 million, equal net capital assets of \$223.5 million at June 30, 2024.

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION					
	Balance June 30, 2023	Additions	Transfers	Deletions	Balance June 30, 2024
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 5,085,598	\$ —	\$ —	\$ —	\$ 5,085,598
Construction in Progress	11,052,612	23,856,526	(5,628,541)	—	29,280,597
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 16,138,210</b>	<b>\$ 23,856,526</b>	<b>\$(5,628,541)</b>	<b>\$ —</b>	<b>\$ 34,366,195</b>
<b>Capital Assets Being Depreciated</b>					
Land Improvements	\$ 15,236,711	\$ —	\$ —	\$ —	\$ 15,236,711
Infrastructure	12,443,134	—	331,295	—	12,774,429
Educational Buildings	282,087,214	—	2,154,616	—	284,241,830
Auxiliary Buildings	122,588,844	1,126,622	3,142,630	—	126,858,096
Equipment	29,583,264	3,956,904	—	(1,836,727)	31,703,441
Library Materials	1,805,231	4,555	—	(11,887)	1,797,899
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 463,744,398</b>	<b>\$ 5,088,081</b>	<b>\$ 5,628,541</b>	<b>\$(1,848,614)</b>	<b>\$ 472,612,406</b>
<b>Total Capital Assets</b>	<b>\$ 479,882,608</b>	<b>\$ 28,944,607</b>	<b>\$ —</b>	<b>\$(1,848,614)</b>	<b>\$ 506,978,601</b>
<b>Less Accumulated Depreciation</b>					
Land Improvements	\$ (13,400,171)	\$ (506,305)	\$ —	\$ —	\$ (13,906,476)
Infrastructure	(4,358,793)	(354,856)	—	—	(4,713,649)
Educational Buildings	(138,461,517)	(8,722,766)	—	—	(147,184,283)
Auxiliary Buildings	(87,562,512)	(3,276,692)	—	—	(90,839,204)
Equipment	(25,286,713)	(1,662,446)	—	1,820,063	(25,129,096)
Library Materials	(1,692,572)	(30,428)	—	11,887	(1,711,113)
<b>Total Accumulated Depreciation</b>	<b>\$(270,762,278)</b>	<b>\$(14,553,493)</b>	<b>—</b>	<b>\$ 1,831,950</b>	<b>\$(283,483,821)</b>
<b>Net Capital Assets Being Depreciated</b>	<b>\$ 192,982,120</b>	<b>\$ (9,465,412)</b>	<b>\$ 5,628,541</b>	<b>\$ (16,664)</b>	<b>\$ 189,128,585</b>
<b>Total Net Capital Assets</b>	<b>\$ 209,120,330</b>	<b>\$ 14,391,114</b>	<b>\$ —</b>	<b>\$ (16,664)</b>	<b>\$ 223,494,780</b>

The table below displays the increase in total right-to-use assets from \$9.6 million at June 30, 2023, to \$10.3 million on June 30, 2024. Gross right-to-use assets, less accumulated amortization of \$4.3 million, equal net right-to-use assets of \$6.1 million at June 30, 2024.

RIGHT-TO-USE ASSETS, LESS ACCUMULATED AMORTIZATION					
	Balance June 30, 2023	Additions	Transfers	Deletions	Balance June 30, 2024
<b>Right-to-Use Asset Class</b>					
Equipment	\$ 588,203	\$ 451,370	\$ —	\$ (394,631)	\$ 644,942
Buildings	35,563	—	—	(35,563)	—
Vehicles	47,227	25,278	—	(18,494)	54,011
Subscription-Based IT Arrangements	8,880,246	2,480,059	—	(1,716,961)	9,643,344
<b>Total Right-to-Use Assets Being Amortized</b>	<b>\$ 9,551,239</b>	<b>\$ 2,956,707</b>	<b>\$ —</b>	<b>\$(2,165,649)</b>	<b>\$ 10,342,297</b>
<b>Less Accumulated Amortization</b>					
Equipment	\$ (330,844)	\$ (129,375)	\$ —	\$ 292,462	\$ (167,757)
Buildings	(29,979)	(4,947)	—	34,926	—
Vehicles	(26,595)	(15,886)	—	18,494	(23,987)
Subscription-Based IT Arrangements	(2,775,369)	(2,439,249)	—	1,115,229	(4,099,389)
<b>Total Accumulated Amortization</b>	<b>\$(3,162,787)</b>	<b>\$(2,589,457)</b>	<b>\$ —</b>	<b>\$ 1,461,111</b>	<b>\$ (4,291,133)</b>
<b>Total Net Right-to-Use Assets</b>	<b>\$ 6,388,452</b>	<b>\$ 367,250</b>	<b>\$ —</b>	<b>\$ (704,538)</b>	<b>\$ 6,051,164</b>

The table below displays the increase in total capital assets from \$469.5 million at July 1, 2022, to \$479.9 million on June 30, 2023. Gross capital assets, less accumulated depreciation of \$270.8 million, equal net capital assets of \$209.1 million at June 30, 2023.

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION					
	Balance June 30, 2022	Additions	Transfers	Deletions	Balance June 30, 2023
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 5,085,598	\$ —	\$ —	\$ —	\$ 5,085,598
Construction in Progress	4,059,763	9,439,109	(2,446,260)	—	11,052,612
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 9,145,361</b>	<b>\$ 9,439,109</b>	<b>\$(2,446,260)</b>	<b>\$ —</b>	<b>\$ 16,138,210</b>
<b>Capital Assets Being Depreciated</b>					
Land Improvements	\$ 15,236,711	\$ —	\$ —	\$ —	\$ 15,236,711
Infrastructure	10,817,987	—	1,625,147	—	12,443,134
Educational Buildings	282,087,214	—	—	—	282,087,214
Auxiliary Buildings	122,230,850	—	821,113	(463,119)	122,588,844
Equipment	28,106,422	1,954,589	—	(477,747)	29,583,264
Library Materials	1,864,993	2,655	—	(62,417)	1,805,231
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 460,344,177</b>	<b>\$ 1,957,244</b>	<b>\$ 2,446,260</b>	<b>\$(1,003,283)</b>	<b>\$ 463,744,398</b>
<b>Total Capital Assets</b>	<b>\$ 469,489,538</b>	<b>\$ 11,396,353</b>	<b>\$ —</b>	<b>\$(1,003,283)</b>	<b>\$ 479,882,608</b>
<b>Less Accumulated Depreciation</b>					
Land Improvements	\$ (12,815,632)	\$ (584,539)	\$ —	\$ —	\$ (13,400,171)
Infrastructure	(4,055,449)	(303,344)	—	—	(4,358,793)
Educational Buildings	(128,991,311)	(9,470,206)	—	—	(138,461,517)
Auxiliary Buildings	(84,832,729)	(3,160,370)	—	430,587	(87,562,512)
Equipment	(24,410,471)	(1,353,989)	—	477,747	(25,286,713)
Library Materials	(1,720,456)	(34,533)	—	62,417	(1,692,572)
<b>Total Accumulated Depreciation</b>	<b>\$(256,826,048)</b>	<b>\$(14,906,981)</b>	<b>—</b>	<b>\$ 970,751</b>	<b>\$(270,762,278)</b>
<b>Net Capital Assets Being Depreciated</b>	<b>\$ 203,518,129</b>	<b>\$(12,949,737)</b>	<b>\$ 2,446,260</b>	<b>\$ (32,532)</b>	<b>\$ 192,982,120</b>
<b>Total Net Capital Assets</b>	<b>\$ 212,663,490</b>	<b>\$ (3,510,628)</b>	<b>\$ —</b>	<b>\$ (32,532)</b>	<b>\$ 209,120,330</b>

June 30, 2022 and June 30, 2023 balances as well as fiscal year 2023 deletions for capital library materials and accumulated depreciation on library materials have been restated due to the discovery of a calculation error in estimating annual deletions of library materials. Total capital assets being depreciated and total accumulated depreciation were overstated in previously issued financial statements as a result of this error, but the error had no impact on total net capital assets or total net position.

The table below displays the increase in total right-to-use assets from \$5.9 million at June 30, 2022, to \$9.6 million on June 30, 2023. Gross right-to-use assets, less accumulated amortization of \$3.2 million, equal net right-to-use assets of \$6.4 million at June 30, 2023.

RIGHT-TO-USE ASSETS, LESS ACCUMULATED AMORTIZATION					
	Balance June 30, 2022	Additions	Transfers	Deletions	Balance June 30, 2023
<b>Right-to-Use Asset Class</b>					
Equipment	\$ 545,734	\$ 167,481	\$ —	\$ (125,012)	\$ 588,203
Buildings	35,563	—	—	—	35,563
Vehicles	47,227	—	—	—	47,227
Subscription-Based IT Arrangements	5,264,049	4,684,035	—	(1,067,838)	8,880,246
<b>Total Right-to-Use Assets Being Amortized</b>	<b>\$ 5,892,573</b>	<b>\$ 4,851,516</b>	<b>\$ —</b>	<b>\$(1,192,850)</b>	<b>\$ 9,551,239</b>
<b>Less Accumulated Amortization</b>					
Equipment	\$ (290,197)	\$ (144,275)	\$ —	\$ 103,628	\$(330,844)
Buildings	(15,578)	(14,401)	—	—	(29,979)
Vehicles	(10,853)	(15,742)	—	—	(26,595)
Subscription-Based IT Arrangements	(1,326,367)	(1,959,863)	—	510,861	(2,775,369)
<b>Total Accumulated Amortization</b>	<b>\$(1,642,995)</b>	<b>\$(2,134,281)</b>	<b>\$ —</b>	<b>\$ 614,489</b>	<b>\$(3,162,787)</b>
<b>Total Net Right-to-Use Assets</b>	<b>\$ 4,249,578</b>	<b>\$ 2,717,235</b>	<b>\$ —</b>	<b>\$ (578,361)</b>	<b>\$ 6,388,452</b>

A breakdown of significant projects included in construction in progress is shown below:

CONSTRUCTION WORK IN PROGRESS		
Facility	Balance as of June 30, 2023	Balance as of June 30, 2024
HVAC Building Controls Replacement	\$ 2,683,225	\$ —
Wellness Center	5,411,915	15,053,398
HP Renovation (first and second floors)	1,074,663	9,229,229
Student Housing Fire System	885,621	2,394,382
UC West Electrical Transformers	608,618	—
HP Renovation (Phase IV)	—	2,123,354
Other projects (not exceeding \$250,000)	388,570	480,234
<b>Total</b>	<b>\$11,052,612</b>	<b>\$29,280,597</b>

## NOTE 8 – Noncurrent Liabilities

Changes in noncurrent liabilities for the fiscal years ended June 30, 2024 and 2023, are shown below.

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
Bonds payable	\$115,244,502	\$ —	\$11,403,393	\$103,841,109	\$11,739,718	\$ 92,101,391
Leases and subscriptions payable	5,268,775	2,843,118	3,340,404	4,771,489	1,933,519	2,837,970
Derivative instruments – interest rate swap	48,191	—	19,722	28,469	—	28,469
Compensated absences	3,203,144	3,133,642	2,887,142	3,449,644	366,511	3,083,133
Termination benefits	409,343	431,152	294,321	546,174	385,133	161,041
Net pension liability	4,381,619	1,014,975	641,875	4,754,719	—	4,754,719
Other noncurrent liabilities	7,010	1,040,936	25,963	1,021,983	—	1,021,983
<b>Total</b>	<b>\$128,562,584</b>	<b>\$8,463,823</b>	<b>\$18,612,820</b>	<b>\$118,413,587</b>	<b>\$14,424,881</b>	<b>\$103,988,706</b>

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
Bonds payable	\$126,526,668	\$ 6,840,000	\$18,122,166	\$115,244,502	\$11,403,393	\$103,841,109
Leases and subscriptions payable	3,960,807	4,909,790	3,601,822	5,268,775	1,931,120	3,337,655
Derivative instruments – interest rate swap	164,276	—	116,085	48,191	—	48,191
Compensated absences	3,167,766	2,830,122	2,794,744	3,203,144	473,694	2,729,450
Termination benefits	440,530	241,526	272,713	409,343	295,151	114,192
Net pension liability	1,883,504	3,139,041	640,926	4,381,619	—	4,381,619
Other noncurrent liabilities	8,465	15,955	17,410	7,010	—	7,010
<b>Total</b>	<b>\$136,152,016</b>	<b>\$17,976,434</b>	<b>\$25,565,866</b>	<b>\$128,562,584</b>	<b>\$14,103,358</b>	<b>\$114,459,226</b>

Other noncurrent liabilities are comprised of unclaimed property, refundable deposits, and bond yield restriction liabilities.

