ANNUAL FINANCIAL REPORT

INDIANA UNIVERSITY

2021-2022

Science and Engineering Lab Building, (SELB)
IUPUI Campus

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Indiana University Annual Financial Report 2021-2022

MESSAGE FROM THE PRESIDENT

Pamela Whitten,
President,
Indiana University

The Honorable Eric J. Holcomb
Governor, State of Indiana
State House, Room 206
200 West Washington Street
Indianapolis, IN 46204

Dear Governor Holcomb:

On behalf of the Trustees of Indiana University, I am pleased to present to you IU's 2021-22 Financial Report.

As the report illustrates, IU's financial position is strong. We continue to hold the highest credit ratings available from both S&P Global and Moody's Investors Service. In addition, we continue to take measures to reduce costs, to become more efficient, and to ensure that we are using our state funds and tuition revenues as wisely as possible. This year, in fact, we made $70 million in permanent budget cuts to bring our operating revenue and expense trends back into alignment. We are deeply grateful for the support we receive from state appropriations, donor contributions, grants, contracts, and tuition and fees, and we are committed to achieving the best return on all of those investments.

In the years to come, Indiana University's success will be measured by its impact in three critical, interconnected areas: ensuring the success of all students; fostering transformational, innovative research and creative activity; and building on our teaching and research missions in ways that improve the lives of the people of Indiana and beyond. We are working to ensure the long-term success of all students by providing the highest quality of education through a rich and engaging environment. We are working to strengthen our research enterprise through a focus on high-impact research and creative activity that improves the lives of people in Indiana and beyond. We are currently engaged in creating 2022-2030 strategic plans for our campuses around these three areas of focus. Among other objectives, we intend to increase the number of career pathways into teaching jobs, particularly from our regional campuses, to help address Indiana's teacher shortage. We are also strengthening alignment with initiatives targeted by the Indiana Economic Development Corporation, especially in biosciences, artificial intelligence/machine learning, battery technology, cybersecurity, and microelectronics. And we will continue to grow investment in the life and health sciences, sectors that already heavily rely on IU to sustain and grow their commercial ecosystems.

Our focus with regard to our facilities in the coming years will be on renovation projects to provide students and faculty the best opportunities for cutting-edge teaching, learning, and research via renovations of classrooms, labs, student-focused spaces, and related facilities and infrastructure. Updates to these facilities are necessary to support academic and research programs in reaching their full potential and continuing to drive innovation and discovery in the arts, science, technology, public health, nursing, neuroscience, and more.

In short, IU's investment focus in the years ahead will be on people.

A DIVERSE, ACADEMICALLY TALENTED COMMUNITY OF STUDENTS

Given that IU's top priority is serving its students, that focus begins with them.

At the start of the 2022-23 academic year, more than 90,000 students are enrolled across all IU campuses. Among these students are a total of nearly 25,000 students of color, who comprise more than 30 percent of degree-seeking students. For the second consecutive year, we have seen an increase in international student enrollment, with over 7,400 students from 167 countries joining us on our campuses.

Indiana University continues to educate more Indiana residents than any other college or university in the state. Nearly two-thirds of the 90,065 students enrolled on IU campuses this fall are Indiana residents. These 59,053 Hoosier students are, by far, the largest total of Indiana residents enrolled at any college or university.

AN AFFORDABLE, ACCESSIBLE, STUDENT-CENTERED UNIVERSITY

We are already implementing a number of programs and initiatives to serve our students more effectively and enhance their experience at IU.

Students have the best chance for success when their education is affordable and accessible. We have kept an IU education affordable with tuition increases at historically low levels. Net in-state undergraduate tuition at IU Bloomington is the third lowest in the Big 10. IUPUI and the regional campuses also remain highly affordable compared to their peers. Tuition rates on IU's regional campuses are the lowest among four-year public universities in the state.

We have also increased IU undergraduate gift aid by 56 percent to $235 million over eight years to keep an IU degree affordable. More broadly, 64 percent of IU degree-seeking undergraduates received gift aid in 2021–22 from federal, state, institutional, or private sources, up from 62 percent eight years prior.

Thanks, in part, to IU's groundbreaking student financial wellness and education programs, annual student loan borrowing has dropped by $155 million, or 23 percent, since 2011-12.

In the spring of this year, we also established an Academic Tuition and Fees Task Force designed to develop recommendations to simplify the process of setting undergraduate tuition and fees, to ensure more transparency for students around the rates, and to find ways to minimize overall costs of attendance for students. The task force is working to develop a student-centric process to help inform tuition and fee changes for adoption in June of next year.

IU Bloomington recently took a number of actions to improve conditions for student academic appointees, graduate students who hold part-time teaching or research appointments. We increased minimum stipend pay such that IU Bloomington moves from the bottom of Big Ten universities in average graduate stipends to the top half. We have provided relief from existing graduate student mandatory fees and waived the international student fee. And we have taken steps to improve graduate student health and wellness offerings, to strengthen and improve transparency in the grievance process, and to establish a new graduate student advisory committee to foster communication with campus leadership.

The university's highly successful IU Online program continues to grow, with a record total of 8,353 students enrolled in online programs. IU Online now offers 220 degree and certificate programs -- 16 more than last academic year -- all taught and developed by IU faculty. Forty-two of these programs are offered through a collaboration between multiple IU campuses. Credit hours from online courses represent 20 percent of all credit hours at IU, with half of all IU students taking one or more online classes. We have also appointed an IU Online Task Force to examine how our online program can more effectively serve our students and how we can best support our faculty who teach online.

ADVANCING GLOBAL EXCELLENCE AND SOCIETAL IMPACT IN RESEARCH, SCHOLARSHIP, AND CREATIVE ACTIVITY

IU's outstanding faculty and students are engaged in a wide range of research, scholarship, and creative activity that results in the generation of innovative new ideas, new intellectual works, and discoveries that cure disease, protect our environment, help secure our nation, grow the economy, and advance art and culture in our communities.

IU faculty have had great success in competing for sponsored awards, which speaks to the quality of our faculty and their work. IU received $732,271,190 in sponsored funding in fiscal year 2022 to support research, instruction, and service. This total includes $520,734,978 in research support, a six percent increase over the prior year due to large gains in funding for the IU School of Medicine. The IU School of Medicine received $361,207,508; IU Bloomington received $113,413,212; and IUPUI received $36,891,026 in research funding for fiscal year 2022. IU's other campuses received a combined $483,891 in research funding, and central university administration units received $8,739,341. Over the past five years, IU has attracted more than $3.5 billion in sponsored funding for research, teaching, and service activities. This total does not include philanthropic support from individuals or additional federal support received through the federal Higher Education Emergency Relief Fund, for which all of us at IU are enormously grateful.

The IU School of Medicine, the largest in the nation in terms of enrollment, currently ranks 14th among public schools of medicine in the nation in terms of the amount of funding it receives from the National Institutes of Health, the leading source of federal funding for biomedical research. We recently announced that it is our goal for it to move into the top 10 in this regard in the next five years.

IU also makes a major cultural impact on the state through its longstanding tradition of excellence in the arts. Outstanding faculty members have established IU's fine and performing arts programs as among the best in the world, and IU's museums, galleries, and performance spaces draw not only students, but citizens from around the region to view high quality exhibitions, collections, and performances.

STRENGTHENING THE QUALITY OF LIFE FOR ALL HOOSIERS

As one of the nation's leading public research universities, enhancing the quality of life for all residents of Indiana, including advancing the state's economic and cultural development and strengthening our commitment to Hoosier health, is an important part of IU's mission.

We are committed to producing the workforce that the state needs to propel ahead. IU educates and graduates more doctors, nurses, teachers, and dozens of other vital professionals than any other university in the state, at a time when many of these fields are seeing labor demand increase. We attract talented students from around the country and the world due to the excellence of our degree programs, many of whom stay in Indiana and enter the workforce, and many of whom start new businesses.

Our Indianapolis campus has nearly limitless potential to make an even greater impact in the region and the state in the years ahead. We recently announced a plan to transform the IUPUI campus into separate academic organizations in which IU and Purdue will each govern their own programs. We are building on IUPUI's more than 50 years of accomplishment to propel us into becoming one of the nation's leading urban research universities. In the coming decades at Indiana University-Indianapolis, you can expect to see an acceleration of innovative degrees and solutions that prepare all students for rewarding careers and fulfilling lives. You can expect to see an even stronger research enterprise that drives economic growth and attracts top faculty and students. And you can expect to see an increased culture of innovation and entrepreneurship that integrates the campus ever more closely with the vibrant city of Indianapolis.

IU is also helping to advance the Regional Economic Acceleration and Development Initiative (READI), the state's signature economic development initiative, in a number of ways, including partnering in the new Uplands Science and Technology Foundation, which is dedicated to enhancing the vitality of the WestGate@Crane Technology Park.

Innovation commercialization is one of the many ways that IU's research enterprise benefits the state. The IU Innovation and Commercialization Office works closely with faculty, industry, and the entrepreneurial community in Indiana to take IU innovations to market. In fiscal year 2022, IU received 149 new invention disclosures, filed 293 new patent applications and had 129 patents issued, generating four new startups and $11.9 million in revenue.

And IU is steadfastly committed to helping to improve Hoosier health, including through its partnership with IU Health. We are partners in the new Regional Academic Health Center in Bloomington and in the planned new clinical, education, and research campus in Indianapolis. Both of these new academic health centers will help to transform the way healthcare is delivered in the state. They will also help to produce more graduates in these vital professions, while at the same time attracting new investment and enhancing research and economic development.

As IU engages in strategic planning for the future, all of us remain dedicated to fulfilling IU's core missions of education and research and to contributing to the growth, prosperity, and security of the Hoosier state.

Yours sincerely,

Pamela Whitten

Pamela Whitten
President

Blooming trees in spring
IU South Bend Campus

MESSAGE FROM THE EXECUTIVE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

Dwayne Pinkney,
Executve Vice President for
Finance and Administration

Dear President Whitten and the Trustees of Indiana University:

I am pleased to present to you the Indiana University Financial Report for the fiscal year ended June 30, 2022. The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) principles. The accompanying notes and the Management's Discussion and Analysis are integral parts of the financial statements.

The statements are intended to provide a summary of the flow of the economic resources of the university during the fiscal year covering the period of July 1, 2021, through June 30, 2022. The statements report the university's financial position at June 30, 2022, with comparative data from the previous fiscal year. In addition, financial results of the discretely presented component units are incorporated in the 2021-2022 financial report.

The financial statements have been audited by Plante Moran and their opinion on the financial statements appears after this letter.

The Indiana University Financial Report is a consolidated report incorporating all seven campuses for which Indiana University has fiscal responsibility and also includes all auxiliary operations. The information presented in the Management's Discussion and Analysis section of the financial report includes indicators that assess Indiana University's fiscal health. Overall, these indicators show that Indiana University continues to have a strong balance sheet reflecting sound and careful fiscal management across the institution.

For the fiscal year ending June 30, 2022, the institution had an increase in net position of $451,332,000, or 10%, over the prior year. This positive financial performance was achieved while focusing on affordability. Resident undergraduate tuition increased by 1.00% for Bloomington, IUPUI, and IU School of Medicine for the 2021-2022 academic year. Regional campus tuition increased by 1.45% for the same period. Complementing these moderate tuition increases was continued financial support for our students with $574,470,000 provided in financial aid.

Affordability is also maintained through the continued financial support of donors and the state, combined with the fiscal stewardship of those across the university. This has allowed us to continue to invest in the programs and facilities required to educate and prepare students to contribute to the state, the nation, and the world. In fiscal year 2022, state support for university operations was $592,635,000, while state support for capital projects was $19,481,000. Simultaneously, donor support brought into the university was $702,680,000.

Indiana University is one of seven public universities that hold an Aaa long-term credit rating from Moody's Investor Services, as well as an AAA rating from Standard and Poor's. These ratings reflect not only IU's strong financial performance and focus on high standards and fiscal management, but also the effective governance of senior leadership and the Board of Trustees. These ratings also reflect the quality of our academic programs, our ability to plan for the future, and our continued focus on efficiency and affordability.

On behalf of all those responsible for the fiscal stewardship of Indiana University's resources, I submit the Indiana University Financial Report for the fiscal year ending June 30, 2022.

Dwayne Pinkney

Dwayne Pinkney
Executive Vice President for
Finance and Administration

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Independent Auditor's Report

To the Board of Trustees
Indiana University

Report on the Audits of the Financial Statements

Opinions

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

In our opinion, based on our audits and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and aggregate discretely presented component units of the University as of June 30, 2022 and 2021 and the changes in its 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 discretely presented component units, which represents all the assets, net position, and revenue of the discretely presented component units. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits 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 Audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The discretely presented component units were not audited under *Government Auditing Standards.*

Emphasis of Matter

As described in Note 1 to the financial statements, the University adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of July 1, 2019. Our opinion is not modified with respect to this matter.

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.

To the Board of Trustees
Indiana University

Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS and *Government Auditing Standards* 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 audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 financial report. The other information comprises the message from the president, message from the executive vice president for finance and administration, trustees and administrative officers of Indiana University, and additional information (as identified in the table of contents) 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 on them.