**NOTE 9 – Debt Related to Capital Assets**

**Bonds Payable** — The following schedule details bonds payable at June 30, 2024, compared to the previous fiscal year.

SCHEDULE OF BONDS PAYABLE							
	Issue Date	Interest Rate	Maturity Date	Original Issue Amount	Principal Outstanding June 30, 2024	Principal Outstanding June 30, 2023	Current Portion June 30, 2024
<b>Student Fee Bonds</b>							
<b>Direct Placements of Debt</b>							
Series 2006, Recreation and Fitness Center	2006	4.67%	2028	7,250,000	1,904,433	2,360,059	476,951
Series K-3, Refund Series H and I	2012	1.90%	2023	42,840,000	—	2,575,000	—
Series L-1, Health Professions Center 3rd Floor	2017	2.90%	2036	8,050,000	5,770,000	6,130,000	370,000
Series L-2, Refund Series J	2017	2.15%	2026	21,440,000	8,660,000	11,965,000	3,375,000
Series L-3, Refund Series J	2017	2.65%	2028	9,955,000	9,555,000	9,655,000	100,000
Series O, Refund Series K-1	2022	2.76%	2025	6,840,000	6,205,000	6,840,000	3,295,000
Student Fee Bonds – Direct Placements				96,375,000	32,094,433	39,525,059	7,616,951
<b>Other Debt</b>							
Series M, Physical Activities Center	2019	4.00% to 5.00%	2037	37,245,000	28,190,000	29,570,000	1,445,000
Series N, Health Professions Center Renovation	2020	3.00% to 5.00%	2039	41,170,000	34,385,000	35,865,000	1,540,000
Student Fee Bonds – Other Debt				78,415,000	62,575,000	65,435,000	2,985,000
Student Fee Bonds				174,790,000	94,669,433	104,960,059	10,601,951
<b>Auxiliary System Bonds</b>							
<b>Other Debt</b>							
Series 2003, Student Housing Facilities	2003	3.00% to 4.50%	2024	8,005,000	575,000	1,125,000	575,000
Auxiliary System Bonds				8,005,000	575,000	1,125,000	575,000
<b>Subtotal Bonds Payable</b>				<b>\$182,795,000</b>	<b>\$ 95,244,433</b>	<b>\$106,085,059</b>	<b>\$11,176,951</b>
<b>Net Unamortized Premiums</b>				<b>—</b>	<b>\$8,596,676</b>	<b>\$9,159,443</b>	<b>\$562,767</b>
<b>Total Bonds Payable</b>					<b>\$103,841,109</b>	<b>\$115,244,502</b>	<b>\$11,739,718</b>

The following schedule details bonds payable at June 30, 2023, compared to the previous fiscal year.

SCHEDULE OF BONDS PAYABLE							
	Issue Date	Interest Rate	Maturity Date	Original Issue Amount	Principal Outstanding June 30, 2023	Principal Outstanding June 30, 2022	Current Portion June 30, 2023
<b>Student Fee Bonds</b>							
<b>Direct Placements of Debt</b>							
Series 2006, Recreation and Fitness Center	2006	4.67%	2028	7,250,000	2,360,059	2,795,316	455,626
Series K-3, Refund Series H and I	2012	1.90%	2023	42,840,000	2,575,000	5,100,000	2,575,000
Series L-1, Health Professions Center 3rd Floor	2017	2.90%	2036	8,050,000	6,130,000	6,480,000	360,000
Series L-2, Refund Series J	2017	2.15%	2026	21,440,000	11,965,000	15,195,000	3,305,000
Series L-3, Refund Series J	2017	2.65%	2028	9,955,000	9,655,000	9,755,000	100,000
Series O, Refund Series K-1	2022	2.76%	2025	6,840,000	6,840,000	—	635,000
Student Fee Bonds – Direct Placements				96,375,000	39,525,059	39,325,316	7,430,626
<b>Other Debt</b>							
Series K-1, Teaching Theatre	2012	2.00% to 4.00%	2032	12,300,000	—	7,265,000	—
Series M, Physical Activities Center	2019	4.00% to 5.00%	2037	37,245,000	29,570,000	30,895,000	1,380,000
Series N, Health Professions Center Renovation	2020	3.00% to 5.00%	2039	41,170,000	35,865,000	37,285,000	1,480,000
Student Fee Bonds – Other Debt				90,715,000	65,435,000	75,445,000	2,860,000
Student Fee Bonds				187,090,000	104,960,059	114,770,316	10,290,626
<b>Auxiliary System Bonds</b>							
<b>Other Debt</b>							
Series 2003, Student Housing Facilities	2003	3.00% to 4.50%	2024	8,005,000	1,125,000	1,650,000	550,000
Auxiliary System Bonds				8,005,000	1,125,000	1,650,000	550,000
<b>Subtotal Bonds Payable</b>				<b>\$195,095,000</b>	<b>\$106,085,059</b>	<b>\$116,420,316</b>	<b>\$10,840,626</b>
<b>Net Unamortized Premiums</b>				<b>—</b>	<b>\$9,159,443</b>	<b>\$ 10,106,352</b>	<b>\$ 562,767</b>
<b>Total Bonds Payable</b>					<b>\$115,244,502</b>	<b>\$126,526,668</b>	<b>\$11,403,393</b>

The University of Southern Indiana Student Fee Bonds Series K-3 of 2012, Series L-1, L-2, and L-3 of 2017, Series M of 2019, Series N of 2020, and Series O of 2022 are secured by a pledge and first lien on student fees. Student Fee Bonds Series 2006 are secured by a pledge and junior lien on student fees. These student fee bonds contain a provision that the bond trustee may, at its discretion and upon the written request of the holders of 25% of the bonds then outstanding, seek legal or equitable remedy in the event of default.

The University of Southern Indiana Auxiliary System Revenue Bond, Series 2003 is secured by a pledge of and parity first lien on the net income from the Auxiliary System (student housing, parking facilities, and dining services), any insurance proceeds, amounts held in the debt service funds or project funds, and investment income thereon. The auxiliary system bond contains a provision that the bond trustee may, at its discretion and upon the written request of the holders of 25% of the bonds then outstanding, seek legal or equitable remedy in the event of default.

The deferred amount on bond refundings were \$1,345,701 at June 30, 2023, and \$1,092,905 at June 30, 2024.

Annual debt service requirements through maturity for bonds payable are presented in the following chart.

ANNUAL DEBT SERVICE REQUIREMENTS AS OF JUNE 30, 2024				
Fiscal Year Ended June 30	Direct Placements		Other Debt	
	Principal	Interest	Principal	Interest
2025	\$ 7,616,951	\$770,224	\$ 3,560,000	\$ 2,584,909
2026	7,344,270	574,988	3,115,000	2,435,175
2027	4,547,636	417,883	3,260,000	2,292,125
2028	4,540,576	288,508	3,410,000	2,142,375
2029	4,240,000	167,044	3,565,000	1,985,700
2030–2034	2,275,000	390,558	20,605,000	7,149,225
2035–2039	1,530,000	67,425	22,820,000	2,252,150
2040–2044	—	—	2,815,000	42,225
<b>Total</b>	<b>\$32,094,433</b>	<b>\$2,676,630</b>	<b>\$63,150,000</b>	<b>\$20,883,884</b>

ANNUAL DEBT SERVICE REQUIREMENTS AS OF JUNE 30, 2023				
Fiscal Year Ended June 30	Direct Placements		Other Debt	
	Principal	Interest	Principal	Interest
2024	\$ 7,430,626	\$ 955,613	\$ 3,410,000	\$ 2,734,350
2025	7,616,951	770,224	3,560,000	2,584,909
2026	7,344,270	574,988	3,115,000	2,435,175
2027	4,547,636	417,883	3,260,000	2,292,125
2028	4,540,576	288,508	3,410,000	2,142,375
2029–2033	6,035,000	506,271	19,635,000	8,116,150
2034–2038	2,010,000	118,755	24,620,000	3,145,450
2039–2043	—	—	5,550,000	167,700
<b>Total</b>	<b>\$39,525,059</b>	<b>\$3,632,242</b>	<b>\$66,560,000</b>	<b>\$23,618,234</b>

## NOTE 10 – Leases and Subscriptions Payable

The University leases certain assets from various third parties. The assets leased include equipment, buildings, and vehicles. Payments are generally fixed monthly, with the exception of one equipment lease with fixed monthly payments that increase by 2% each year. Lease terms range from three years for vehicles, five years for equipment, and two to three years for buildings.

Principal and interest payment requirements related to the lease liabilities on June 30, 2024, and June 30, 2023, are illustrated in the following schedules.

FUTURE MINIMUM LEASE PAYMENTS			
As of June 30, 2024	Principal	Interest	Total
2025	\$142,895	\$14,130	\$157,025
2026	137,654	9,857	147,511
2027	134,181	5,582	139,763
2028	103,873	1,719	105,592
2029	8,143	2	8,145
2030–2034	—	—	—
<b>Total future minimum payments</b>	<b>\$526,746</b>	<b>\$31,290</b>	<b>\$558,036</b>

FUTURE MINIMUM LEASE PAYMENTS			
As of June 30, 2023	Principal	Interest	Total
2024	\$150,925	\$ 5,260	\$156,185
2025	56,073	3,208	59,281
2026	39,878	1,971	41,849
2027	35,248	833	36,081
2028	7,808	37	7,845
2029–2033	—	—	—
<b>Total future minimum payments</b>	<b>\$289,932</b>	<b>\$11,309</b>	<b>\$301,241</b>

USI has also entered into various Subscription-Based IT Agreements (SBITAs). These subscriptions provide the University the right to use a vendor's IT software for a period of time. Payments are generally annual and either fixed over the term or include fixed annual increases of 2% to 5%. Three SBITAs were billed and paid in entirety upon commencement of the term instead of annual installments. SBITA terms range from one to seven years including potential renewal periods that are likely to be exercised.

Future principal and interest payment requirements related to the subscription liabilities on June 30, 2024, and June 30, 2023 are illustrated in the following schedules.

FUTURE MINIMUM SBITA PAYMENTS			
As of June 30, 2024	Principal	Interest	Total
2025	\$1,790,624	\$ 95,192	\$1,885,816
2026	1,402,696	52,269	1,454,965
2027	791,190	20,206	811,396
2028	228,000	4,723	232,723
2029	32,233	528	32,761
2030–2034	—	—	—
<b>Total future minimum payments</b>	<b>\$4,244,743</b>	<b>\$172,918</b>	<b>\$4,417,661</b>

FUTURE MINIMUM SBITA PAYMENTS			
As of June 30, 2023	Principal	Interest	Total
2024	\$1,705,945	\$ 87,229	\$1,793,174
2025	1,383,880	59,239	1,443,119
2026	1,028,804	33,833	1,062,637
2027	658,654	12,071	670,725
2028	95,078	2,740	97,818
2029–2033	32,232	528	32,760
<b>Total future minimum payments</b>	<b>\$4,904,593</b>	<b>\$195,640</b>	<b>\$5,100,233</b>

The expense resulting from amortization of leased assets and SBITAs is included on the Statement of Revenues, Expenses and Changes in Net Position.

The asset activity related to leased assets and SBITAs is disclosed in Note 7 – Capital Assets, Net of Accumulated Depreciation and Right-to-Use Assets, Net of Accumulated Amortization.

## NOTE 11 – Retirement Plans

Substantially all regular employees of the University are covered by either the Teachers Insurance and Annuity Association (TIAA) Plan or by the Public Employees' Hybrid (PERF Hybrid) plan. The TIAA plan is an IRC 403(b) defined contribution plan; PERF Hybrid is a defined benefit and defined contribution plan under IRC 401(a) and a state plan described in IC 5-10.2, in IC 5-10.3, in 35 IAC 1.2 and other Indiana pension law. The University contributed \$5,675,708 to these programs in fiscal year 2023-24, which represents approximately 8.72% of the total University payroll and 10.36% of the benefit-eligible employees' payroll for the same period.

### Defined Contribution Retirement Plan

**Faculty and Administrators** — Eligible employees may participate in the TIAA Retirement Plan upon the completion of one year of employment. Participation may begin sooner if the employee was a participant in TIAA, or another university-sponsored retirement plan, for at least one year prior to eligible employment at the University. The University contributed \$4,891,620 to this plan for 633 participating employees for fiscal year ending June 30, 2024, and \$4,615,871 for 619 participating employees for fiscal year ending June 30, 2023. The annual payroll for this group totaled \$47,283,575 and \$44,606,939 for fiscal years ending June 30, 2024 and 2023, respectively.

**Support Staff** — For newly hired staff, the USI Board of Trustees approved a new defined contribution plan on March 6, 2014. The new plan applies only to newly hired support staff in regular assignments with a 50% or greater schedule with an employment date on or after July 1, 2014, and no prior PERF-eligible employment with the University. The new plan was established with TIAA, with the same immediate vesting and other features of the defined contribution plan for faculty and administrators, but with a fixed employer contribution of 7% of compensation and using the PERF definition of eligible compensation. The University contributed \$272,112 to this plan for 144 participating employees for fiscal year ending June 30, 2024, and \$226,659 to this plan for 142 participating employees for the fiscal year ending June 30, 2023. The annual payroll for this group totaled \$3,887,312 and \$3,237,986 for fiscal years ending June 30, 2024 and 2023, respectively.

TIAA issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing Teachers Insurance and Annuity Association, 730 3rd Avenue, New York, NY 10017-3206, or via its web site at [tiaa.org](http://tiaa.org).

### Hybrid Defined Benefit and Defined Contribution Retirement Plan

**Plan description** — Support staff in eligible positions and who worked at least half-time and who were hired on or before July 1, 2014, participated in the PERF Hybrid Plan, a retirement program administered by the Indiana Public Retirement System (INPRS), an agency of the State of Indiana. PERF Hybrid is a cost-sharing, multiple-employer defined benefit and defined contribution plan which is administered in accordance with IC 5-10.2, IC 5-10.3, 5-10.5, 35 IAC 1.2 and other Indiana pension law. Effective January 1, 2018, funds previously known as annuity savings accounts (which had been reported within defined benefit (DB) funds) were recategorized as defined contribution (DC) funds based on Internal Revenue Service Private Letter Rulings PLR-193-2016 and PLR-110249-18. DC member balances previously reported within PERF DB fund totals were transferred to the appropriate DC fund as of January 1, 2018. Benefit provisions are established and/or amended by the State of Indiana. INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for PERF participants. That report may be obtained at [in.gov/inprs/annualreports.htm](http://in.gov/inprs/annualreports.htm).

**Benefits provided** — PERF Hybrid consists of the Public Employees' Defined Benefit Account (PERF DB) and the Public Employees' Hybrid Members Defined Contribution Account (PERF DC).

PERF DB provides retirement, disability and death benefits. Employees were eligible to participate in this plan immediately upon employment and are fully vested after ten years of employment. The following table is a summary of the key information for the PERF DB fund administered by INPRS.

Full Retirement Benefit		
Eligibility	Annual Pension Benefit	Early Retirement Benefit
Age 65 and 10 years (eight years for certain elected officials) of creditable service, Age 60 and 15 years of creditable service, Age 55 if age and creditable service total at least 85 ("Rule of 85"), Age 55 and 20 years of creditable service and active as an elected official in the PERF-covered position, and Age 70 with 20 years of creditable service and still active in the PERF-covered position.	Lifetime Annual Benefit = Years of Creditable Service x Average Highest Five-Year Annual Salary x 1.1% (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.	Age 50 and minimum of 15 years of creditable service (44% of full benefit at age 50, increasing 5% per year up to 89% at age 59).

Disability Benefit	Survivor Benefit		COLA – Cost of Living Adjustment
	While in Active Service	While Receiving a Benefit	
An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$180 per month).	If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death.	A spouse or dependent receives the benefit associated with the member's selected form of payment: Five Year Certain and Life, Joint with 100% Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.	Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the Board. For the year ended June 30, 2023, postretirement benefits of \$8 million were issued to members as a COLA.

PERF DC provides supplemental retirement benefits to PERF DB members. Members are fully vested in their account balance, which includes all contributions and earnings. Members may withdraw their account balance upon retirement, termination, disability or death.

RETIREMENT AND TERMINATION BENEFIT	DISABILITY BENEFIT	SURVIVOR BENEFIT
Members are entitled to the sum total of vested contributions plus earnings 30 days after separation from employment. As of January 1, 2021, members at least 59 1/2 years of age and service eligible for normal retirement may take in-service distribution of their DC account. Additionally, members who are age and service eligible for normal retirement may take a withdrawal after separation without the 30 day wait period. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan or a monthly annuity.	Upon providing proof of the member's qualification for social security disability benefits, the member is entitled to the sum total of contributions plus earnings. The amount can be paid in a full or partial withdrawal as a lump sum, direct rollover to another eligible retirement plan or a monthly annuity.	Beneficiary is entitled to the sum total of contributions plus earnings. The amount can be paid in a lump sum, direct rollover to another eligible retirement plan or a monthly annuity. The amount a beneficiary is entitled to if a member dies after having selected an annuity or having withdrawn from the account depends upon the annuity option selected by the member and the amount of benefits the member received.

**Contributions** — The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. There are two parts to this plan: the PERF DC fund to which members contribute 3% of their salary and PERF DB fund to which the University contributed 11.2% of the employee's salary this fiscal year. The University contributed \$511,976 for 97 employees participating in the PERF Hybrid plan during the 2023-24 fiscal year and \$541,289 for 115 employees participating during 2022-23. These contribution amounts include the 3% member portion, which the University has elected to pay on behalf of its employees.

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

The University reported a liability of \$4,754,719 at June 30, 2024, and \$4,381,619 at June 30, 2023, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated June 30, 2023 for assets and June 30, 2022 rolled forward to June 30, 2023 for liabilities. The University's proportion of the net pension liability was based on wages reported by employers relative to the collective wages of the plan. At June 30, 2023, the University's proportion was 0.13%, which is down 0.01% from 2022.

For the year ended June 30, 2024, the University recognized pension expense of \$32,896. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

DEFERRED RESOURCES	JUNE 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	97,280	—
Changes in assumptions	259,284	—
Net difference between projected and actual earnings on pension plan investments	1,089,795	—
Changes in proportion and differences between the University's contributions and proportionate share of contributions	—	752,012
The University's contributions subsequent to the measurement date	511,976	—
<b>Total</b>	<b>\$1,958,335</b>	<b>\$752,012</b>

For the year ended June 30, 2023, the University recognized pension expense of \$(312,167). At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

DEFERRED RESOURCES	JUNE 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	94,484	16,664
Changes in assumptions	593,468	187,460
Net difference between projected and actual earnings on pension plan investments	540,738	—
Changes in proportion and differences between the University's contributions and proportionate share of contributions	—	699,736
The University's contributions subsequent to the measurement date	541,289	—
<b>Total</b>	<b>\$1,769,979</b>	<b>\$903,860</b>

\$511,976 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

AS OF JUNE 30, 2024		AS OF JUNE 30, 2023	
2024	106,945	2023	(172,863)
2025	(172,944)	2024	109,404
2026	611,907	2025	(183,708)
2027	148,439	2026	571,997
2028	—	2027	—
Thereafter	—	Thereafter	—
<b>Total</b>	<b>\$694,347</b>	<b>Total</b>	<b>\$324,830</b>

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

<b>Inflation</b>	2.00%
<b>Salary Increases</b>	2.65-8.65%, including inflation
<b>Investment rate of return</b>	6.25%, net of investment expense
<b>Cost of Living Increases</b>	0.40% beginning on January 1, 2026 0.50% beginning on January 1, 2034 0.60% beginning on January 1, 2039

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

Mortality (Healthy)	Mortality (Retirees)	Mortality (Beneficiaries)	Mortality (Disabled)
General Employee table with a 3-year set forward for males and a 1-year set forward for females.	General Retiree table with a 3-year set forward for males and a 1-year set forward for females.	Contingent Survivor table with no set forward for males and a 2-year set forward for females.	General Disabled table with a 140% load.

The actuarial assumptions used in the June 30, 2023 valuation were adopted by the INPRS Board in May 2023. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2014 through June 30, 2019, and were first used in the June 30, 2020 valuation.

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, along with a reasonable alpha assumption from manager selection, ultimately supports the long-term expected rate of return assumption of 6.25% 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table.

ASSET RATE OF RETURN		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	20%	3.7%
Private Markets	15	6.4
Fixed Income – Ex Inflation-Linked	20	2.2
Fixed Income – Inflation-Linked	15	0.5
Commodities	10	1.1
Real Assets	10	3.4
Absolute Return	5	1.6
Risk Parity	20	5.9
Cash and Cash Overlay	N/A	—

**Discount rate** — The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from members, would at the minimum be made at the actuarially determined required rates, computed in accordance with the current funding policy adopted by the Board, and contributions required by the State of Indiana (the non-employer contributing entity) would be made as stipulated by Indiana statute. 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.

The following presents the University’s proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate.

PROPORTIONATE SHARE OF NET PENSION LIABILITY			
	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
University’s proportionate share of the net pension liability	\$7,748,681	\$4,754,719	\$2,258,344

**Basis of Accounting** — The financial statements of INPRS have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles (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 applies all applicable GASB pronouncements in accounting and reporting for its operations. Investments are 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.

In 2015, the Indiana General Assembly passed legislation that required employers who chose to freeze participation in PERF to pay their share of the pension plan’s unfunded liability. The University’s share of this liability was \$347,008, which was paid in full on June 27, 2016.

## NOTE 12 – Risk Management

The University is exposed to various risks of loss: torts; errors or omissions; theft, damage to property or destruction of assets; vehicle losses; job-related illness or injuries to employees; and natural disasters. The University manages these risks through a combination of risk retention and risk transfer, or the purchase of commercial insurance. Property insurance for buildings and contents and other special form coverage is subject to a deductible of \$200,000 per occurrence. Specifically, for earthquake, there is an additional 2% of loss deductible (per unit) for building, contents, and business income. For the University's main campus there is a minimum deductible of \$200,000 for flood for each loss. There is also a 1% per unit and a \$200,000 minimum deductible for "Windstorm" meaning wind, wind driven rain or hail.

Educators' Legal Liability has a \$125,000 deductible for each wrongful acts claim. Primary General Liability has a \$75,000 deductible. Cyber Liability carries a \$100,000 retention while Crime coverage carries a \$50,000 retention. Site Pollution (which includes mold) has a \$50,000 deductible. Internship and Professional Liability deductible is \$25,000.

Other coverages in existence include Commercial Auto, Fine Arts, and Workers Compensation which are insured by commercial insurance policies subject to various deductibles. Life and disability insurance are handled through fully insured commercial policies. No liability exists at the balance sheet date for unpaid claims. The University did not have any settlements exceeding insurance coverage for any of the prior three years.