To the Board of Trustees
Indiana University

In connection with our audits 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 whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Indiana 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 Indiana University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 28, 2022

Introduction

The following discussion and analysis provides an overview of the consolidated financial position and activities of Indiana University ("university" or IU) for the fiscal year ended June 30, 2022, with selected comparative information for the fiscal years ended June 30, 2021 and 2020. This discussion has been prepared by management and should be read in conjunction with the consolidated financial statements and accompanying notes to the financial statements included in this Annual Financial Report.

Indiana University was founded in 1820 and is one of the largest state-supported universities in the United States. The university is a major multi-campus public research institution, grounded in the liberal arts and sciences, and a world-class leader in professional, medical, and technological education. IU's mission is to provide broad access to undergraduate and graduate education for students throughout Indiana, the United States, and the world, as well as outstanding academic and cultural programs and student services. The university seeks to create dynamic partnerships with the state and local communities in economic, social, and cultural development and to offer leadership in creative solutions for 21st century problems. The university strives to achieve full diversity and to maintain friendly, collegial, and humane environment with a strong commitment to academic freedom.

The university's Annual Financial Report includes three financial statements: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. The university's financial statements, related notes to the financial statements, and required supplementary information, including management's discussion and analysis have been prepared in accordance with Governmental Accounting Standards Board (GASB) principles. GASB required supplementary information is not audited and should be read in conjunction with the financial statements and notes to the financial statements. The university's financial statements also contain the following component units.

The Indiana University Foundation (IU Foundation) is organized as a not-for-profit corporation under the laws of the State of Indiana for the exclusive purpose of supporting the university by receiving, holding, investing, and administering property and making expenditures to or for the benefit of the university. As a tax-exempt organization that would be misleading to exclude, the IU Foundation is considered a component unit of the university, which requires discrete presentation.

The James Whitcomb Riley Memorial Association, Inc., d/b/a Riley Children's Endowment (Riley) is organized as a not-for-profit corporation under the laws of the State of Indiana to fund and support the Riley Hospital for Children, to fund medical research dedicated to the treatment and care of disabled or sick children in conjunction with the Riley Hospital, and to secure and maintain endowment funds to benefit children and other initiatives. The university has the ability to appoint the voting majority of Riley's board of directors and to remove appointed directors of Riley's board at will. As a result, Riley is considered a component unit of the university, which requires discrete presentation.

The IU Medical Group Foundation, Inc. (IUMG) is organized as a not-for-profit corporation under the laws of the State of Indiana to acquire, manage, and distribute funds for the benefit of the Indiana University School of Medicine and Indiana University Health Care Associates. The university has the ability to appoint the voting majority of IUMG's board of directors, and there is a financial benefit relationship from IUMG. As a result, IUMG is considered a component unit of the university, which requires discrete presentation.

The Regenstrief Institute, Inc. ("Institute") is organized as a not-for-profit corporation under the laws of the State of Indiana to integrate research discovery, technological advances, and systems improvement into the practice of medicine. The university has the ability to appoint the voting majority of the Institute's board of directors and to remove appointed directors of the Institute's board at will. As a result, the Institute is considered a component unit of the university, which requires discrete presentation.

The Indiana University Building Corporation (IUBC) serves specific purposes on behalf of the university and is shown in a blended presentation with the university's financial statements. The sole purpose of IUBC is to assist the university in the financing and development of university facilities by owning and leasing such facilities to the university on a lease-purchase basis.

About the Financial Statements

The **Statement of Net Position** is the university's balance sheet. The statement presents the university's financial position by reporting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the fiscal year, with comparative information for the prior fiscal year. Net position is the residual value of the university's assets and deferred outflows of resources, after liabilities and deferred inflows of resources are deducted, and is one indicator of the financial condition of the university.

The **Statement of Revenues, Expenses, and Changes in Net Position** is the university's income statement. The statement presents the total revenues recognized and expenses incurred by the university during the fiscal year, along with the increase or decrease in net position with comparative information for the prior fiscal year. This statement depicts the university's revenue streams, along with the categories of expenses supported by that revenue. Changes in net position are an indication of improvement or decline in the university's overall financial condition.

The **Statement of Cash Flows** provides additional information about the university's financial results by presenting detailed information about cash inflows and outflows during the fiscal year, with comparative information for the prior fiscal year. The statement reports the major sources and uses of cash and is useful in the assessment of the university's ability to generate future net cash flows and to meet obligations as they come due.

The university adopted GASB Statement No. 87, *Leases*, during fiscal year ending June 30, 2022. The provisions of this Statement are effective for reporting periods beginning after December 15, 2020, and should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. All prior periods presented in the financial statements and accompanying notes to the financial statements that were impacted by this Statement have been restated. The university reported a $927,000 decrease in net position as of June 30, 2020, due to GASB 87. The impact to the earliest period presented in the Management's Discussion & Analysis is July 1, 2019, in which there was no impact to net position. See Note 1, Organization and Summary of Significant Accounting Policies for additional information.

Statement of Net Position

A comparison of the university's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2022, 2021, and 2020, is summarized as follows:

Condensed Statement of Net Position
(in thousands of dollars)

	June 30, 2022	*June 30, 2021 (as restated)*	*June 30, 2020 (as restated)*
Current assets	$ 743,515	$ 602,970	$ 713,891
Capital assets, net	3,783,924	3,782,215	3,630,830
Other assets	2,395,138	2,200,171	1,853,987
Total assets	**6,922,577**	**6,585,356**	**6,198,708**
Deferred outflows of resources	**79,869**	**79,318**	**80,225**
Current liabilities	536,535	505,524	469,551
Noncurrent liabilities	1,366,483	1,555,998	1,672,079
Total liabilities	**1,903,018**	**2,061,522**	**2,141,630**
Deferred inflows of resources	**119,385**	**74,441**	**52,192**
Net investment in capital assets	2,580,502	2,542,568	2,486,736
Restricted net position	928,679	505,674	480,317
Unrestricted net position	1,470,862	1,480,469	1,118,058
Total net position	**$ 4,980,043**	**$ 4,528,711**	**$ 4,085,111**

Assets

Current Assets

Current assets include those that are used to support current operations and consist primarily of cash and cash equivalents, current net receivables, and short-term investments. Cash balances support commitments to strategic initiatives, employee benefit and retirement costs, self-liquidity requirements, and ongoing operational needs. The overall fluctuations in current assets are primarily a function of the university's revenue and expense cycles, along with investment activities.

Current assets increased $140,545,000, or 23%, and decreased $110,921,000, or 16%, in 2022 and 2021, respectively. The increase in 2022 was primarily attributable to an increase in short-term investments of $172,983,000. This was partially offset by a decrease in net receivables of $24,704,000. The increase in short-term investments was driven by gifts received from IU Health and IU Foundation, as well as changes to the operating fund portfolio mix between short and long-term investments. The decrease in net receivables in 2022 resulted from the timing of receivables realization, specifically related to reduced Higher Education Emergency Relief Fund (HEERF) funding.

The decrease in 2021 was primarily attributable to a decrease in cash and cash equivalents of $105,469,000 and short-term investments of $9,043,000. This was partially offset by an increase in net receivables of $6,582,000. The decrease in cash and cash equivalents was driven primarily by a decrease in funds used for construction activities. The decrease was also a result of the investment of $145,000,000 cash that was received in the prior fiscal year as a gift for the construction of a new academic and medical center in Indianapolis. The decreases were offset by reclassifying restricted cash and cash equivalents from current to noncurrent assets. The decrease in short-term investments in 2021 was due primarily to construction spend and changes to the operating fund portfolio mix between short and long-term investments.

Noncurrent Assets

Major components of noncurrent assets are endowments, operating investments, and capital assets, net of accumulated depreciation. Noncurrent assets increased $196,676,000, or 3%, and increased $497,569,000, or 9%, in 2022 and 2021, respectively. The increase in 2022 was primarily attributable to an increase in long-term investments of $233,703,000, partially offset by a decrease in restricted cash and cash equivalents of $31,367,000. The increase in long-term investments was primarily due to the investment of a $416,000,000 gift from IU Health to further its mission and work in the community and across the State of Indiana, offset by a decrease in long-term investments market value. The increase in 2021 was primarily attributable to an increase in long-term investments of $482,959,000 and capital assets of $151,385,000. The increase in long-term investments was primarily due to record stock market performance and the investment of the $145,000,000 gift received in 2020 for building IU School of Medicine Medical Education Building, a new academic and medical center in Indianapolis. This was offset by a decrease in restricted cash and cash equivalents of $141,674,000.

Capital Assets

The university's investment in capital assets, net of depreciation, which includes land, art and museum objects, infrastructure, equipment, buildings, and leased assets grew $1,709,000 and $151,385,000 in 2022 and 2021, respectively. Additions to capital assets are comprised of new construction and renovations, as well as major investments in equipment and information technology. Funding for capital assets consists of use of capital appropriations, gifts designated for capital purposes, and debt proceeds (See Note 6, Capital Assets).

The university continues to focus on reinvesting in existing facilities through renovations and upgrades as needed to support academic programming and research. Utilization of these facilities provides students, faculty, and staff with new learning and research spaces via fiscally responsible methods that encourage efficient management and reuse of existing space, as well as new construction when appropriate.

Much of the university's deferred maintenance totaling over $1 billion has been addressed through an intensive institutional commitment over the past decade. Long-term management of repair and rehabilitation projects must continue to ensure safe, effective, and efficient learning and work environments for students, faculty, and staff in the years to come. Funded by the State's formula repair and rehabilitation appropriation and IU student fees, Indiana University continues to address interior and exterior repairs or replacements.

Total capitalized costs as of fiscal year 2022, related to significant projects completed, as listed below, were $57,348,000,

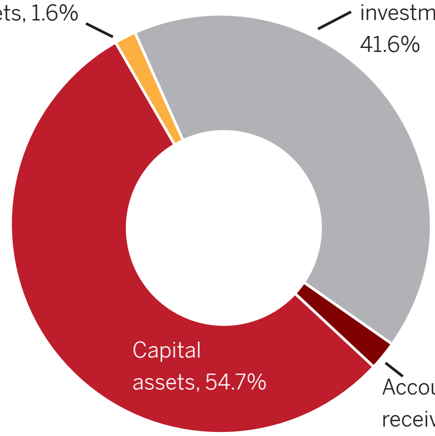
The Luddy Center for Artificial Intelligence opened in fall 2021 on the Bloomington campus. This new facility, which also includes a parking structure, features state-of-the-art teaching and learning spaces dedicated to faculty and students conducting pioneering research into artificial intelligence and machine learning. The center draws upon the strength of researchers at the Luddy School of Informatics, Computing and Engineering, as well as collaborators from IU's extensive range of health and life science schools, departments, and programs. This project was funded by consolidated revenue bonds issued in a prior year.

Also in Bloomington, the Eskenazi School of Art, Architecture + Design Mies van der Rohe Building opened in fall 2021. This new facility was based on a 1952 architectural design by internationally renowned modernist architect, Ludwig Mies van der Rohe. This inspiring and iconic facility serves as a home for the Eskenazi School of Art, Architecture + Design. This project was funded by a private gift.

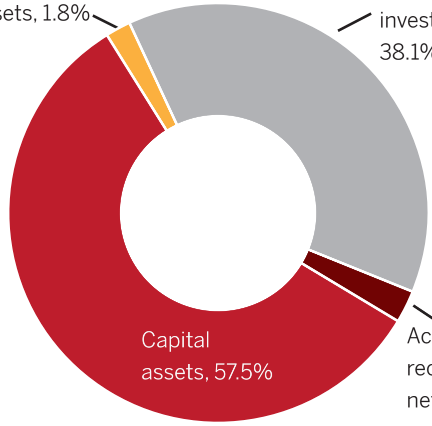
On the IUPUI campus, renovations of Ball Residence Hall, which first opened in 1928 as housing for nursing students, brought this facility up to modern standards while retaining its historic charm. Efforts were made to retain historic features of the facility; including the preservation of a basketball court and reuse of original doors, marble, and wood trim. Following installation of air conditioning and new electrical, plumbing, and fire protection systems, as well as restroom and accessibility updates; the 325-bed facility reopened for fall 2021 and welcomed students in all majors. This project was funded by campus housing funds.

The following table and charts represent the composition of total assets as of June 30, 2022 and June 30, 2021, as restated:

Total Assets
June 30, 2022



Total Assets
June 30, 2021, (as restated)



Total Assets
(in thousands of dollars)

		June 30, 2022			*June 30, 2021 (as restated)*	
Cash and investments	$	2,881,910	41.6%	$	2,512,268	38.1%
Accounts receivable, net		147,352	2.1%		172,056	2.6%
Capital assets, net		3,783,924	54.7%		3,782,215	57.5%
Other assets		109,391	1.6%		118,817	1.8%
Total assets	**$**	**6,922,577**	**100.0%**	**$**	**6,585,356**	**100.0%**

Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred outflows represent the consumption of net position applicable to a future reporting period and will not be recognized as expenses or expenditures until then. Certain changes in resources related to the net pension liability (see Note 12, Retirement Plans) and the OPEB liability (see Note 13, Postemployment Benefits) are reported as deferred outflows of resources. The amounts recorded also include accumulated deferred charges on refundings of capital debt.