The University has three health care plans available for new enrollment of full-time benefit-eligible employees. The University has three additional health care plans that are only available to non-Medicare eligible retirees and two health care plans available only to Medicare eligible retirees. The active and non-Medicare eligible plans are funded under a self-funded arrangement whereby the University is billed for actual claims paid by the insurer on behalf of the covered participants plus administrative fees. The plans for Medicare eligible retirees are fully insured.

For the self-funded plans, the University assumes the risk for medical claims exceeding the maximum expected cost but has mitigated the additional risk by purchasing specific stop loss coverage for active employees' individual claims over \$225,000. The University also has established a reserve to cover a significant portion of the aggregate liability beyond 125% of expected claims. The liability for medical claims incurred but not reported is based on an average monthly claim multiplied by the plan provider's average turnaround time from when claims are incurred to when claims are submitted to the University for payment. For the fully insured plans, the University pays a premium and the insurance company assumes the risk for claims incurred by the plan members. Changes in the balance of claims liabilities during the 2022-23 and 2023-24 fiscal years are as follows. The amounts reported reflect claims incurred and payments during the fiscal year and attributable to both the year listed and prior fiscal years.

### CHANGE IN CLAIM LIABILITY

Fiscal Year	Beginning Liability	Claims Incurred	Claims Paid	Ending Liability
2022-2023	\$1,155,903	\$14,562,864	\$(14,543,580)	\$1,175,187
2023-2024	\$1,175,187	\$15,947,595	\$(16,003,175)	\$1,119,607

## NOTE 13 – Compensated Absence Liability

Vacation leave and similar compensated absences (such as sick leave) based on past service are accrued as a liability as earned. The liability is measured at the salary rate in effect at the balance sheet date, and additional amounts are accrued for all required salary-related payments due a terminating or retiring employee. The salary-related payments subject to this accrual include the University's share of Social Security and Medicare taxes, as well as the University's contributions to a defined benefit retirement plan and a defined contribution retirement plan.

The total cumulative compensated absence liability is \$3,449,644 and \$3,203,144 for June 30, 2024 and 2023, respectively. The current year change represents a \$214,263 increase in accrued vacation; a \$12,296 increase in sick leave liability; a \$17,332 increase in Social Security and Medicare taxes; a \$313 increase in Public Employees' Retirement Fund (PERF) contributions; and a \$2,296 increase in Teacher's Insurance and Annuity Association (TIAA) contributions. During the fiscal year, \$361,897 was paid out to terminating employees. Payout for terminating employees in fiscal year 2024-25 is expected to increase approximately 1.27% because of the number who will have reached the requisite retirement age and years of service. For that reason, \$366,511 of the total compensated absence liability is classified as a current liability under accrued payroll, benefits and deductions, and the remaining \$3,083,133 is classified as a noncurrent liability.

## NOTE 14 – Termination Benefits Liability

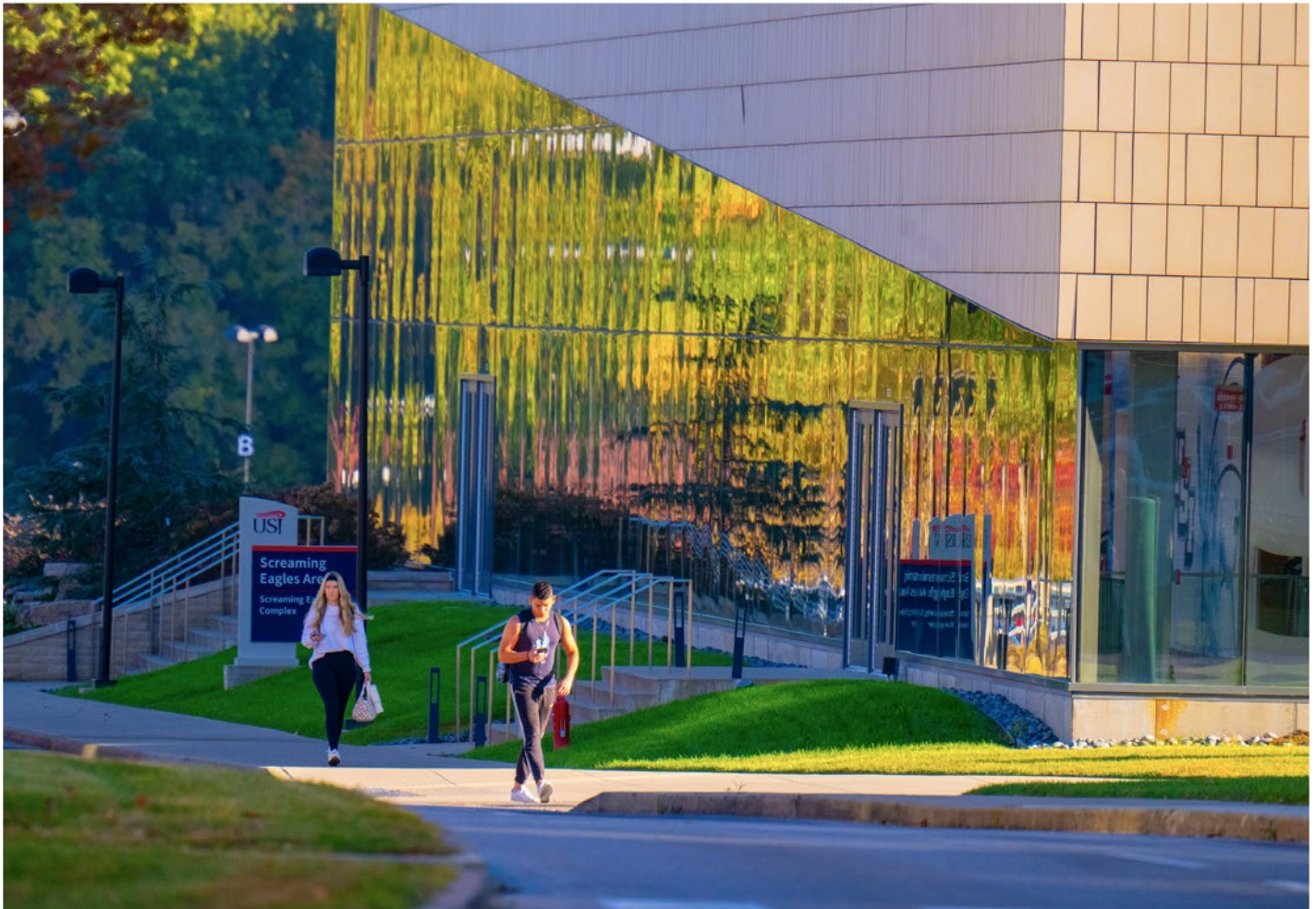
GASB Statement No. 47, Accounting for Termination Benefits, requires the University to recognize a liability and an expense for voluntary termination benefits, such as early-retirement incentives, when the offer is accepted, and the amount can be estimated. Members of the University’s regular full-time faculty and administrative staff who have been employed in an eligible position prior to January 1, 1999, who have 15 or more consecutive years of service, and who are age 60 or older may receive early-retirement benefits upon request. These benefits include a lump-sum retirement service pay calculated as a percent of final-year salary based on length of service, not to exceed 25%, and continued contribution to retirement annuity contracts through the end of the fiscal year in which the retiree reaches age 66. Salaries are assumed to increase 3% for purposes of calculating this liability.

The University has 20 retirees currently receiving early-retirement benefits, 12 of whose benefits stop after this fiscal year and 14 more who have arranged to begin receiving benefits within the next three years. The liability for these benefits totals \$546,174 at June 30, 2024. Of that amount, \$385,133 is expected to be paid out during the following fiscal year and is classified as a current liability under accrued payroll, benefits and deductions and the remaining \$161,041 has been classified as noncurrent. This liability will change annually as more employees elect this benefit and as benefits for current retirees end.

## NOTE 15 – Public-Private Partnerships

USI entered into an agreement with Sodexo Services of Indiana Limited Partnership effective July 1, 2022. Under the agreement, Sodexo operates University facilities to provide food services. Variable payments related to financial performance and based on a percentage of sales are received in exchange for facility usage. Revenues of \$441,543 and \$448,260 were recognized from these variable payments for the years ended June 30, 2024 and 2023, respectively.

Mandatory improvements are also required to be made by Sodexo under terms of the agreement. The first assets purchased or constructed under the agreement were placed into service in August 2023. For the year ended June 30, 2024, the University capitalized \$1,126,621 as auxiliary building additions. The corresponding deferred inflow of resources and amortized revenue were \$1,001,441 and \$125,180, respectively, for the year ended June 30, 2024.



**NOTE 16 – Functional Expenses**

Operating expenses are reported by natural classification on the face of the Statement of Revenues, Expenses and Changes in Net Position. Some users of the financial statements have a need to know expenses by functional classification, either for trend analysis or for comparison to other higher education institutions. This information is presented in the tables below.

FUNCTIONAL EXPENSES				FISCAL YEAR ENDED JUNE 30, 2024			
Function	Salaries and Wages	Benefits	Student Financial Aid	Utilities	Supplies and Other Services	Depreciation and Amortization	Total
Instruction	\$33,257,572	\$11,448,284			\$ 3,248,435		\$ 47,954,291
Academic Support	5,741,103	2,303,176			3,645,576		11,689,855
Student Services	7,706,410	3,138,032			6,692,945		17,537,387
Institutional Support	10,322,993	4,243,009			8,145,726		22,711,728
Operation and Maintenance of Plant	3,109,557	1,279,939		4,872,008	12,357,018		21,618,522
Depreciation and Amortization						17,142,950	17,142,950
Student Aid			3,804,632				3,804,632
Public Service	1,527,457	543,009			1,961,908		4,032,374
Research	67,250	12,310			86,461		166,021
Auxiliary Enterprises	3,370,496	2,349,046		1,141,407	14,253,756		21,114,705
<b>TOTAL</b>	<b>\$65,102,838</b>	<b>\$25,316,805</b>	<b>\$3,804,632</b>	<b>\$6,013,415</b>	<b>\$50,391,825</b>	<b>\$17,142,950</b>	<b>\$167,772,465</b>

FUNCTIONAL EXPENSES				FISCAL YEAR ENDED JUNE 30, 2023			
Function	Salaries and Wages	Benefits	Student Financial Aid	Utilities	Supplies and Other Services	Depreciation and Amortization	Total
Instruction	\$31,839,239	\$11,048,978			\$ 3,312,599		\$ 46,200,816
Academic Support	5,657,900	2,274,505			3,860,461		11,792,866
Student Services	6,926,810	2,794,748			5,704,965		15,426,523
Institutional Support	9,516,580	3,891,600			8,240,516		21,648,696
Operation and Maintenance of Plant	2,726,426	1,253,080		5,068,356	9,163,308		18,211,170
Depreciation and Amortization						17,041,262	17,041,262
Student Aid			3,186,467				3,186,467
Public Service	1,303,807	492,300			1,566,415		3,362,522
Research	34,535	3,905			54,706		93,146
Auxiliary Enterprises	3,183,705	2,261,130		1,011,956	13,447,794		19,904,585
<b>TOTAL</b>	<b>\$61,189,002</b>	<b>\$24,020,246</b>	<b>\$3,186,467</b>	<b>\$6,080,312</b>	<b>\$45,350,764</b>	<b>\$17,041,262</b>	<b>\$156,868,053</b>

## NOTE 17 – Contingent Liabilities and Commitments

The University is a party in various legal actions and administrative proceedings arising in the normal course of its operations. Management does not believe the outcome of these actions will have a material adverse effect on the University's financial position. The University has not established an estimated loss contingency because the conditions necessary to accrue a liability have not been met as of the financial reporting date.

The Internal Revenue Code and arbitrage regulations issued by the IRS impose investment restrictions on issuers of tax-exempt debt and require issuers to pay certain excess earnings to the IRS in the form of a rebate payment. The University's cumulative interest earnings on unspent proceeds from its 2020 Series N bond issue resulted in an estimated liability of \$1,008,618 at June 30, 2024. The exact amount due to the paid to the U.S. Treasury will be calculated as of August 6, 2025, and due to the U.S. Treasury within 60 days thereafter. As a result, this liability is included in the other noncurrent liabilities line of the Statement of Net Position.