Deferred outflows increased $551,000, or 1%, and decreased $907,000, or 1%, in 2022 and 2021, respectively.

Liabilities

Current Liabilities

Current liabilities are those expected to become due and are payable over the course of the next fiscal year. Current liabilities consist of accounts payable, accrued compensation, compensated absences, unearned revenue, current portion of long-term debt and other obligations, and current portion of total other postemployment benefits obligations.

Current liabilities increased $31,011,000, or 6%, and $35,973,000, or 8%, in 2022 and 2021, respectively. The increase in 2022 was primarily attributable to an increase in unearned revenue of $16,129,000, and current portion of long-term debt and other obligations of $13,457,000. The unearned revenue increase was driven by auxiliary activity resuming to normal operations after the pandemic. The increase in current portion of long-term debt and other obligations was due to an increase in commercial paper notes outstanding.

The increase in 2021 was primarily attributable to increases in accounts payable and accrued liabilities of $29,983,000, and current portion of long-term debt and other obligations of $26,261,000. These were partially offset by decreases in unearned revenue of $16,716,000 and current portion of total other postemployment benefit obligations of $3,555,000. The accounts payable and accrued liabilities increase was driven primarily by the CARES Act Social Security employer tax deferral, which allowed employers to defer payment of the employer portion of Social Security taxes with the first installment due December 31, 2021. The increase in the current portion of long-term debt and other obligations was primarily driven by an increase in commercial paper notes outstanding. Additionally, the adoption of GASB 87 resulted in an increase to the current portion of long-term debt and other obligations. The decrease in the current portion of unearned revenue was primarily related to utilization of HEERF funds received in the prior year.

Noncurrent Liabilities

Noncurrent liabilities decreased $189,515,000, or 12%, and decreased $116,081,000, or 7%, in 2022 and 2021, respectively. The decrease in 2022 was primarily attributable to a decrease in long-term debt and other obligations of $115,424,000 due to principal payments and a decrease in the long-term portion of the CARES Act Social Security employer tax deferral from the prior year (see Debt and Financing Activity section below for additional information). In addition, net pension liability decreased $33,479,000 as a result of high market returns during the applicable reporting period. Total postemployment benefits liability also decreased by $27,288,000.

The decrease in 2021 was primarily attributable to a decrease in long-term debt and other obligations of $83,011,000 due to principal payments. The decrease in other long-term liabilities was primarily due to a decrease in accrued vacation and sick, which was partially offset by an increase in the long-term portion of the CARES Act Social Security employer tax deferral from the prior year. In addition, total other postemployment benefit obligations decreased by $16,536,000.

Debt and Financing Activity

Institutional borrowing capacity is a valuable resource that is actively managed in support of the institutional mission. Total bonds, notes, and lease obligations were $1,228,217,000 and $1,297,599,000 at June 30, 2022, and 2021, respectively (see Note 8, Other Liabilities).

The university had debt and financing activity related to bonds and notes occur within fiscal year ended June 30, 2022 (see Note 9, Bonds and Notes Payable and Other Obligations). Additionally, the university has an unused operating line of credit in the amount of $200,000,000.

Commercial paper notes are issued by the university to provide for the temporary financing or refinancing of costs related to certain facilities on all the IU campuses, including costs of issuance of the notes. The university has no credit facilities and no lines or letters of credit for repayment of commercial paper. The university has a self-liquidity backed commercial paper program that guarantees the payment of the maturity amount of any commercial paper notes that are not placed to investors. The university will not cause commercial paper maturities in an aggregate principal amount exceeding $25,000,000 to mature in any five-business-day period.

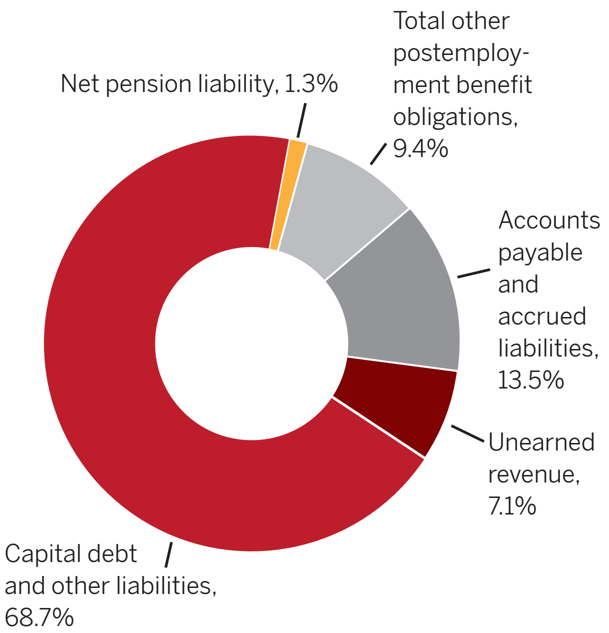
On August 4, 2021, Moody's Investors Service, in conjunction with its release of an updated higher education methodology, reaffirmed the university's underlying rating on all student fee bonds, consolidated revenue bonds, lease-purchase obligations, and certificates of participation as 'Aaa'. The university's commercial paper program carries a rating of P-1 from Moody's, which was reaffirmed on May 27, 2020. The university's outlook under Moody's Investors Service is stable. On June 10, 2022, S&P Global Ratings reaffirmed the university's long-term rating and underlying rating on all student fee bonds, consolidated revenue bonds, certificates of participation, and lease-purchase obligations issued by the university as 'AAA' and rated the university's commercial paper program as A-1+. The university's outlook under S&P Global Ratings is stable.

The following table and charts represent the composition of total liabilities as of June 30, 2022 and June 30, 2021:

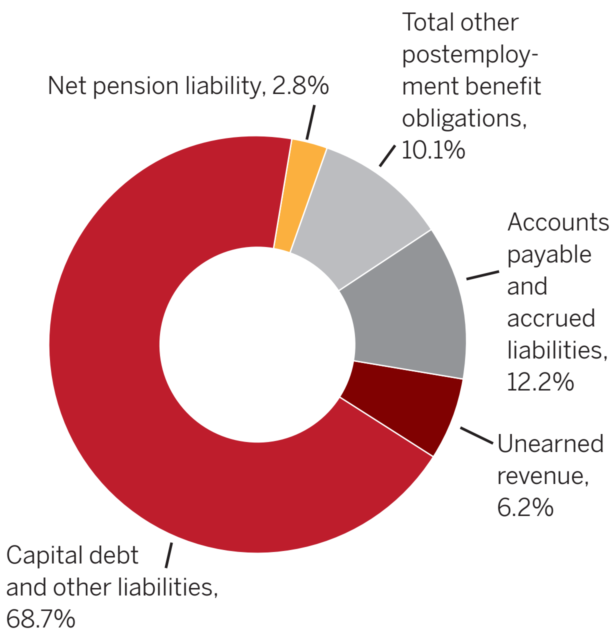
Total Liabilities
(in thousands of dollars)

	June 30, 2022		June 30, 2021 (as restated)	
Accounts payable and accrued liabilities	$ 256,406	13.5%	$ 252,165	12.2%
Unearned revenue	135,236	7.1%	127,000	6.2%
Capital debt and other liabilities	1,307,567	68.7%	1,414,965	68.7%
Net pension liability	24,801	1.3%	58,280	2.8%
Total other postemployment benefit obligations	179,008	9.4%	209,112	10.1%
Total liabilities	**$ 1,903,018**	**100.0%**	**$ 2,061,522**	**100.0%**

Total Liabilities
June 30, 2022



Total Liabilities
June 30, 2021 (as restated)



Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred inflows represent an acquisition of net position applicable to a future reporting period and will not be recognized as revenue until then. The amounts recorded are related to lease receivable under GASB 87 (see Note 5, Lease Receivable), the net pension liability (see Note 12, Retirement Plans), and the OPEB liability (see Note 13, Postemployment Benefits).

Deferred inflows increased $44,944,000, or 60%, and $22,249,000, or 43%, in 2022 and 2021, respectively. Changes in deferred inflows are related to the difference between projected and actual earnings on pension plan and OPEB investments, changes in actuarial assumptions, and changes related to lease receivable under GASB 87.

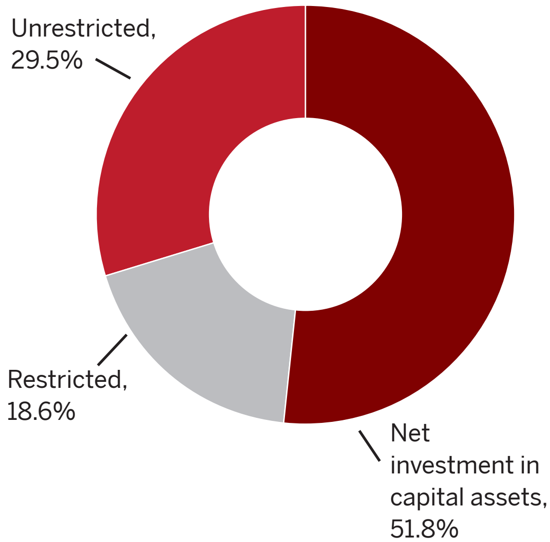
Net Position

Net position is the residual of all other elements presented in the Statement of Net Position. Net position is classified into three major categories:

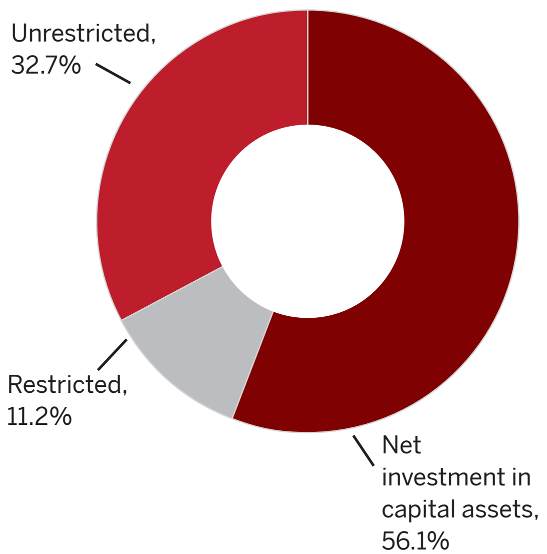
- Net investment in capital assets consists of the university's investment in capital assets, such as equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt.
- Restricted net position consists of amounts subject to externally imposed restrictions governing usage and is divided into two sub-categories:
  - -Restricted non-expendable funds are subject to externally imposed stipulations that they be retained in perpetuity. These balances represent the corpus (historical value) of the university's permanent endowment funds.
  - -Restricted expendable funds are available for expenditure by the university but must be spent according to restrictions imposed by third parties.
- Unrestricted net position includes amounts institutionally designated or committed to support specific purposes.

The following table and charts represent the composition of net position as of June 30, 2022 and 2021:

Net Position
June 30, 2022



Net Position
June 30, 2021 (as restated)



Net Position
(in thousands of dollars)

	June 30, 2022		*June 30, 2021 (as restated)*	
Net investment in capital assets	$ 2,580,502	51.8%	$ 2,542,568	56.1%
Restricted	928,679	18.6%	505,674	11.2%
Unrestricted	1,470,862	29.5%	1,480,469	32.7%
Total net position	**$ 4,980,043**	**100.0%**	**$ 4,528,711**	**100.0%**

School of Global and International Studies (SGIS)
IU Bloomington Campus

The university's net investment in capital assets reflects the institutional capital investment in sustaining and enhancing the university's mission and strategic plans. The net investment in capital assets increased $37,934,000, or 1%, and $55,832,000, or 2%, in 2022 and 2021, respectively. Growth in this area is managed according to the university's long-range capital plans.

Restricted net position increased $423,005,000, or 84%, and increased $25,357,000, or 5%, in 2022 and 2021, respectively. The increase in 2022 was primarily due to increased endowment funds and a $416,000,000 gift from IU Health. The increase in 2021 was primarily due to an increase in endowment funds as a result of improved investment performance.

Unrestricted net position is subject to internal designations and commitments for academic and research initiatives, capital projects, and unrestricted quasi- and term-endowment spending plans. Unrestricted net position represents resources available for ongoing operational needs and for funding ongoing obligations, as well as providing flexibility to support the university's mission in changing economic environments. Unrestricted net position decreased $9,607,000, or 1%, and increased $362,411,000, or 32%, in 2022 and 2021, respectively.

Net position increased $451,332,000, or 10%, in 2022 and increased $443,600,000, or 11%, in 2021. Net position at June 30, 2022, was $4,980,043,000.

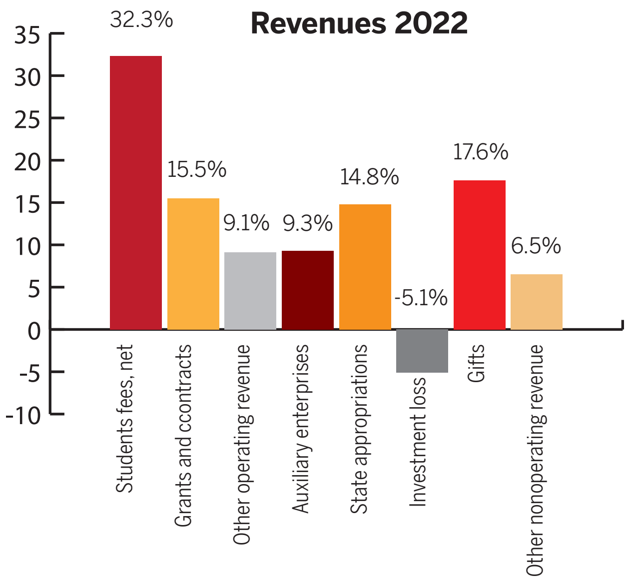
Statement of Revenues, Expenses, and Changes in Net Position

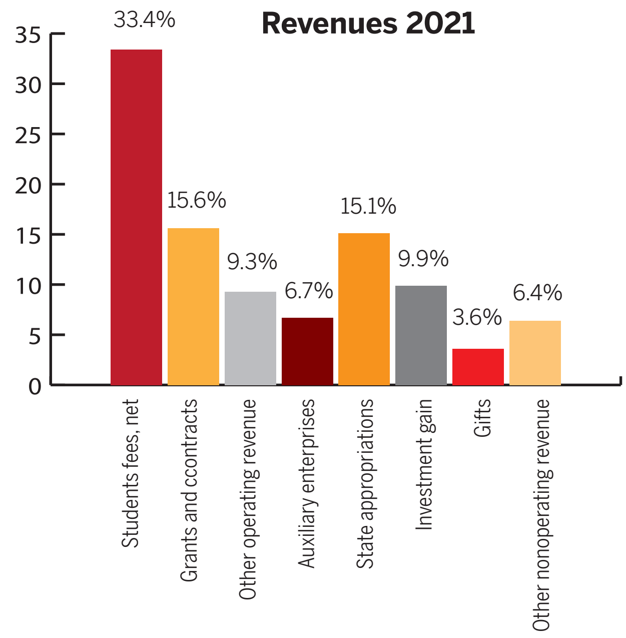
Revenues and expenses are classified as either operating or nonoperating in accordance with GASB principles for classification into these categories. Trends in the relationship between operating revenues and expenses are important indicators of financial condition. Generally, operating revenues are received for providing goods and services and include tuition and fees, grants and contracts, sales and services, and auxiliary revenues. Scholarship discounts and allowances are calculated as the difference between the stated charges for goods and services provided by the university and the amounts paid by students and/or third parties making payments on behalf of students. Nonoperating revenues include state appropriations, revenue from certain grants and contracts, gifts, and net investment income. Operating expenses are those incurred to carry out the normal operations of the university. Indiana University, as a public university, is required by GASB standards to report certain revenue sources that are an integral part of operations as nonoperating revenues.

A summarized comparison of the university's revenues, expenses, and changes in net position is presented below:

Condensed Statement of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)

	Fiscal Year Ended		
	June 30, 2022	*June 30, 2021 (as restated)*	*June 30, 2020 (as restated)*
Operating revenues	$ 2,640,092	$ 2,431,302	$ 2,523,563
Operating expenses	(3,504,209)	(3,264,684)	(3,473,275)
Total operating loss	**(864,117)**	**(833,382)**	**(949,712)**
Nonoperating revenues	1,529,213	1,272,553	999,044
Nonoperating expenses	(239,489)	(26,725)	(33,117)
Income before other revenues, expenses, gains, or losses	**425,607**	**412,446**	**16,215**
Other revenues	25,725	31,154	176,340
Increase in net position	**451,332**	**443,600**	**192,555**
Net position, beginning of year	4,528,711	4,085,111	3,892,556
Net position, end of year	**$ 4,980,043**	**$ 4,528,711**	**$ 4,085,111**





Operating revenues increased $208,790,000 or 9%, and decreased $92,261,000, or 4%, during 2022 and 2021, respectively. The university supports its operations with diverse revenue sources, of which the largest single source is student tuition and fees. Tuition and fees, net of scholarship allowances, increased $41,382,000 and $11,595,000 during 2022 and 2021, respectively. Tuition and fee revenue is affected by a combination of changes in tuition rates, enrollment, and the mix of student levels and residency. Resident undergraduate tuition increased by 1.00% for Bloomington, IUPUI, and IU School of Medicine for the 2021-2022 academic year. Regional campus tuition increased by 1.45% for the same period. Resident undergraduate tuition increased by 2.5% across all campuses for the 2020-2021 academic year. The modest increases reinforce the university's commitment to student affordability. Total operating grant and contract revenues increased $37,657,000, or 6%, and decreased $5,220,000, or 1%, during 2022 and 2021, respectively. Sales and services of education units and other revenue, including hospital and practice plan support for School of Medicine research and other initiatives, increased $8,256,000, or 2%, and decreased $30,716,000, or 8%, for 2022 and 2021, respectively. Auxiliary enterprises increased $121,495,000, or 48%, and decreased $67,920,000, or 21%, in 2022 and 2021, respectively, due primarily to the increased activity from resuming normal operations after the pandemic.

Operating expenses increased $239,525,000, or 7%, and decreased $208,591,000, or 6%, in 2022 and 2021, respectively (see Note 14, Functional Expenses). Compensation and benefits, at 63% of total operating expenses in 2022, represents the largest single university expense. Compensation and benefits expense increased $63,176,000, or 3%, and decreased $102,005,000, or 5%, in 2022 and 2021, respectively. The increase in 2022 was primarily attributable to returning to normal operations after the pandemic. The university experienced temporary declines in both personnel and compensation during 2021 due to the pandemic. University benefit plans play a significant role in attracting and retaining employees and the university has implemented initiatives in recent years to control costs without compromising the competitiveness of the benefit package. The university closely monitors benefit plan costs, trends, and benchmarks and implements changes annually to keep plan structures competitive and cost effective. The university's High Deductible Health Plan (HDHP) lowers employer premiums while providing employees with greater control over healthcare spending. Of those enrolled in the health plan, approximately 93% of employees were enrolled in a HDHP in 2022.

The combination of student financial aid expense and scholarship allowances increased $70,250,000, or 14%, and $10,556,000, or 2%, and totaled $574,470,000 and $504,220,000 in 2022 and 2021, respectively. Travel expenses increased $21,288,000, or 221%, and decreased $37,004,000, or 79%, in 2022 and 2021, respectively. The increase in 2022 was due to increased travel activities, as operations began to normalize post-pandemic. The decrease in travel expense in 2021 was primarily due to reduction in travel due to the pandemic. Supplies and general expense increased $76,730,000, or 11%, and decreased $73,083,000, or 10%, in 2022 and 2021, respectively. In addition to payment timing differences, the fluctuations in 2022 and 2021 were spread primarily across instruction, auxiliary enterprise, capital facilities, academic, and research functions.

Net nonoperating revenues increased $43,896,000, or 4%, and increased $280,860,000, or 29%, in 2022 and 2021, respectively. Investment income decreased $570,150,000, or 155%, and increased $266,033,000, or 260%, in 2022 and 2021, respectively. In 2022, the allocation to equities detracted the most from investment performance, as stocks experienced significant stress worldwide due to high inflation and increasing interest rates. IU's equity investments lost 15.4% in fiscal 2022 after a gain of 42.3% for fiscal year 2021. Interest rates rose significantly, especially in the second half of fiscal 2022, leading to declines in fixed income investment balances. IU's fixed income investments experienced approximately a 4.5% loss. Overall, IU's operating investments declined 10.1% in 2022, compared to a gain of 17.0% in 2021. This was partially offset by gift revenue, which increased by $569,412,000 in 2022. This was primarily due to a $416,000,000 gift from IU Health to further its mission and work in the community and across the State of Indiana and a $150,000,000 gift from IU Foundation. Grants, contracts, and other awards increased $26,719,000, or 13% and $51,936,000, or 34% in 2022 and 2021, respectively. The increase in both 2022 and 2021 was primarily due to Higher Education Emergency Relief Funding (HEERF). State operating appropriations are comprised of appropriations to support the primary general educational mission of the university and student fee replacement appropriations for the purpose of reimbursing a portion of the university's debt service for certain academic facilities. The State of Indiana appropriates operating funds to the state's colleges and universities on a performance-based funding model focused on key student success measures. Non-capital state appropriations increased $28,706,000, or 5%, and decreased $25,817,000, or 4%, in 2022 and 2021, respectively. The state of Indiana is the university's second largest source of funding.

Student studying at the John W. Anderson Library
IU Northwest Campus

The university recognized $19,481,000 and $21,288,000 in capital appropriations for repairs, renovations, and improvements across all campuses in 2022 and 2021, respectively. Capital appropriations and capital gifts and grants fluctuate according to the availability of capital appropriations and the timing of funding to the university according to the needs of the schools and campuses.

Statement of Cash Flows

The Statement of Cash Flows provides information about the university's financial results by reporting the major sources and uses of cash during the fiscal year. The statement assists in evaluating the university's ability to generate future net cash flows to meet its obligations as they become due and aids in analysis of the need for external financing. The statement is divided into four sections based on major activity: operating, noncapital financing, capital and related financing, and investing. A fifth section reconciles the operating income or loss on the Statement of Revenues, Expenses, and Changes in Net Position to the net cash used in operations.

A summarized comparison of the university's changes in cash and cash equivalents is presented below:

Condensed Statement of Cash Flows
(in thousands of dollars)

	Fiscal Year Ended		
	June 30, 2022	*June 30, 2021 (as restated)*	*June 30, 2020 (as restated)*
Net cash provided (used by):			
Operating activities	$ (684,300)	$ (666,439)	$ (759,792)
Noncapital financing activities	1,532,656	907,612	909,634
Capital and related financing activities	(274,894)	(382,468)	(13,236)
Investing activities	(610,506)	(105,848)	169,540
Net increase (decrease) in cash and cash equivalents (including restricted)	**(37,044)**	**(247,143)**	**306,146**
Beginning cash and cash equivalents (including restricted)	327,929	575,072	268,926
Ending cash and cash equivalents (including restricted)	**$ 290,885**	**$ 327,929**	**$ 575,072**

The university's cash and cash equivalents, including restricted cash, decreased $37,044,000 and decreased $247,143,000 in 2022 and 2021, respectively. Net cash flows from operating activities consists primarily of tuition and fees, grants and contracts, and auxiliary enterprise receipts. Payments to employees represent the largest use of cash for operations. Significant sources of nonoperating cash, as defined by GASB, include state appropriations, federal Pell grants, and private noncapital gifts used to fund operating activities. Fluctuations in capital and related financing activities reflect decisions made relative to the university's capital and financing plans. Cash flows from investing activities include the effects of shifts between cash equivalents and longer-term investments.

State Economic Outlook

As the state has emerged from the pandemic, revenue collections have continued to far outpace estimates. For instance, the state ended fiscal year 2021 with $1,222,100,000 collected in excess of estimates and ended fiscal year 2022 with $1,240,400,000 collected in excess of estimates.

As in 2021, the excess collections of 2022 were driven by corporate and individual income taxes. Each category came in at 14.6% above estimates, with corporate taxes bringing in an excess of $195,900,000 and individual income taxes bringing in an excess of $1,043,100,000. Sales tax, the third of the "Big 3" revenue sources, missed its estimate and came in $22,900,000 under target (-0.2%), while gaming taxes missed by $11,300,000 (-2.4%). These misses were offset by all other revenue sources, which came in at $35,600,000 in excess (6.2%).

Looking at 2022 collections compared to 2021 presents a stronger economic picture with robust growth in virtually every area. Year-over-year, sales tax collections increased by $918,500,000 (10.1%) and gaming revenues increased by $43,600,000 (10.7%). Corporate taxes experienced similar double-digit percentage growth, coming in at $154,400,000 (11.1%) over 2021. Individual income taxes experienced an increase of $649,600,000 (8.6%), followed by all other revenue sources with an increase of $17,200,000 (1.7%).

Strong growth and excess collections left the state with large cash reserves. Even after the 2021 surplus triggered an automatic taxpayer refund, the state ended 2022 with $6,124,700,000 in reserves. While the state typically aims for reserves equal to 11-14% of the operating budget, the 2022 surplus amount represented an unprecedented 28.6%. In the special legislative session held in July and August of 2022, another taxpayer refund of $1,000,000,000 was authorized, as well as $87,000,000 in new spending for increased pregnancy and early childhood care services. The remaining surplus still represents reserves of around 23%, leaving the state in a strong position headed into the budgeting session for fiscal years 2024 and 2025.