Outstanding commitments for capital construction projects totaled \$10,372,544 and \$25,811,292 at June 30, 2024 and 2023, respectively.

## NOTE 18 – Restatement of Prior Year Balances

Total net position is classified into three categories for GASB reporting: Net investment in capital assets, restricted net position, and unrestricted net position. The University's net OPEB asset was previously included as an unrestricted asset. The June 30, 2023, Statement of Net Position has been restated to instead report the net OPEB asset balance in the restricted net position as prescribed by GASB.

The restated balances are detailed in the following table.

Statement of Net Position	June 30, 2023 as Reported	Restatement	June 30, 2023 as Restated
Net Investment in Capital Assets	\$135,354,978		\$135,354,978
Restricted			
Expendable			
OPEB	—	6,936,905	6,936,905
Debt Service	50,214		50,214
Scholarship, Research, and Other	9,660		9,660
Unrestricted	129,045,372	(6,936,905)	122,108,467
<b>Total Net Position</b>	<b>\$264,460,224</b>		<b>\$264,460,224</b>

In addition, \$288,107 in deferred inflows of resources related to bonds that were erroneously reported as other current liabilities on the Statement of Net position for the year ended June 30, 2023. The details of this restatement appear in the table below.

Statement of Net Position	June 30, 2023 as Reported	Restatement	June 30, 2023 as Restated
Other current liabilities	\$362,572	\$(288,107)	\$ 74,465
Deferred inflow of resources related to bonds	—	288,107	288,107

Neither of these restatements had any impact on total net position; the Statement of Revenues, Expenses, and Changes in Net Position; or the Statement of Cash Flows.

## NOTE 1 – Nature of Operations and Summary of Significant Accounting Policies

### *Nature of Operations*

The University of Southern Indiana Foundation (Foundation) is a not-for-profit organization, the mission and principal activity of which is to support the activities of the University of Southern Indiana (University), and includes the activities of various University support organizations. The Foundation's revenues and other support are derived principally from contributions and investment income and its activities are conducted principally in the Southwest Indiana area.

### *Principles of Consolidation*

The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiary, Southern Indiana Higher Education Holdings, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Operational income of the subsidiary is minimal.

### *Use of Estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

### *Basis of Presentation*

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets include funds designated by the governing body to function as endowments (board endowments) that are not subject to donor-imposed restrictions. The spendable allocations from the board endowment net assets and non-endowed net assets may be used at the discretion of the Foundation's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. These net assets include funds designated by the governing body to function as endowments (board endowments) that are subject to donor-imposed restrictions but are not endowed by the donor.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

### *Cash*

The Foundation considers all liquid investments not classified with investments and with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowments, are not considered to be cash and cash equivalents. At June 30, 2024 and 2023, the Foundation did not have any cash equivalents.

At June 30, 2024, the Foundation's cash accounts did not exceed the federally insured limits.

### *Contributions Receivable – Deferred Gifts*

During 2024 and 2023, the Foundation received certain irrevocable pledges to be paid from individual estates or more commonly referred to as deferred gifts. These contributions receivable are recorded as revenues with donor restrictions based on the intent of the donor. The amounts are recorded at gross, less allowances for an estimate of amounts that may be uncollectible and a discount based on expected mortality of the individuals and overall credit risks. The allowance for uncollectible contributions was based on a combination of qualitative factors, including mortality, relationship to the Foundation and University, historical contribution levels and history of gifting to the Foundation. The discount rates range from 3.61% to 5.59%.

**Investments and Net Investment Return**

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Certificates of deposit are stated at cost. Investments in private investment funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investment. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value and realized gains and losses on other investments. Investment return is presented net of fees.

Investment return that is initially restricted by donor stipulation, and for which the restriction will be satisfied in the same year, is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of activities as net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and losses and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

**Real Estate Held for Investment**

Investments in real estate consists of land recorded at the fair market value when donated or at the lower of cost or market if purchased.

**Property and Equipment**

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	7–32 years
Furniture and equipment	5–15 years
Land improvements	8–10 years

**Long-Lived Asset Impairment**

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No impairment loss was recognized for the years ended June 30, 2024 and 2023.

**Contributions**

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded with donor restrictions and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as revenue and net assets without donor restrictions, unless explicit donor stipulations specify how such assets must be used, in which case, the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions to net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

**Contributed Services**

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the consolidated financial statements for donated services because the Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific assistance programs, solicitations and various committee assignments.

**Income Taxes**

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

**Functional Allocation of Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the programs, management and general, and fundraising categories based on actual direct expenditures and other methods.

**NOTE 2 – Contributions Receivable**

Contributions receivable at June 30, 2024 and 2023, consisted of the following:

CONTRIBUTIONS RECEIVABLE			
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 2,826	\$ 1,662,630	\$ 1,665,456
Due in one to five years	—	1,339,612	1,339,612
Due in five or more years	—	8,480,000	8,480,000
	2,826	11,482,242	11,485,068
<b>Less</b>			
Allowance for uncollectible contributions	—	3,961,305	3,961,305
Unamortized discount	—	2,257,770	2,257,770
	\$ 2,826	\$ 5,263,167	\$ 5,265,993

The discount rates ranged from 0.52% to 5.61% for 2024. Approximately 25% of the net contributions receivable at June 30, 2024, were due from two donors.

CONTRIBUTIONS RECEIVABLE			
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 3,987	\$ 1,331,298	\$ 1,335,285
Due in one to five years	—	1,122,370	1,122,370
Due in five or more years	—	9,363,000	9,363,000
	3,987	11,816,668	11,820,655
<b>Less</b>			
Allowance for uncollectible contributions	—	3,224,335	3,224,335
Unamortized discount	—	2,848,805	2,848,805
	\$ 3,987	\$ 5,743,528	\$ 5,747,515

The discount rates ranged from 0.52% to 5.59% for 2023. Approximately 37% of the net contributions receivable at June 30, 2023, were due from three donors.

Contributions receivable designated for specific purposes and with time restrictions at June 30, 2024 and 2023, were as follows:

SPECIFIC CONTRIBUTIONS RECEIVABLE		
	2024	2023
Scholarships and awards	\$1,934,517	\$2,054,374
Educational grants and academic enhancements	1,161,230	1,977,793
Athletic support	580,922	272,693
Other University support	1,193,776	1,121,375
Capital Projects	64,383	—
Community outreach	2,575	4,376
Time restrictions	328,590	316,904
<b>Total</b>	<b>\$5,265,993</b>	<b>\$5,747,515</b>

### NOTE 3 – Liquidity and Availability

Financial assets available for general expenditure, i.e., without donor or other restrictions limiting their use, within one year of June 30, 2024 and 2023, comprise the following:

FINANCIAL ASSETS AVAILABLE		
	2024	2023
Total financial assets (including cash, accounts and interest receivable, contributions receivable and investments)	\$193,609,386	\$169,913,552
Board-designated endowments with underlying donor-imposed restrictions		
Restricted funds	(3,072,313)	(2,659,630)
Endowments	(34,681,341)	(30,664,895)
Donor-imposed restrictions		
Restricted funds	(21,305,907)	(20,543,723)
Assets held under split-interest agreements	(1,600,013)	(1,314,311)
Time restrictions for future periods greater than one year	(325,781)	(312,953)
Endowments	(110,483,541)	(96,357,711)
<b>Net financial assets after donor-imposed restrictions</b>	<b>22,140,490</b>	<b>18,060,329</b>
Designations without donor restrictions		
Board-designated endowments	(13,450,251)	(11,939,244)
<b>Financial assets available to meet cash needs for general expenditures within one year (gross of payables)</b>	<b>\$ 8,690,239</b>	<b>\$ 6,121,085</b>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted and board-designated endowments with underlying donor restrictions is restricted for specific purposes. Donor-restricted and board-designated endowment funds with underlying donor-imposed restrictions are not available for general expenditure.

The board-designated endowments of \$48,131,592 are subject to an annual spending rate of 4.25% as described in Note 8. Although the Foundation does not intend to spend from these board-designated endowments, these amounts could be made available if necessary.

The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

**NOTE 4 – Net Assets with Donor Restrictions****Net Assets with Donor Restrictions**

Net assets with donor restrictions at June 30, 2024 and 2023, are restricted for the following purposes or periods:

<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
	<b>2024</b>	<b>2023</b>
<b>Subject to expenditure for specified purpose</b>		
Scholarships and awards	\$ 8,858,043	\$ 8,104,147
Educational grants and academic enhancements	7,933,615	7,623,891
Capital projects	424,739	427,561
Athletics	(55,810)	293,574
Other University support	4,565,260	4,511,816
Community outreach	234,522	242,850
Contributions receivable, the proceeds from which have been restricted by donors for		
Scholarships and awards	619,675	624,806
Educational grants and academic enhancements	137,884	233,322
Capital Projects	65,423	—
Athletics	582,958	252,411
Other University support	934,030	813,976
Community outreach	2,835	4,705
Beneficial interest in assets held by Community Foundation not subject to spending policy or appropriation	75,046	70,294
	<b>\$ 24,378,220</b>	<b>\$ 23,203,353</b>
<b>Subject to the passage of time</b>		
Beneficial interests in charitable trusts held by others	\$ 499,290	\$ 456,301
Assets held under split-interest agreements	1,600,013	1,314,311
Contributions receivable that are not restricted by donors but which are unavailable for expenditure until due	325,781	312,953
Beneficial interest in perpetual trusts not subject to spending policy or appropriation	7,210,120	6,610,938
	<b>\$ 9,635,204</b>	<b>\$ 8,694,503</b>
<b>Endowments</b>		
Board-designated endowments subject to endowment spending policy and appropriation for specific purpose		
Restricted by donors for		
Scholarships and awards	\$ 18,775,142	\$ 16,513,581
Educational grants and academic enhancements	13,482,722	11,898,250
Athletics	1,050,661	939,828
Other University support	999,841	844,080
Community outreach	278,678	249,278
Contributions receivable, the proceeds from which have been restricted by donors for		
Scholarships and awards	50	150
Educational grants and academic enhancements	61,083	136,083
Other University support	33,164	83,645
	<b>\$ 34,681,341</b>	<b>\$ 30,664,895</b>
Donor-restricted endowments subject to endowment spending policy and appropriation		
Scholarships and awards	\$ 73,408,170	\$ 62,850,331
Educational grants and academic enhancements	17,268,521	14,985,371
Athletics	12,500	—
Other University support	17,294,066	15,240,532
Contributions receivable, the proceeds from which have been restricted by donors for		
Scholarships and awards	1,306,399	1,411,009
Educational grants and academic enhancements	966,551	1,638,724
Other University support	227,334	231,744
	<b>110,483,541</b>	<b>96,357,711</b>
<b>Total endowments with restrictions</b>	<b>145,164,882</b>	<b>127,022,606</b>
	<b>\$179,178,306</b>	<b>\$158,920,462</b>

**Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

NET ASSETS RELEASED FROM RESTRICTIONS		
	2024	2023
Expiration of time restrictions*	\$ 134	\$ (812,048)
Satisfaction of purpose restrictions		
Scholarships and awards	1,465,565	1,179,058
Educational grants and academic enhancements	1,036,678	702,812
Athletics	1,660,681	350,587
Other University support	237,842	352,998
Capital projects	9,000	5,125
Community outreach	31,400	—
	<b>\$4,441,300</b>	<b>\$1,778,532</b>
Restricted-purpose spending-rate distributions and appropriations		
Scholarships and awards	\$1,631,130	\$1,696,194
Educational grants and academic enhancements	559,890	330,506
Other University support	74,348	168,302
	<b>2,265,368</b>	<b>2,195,002</b>
	<b>\$6,706,668</b>	<b>\$3,973,534</b>

\*During the year ended June 30, 2023, two charitable gift annuities with underwater net asset balances matured and were released from restriction. The deficiencies resulted from unfavorable market conditions that occurred after investment of the original contributions and payment of all liabilities as per the donor agreement.