The Monroe County Courthouse on a summer evening
CIty of Bloomington

(In thousands of dollars)	Indiana University		Discretely Presented Component Units	
	June 30, 2022	June 30, 2021 (as restated)	June 30, 2022	June 30, 2021
Assets				
Current assets				
Cash and cash equivalents	$ 273,003	$ 278,680	$ 140,302	$ 157,401
Collateral under securities lending agreement	–	–	16,066	60,905
Accounts receivable, net	147,352	172,056	77,707	87,059
Current portion of notes receivable	11,948	12,197	–	–
Inventories	–	–	–	–
Current portion of lease receivable	1,906	1,989	–	–
Short-term investments	259,906	86,923	–	–
Other assets	49,400	51,125	344	230
Total current assets	**743,515**	**602,970**	**234,419**	**305,595**
Noncurrent assets				
Restricted cash and cash equivalents	17,882	49,249	–	–
Notes receivable	34,504	40,342	–	–
Accounts receivables, net	–	–	249,134	240,692
Lease receivable	11,633	13,164	–	–
Investments	2,331,119	2,097,416	4,282,959	4,184,055
Capital assets, net	3,783,924	3,782,215	80,123	74,093
Other assets	–	–	36,474	44,378
Total noncurrent assets	**6,179,062**	**5,982,386**	**4,648,690**	**4,543,218**
Total assets	**6,922,577**	**6,585,356**	**4,883,109**	**4,848,813**
Deferred outflows of resources	**79,869**	**79,318**	**–**	**–**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	256,406	252,165	70,986	89,190
Current portion of unearned revenue	120,179	104,050	–	–
Collateral under securities lending agreement	–	–	16,066	60,905
Current portion of long-term debt and other obligations	138,681	125,224	312	301
Current portion of total other postemployment benefit obligations	21,269	24,085	–	–
Total current liabilities	**536,535**	**505,524**	**87,364**	**150,396**
Noncurrent liabilities				
Federal loans payable	49,650	55,081	–	–
Unearned revenue	15,057	22,950	–	–
Assets held for the University and Affiliates	–	–	516,970	353,509
Long-term debt and other obligations	1,119,236	1,234,660	158,410	9,564
Net pension liability	24,801	58,280	–	–
Total other postemployment benefit obligations	157,739	185,027	–	–
Other noncurrent liabilities	–	–	43,788	44,569
Total noncurrent liabilities	**1,366,483**	**1,555,998**	**719,168**	**407,642**
Total liabilities	**1,903,018**	**2,061,522**	**806,532**	**558,038**
Deferred inflows of resources	**119,385**	**74,441**	**–**	**–**
Net Position				
Net investment in capital assets	2,580,502	2,542,568	70,872	64,529
Restricted for:				
Nonexpendable - endowments	45,464	59,811	2,369,017	2,366,509
Expendable				
Scholarships, research, instruction, and other	601,173	164,945	1,107,923	1,081,842
Loans	23,552	20,966	–	–
Capital projects	241,641	243,073	152,236	156,476
Debt service	16,849	16,879	–	–
Unrestricted	1,470,862	1,480,469	376,529	621,419
Total net position	**$ 4,980,043**	**$ 4,528,711**	**$ 4,076,577**	**$ 4,290,775**

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

(In thousands of dollars)	**Indiana University**		**Discretely Presented Component Units**	
	Fiscal Year Ended		**Fiscal Year Ended**	
	June 30, 2022	**June 30, 2021 (as restated)**	**June 30, 2022**	**June 30, 2021**
Operating revenues				
Tuition and fees (net of scholarship allowance of $332,073 in 2022 and $328,028 in 2021)	$ 1,287,134	$ 1,245,752	$ –	$ –
Federal grants and contracts	435,419	395,690	–	–
State and local grants and contracts	23,743	21,553	–	–
Nongovernmental grants and contracts	159,392	163,654	19,614	18,757
Sales, services of educational units, and other revenue	361,905	353,649	26,809	25,039
Auxiliary enterprises (net of scholarship allowance of $46,471 in 2022 and $34,100 in 2021)	372,499	251,004	–	–
Total operating revenues	**2,640,092**	**2,431,302**	**46,423**	**43,796**
Operating expenses				
Compensation and benefits	2,205,836	2,142,660	47,023	47,007
Student financial aid	242,397	176,192	59,635	60,003
Energy and utilities	80,738	70,339	396	321
Travel	30,916	9,628	2,565	912
Supplies and general expense	754,316	677,586	359,474	191,417
Depreciation and amortization expense	190,006	188,279	3,798	3,924
Total operating expenses	**3,504,209**	**3,264,684**	**472,891**	**303,584**
Total operating loss	**(864,117)**	**(833,382)**	**(426,468)**	**(259,788)**
Nonoperating revenues (expenses)				
State appropriations	592,635	563,929	–	–
Grants and contracts	233,669	206,950	–	–
Investment income (loss)	(201,918)	368,232	(72,020)	978,185
Gifts	702,680	133,268	179,958	135,177
Interest income	229	174	–	–
Interest expense	(37,571)	(26,725)	(349)	(344)
Net nonoperating revenues	**1,289,724**	**1,245,828**	**107,589**	**1,113,018**
Income (loss) before other revenues, expenses, gains, or losses	**425,607**	**412,446**	**(318,879)**	**853,230**
Capital appropriations	19,481	21,288	–	–
Capital gifts and grants	2,611	9,860	–	–
Additions to permanent endowments	3,633	6	104,681	141,802
Total other revenues	**25,725**	**31,154**	**104,681**	**141,802**
Increase in net position	**451,332**	**443,600**	**(214,198)**	**995,032**
Net position, beginning of year	4,528,711	4,086,038	4,290,775	3,295,743
Cumulative effect of change in accounting principles	–	(927)	–	–
Net position, beginning of year, as restated	4,528,711	4,085,111	4,290,775	3,295,743
Net position, end of year	**$ 4,980,043**	**$ 4,528,711**	**$ 4,076,577**	**$ 4,290,775**

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS

(In thousands of dollars)	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021 (as restated)
Cash Flows from Operating Activities		
Student fees	$ 1,288,116	$ 1,232,391
Grants and contracts	614,865	568,597
Sales and services of educational activities, and other revenue	388,049	343,178
Auxiliary enterprise charges	379,367	250,793
Payments to employees	(2,223,284)	(2,165,730)
Payments to suppliers	(895,434)	(726,207)
Student financial aid	(241,955)	(173,675)
Student loans collected	10,108	10,119
Student loans issued	(3,516)	(6,556)
Direct lending receipts	480,975	470,928
Direct lending payments	(481,591)	(470,277)
Net cash used in operating activities	**(684,300)**	**(666,439)**
Cash Flows from Noncapital Financing Activities		
State appropriations	592,635	563,929
Nonoperating grants and contracts	233,669	206,950
Gifts and grants received for other than capital purposes	706,352	136,733
Net cash provided by noncapital financing activities	**1,532,656**	**907,612**
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	19,481	21,288
Capital grants and gifts received	614	7,211
Purchase of capital assets	(189,969)	(300,148)
Proceeds from issuance of capital debt, including refunding and other long-term obligations	24,272	20,000
Interest received on lease receivable	229	177
Payments received on lease receivable	1,614	1,906
Principal payments on capital debt	(66,585)	(74,650)
Principal paid on leases	(18,590)	(18,996)
Interest paid on capital debt and leases	(45,960)	(39,256)
Net cash used in capital and related financing activities	**(274,894)**	**(382,468)**
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	2,273,498	2,035,901
Investment income	41,985	38,759
Purchase of investments	(2,925,989)	(2,180,508)
Net cash used in investing activities	**(610,506)**	**(105,848)**
Net decrease in cash and cash equivalents (including restricted)	**(37,044)**	**(247,143)**
Cash and cash equivalents (including restricted), beginning of year	327,929	575,072
Cash and cash equivalents (including restricted), end of year	**$ 290,885**	**$ 327,929**

The accompanying notes to the financial statements are an integral part of this statement.

(continued from previous page)

Reconciliation of cash and cash equivalents to the Statement of Net Position:

(In thousands of dollars)	Fiscal Year Ended	
	June 30, 2022	June 30, 2021 (as restated)
Cash and cash equivalents in current assets	$ 273,003	$ 278,680
Restricted cash and cash equivalents	17,882	49,249
Total cash and cash equivalents	**$ 290,885**	**$ 327,929**

Reconciliation of operating loss to net cash used in operating activities:

(in thousands of dollars)	Fiscal Year Ended	
	June 30, 2022	June 30, 2021 (as restated)
Operating loss	$ (864,117)	$ (833,382)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Amortization of deferred inflows lease receivable	(1,931)	(2,182)
Depreciation and amortization expense	190,006	188,279
Loss on disposal of capital assets	1,300	1,348
Changes in assets and liabilities:		
Accounts receivable	29,143	(9,695)
Other assets	1,726	2,941
Notes receivable	6,086	2,533
Accounts payable and accrued liabilities	2,300	31,905
Unearned revenue	8,238	(21,557)
Federal loans payable	(5,431)	(4,813)
Net pension liability and related deferred outflows and inflows	(12,853)	(6,594)
Postemployment benefits liability and related deferred outflows and inflows	(6,457)	(6,553)
Other noncurrent liabilities	(32,310)	(8,669)
Net cash used in operating activities	**$ (684,300)**	**$ (666,439)**

The accompanying notes to the financial statements are an integral part of this statement.

Supplemental Noncash Activities Information

The university had significant noncash activities related to right to use lease assets acquired with lease obligations of $3,636,000 and $38,510,000 during fiscal years ended June 30, 2022 and 2021, respectively.

Note 1—Organization and Summary of Significant Accounting Policies

ORGANIZATION: Indiana University (the "university") is a major public research institution with fiscal responsibility for operations on seven campuses. Core campuses are located in Bloomington and Indianapolis ("Indiana University Purdue University at Indianapolis", or "IUPUI"), and regional campuses are located in Richmond ("IU East"), Kokomo ("IU Kokomo"), Gary ("IU Northwest"), South Bend ("IU South Bend"), and New Albany ("IU Southeast"). The financial statements include the individual schools, colleges, and departments as part of the comprehensive reporting entity. The university was established by state legislative act in 1838, changing the name of its predecessor, Indiana College, to Indiana University. The university's governing body, the Trustees of Indiana University (the "trustees"), comprises nine members charged by Indiana statutes with policy and decision-making authority to carry out the programs and missions of the university. Six of the members are appointed by the Governor of Indiana, and three are elected by university alumni. The university is a state-sponsored institution and is classified as exempt from federal income tax as an integral part of the State of Indiana. Certain revenues of the university may be subject to federal income tax as unrelated business income under Internal Revenue Code Sections 511 to 514.

BASIS OF PRESENTATION: The university's fiscal year ends on June 30th. All references herein for the years 2022 and 2021 represent the fiscal year ended June 30, 2022 and 2021, respectively. The university financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The university reports on a consolidated basis with a comprehensive, entity-wide presentation of the university's assets and deferred outflows, liabilities and deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. Significant intra-university transactions are eliminated upon consolidation. The university follows all applicable GASB pronouncements. Unless otherwise specified, amounts presented within the notes to financial statements are rounded to the nearest thousands.

An intricate limestone carving at Maxwell Hall
IU Bloomington Campus

The university reports as a special-purpose government entity engaged primarily in business-type activities, as defined by GASB. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

As a component unit of the State, the university is included as a discrete entity in the State of Indiana's Annual Comprehensive Financial Report.

REPORTING ENTITY: The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 80, Blending Requirements for Certain Component Units, as well as additional requirements of GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus, provide criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and classifies reporting requirements for these organizations. Based on these criteria, the financial report includes the university and its blended and discretely presented component units.

DISCRETELY PRESENTED COMPONENT UNITS:
The Indiana University Foundation, Inc. (IU Foundation) is organized as a not-for-profit corporation under the laws of the State of Indiana for the exclusive purpose of supporting the university by receiving, holding, investing, and administering property and making expenditures to or for the benefit of the university. As a tax-exempt organization that would be misleading to exclude, the IU Foundation is considered a component unit of the university, which requires discrete presentation.

The IU Foundation is a not-for-profit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation features. No modifications have been made to the IU Foundation's financial information in the university's financial reporting to adjust for these differences. The IU Foundation distributed $316,587,000 and $160,297,000 to the university during fiscal years 2022 and 2021, respectively. Complete financial statements for the IU Foundation can be obtained from: Indiana University Foundation, Attn: Controller, 1500 N. State Road 46 Bypass, Bloomington, IN 47408.

The James Whitcomb Riley Memorial Association, Inc., d/b/a Riley Children's Endowment (Riley) is organized as a not-for-profit corporation under the laws of the State of Indiana to fund and support the Riley Hospital for Children, fund medical research dedicated to the treatment and care of disabled and sick children in conjunction with the Riley Hospital, and securing and maintaining endowment funds to benefit children and other initiatives. The university has the ability to appoint the voting majority of Riley's board of directors and to remove appointed directors of Riley's board at will. As a result, Riley is considered a component unit of the university, which requires discrete presentation.

Riley is a not-for-profit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. As such, certain asset and revenue recognition criteria and presentation features differ from GASB asset and revenue recognition criteria and presentation features. No modifications have been made to Riley's financial information in the university's financial reporting to adjust for these differences. Complete financial statements for Riley can be obtained from: 30 South Meridian Street, Suite 200, Indianapolis, IN 46204-3509.

The IU Medical Group Foundation, Inc. (IUMG) is organized as a not-for-profit corporation under the laws of the State of Indiana to acquire, manage, and distribute funds for the benefit of the Indiana University School of Medicine and Indiana University Health Care Associates. The university has the ability to appoint the voting majority of IUMG's board of directors, and there is a financial benefit relationship with IUMG. As a result, IUMG is considered a component unit of the university, which requires discrete presentation.

IUMG is a not-for-profit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. As such, certain asset and revenue recognition criteria and presentation features differ from GASB asset and revenue recognition criteria and presentation features. No modifications have been made to the IUMG's financial information in the university's financial reporting to adjust for these differences. Complete financial statements for IUMG can be obtained from: 340 W 10th St # Fs5100, Indianapolis, IN 46202.