**NOTE 5 – Investments and Investment Return**

Investments at June 30, 2024 and 2023, consisted of the following:

INVESTMENTS	Fair Value	
	2024	2023
Short-term investments and cash equivalents	\$ 6,935,964	\$ 2,001,625
Certificates of deposit	948,962	930,440
U.S. Treasury securities	3,498,535	2,661,605
Municipal securities	735,868	637,489
Corporate debt securities	5,177,711	5,489,360
Common stocks	39,941,757	26,108,114
Mutual funds		
Fixed income	36,660,174	35,482,836
International	22,923,157	20,559,019
Large cap	59,820,665	59,649,514
Small cap/mid cap	10,571,920	9,385,974
Alternative investment – private investment fund	512,174	750,914
<b>Total</b>	<b>\$187,726,887</b>	<b>\$163,656,890</b>

Total investment return for the years ended June 30, 2024 and 2023, was comprised of the following:

INVESTMENT RETURN		
	2024	2023
Interest and dividend income	\$ 3,964,598	\$ 3,373,934
Investment management fees	(214,318)	(199,287)
	<b>3,750,280</b>	<b>3,174,647</b>
Net realized and unrealized gain (loss) on investments reported at fair value	20,335,603	14,076,831
	<b>\$24,085,883</b>	<b>\$17,251,478</b>

### Alternative Investments

Except as described below, the fair value of alternative investments has been estimated using the NAV per share of the investments. Alternative investments held at June 30, 2024 and 2023, consist of the following:

ALTERNATIVE INVESTMENTS				
2024				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds (A)	\$512,174	\$906,000	N/A	N/A
2023				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds (A)	\$750,914	\$906,000	N/A	N/A

(A) This category includes a private equity fund the primary objective of which is to enable certain qualified investors to participate in closed-end private investment partnerships managed by a management company. These investments are subject to a lock-up period of 10 to 14 years and are subject to general partner approval with respect to transferability. The fund uses the NAV of the underlying funds as a practical expedient to determine the fair value of its investments. Accounting principles generally accepted in the United States of America permit, as a practical expedient, a reporting entity to measure the fair value of an investment on the basis of the NAV of the investment if the NAV of the investment is calculated in a manner consistent with the measurement principles of an investment company.

Accordingly, the value of the investment in the underlying partnership is generally increased by additional contributions to the underlying partnership and increased or decreased by the partner's share of net earnings (losses) from the underlying partnership investment and capital distributions.

### Note 6 – Beneficial Interest in Trusts

The Foundation is the beneficiary under perpetual trusts administered by outside parties. Under the terms of the trusts, the Foundation has the irrevocable right to receive income earned on the trusts' assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$7,210,120 and \$6,610,938, which represents the fair value of the trusts' assets at June 30, 2024 and 2023, respectively. The change in fair value of these trusts for 2024 and 2023 was \$599,182 and \$364,696, respectively.

The Foundation has been named a secondary beneficiary in certain charitable remainder trusts administered by outside parties. Upon termination of the trusts, the Foundation will receive the assets remaining in the trusts. Prior to termination of the trusts and transfer of assets, the Foundation records the present value of the estimated residual benefits as assets. At June 30, 2024 and 2023, the residual benefits were valued at \$499,290 and \$456,301, respectively. The change in fair value of these trusts for 2024 and 2023 was \$42,989 and \$5,167, respectively.

### Note 7 – Annuities Payable

The Foundation has been the recipient of several gift annuities, which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value with donor restrictions. The Foundation has recorded a liability at June 30, 2024 and 2023, in the funds with donor restrictions, of \$518,248 and \$550,647, respectively, which represents the present value of the future annuity obligations. The liability has been determined using discount rates ranging from approximately 1% to 6%.

## Note 8 – Endowment

The Foundation's endowment consists of approximately 531 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the *State of Indiana Prudent Management of Institutional Funds Act* (SPMIFA) as requiring the preservation of the fair value of original gifts as of the gift date of donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restriction (a) the original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment made in accordance with the direction of the applicable donor gift instrument. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The composition of net assets by type of endowment fund at June 30, 2024 and 2023, was:

COMPOSITION OF NET ASSETS BY ENDOWMENT			
2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$13,450,251	\$ 34,681,341	\$ 48,131,592
<b>Donor-restricted endowment funds</b>			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	58,918,536	58,918,536
Accumulated investment gains	—	53,161,658	53,161,658
<b>Total endowment funds</b>	<b>\$13,450,251</b>	<b>\$146,761,535</b>	<b>\$160,211,786</b>
2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$11,939,244	\$ 30,664,895	\$ 42,604,139
<b>Donor-restricted endowment funds</b>			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	56,113,347	56,113,347
Accumulated investment gains	—	41,556,581	41,556,581
<b>Total endowment funds</b>	<b>\$11,939,244</b>	<b>\$128,334,823</b>	<b>\$140,274,067</b>

Total endowment funds include the value of donor-restricted assets held under split-interest agreements (gift annuities) that will establish donor-restricted endowments upon maturity. At June 30, 2024 and 2023, these assets were valued at \$1,596,653 and \$1,312,217, respectively.

Changes in endowment net assets for the years ended June 30, 2024 and 2023, were:

<b>CHANGES IN ENDOWMENT NET ASSETS</b>			
<b>2024</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$11,939,244	\$128,334,823	\$140,274,067
<b>Investment return</b>			
Investment income	252,522	2,675,585	2,928,107
Net appreciation	1,662,566	17,604,584	19,267,150
<b>Total investment return</b>	<b>1,915,088</b>	<b>20,280,169</b>	<b>22,195,257</b>
Contributions of cash and other financial assets	64,531	2,851,636	2,916,167
Miscellaneous income	—	1,008	1,008
Appropriation of endowment assets for expenditure	(468,612)	(4,411,974)	(4,880,586)
Reclassification of donor intent	—	140,749	140,749
Other changes – uncollectible pledge loss	—	(413,850)	(413,850)
Other changes – change in value of split-interest agreements	—	(21,026)	(21,026)
	<b>(404,081)</b>	<b>(1,853,457)</b>	<b>(2,257,538)</b>
<b>Endowment net assets, end of year</b>	<b>\$13,450,251</b>	<b>\$146,761,535</b>	<b>\$160,211,786</b>
<b>2023</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$10,652,480	\$117,075,033	\$127,727,513
<b>Investment return</b>			
Investment income	454,100	4,762,428	5,216,528
Net depreciation	908,197	9,545,970	10,454,167
<b>Total investment return</b>	<b>1,362,297</b>	<b>14,308,398</b>	<b>15,670,695</b>
Contributions of cash and other financial assets	64,582	840,800	905,382
Proceeds from sale of property	290,380	—	290,380
Appropriation of endowment assets for expenditure	(430,495)	(3,990,713)	(4,421,208)
Reclassification of donor intent	—	152,858	152,858
Other changes – uncollectible pledge loss	—	(750)	(750)
Other changes – change in value of split-interest agreements	—	(50,803)	(50,803)
	<b>(75,533)</b>	<b>(3,048,608)</b>	<b>(3,124,141)</b>
<b>Endowment net assets, end of year</b>	<b>\$11,939,244</b>	<b>\$128,334,823</b>	<b>\$140,274,067</b>

### **Investment and Spending Policies**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for scholarships and other programs supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to offer equity and fixed income investments that are diversified among various asset classes, thus, minimizing risk of large losses, out-perform inflation by the long-term spending level for endowed funds and maximize total return with reasonable and prudent levels of investment risk.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income, such as dividends and interest) and capital appreciation (depreciation) (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation's spending policy goals include maintaining reasonable inflation-adjusted spending into the future, providing for sufficient asset growth after spending to preserve the inflation-adjusted value of the assets, and smoothing spending on a quarterly basis, rather than vary it with short-term changes in interest rates and asset values. The Foundation sets the spending level to balance current need with growth for the future. The current spending rate is 4.25% calculated on a rolling 12-quarter average market value of each endowment fund. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

**Underwater Endowments**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature, if any, are reported in net assets with donor restrictions and such amounts were \$0 and \$46,146 for 2024 and 2023, respectively. Deficiencies, if any, may result from unfavorable market fluctuations that occur after investment of new contributions with donor restrictions and continued appropriation for certain purposes deemed prudent by the governing body.

The practice of the Foundation does not permit distributions from endowments to invade the corpus of the endowment. If earnings are not sufficient to fully fund the calculated annual distribution from the endowment, only the amount of available earnings is distributed for spending. This practice does not preclude the Foundation from permitting spending from underwater endowments in accordance with SPMIFA if deemed prudent by the governing body, if necessary. The Foundation has interpreted SPMIFA to permit spending from underwater endowment funds in accordance with the prudent measures required by law.

**Note 9 – Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

**Recurring Measurements**

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023. The valuation of certificates of deposit in the amount of \$948,962 and \$930,440 as of June 30, 2024 and 2023, respectively, is excluded from the tables.

FAIR VALUE MEASUREMENTS		JUNE 30, 2024		
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments</b>				
Short-term investments and cash equivalents	\$ 6,935,964	\$ 6,935,964	\$ —	\$ —
U.S. Treasury securities	3,498,535	—	3,498,535	—
Municipal securities	735,868	—	735,868	—
Corporate debt securities	5,177,711	—	5,177,711	—
Common stocks	39,941,757	39,941,757	—	—
<b>Mutual funds</b>				
Fixed income	36,660,174	36,660,174	—	—
International	22,923,157	22,923,157	—	—
Large cap	59,820,665	59,820,665	—	—
Small cap/mid cap	10,571,920	10,571,920	—	—
Private investment fund, measured at net asset value (A)	512,174	—	—	—
<b>Total investments</b>	<b>\$186,777,925</b>	<b>\$176,853,637</b>	<b>\$9,412,114</b>	<b>\$ —</b>
<b>Beneficial interest in charitable remainder trusts</b>	<b>\$ 499,290</b>	<b>\$ —</b>	<b>\$ 499,290</b>	<b>\$ —</b>
<b>Beneficial interest in perpetual trusts</b>	<b>\$ 7,210,120</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$7,210,120</b>
<b>Beneficial interest in Community Foundation</b>	<b>\$ 75,046</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 75,046</b>

FAIR VALUE MEASUREMENTS		JUNE 30, 2023		
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments</b>				
Short-term investments and cash equivalents	\$ 2,001,625	\$ 2,001,625	\$ —	\$ —
U.S. Treasury securities	2,661,605	—	2,661,605	—
Municipal securities	637,489	—	637,489	—
Corporate debt securities	5,489,360	—	5,489,360	—
Common stocks	26,108,114	26,108,114	—	—
<b>Mutual funds</b>				
Fixed income	35,482,836	35,482,836	—	—
International	20,559,019	20,559,019	—	—
Large cap	59,649,514	59,649,514	—	—
Small cap/mid cap	9,385,974	9,385,974	—	—
Private investment fund, measured at net asset value (A)	750,914	—	—	—
<b>Total investments</b>	<b>\$162,726,450</b>	<b>\$153,187,082</b>	<b>\$8,788,454</b>	<b>\$ —</b>
<b>Beneficial interest in charitable remainder trusts</b>	<b>\$ 456,301</b>	<b>\$ —</b>	<b>\$ 456,301</b>	<b>\$ —</b>
<b>Beneficial interest in perpetual trusts</b>	<b>\$ 6,610,938</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$6,610,938</b>
<b>Beneficial interest in Community Foundation</b>	<b>\$ 70,294</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 70,294</b>

(A) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2024 and 2023.

#### **Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified as Level 3 of the hierarchy. There were no Level 3 investments held by the Foundation.

#### **Beneficial Interest in Charitable Remainder Trusts**

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

#### **Beneficial Interest in Perpetual Trusts**

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

#### **Beneficial Interest in Community Foundation**

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

## Note 10 – Related-Party Transactions

The University and the Foundation are related parties that are not financially interrelated organizations. The University authorizes the Foundation to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to the University. Program services, as reflected in the consolidated statements of activities, are entirely for the University.

The Foundation paid an annual administrative fee of \$620,400 and \$595,400 to the University for the years ended June 30, 2024 and 2023, respectively, for facilities and accounting, computer, administrative and other miscellaneous services provided to the Foundation by University personnel.

Amounts due to the University for approved program expenditures included in payable to related party as of June 30, 2024 and 2023, were \$3,053,670 and \$1,215,206, respectively.

## Note 11 – Significant Estimates, Concentrations and Commitments

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

### *Contributions*

For the years ended June 30, 2024 and 2023, approximately 57% and 23%, respectively, of all contributions were received from two donors.

### *Contributions Receivable – Deferred Gifts*

As of June 30, 2024 and 2023, the Foundation has recorded contribution pledges for deferred gifts of \$9,763,000, of which \$3,926,305 and \$3,189,335, respectively, were reserved as an allowance for uncollectible amounts and \$2,098,561 and \$2,752,449, respectively, were recorded as a discount based on estimated discount rates for each individual pledge for a net pledge receivable amount of \$3,738,134 and \$3,821,216, respectively. The estimated allowances for uncollectible amounts and discounts are based on factors that could change in the near term and for which such changes could materially affect the amount reported in the consolidated financial statements.

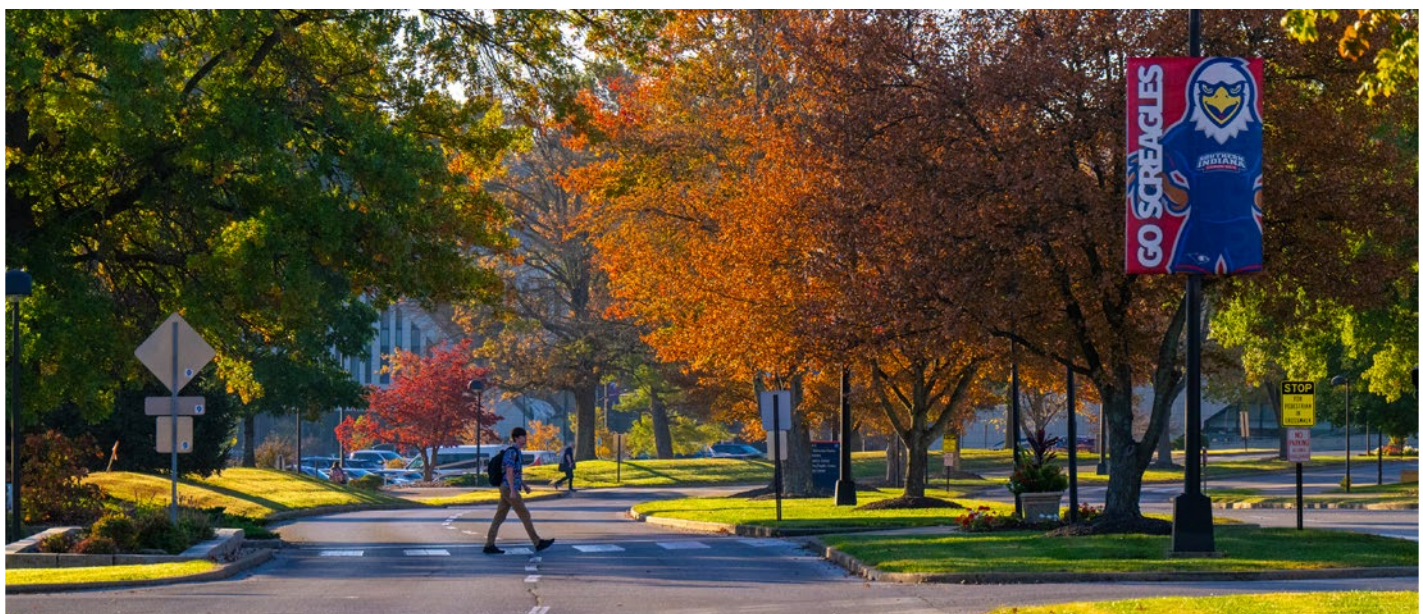
## Note 12 – Risks and Uncertainties

### *Investments*

The Foundation invests in various investment securities. Investment securities, as well as beneficial interests in trusts, are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and beneficial interests, it is at least reasonably possible that changes in the values of investment securities and beneficial interests will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

## Note 13 – Subsequent Events

Subsequent events have been evaluated through October 1, 2024, which is the date the consolidated financial statements were available to be issued.



# Required Supplementary Information

## SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

### Public Employees' Retirement Plan

*Last 10 Fiscal Years*

Fiscal Year	University's proportion of the net pension liability (asset)	University's proportionate share of the net pension liability (asset)	University's covered-employee payroll**	University's 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*
2023	0.13%	\$4,754,719	\$3,807,755	124.87%	80.83%
2022	0.14%	\$4,381,619	\$4,307,456	101.72%	82.48%
2021	0.14%	\$1,883,504	\$4,774,951	39.45%	92.51%
2020	0.15%	\$4,450,249	\$5,299,679	83.97%	81.45%
2019	0.15%	\$5,008,824	\$6,136,241	81.63%	80.06%
2018	0.16%	\$5,289,879	\$6,856,936	77.15%	78.89%
2017	0.16%	\$7,135,346	\$7,964,240	89.59%	72.69%
2016	0.16%	\$7,449,403	\$8,233,122	90.48%	71.19%
2015	0.19%	\$7,749,103	\$9,112,942	85.03%	73.32%
2014	0.19%	\$5,121,057	\$9,514,281	53.82%	81.07%

## SCHEDULE OF UNIVERSITY CONTRIBUTIONS

### Public Employees' Retirement Plan

*Last 10 Fiscal Years*

Fiscal Year	Contractually required contribution**	Contributions in relation to the contractually required contribution**	Contribution deficiency (excess)	University's covered-employee payroll**	Contributions as a percentage of covered-employee payroll**
2024	\$ 402,328	\$ (402,328)	—	\$3,652,791	11.01%
2023	\$ 426,244	\$ (426,244)	—	\$3,807,755	11.19%
2022	\$ 482,436	\$ (482,436)	—	\$4,307,456	11.20%
2021	\$ 534,796	\$ (534,796)	—	\$4,774,951	11.20%
2020	\$ 591,745	\$ (591,745)	—	\$5,299,679	11.17%
2019	\$ 681,948	\$ (681,948)	—	\$6,136,241	11.11%
2018	\$ 765,870	\$ (765,870)	—	\$6,856,936	11.17%
2017	\$ 882,030	\$ (882,030)	—	\$7,964,240	11.07%
2016	\$ 917,353	\$ (917,353)	—	\$8,233,122	11.14%
2015	\$1,015,471	\$(1,015,471)	—	\$9,112,942	11.14%

\*2013–2017 were adjusted to reflect DB activity only due to the DB/DC split effective January 1, 2018.

\*\*2013–2019 contributions and covered payroll were adjusted to reflect the actual amounts reported to INPRS by the University. The numbers previously reported were provided to the University by INPRS but had been adjusted by INPRS to maintain a particular proportionate share of the net pension liability.

## SCHEDULE OF CHANGES IN THE UNIVERSITY'S NET OPEB LIABILITY AND RELATED RATIOS

*Last 7 Fiscal Years\**

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>							
Service Cost	\$ 144,046	\$ 141,154	\$ 236,657	\$ 351,193	\$ 493,102	\$ 504,688	\$ 558,526
Interest	1,360,374	1,402,207	1,245,005	2,902,760	3,315,220	3,447,775	3,441,886
Changes of benefit terms	(127,716)	—	—	(22,980,672)	—	—	—
Changes in assumptions	2,081,622	—	833,491	—	(671,887)	—	962,342
Differences between expected and actual experience	(743,843)	(878,200)	1,181,345	(2,506,700)	(7,223,292)	(3,795,748)	(2,749,612)
Benefit Payments	(1,364,240)	(1,170,363)	(1,140,660)	(1,521,410)	(1,800,914)	(2,268,697)	(1,888,109)
<b>Net change in total OPEB liability</b>	<b>\$ 1,350,243</b>	<b>\$ (505,202)</b>	<b>\$ 2,355,838</b>	<b>\$(23,754,829)</b>	<b>\$ (5,887,771)</b>	<b>\$ (2,111,982)</b>	<b>\$ 325,033</b>
<b>Total OPEB liability-beginning</b>	<b>\$19,960,452</b>	<b>\$20,465,654</b>	<b>\$18,109,816</b>	<b>\$ 41,864,645</b>	<b>\$47,752,416</b>	<b>\$49,864,398</b>	<b>\$49,539,365</b>
<b>Total OPEB liability-ending (a)</b>	<b>\$21,310,695</b>	<b>\$19,960,452</b>	<b>\$20,465,654</b>	<b>\$ 18,109,816</b>	<b>\$41,864,645</b>	<b>\$47,752,416</b>	<b>\$49,864,398</b>
<b>Plan fiduciary net position</b>							
Contributions-employer	\$ 89,240	\$ 70,363	\$ (93,340)	\$ 301,410	\$ 578,788	\$ 1,197,189	\$ 1,888,109
Net investment income	4,014,163	2,876,843	(3,981,673)	7,098,077	1,492,916	1,649,321	1,243,292
Benefit payments	(1,364,240)	(1,170,363)	(1,140,660)	(1,521,410)	(1,800,914)	(2,268,697)	(1,888,109)
Administrative expense	(40,513)	(35,860)	(40,741)	(38,741)	(42,685)	(51,139)	(53,016)
<b>Net change in plan fiduciary net position</b>	<b>\$ 2,698,650</b>	<b>\$ 1,740,983</b>	<b>\$ (5,256,414)</b>	<b>\$ 5,839,336</b>	<b>\$ 228,105</b>	<b>\$ 526,674</b>	<b>\$ 1,190,276</b>
<b>Plan fiduciary net position-beginning</b>	<b>\$26,897,357</b>	<b>\$25,156,374</b>	<b>\$30,412,788</b>	<b>\$ 24,573,452</b>	<b>\$24,345,347</b>	<b>\$23,818,673</b>	<b>\$22,628,397</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$29,596,007</b>	<b>\$26,897,357</b>	<b>\$25,156,374</b>	<b>\$ 30,412,788</b>	<b>\$24,573,452</b>	<b>\$24,345,347</b>	<b>\$23,818,673</b>
<b>University's net OPEB liability (asset)-ending (a-b)</b>	<b>\$ (8,285,312)</b>	<b>\$ (6,936,905)</b>	<b>\$ (4,690,720)</b>	<b>\$(12,302,972)</b>	<b>\$17,291,193</b>	<b>\$23,407,069</b>	<b>\$26,045,725</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>138.88%</b>	<b>134.75%</b>	<b>122.92%</b>	<b>167.94%</b>	<b>58.70%</b>	<b>50.98%</b>	<b>47.77%</b>
<b>Covered employee payroll</b>	<b>\$27,621,135</b>	<b>\$28,272,281</b>	<b>\$29,566,598</b>	<b>\$ 30,909,382</b>	<b>\$32,786,514</b>	<b>\$37,026,262</b>	<b>\$42,347,069</b>
<b>University's net OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>(30.00)%</b>	<b>(24.54)%</b>	<b>(15.86)%</b>	<b>(39.80)%</b>	<b>52.74%</b>	<b>63.22%</b>	<b>61.51%</b>

## SCHEDULE OF UNIVERSITY CONTRIBUTIONS

*Last 7 Fiscal Years\**

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ 1,859,542	\$ 2,531,454	\$ 2,712,899	\$ 2,814,869
Contributions in relation to the actuarially determined contribution	89,240	70,363	(93,340)	301,410	578,788	1,197,189	1,888,109
Contribution deficiency (excess)	\$ (89,240)	\$ (70,363)	\$ 93,340	\$ 1,558,132	\$ 1,952,666	\$ 1,515,710	\$ 926,760
<b>Covered employee payroll</b>	<b>\$27,621,135</b>	<b>\$28,272,281</b>	<b>\$29,566,598</b>	<b>\$30,909,382</b>	<b>\$32,786,514</b>	<b>\$37,026,262</b>	<b>\$42,347,069</b>
<b>Contributions as a percentage of covered employee payroll</b>	<b>0.32%</b>	<b>0.25%</b>	<b>(0.32)%</b>	<b>0.98%</b>	<b>1.77%</b>	<b>3.23%</b>	<b>4.46%</b>

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

# Notes to Required Supplementary Information

## Public Employees' Retirement Plan

**Changes in assumptions:** There were no changes to the actuarial assumptions during the fiscal year.

**Changes in methods:** There were no changes to the actuarial methods during the fiscal year.

**Changes in plan provisions:** The full retirement benefit eligibility condition of age 70 and 20 years of credible service while still active in covered position was changed to age 65 and 20 years of creditable service while still active in a covered position. This change was deemed immaterial and has no impact on the actuarial liability.