The Regenstrief Institute, Inc. ("Institute") is organized as a not-for-profit corporation under the laws of the State of Indiana to integrate research discovery, technological advances, and systems improvement into the practice of medicine. The university has the ability to appoint the voting majority of the Institute's board of directors and to remove appointed directors of the Institute's board at will. As a result, the Institute is considered a component unit of the university, which requires discrete presentation.

The Institute is a not-for-profit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. As such, certain asset and revenue recognition criteria and presentation features differ from GASB asset and revenue recognition criteria and presentation features. No modifications have been made to the Institute's financial information in the university's financial reporting to adjust for these differences. Complete financial statements for the Institute can be obtained from: 1101 West Tenth Street, Indianapolis, IN 46202.

BLENDED COMPONENT UNITS: In September 2008, the Trustees of Indiana University directed, by resolution, that the Indiana University Building Corporation (IUBC) be formed to serve specific purposes on behalf of the university and designated that certain university administrative officers, by virtue of their titles, serve as directors and officers of IUBC. The sole purpose of IUBC is to assist the university in the financing and development of university facilities by owning and leasing such facilities to the university on a lease-purchase basis. The IUBC is reported as a blended component unit of the university and is consolidated within the university's financial statements.

CASH AND CASH EQUIVALENTS: Cash and cash equivalents includes highly liquid investments with original maturities of 90 days or less that bear little or no market risk.

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

NOTES RECEIVABLE: Notes receivable consists primarily of student loan repayments due to the university.

INVESTMENTS: Investments are stated at fair value, which represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The university values its investments using a hierarchy of valuation inputs based upon the extent to which the inputs are observable in the marketplace.

Realized and unrealized gains and losses are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

DONOR RESTRICTED ENDOWMENTS: Under Indiana law set forth in Indiana code 30-2-12, Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Board acts in a fiduciary capacity with respect to its endowment funds. UPMIFA requires that the Board exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the university and the purposes of the specific endowment regarding current expenditures and preservation of the purchasing power of the funds.

The majority of the university endowment and quasi-endowment funds are invested in the IU Foundation's Pooled Long-Term and Short-Term funds. The spending policy of the IU Foundation is to distribute 4.5%, banded for inflation, of the twelve-quarter rolling average of pooled long-term fund share values multiplied by the current number of shares held. For university endowment and quasi-endowment funds not held at IU Foundation, the university uses a spending policy that mirrors the IU Foundation spending policy.

The amounts of net appreciation on investments of donor-restricted endowments that are available for expenditure are $44,966,000 and $52,416,000 as of June 30, 2022 and 2021, respectively. These amounts are reported as restricted, expendable for scholarships, research, instruction, and other in net position.

CAPITAL ASSETS: Capital assets are recorded at cost at the date of acquisition or estimated acquisition value at the date of contribution in the case of gifts. Right to use lease assets are recorded at the present value of the minimum lease payments and are amortized over the life of the lease. The university capitalizes equipment with a cost of $5,000 or more and a useful life in excess of one year. Capital assets also include land improvements and infrastructure costing in excess of $75,000. Buildings and building renovations that increase the useful life of the building costing $75,000 or more are capitalized. Intangible assets with a cost of $500,000 or more are subject to capitalization. Art and museum objects purchased by or donated to the university are capitalized if the value is $5,000 or greater. Interest costs incurred during construction are expensed. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets, generally three to twenty years for equipment, ten years for library books, ten to forty years for infrastructure and land improvements, and fifteen to forty years for buildings and building improvements. Useful lives for capital assets are established using a combination of the American Hospital Association guidelines, Internal Revenue Service guidelines, and documented university experience. Land and capitalized art and museum collections are not depreciated.

DEFERRED OUTFLOWS OF RESOURCES: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred outflows for the university were as follows:

(dollar amounts presented in thousands)

Deferred Outflows of Resources Related to:	*June 30, 2022*	*June 30, 2021*
Accumulated deferred charges on refundings of capital debt	$ 7,370	$ 9,420
Net pension liability under GASB No. 68, *Accounting and Financial Reporting for Pensions* (see Note 12, Retirement Plans)	21,861	15,872
Total OPEB liability under GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (see Note 13, Postemployment Benefits)	50,638	54,026
Total deferred outflows of resources	**$ 79,869**	**$ 79,318**

COMPENSATED ABSENCES: Liabilities for compensated absences are recorded for vacation leave based on actual earned amounts for eligible employees who qualify for termination payments. Liabilities for sick leave are recorded for employees who are eligible for and have earned termination payments for accumulated sick days upon termination or retirement.

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. Also included are amounts received from contract and grant sponsors that have not yet been earned.

DEFERRED INFLOWS OF RESOURCES: In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources represent the acquisition of resources that are applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred inflows for the university were as follows:

(dollar amounts presented in thousands)

Deferred Inflows of Resources Related to:	*June 30, 2022*	*June 30, 2021 (as restated)*
Lease receivable under GASB No. 87, *Leases*	$ 12,892	$ 14,823
Net pension liability under GASB No. 68, *Accounting and Financial Reporting for Pensions* (see Note 12, Retirement Plans)	42,534	15,918
Total OPEB liability under GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (see Note 13, Postemployment Benefits)	63,959	43,700
Total deferred inflows of resources	**$ 119,385**	**$ 74,441**

NET POSITION: The university's net position is classified for financial reporting in the following categories:

- *Net investment in capital assets:* This component of net position includes capital assets, net of accumulated depreciation and outstanding principal debt balances related to the acquisition, construction, or improvement of those assets.
- *Restricted—nonexpendable:* Assets included in the nonexpendable restricted net position category are subject to externally imposed stipulations that the principal is to be maintained in perpetuity and invested for the purpose of producing present and future income, which may be either expended or added to principal. Such assets include permanent endowment funds.
- *Restricted—expendable:* Resources classified as restricted and expendable are those for which the university is legally obligated to spend in accordance with externally imposed stipulations or those stipulations that expire with the passage of time.
- *Unrestricted:* Unrestricted resources are not subject to externally imposed restrictions and are primarily used for meeting expenses for academic and general operations of the university.

When an expense is incurred for which both restricted and unrestricted resources are available, the university's policy is to apply the most appropriate fund source based on the relevant facts and circumstances.

REVENUES AND EXPENSES: University revenues and expenses are classified as either operating or nonoperating as follows:

- *Operating revenues:* Operating revenues result from exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), government and other grants and contracts, and sales and services of auxiliary enterprises (net of scholarship discounts and allowances).
- *Operating expenses:* Operating expenses are incurred to support exchange transactions resulting in operating revenue. Examples include compensation and benefits, student financial aid, and supplies and general expense.
- *Nonoperating revenues and expenses:* Nonoperating revenues and expenses include those derived from non-exchange transactions such as gifts, certain federal and state grants, interest income, and interest expense. Nonoperating revenues include significant revenue sources that are relied upon for operations, such as state appropriations, federal Pell grants, and investment income.

SCHOLARSHIP DISCOUNTS AND ALLOWANCES: Student tuition and fees and other student revenues are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are calculated as the difference between the stated charges for goods and services provided by the university and the amounts paid by students and/or third parties making payments on behalf of students.

ACCOUNTING PRONOUNCEMENTS RECENTLY ADOPTED: During the fiscal year ending June 30, 2022, the university adopted GASB Statement No. 87, *Leases*, which has been reflected as of July 1, 2020. All prior periods of the financial statements and accompanying notes that were impacted by this Statement have been restated. As a result, the Statement of Net Position now includes a liability for the present value of payments expected to be made and right-to-use assets, and also includes receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 5, Lease Receivable and Note 10, Leases. The financial statements for the year ended June 30, 2021, have been restated in order to adopt GASB Statement No. 87. The university reported a $927,000 decrease to net position as of July 1, 2020.

The effect of this new standard on the Statement of Net Position was as follows:
(dollar amounts presented in thousands)

	June 30, 2020 (as previously reported)	*GASB 87 Adoption*	***June 30, 2020 (as restated)***	*June 30, 2021 (as previously reported)*	*GASB 87 Adoption*	***June 30, 2021 (as restated)***
Lease receivable	–	7,771	**7,771**	–	15,153	**15,153**
Capital assets, net	3,532,546	98,284	**3,630,830**	3,668,555	113,660	**3,782,215**
Lease obligations	3,102	97,587	**100,689**	6,129	114,803	**120,932**
Deferred inflows of resources	44,475	7,717	**52,192**	59,618	14,823	**74,441**
Net position	4,086,038	(927)	**4,085,111**			

The effect of this new standard on the Statement of Revenues, Expenses, and Changes in Net Position was as follows:
(dollar amounts presented in thousands)

	Fiscal year ended June 30, 2021 (as previously reported)	*GASB 87 Adoption*	***Fiscal year ended June 30, 2021 (as restated)***
Sales, services of educational units, and other revenue	353,550	99	**353,649**
Supplies and general expense	(697,524)	19,938	**(677,586)**
Depreciation and amortization expense	(170,799)	(17,480)	**(188,279)**
Interest income	–	174	**174**
Interest expense	(23,299)	(3,426)	**(26,725)**

Effective for fiscal year ended June 30, 2022, the university adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objective of this Statement is to improve the accounting and financial reporting of interest cost incurred during a construction period. The adoption of this guidance by the university did not have a significant impact on the financial statements.

Effective for fiscal year ended June 30, 2022, the university adopted paragraphs 6 through 10 and 12 of GASB Statement No. 92, *Omnibus 2020.* These paragraphs establish accounting and financial reporting requirements for specific issues related to intra-entity transfers of assets, postemployment benefits, government acquisitions, fair value measurements, and derivative instruments. The adoption of this guidance by the university did not have a significant impact on the financial statements.

Effective for fiscal year ended June 30, 2022, the university adopted paragraphs 11b, 13 and 14 of GASB Statement No. 93, *Replacement of Interbank Offered Rates.* This GASB Statement amends accounting guidance that will be impacted by global reference rate reform and the related end of the London Interbank Offered Rate (LIBOR). These paragraphs pertain to derivative instruments that hedge the interest rate risk of taxable debt and lease modifications as a result of replacing LIBOR rates. The adoption of this guidance by the university did not have a significant impact on the financial statements.

Effective for fiscal year ended June 30, 2022, the university adopted paragraphs 6 through 9 of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* These provisions establish accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. The adoption of this guidance by the university did not have a significant impact on the financial statements.

Effective for fiscal year ended June 30, 2022, the university adopted paragraphs 26 through 32 of GASB Statement No. 99, *Omnibus 2022.* These paragraphs establish or amend accounting and financial reporting requirements for specific issues related to the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The adoption of this guidance by the university did not have a significant impact on the financial statements.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED: The university will be required to implement the provisions of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* effective for fiscal year ending June 30, 2023. This Statement establishes standards of accounting and financial reporting for public-private and public-public partnerships and availability payment arrangements for governments. The university is in the process of determining the full impact of this standard on its financial statements.

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs),* which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. The provisions of this statement are effective for the university's financial statements for the year ending June 30, 2023. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The university is in the process of determining the full impact of this standard on its financial statements.

The university will be required to implement the paragraphs 11 through 25 of GASB Statement No. 99, *Omnibus 2022*, effective for fiscal year ending June 30, 2023. These provisions establish or amend accounting and financial reporting requirements for specific issues related to leases, public-public and public-private partnerships (PPPs), and subscription-based information technology arrangements (SBITAs). The university is in the process of determining the full impact of this standard on its financial statements.

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences,* which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the university 's financial statements for the year ending June 30, 2025.

RECLASSIFICATIONS: Certain reclassifications have been made to prior year statements for comparative purposes, including reflecting restricted cash as a noncurrent asset for unspent bond proceeds, grouping long term debt and other obligations on a single line with detail provided in the notes, and presenting direct lending activity in operating activities for cash flows.

Note 2—Deposits and Investments

DEPOSITS AND INVESTMENTS: The trustees have acknowledged responsibility as a fiduciary body for the invested assets of the university. Indiana Code 30-4-3-3 requires the trustees to "exercise the judgment and care required by Indiana Code 30-4-3.5," *the Indiana Uniform Prudent Investor Act.* That act requires the trustees to act "as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution." The trustees have the responsibility to ensure the assets are prudently invested in a manner consistent with the university's investment policy. The trustees have delegated the day-to-day responsibilities for overseeing the investment program to the Office of the Treasurer.

At June 30, 2022 and 2021, the university had deposits and investments, including endowment funds, as shown below:

(dollar amounts presented in thousands)

	June 30, 2022	*June 30, 2021*
Cash and cash equivalents	$ 273,003	$ 278,680
Short-term investments	259,906	86,923
Restricted cash and cash equivalents	17,882	49,249
Investments	2,331,119	2,097,416
Total deposits and investments	**$ 2,881,910**	**$ 2,512,268**

CUSTODIAL CREDIT RISK – DEPOSITS: The combined bank balances of the university's demand deposits were $8,526,000 and $30,002,000 with balances subject to custodial credit risk in the amount of $4,594,000 and $18,274,000 at June 30, 2022 and 2021, respectively. Of this amount, $1,926,000 and $8,942,000 was uninsured and uncollateralized and $2,668,000 and $9,332,000 was uninsured and collateralized with securities held by the pledging financial institution at June 30, 2022 and 2021, respectively. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The university does not have a formal deposit policy for custodial credit risk, however, the university monitors the credit rating and certain financial performance metrics of its custodial and commercial banks on a quarterly basis.

CUSTODIAL CREDIT RISK – INVESTMENTS: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The university manages custodial credit risk through the types of investments that are allowed by investment policy. The university also monitors the credit rating and certain financial performance metrics of its custodial and commercial banks. The university had $1,110,000 and $1,704,000 exposed to custodial credit risk at June 30, 2022 and 2021, respectively. The university had $15,289,000 and $15,833,000 where custodial credit risk could not be determined at June 30, 2022 and 2021, respectively. The remainder of the university's investments is not exposed to custodial credit risk and reflects either investment securities registered in the name of the university, investment securities loaned for collateral received, or other types of investments not exposed to custodial credit risk.

"Peau Rouge Indiana" stands in front of the Musical Arts Center
IU Bloomington Campus

INTEREST RATE RISK: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a deposit or investment. The university's policy for controlling its exposure to fair value losses arising from increasing interest rates is to constrain average portfolio duration within ranges of a target portfolio duration set for each portfolio of operating fund investments. The portfolios may seek to enhance returns by attempting to time movements of interest rates within the allowable ranges. The university invests in asset-backed securities, collateralized mortgage obligations, mortgage pass-through securities, interest rate swaps, and swaptions that are highly sensitive to interest rate changes.

The university had fixed-rate debt securities with the following maturities at June 30, 2022:

(dollar amounts presented in thousands)

	Fair Value	*Maturities (in years)*			
Investment Type	*June 30, 2022*	*Less than 1*	*1–5*	*6-10*	*More than 10*
Corporate bonds	$ 551,065	$ 118,944	$ 311,609	$ 78,865	$ 41,647
Government bonds	376,795	77,173	95,944	69,362	134,316
Asset-backed securities	307,736	18,577	141,976	39,665	107,518
Government issued asset-backed securities	116,358	2,309	3,883	3,996	106,170
Other fixed income funds	77,522	–	8,632	2,224	66,666
Total	**1,429,476**	**$ 217,003**	**$ 562,044**	**$ 194,112**	**$ 456,317**
Investments not subject to interest rate risk:					
U.S. equities	522,711				
External investment pools	478,994				
Money market funds	276,926				
International equities	161,592				
All other	12,211				
Total investments	**$ 2,881,910**				

The university had fixed-rate debt securities with the following maturities at June 30, 2021:

(dollar amounts presented in thousands)

	Fair Value	*Maturities (in years)*			
Investment Type	*June 30, 2021*	*Less than 1*	*1–5*	*6-10*	*More than 10*
Corporate bonds	$ 417,835	$ 33,141	$ 242,068	$ 89,619	$ 53,007
Government bonds	285,882	35,812	87,183	49,186	113,701
Asset-backed securities	157,071	1,922	56,522	13,287	85,340
Government issued asset-backed securities	105,706	142	10,438	15,546	79,580
Other fixed income funds	81,812	–	10,537	3,615	67,660
Total	**1,048,306**	**$ 71,017**	**$ 406,748**	**$ 171,253**	**$ 399,288**
Investments not subject to interest rate risk:					
U.S. equities	609,431				
External investment pools	310,151				
Money market funds	282,561				
International equities	199,284				
All other	62,535				
Total investments	**$ 2,512,268**				

CREDIT RISK: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The weighted average credit quality of each portfolio of university operating funds investments must be at least 'AA-/Aa3' for Defensive Managers, 'A/A2' for Core Plus Managers, or as specified in each manager's guidelines.

The credit ratings for the university's investments subject to credit risk as of June 30, 2022 are shown below:

(dollar amounts presented in thousands)

Investment Type	*Fair Value*	*AAA*	*AA*	*A*	*BBB*	*BB*	*Below BB*	*Not Rated*
Corporate bonds	$ 551,065	$ 8,305	$ 18,615	$ 209,070	$ 268,240	$ 39,355	$ 5,869	$ 1,611
Government bonds	376,795	62,315	281,060	4,965	19,217	1,623	4,923	2,692
Asset-backed securities	307,736	235,272	12,920	9,729	3,833	1,231	3,093	41,658
Money market funds	276,926	260,306	–	–	–	–	–	16,620
Government issued asset-backed securities	116,358	228	16	97	3,278	–	112,739	–
Other fixed income funds	77,522	–	–	–	680	4,011	4,939	67,892
Total	**1,706,402**	**$566,426**	**$ 312,611**	**$ 223,861**	**$295,248**	**$ 46,220**	**$ 131,563**	**$ 130,473**
Percentage subject to credit risk		**33.19%**	**18.32%**	**13.12%**	**17.30%**	**2.71%**	**7.71%**	**7.65%**
Not subject to credit risk	1,175,508							
Total investments	**$2,881,910**							

The credit ratings for the university's investments subject to credit risk as of June 30, 2021 are shown below:

(dollar amounts presented in thousands)

Investment Type	*Fair Value*	*AAA*	*AA*	*A*	*BBB*	*BB*	*Below BB*	*Not Rated*
Corporate bonds	$ 417,835	$ 2,379	$ 11,445	$ 135,267	$ 206,631	$ 47,959	$ 11,445	$ 2,709
Government bonds	285,882	54,859	192,057	3,749	18,043	3,850	6,028	7,296
Money market funds	282,561	278,756	–	–	–	–	–	3,805
Asset-backed securities	157,071	108,249	9,749	6,101	2,255	519	5,793	24,405
Government issued asset-backed securities	105,706	315	–	–	2,208	–	103,183	–
Other fixed income funds	81,812	–	–	–	641	5,514	6,696	68,961
Total	**1,330,867**	**$444,558**	**$ 213,251**	**$ 145,117**	**$ 229,778**	**$ 57,842**	**$ 133,145**	**$ 107,176**
Percentage subject to credit risk		**33.40%**	**16.02%**	**10.90%**	**17.27%**	**4.35%**	**10.01%**	**8.05%**
Not subject to credit risk	1,181,401							
Total investments	**$2,512,268**							

CONCENTRATION OF CREDIT RISK: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The university's investment policy requires that investments are to be diversified to the extent that the securities of any single issuer shall be limited to 3.5% of the market value in a particular manager's portfolio or as specified in each manager's guidelines. The individual issuer limit does not apply to securities within a broadly-diversified, passively-managed index fund designed to represent a broad market.

FOREIGN CURRENCY RISK: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a government's deposits and investments. The university's policy for controlling exposure to foreign currency risk is to constrain deposits and investments in non-U.S. dollar denominated debt to 25% of an individual manager's portfolio or as specified in each manager's guidelines. Minimal foreign currency exposure could occur if one of the university's investment managers purchases non-U.S. dollar holdings and does not hedge the currency. At June 30, 2022 and 2021, the university had insignificant amounts of deposits and investments exposed to foreign currency risk.

ENDOWMENTS: University endowment funds are managed pursuant to an Investment Agency Agreement between The Trustees of Indiana University and the IU Foundation dated November 14, 2005, which delegates investment management responsibilities to the IU Foundation. University endowment and quasi-endowment funds are invested in the IU Foundation's Pooled Long-Term and Short-Term Funds which is considered an external investment pool to the university. This external investment pool is not registered with the Securities and Exchange Commission. The Investment Committee of the IU Foundation Board of Directors oversees the pool. At June 30, 2022 and 2021, all university endowment funds held with the IU Foundation were invested in pooled funds. The fair value of the university's position in the pool is the same as the value of the pooled shares.

The Rose Well House on a snowy winter day
IU Bloomington Campus

Note 3—Fair Value Measurements

The fair value hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant, other observable inputs; Level 3 inputs are significant, unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The university had the following recurring fair value measurements as of June 30, 2022:

(dollar amounts presented in thousands)

		Fair Value Measurements Using		
	June 30, 2022	*Quoted Prices in Active Markets for Identical Assets (Level 1)*	*Significant Other Observable Inputs (Level 2)*	*Significant Unobservable Inputs (Level 3)*
Investments by fair value level:				
Debt securities				
Corporate bonds	$ 551,065	$ –	$ 551,065	$ –
Collateralized obligations and mortgage-backed securities	393,232	–	392,261	971
Government bonds	371,522	60,018	311,504	–
Commingled funds	57,246	4,072	53,174	–
Bank loans	10,856	–	10,856	–
Municipal and provincial bonds	8,921	–	8,921	–
Inflation index-linked notes	6,145	–	6,145	–
Total debt securities	**1,398,987**	**64,090**	**1,333,926**	**971**
Equity securities	684,303	684,303	–	–
Real estate	6,269	–	–	6,269
All other	14,420	–	14,420	–
Total investments by fair value level	**2,103,979**	**$ 748,393**	**$ 1,348,346**	**$ 7,240**
Investments measured at the net asset value (NAV):				
External investment pool	477,444			
Commingled funds	9,421			
Venture capital	181			
Total investments measured at the NAV	**487,046**			
Total investments measured at fair value	**$ 2,591,025**			

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

(dollar amounts presented in thousands)

		Fair Value Measurements Using		
	June 30, 2021	*Quoted Prices in Active Markets for Identical Assets (Level 1)*	*Significant Other Observable Inputs (Level 2)*	*Significant Unobservable Inputs (Level 3)*
Investments by fair value level:				
Debt securities				
Corporate bonds	$ 417,835	$ –	$ 417,835	$ –
Government bonds	283,726	51,583	232,143	–
Collateralized obligations and mortgage-backed securities	262,980	–	262,886	94
Commingled funds	56,393	1,108	55,285	–
Bank loans	14,153	–	14,153	–
Municipal and provincial bonds	3,398	–	3,398	–
Inflation index-linked notes	1,753	–	1,753	–
Total debt securities	**1,040,238**	**52,691**	**987,453**	**94**
Equity securities	808,715	808,715	–	–
Real estate	6,269	–	–	6,269
All other	9,676	–	9,676	–
Total investments by fair value level	**1,864,898**	**$ 861,406**	**$ 997,129**	**$ 6,363**
Investments measured at the net asset value (NAV):				
External investment pool	308,039			
Commingled funds	11,267			
Venture capital	135			
Total investments measured at the NAV	**319,441**			
Total investments measured at fair value	**$ 2,184,339**			

The Student Activity Center
IU South Bend Campus

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The university's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Changes in valuation techniques, if any, from prior year did not have a significant impact.

Debt securities classified in Level 1 at June 30, 2022 and 2021, are valued using unadjusted quoted prices in active markets for those securities.

The fair value of debt securities at June 30, 2022 and 2021, are determined primarily based on Level 2 inputs. The university estimates the fair value of these investments using observable, market-based inputs. Observable inputs are those that market participants would use in pricing the asset based on market data obtained from independent sources such as quoted market prices, reported sales of similar securities, and reference data.

The fair value of debt securities at Level 3 at June 30, 2022 and 2021, are determined using extrapolated data, proprietary models, indicative quotes, or similar techniques taking into account the characteristics of the asset.

The fair value of equity securities at Level 1 at June 30, 2022 and 2021, are valued using unadjusted quoted prices in active markets for those securities.

The university holds several parcels of real estate for investment purposes. The fair values of these properties are based on appraisals.

The fair value of all other investments at June 30, 2022 and 2021, are determined primarily based on Level 2 inputs. The university estimates the fair value of these investments using observable, market-based inputs.

The university holds shares or interests in commingled funds where the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment company as a practical expedient. There is no unfunded commitment, and the investments can be redeemed twice a month with a 15-day redemption notice period.

The university holds shares or interests in a venture capital investment company where the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment company as a practical expedient. The company invests in venture capital firms with the objective that 60% of these are in Indiana and 60% are in the life sciences field. The unfunded commitment was approximately $4,000 as of June 30, 2022 and 2021. This investment cannot be redeemed until the earlier of December 31, 2022, or one year after the date on which all of the fund's investments have been liquidated.

The fair value of the external investment pool at June 30, 2022 and 2021, is determined using a monthly valuation assigned to the shares of the pool which is a net asset value per share equivalent. There is no unfunded commitment, and the investments can be redeemed daily with no redemption notice period. A significant portion of the investment pool, approximately $473,479,000 and $303,891,000 respectively at June 30, 2022 and 2021, was held at the IU Foundation.

The Biology Building
IU Bloomington Campus

The fair value hierarchy of the foundation's investments is included in the aggregate discretely presented component unit table below.