**Source:** Indiana Public Retirement System  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2023

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

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	Mortality-Healthy	Mortality-Disabled	Mortality-Retirees	Mortality-Beneficiaries
2023	Period of 5 Years ended June 30, 2019	6.25%, Net of Investment Expense	0.40% January 1, 2026 0.50% January 1, 2034 0.60% January 1, 2039	2.65%–8.65%	2.00%	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Employee table with a 3 year set forward for males and a 1 year set forward for females.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Disabled table with a 140% load.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Retiree table with a 3 year set forward for males and a 1 year set forward for females.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Contingent Survivor table with no set forward for males and a 2 year set forward for females.
2022	Period of 5 Years ended June 30, 2019	6.25%, Net of Investment Expense	0.40% January 1, 2024 0.50% January 1, 2034 0.60% January 1, 2039	2.65%–8.65%	2.00%	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Employee table with a 3 year set forward for males and a 1 year set forward for females.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Disabled table with a 140% load.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Retiree table with a 3 year set forward for males and a 1 year set forward for females.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Contingent Survivor table with no set forward for males and a 2 year set forward for females.
2021	Period of 5 Years ended June 30, 2019	6.25%, Net of Investment Expense	0.40% January 1, 2024 0.50% January 1, 2034 0.60% January 1, 2039	2.65%–8.65%	2.00%	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Employee table with a 3 year set forward for males and a 1 year set forward for females.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Disabled table with a 140% load.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Retiree table with a 3 year set forward for males and a 1 year set forward for females.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Contingent Survivor table with no set forward for males and a 2 year set forward for females.

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	Mortality–Healthy	Mortality–Disabled	Mortality–Retirees	Mortality–Beneficiaries
2020	Period of 5 Years ended June 30, 2019	6.75%, Net of Investment Expense	13th check for 2020 and 2021 0.40% January 1, 2022 0.50% January 1, 2034 0.60% January 1, 2039	2.75%–8.75%	2.25%	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Employee table with a 3-year set forward for males and a 1-year set forward for females.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Disabled table with a 140% load.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. General Retiree table with a 3-year set forward for males and a 1-year set forward for females.	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. Contingent Survivor table with no set forward for males and a 2-year set forward for females.
2019	Period of 4 Years ended June 30, 2014	6.75%, Net of Investment Expense	13th check for 2020 and 2021 0.40% January 1, 2022 0.50% January 1, 2034 0.60% January 1, 2039	2.50%–4.25%	2.25%	RP-2014 Total Data Set Mortality Tables, with Social Security generational improvements from 2006 based on the Social Security Administration’s 2014 Trustee Report.	RP-2014 Disability Mortality Tables, with Social Security generational improvements from 2006 based on the Social Security Administration’s 2014 Trustee Report.	N/A	N/A
2018	Period of 4 Years ended June 30, 2014	6.75%, Net of Investment Expense	13th check for 2020 and 2021 0.40% January 1, 2022 0.50% January 1, 2034 0.60% January 1, 2039	2.50%–4.25%	2.25%	RP-2014 Total Data Set Mortality Tables, with Social Security generational improvements from 2006 based on the Social Security Administration’s 2014 Trustee Report.	RP-2014 Disability Mortality Tables, with Social Security generational improvements from 2006 based on the Social Security Administration’s 2014 Trustee Report.	N/A	N/A
2017	Period of 4 Years ended June 30, 2014	6.75%, Net of Investment Expense	1.00%	2.50%–4.25%	2.25%	RP-2014 Total Data Set Mortality Tables, with Social Security generational improvements from 2006 based on the Social Security Administration’s 2014 Trustee Report.	RP-2014 Disability Mortality Tables, with Social Security generational improvements from 2006 based on the Social Security Administration’s 2014 Trustee Report.	N/A	N/A
2016	Period of 4 Years ended June 30, 2014	6.75%, Net of Investment Expense	1.00%	2.50%–4.25%	2.25%	RP-2014 Total Data Set Mortality Tables, with Social Security generational improvements from 2006 based on the Social Security Administration’s 2014 Trustee Report.	N/A	N/A	N/A
2015	Period of 4 Years Ended June 30, 2014	6.75%, Net of Investment Expense	1.00%	2.50%–4.25%	2.25%	RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration’s 2014 Trustee Report.	N/A	N/A	N/A
2014	Period of 5 Years Ended June 30, 2010	6.75%, Net of Investment Expense	1.00%	3.25%–4.50%	3.00%	2013 IRS Static Mortality projected five (5) years with Scale AA.	N/A	N/A	N/A

## Notes to Schedules

**Changes in assumptions:** The following assumptions have been updated:

1. Medical/Rx trend rates have been updated to an initial rate of 8.00% decreasing by 0.50% annually to an ultimate rate of 4.50% for Pre-65 benefits, an initial rate of 6.50% decreasing by 0.25% annually to an ultimate rate of 4.50% for Post-65 benefits, and 4% per year for Dental benefits. This change caused an increase in the University's liabilities.
2. Health care aging factors for Per Capita Claims Cost estimation were updated to the most recent HealthMAPS factors as of 2023. This update resulted in an increase in liabilities.

Additionally, claims costs and premiums were updated for 2024 which caused a decrease in liabilities. The updated census data resulted in an increase in liabilities.

Methods and assumptions used to determine contribution rates:

Fiscal Year	Actuarial Cost Method	Amortization Type	Remaining Amortization Period	Asset Valuation Method	Inflation	Salary Increases	Investment Rate of Return
2024	Entry Age Normal Level % of Salary	Level Dollar, closed	22 years	Market value of assets	2.00% for wages 2.50% for real rates of return	2.00-8.00%	7%, net of OPEB plan investment expense, including inflation
2023	Entry Age Normal Level % of Salary	Level Dollar, closed	23 years	Market value of assets	2.00% for wages 2.50% for real rates of return	2.00-8.50%	7%, net of OPEB plan investment expense, including inflation
2022	Entry Age Normal Level % of Salary	Level Dollar, closed	24 years	Market value of assets	2.00%	2.00-8.50%	7%, net of OPEB plan investment expense, including inflation
2021	Entry Age Normal Level % of Salary	Level Dollar, closed	25 years	Market value of assets	2.25%	2.50-4.25%	7%, net of OPEB plan investment expense, including inflation
2020	Entry Age Normal Level % of Salary	Level Dollar, closed	26 years	Market value of assets	2.25%	2.50-4.25%	7%, net of OPEB plan investment expense, including inflation
2019	Entry Age Normal Level % of Salary	Level Dollar, closed	27 years	Market value of assets	2.25%	2.50-4.25%	7%, net of OPEB plan investment expense, including inflation
2018	Entry Age Normal Level % of Salary	Level Dollar, closed	28 years	Market value of assets	2.25%	2.50-4.25%	7%, net of OPEB plan investment expense, including inflation

Fiscal Year	Mortality-Healthy	Mortality-Disabled	Mortality-Surviving Spouses	Medical Trend Rates	Dental Trend Rates
2024	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021	SOA Pub-2010 Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021	SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021	8.00% for 2025, decreasing 0.50% per year to an ultimate rate of 4.50% for 2032 and later years for Pre 65. 6.50% for 2025, decreasing 0.25% per year to an ultimate rate of 4.50% for 2033 and later years for Post 65.	4.00% for 2025 and later years
2023	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021	SOA Pub-2010 Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021	SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021	7.00% for 2024, decreasing 0.50% per year to an ultimate rate of 4.50% for 2029 and later years for Pre 65. 6.25% for 2024, decreasing 0.25% per year to an ultimate rate of 4.50% for 2031 and later years for Post 65.	4.00% for 2024 and later years

2022	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2021	SOA Pub-2010 Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021	SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021	7.50% for 2022, decreasing 0.50% per year to an ultimate rate of 4.50% for 2029 and later years for Pre 65. 6.50% for 2022, decreasing 0.25% per year to an ultimate rate of 4.50% for 2031 and later years for Post 65.	4.00% for 2022 and later years
2021	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2019	SOA Pub-2010 Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2019	SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019	7.50% for 2022, decreasing 0.50% per year to an ultimate rate of 4.50% for 2028 and later years	4.75% for 2022, decreasing 0.25% per year to an ultimate rate of 3.25% for 2028 and later years
2020	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2019	SOA Pub-2010 Disabled Retiree Headcount Weighted Mortality Table fully generational using scale MP-2019	SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019	8.00% for 2021, decreasing 0.50% per year to an ultimate rate of 4.50% for 2028 and later years	5.00% for 2021, decreasing 0.25% per year to an ultimate rate of 3.00% for 2029 and later years
2019	RPH-2017 Total Dataset Mortality Table fully generational using scale MP-2017	RPH-2017 Disabled Mortality Table fully generational using scale MP-2017	N/A	8.50% for 2020, decreasing 0.50% per year to an ultimate rate of 5.00% for 2027 and later years	4.75% for 2020, decreasing 0.25% per year to an ultimate rate of 3.00% for 2027 and later years
2018	RPH-2017 Total Dataset Mortality Table fully generational using scale MP-2017	RPH-2017 Disabled Mortality Table fully generational using scale MP-2017	N/A	9.00% for 2019, decreasing 0.50% per year to an ultimate rate of 5.00% for 2027 and later years	5.00% for 2019, decreasing 0.25% per year to an ultimate rate of 3.00% for 2027 and later years

**Changes in Plan Provisions:** There has been one substantive plan provision change since the last full valuation, which was for the fiscal year ending June 30, 2022. The eligibility requirements for disabled members were updated to match the eligibility requirements for all other retirees. Making this change caused a slight decrease in liabilities.





The University of Southern Indiana's Equal Opportunity and Non-Discrimination Policy prohibits all forms of unlawful Discrimination and related Harassment toward any University community member on the basis of race, color, religion, sex, pregnancy or marital status, parental status, national origin or ancestry, age (40 and older), disability, genetic information, sexual orientation, gender identity, gender expression, veteran status or any other category protected by law or identified by the University as a protected class. Compliance with this Policy is a term and condition of a person's employment, membership, or affiliation with the University of Southern Indiana. Questions or concerns should be directed to the Institutional Equity Office, University of Southern Indiana, 8600 University Boulevard, Evansville, Indiana 47712.

The Disabled Student Services program is provided to help students overcome or compensate for obstacles related to a physical, emotional, or learning disability. Resources include a reader/taping service, test accommodations service, tutors, sign language interpreter service, notetaker supplies, literature and personal assistance. Program staff work with all offices to insure that reasonable and appropriate accommodations are provided to students with disabilities. A detailed brochure is available from Counseling and Psychological Services. Students requesting services must register with the Disabled Student Services program in Counseling and Psychological Services at least 60 days prior to date needed.





UNIVERSITY OF  
**SOUTHERN**  
**INDIANA**<sup>®</sup>

8600 University Boulevard  
Evansville, Indiana 47712