The aggregate discretely presented component units had the following recurring fair value measurements as of June 30, 2022:

(dollar amounts presented in thousands)

		Fair Value Measurements Using			
	June 30, 2022	*Level 1*	*Level 2*	*Level 3*	*NAV*
Investments by fair value level:					
Cash equivalents	$ 40,001	$ 40,001	$ –	$ –	$ –
Equities:					
Domestic	635,919	484,926	–	–	150,993
International	627,162	281,859	–	–	345,303
Mutual funds	49,611	49,611	–	–	–
Commingled funds	87,735	–	–	–	87,735
Fixed income:					
Domestic	308,386	144,333	104,782	–	59,271
US government	82,633	80,294	2,339	–	–
Corporate bonds	71,040	68,151	2,889	–	–
International	43,856	19,072	22,438	–	2,346
Mutual funds	7,909	7,909	–	–	–
Other fixed income	33,640	7,753	–	–	25,887
Real estate	28,467	9,634	–	18,833	–
Alternative investments:					
Hedged equity funds	105,615	–	–	–	105,615
Absolute return funds	394,595	–	–	7,493	387,102
Venture capital	551,818	–	–	–	551,818
Buyouts	415,016	–	–	–	415,016
Distressed/special situations	109,903	–	–	–	109,903
Real estate/real assets	317,596	–	–	7,097	310,499
Alternative fixed income	134,607	–	–	–	134,607
Natural resources	185,446	–	–	–	185,446
Beneficial interests in trust	49,112	–	–	49,112	–
Total investments	**4,280,067**	**$ 1,193,543**	**$ 132,448**	**$ 82,535**	**$ 2,871,541**
Other assets	32,082				
Total investments and other assets	**$ 4,312,149**				

The aggregate discretely presented component units had the following recurring fair value measurements as of June 30, 2021:

(dollar amounts presented in thousands)

		Fair Value Measurements Using			
	June 30, 2021	*Level 1*	*Level 2*	*Level 3*	*NAV*
Investments by fair value level:					
Cash equivalents	$ 54,700	$ 52,502	$ 2,198	$ –	$ –
Equities:					
Domestic	786,445	662,700	–	–	123,745
International	655,139	351,544	–	–	303,595
Mutual funds	52,979	52,979	–	–	–
Commingled funds	139,302	–	–	–	139,302
Fixed income:					
Domestic	254,874	122,508	65,104	–	67,262
US government	95,742	91,708	4,034	–	–
Corporate bonds	82,269	76,764	5,505	–	–
International	52,599	32,028	16,163	–	4,408
Other fixed income	36,436	9,706	–	–	26,730
Real estate	31,050	11,372	–	19,678	–
Alternative investments:					
Hedged equity funds	122,147	–	–	–	122,147
Absolute return funds	375,211	–	–	8,786	366,425
Venture capital	464,801	–	–	–	464,801
Buyouts	363,816	–	–	–	363,816
Distressed/special situations	91,357	–	–	–	91,357
Real estate/real assets	242,241	–	–	5,448	236,793
Alternative fixed income	96,827	–	–	–	96,827
Natural resources	150,905	–	–	–	150,905
Beneficial interests in trust	45,929	–	–	45,929	–
Total investments	**4,194,769**	**$ 1,463,811**	**$ 93,004**	**$ 79,841**	**$ 2,558,113**
Other assets	32,882				
Total investments and other assets	**$ 4,227,651**				

Note 4—Accounts Receivable

Accounts receivable consisted of the following at June 30, 2022 and 2021:

(dollar amounts presented in thousands)

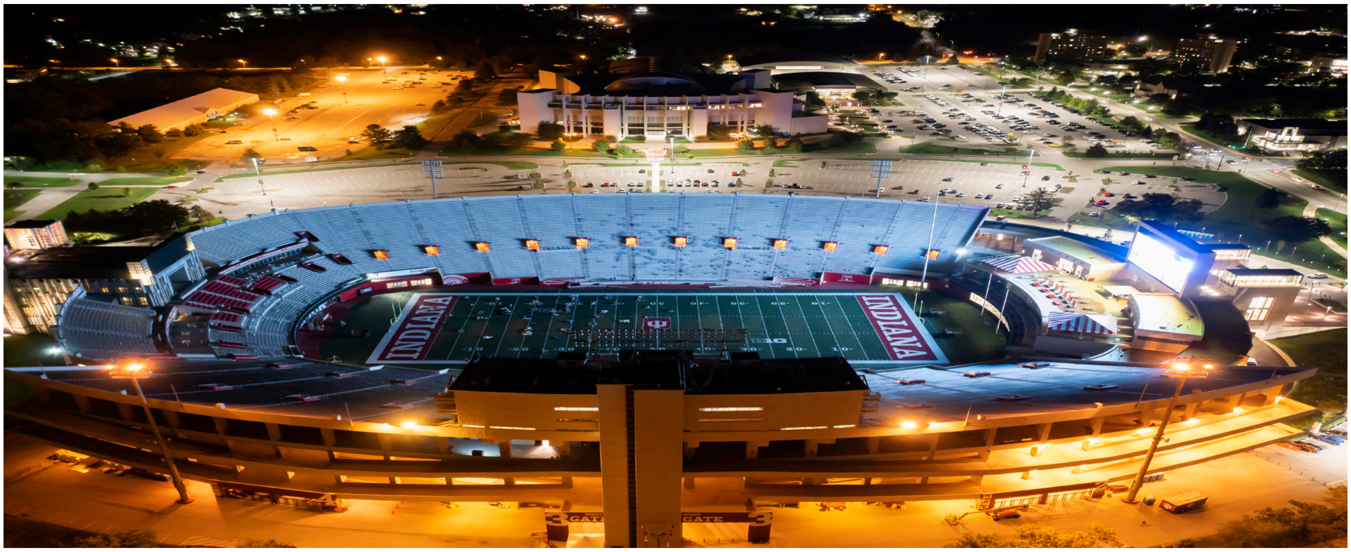
	June 30, 2022	June 30, 2021 (as restated)
Student accounts	$ 63,474	$ 62,593
Auxiliary enterprises and other operating activities	58,754	90,808
Federal, state, and other grants and contracts	21,841	19,465
Capital appropriations and gifts	4,073	1,484
Other	8,180	6,335
Current accounts receivable, gross	**156,322**	**180,685**
Less allowance for uncollectible accounts	(8,970)	(8,629)
Current accounts receivable, net	**$ 147,352**	**$ 172,056**

Note 5—Lease Receivable

The university leases certain assets to various third parties in the following asset classes: buildings, land improvements, and land. Payments are generally fixed monthly. Variable payments based on the Consumer Price Index are appropriately excluded from the measurement of the lease receivable.

The university also subleases certain assets that it initially leases from a third party. The noncancelable terms of these leasing arrangements mature between 2026 and 2052. The discount rates applicable to these leasing arrangements range from 0.74% to 1.81%. Payments are generally fixed with escalated payments based on percentage increase included in the measurement of the lease receivable.

During the fiscal years ended June 30, 2022 and 2021, the university recognized lease revenue of $2,389,000 and $2,182,000 and interest income of $229,000 and $174,000 related to its lessor agreements, respectively. In addition, the university recognized insignificant inflows from variable payments that were properly excluded from the initial measurement of the lease receivable in both fiscal years.



Memorial Stadium
IU Bloomington Campus

Note 6—Capital Assets

Fiscal year ended June 30, 2022

(dollar amounts presented in thousands)

	Balance June 30, 2021	Additions	Transfers	Retirements	Balance June 30, 2022
Assets not being depreciated:					
Land	$ 87,563	$ 4,605	$ –	$ –	$ 92,168
Art & museum objects	112,391	2,452	–	–	114,843
Construction in progress	223,376	89,979	(86,836)	59	226,460
Total capital assets not being depreciated	**423,330**	**97,036**	**(86,836)**	**59**	**433,471**
Other capital assets:					
Infrastructure	269,151	4,017	1,758	5,106	269,820
Intangibles	11,766	–	–	–	11,766
Land improvements	111,447	5,622	2,124	–	119,193
Equipment	542,659	38,527	8,341	37,914	551,613
Right to use lease assets	147,814	3,636	–	1,592	149,858
Library books	113,336	3,776	–	34,475	82,637
Buildings	4,995,580	44,066	74,613	14,085	5,100,174
Total other capital assets	**6,191,753**	**99,644**	**86,836**	**93,172**	**6,285,061**
Less accumulated depreciation for:					
Infrastructure	181,930	6,120	–	5,106	182,944
Intangibles	11,552	86	–	–	11,638
Land improvements	48,088	5,477	–	–	53,565
Equipment	397,543	39,128	–	36,548	400,123
Right to use lease assets	28,774	19,953	–	1,295	47,432
Library books	75,194	9,766	–	34,474	50,486
Buildings	2,089,787	109,476	–	10,843	2,188,420
Total accumulated depreciation, other capital assets	**2,832,868**	**190,006**	–	**88,266**	**2,934,608**
Capital assets, net	**$ 3,782,215**	**$ 6,674**	**$ –**	**$ 4,965**	**$ 3,783,924**

Fiscal year ended June 30, 2021 (as restated)

(dollar amounts presented in thousands)

	Balance June 30, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Assets not being depreciated:					
Land	$ 87,267	$ 332	$ –	$ 36	$ 87,563
Art & museum objects	109,210	3,209	–	28	112,391
Construction in progress	321,514	139,106	(237,196)	48	223,376
Total capital assets not being depreciated	**517,991**	**142,647**	**(237,196)**	**112**	**423,330**
Other capital assets:					
Infrastructure	264,579	3,293	1,279	–	269,151
Intangibles	12,290	–	–	524	11,766
Land improvements	106,519	3,179	1,749	–	111,447
Equipment	524,733	25,017	10,572	17,663	542,659
Right to use lease assets	111,611	38,510	–	2,307	147,814
Library books	132,670	4,462	–	23,796	113,336
Buildings	4,653,619	124,054	223,596	5,689	4,995,580
Total other capital assets	**5,806,021**	**198,515**	**237,196**	**49,979**	**6,191,753**
Less accumulated depreciation for:					
Infrastructure	176,014	5,916	–	–	181,930
Intangibles	11,938	138	–	524	11,552
Land improvements	42,971	5,117	–	–	48,088
Equipment	374,275	40,273	–	17,005	397,543
Right to use lease assets	11,615	18,954	–	1,795	28,774
Library books	86,690	12,300	–	23,796	75,194
Buildings	1,989,678	105,581	–	5,472	2,089,787
Total accumulated depreciation, other capital assets	**2,693,181**	**188,279**	–	**48,592**	**2,832,868**
Capital assets, net	**$ 3,630,831**	**$ 152,883**	**$ –**	**$ 1,499**	**$ 3,782,215**

Note 7—Accounts Payable and Accrued Liabilities

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

(dollar amounts presented in thousands)

	June 30, 2022	June 30, 2021 (as restated)
Accrued payroll	$ 21,574	$ 20,445
Accrual for compensated absences	59,088	56,879
Interest payable	7,120	5,178
Vendor payables	102,620	106,871
Other payables	66,004	62,792
Total accounts payable and accrued liabilities	**$ 256,406**	**$ 252,165**

Note 8—Other Liabilities

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

Fiscal year ended June 30, 2022

(dollar amounts presented in thousands)

	Balance June 30, 2021	*Additions*	*Reductions*	*Balance June 30, 2022*	*Current*
Bonds, notes, and leases payable:					
Bonds payable	$ 897,863	$ –	$ 64,482	$ 833,381	$ 64,421
Notes payable	278,804	24,272	14,219	288,857	63,415
Lease obligations	120,932	3,636	18,589	105,979	10,624
Total bonds, notes, and leases payable	**1,297,599**	**27,908**	**97,290**	**1,228,217**	**138,460**
Other liabilities:					
Unearned revenue	127,000	8,236	–	135,236	120,179
Federal loans payable	55,310	39	5,431	49,918	268
Compensated absences	90,422	15,646	17,739	88,329	59,088
Net pension liability	58,280	–	33,479	24,801	–
Total other postemployment benefit obligations	209,112	23,942	54,046	179,008	21,269
Other	56,749	390	28,415	28,724	28,486
Total other liabilities	**$ 1,894,472**	**$ 76,161**	**$ 236,400**	**$ 1,734,233**	**$ 367,750**

Fiscal year ended June 30, 2021, as restated

(dollar amounts presented in thousands)

	Balance June 30, 2020	*Additions*	*Reductions*	*Balance June 30, 2021*	*Current*
Bonds, notes, and leases payable:					
Bonds payable	$ 972,197	$ –	$ 74,334	$ 897,863	$ 64,482
Notes payable	271,924	20,000	13,120	278,804	42,074
Lease obligations	100,689	38,510	18,267	120,932	18,109
Total bonds, notes, and leases payable	**1,344,810**	**58,510**	**105,721**	**1,297,599**	**124,665**
Other liabilities:					
Unearned revenue	148,462	–	21,462	127,000	104,050
Federal loans payable	61,334	–	6,024	55,310	229
Compensated absences	90,985	17,286	17,849	90,422	56,879
Net pension liability	65,254	–	6,974	58,280	–
Total other postemployment benefit obligations	229,203	26,281	46,372	209,112	24,085
Other	24,480	34,176	1,907	56,749	28,566
Total other liabilities	**$ 1,964,528**	**$ 136,253**	**$ 206,309**	**$ 1,894,472**	**$ 338,474**

Note 9—Bonds and Notes Payable and Other Obligations

The university is authorized by acts of the Indiana General Assembly to issue bonds, notes, and other forms of indebtedness for the purpose of financing construction of facilities that include academic and administrative facilities, research facilities on the Bloomington and Indianapolis campuses, athletic facilities, parking facilities, student housing, health service facilities, student union buildings, and energy savings projects. At June 30, 2022, and June 30, 2021, the university had serial bonds and term bonds with maturities that extend to June 1, 2060. The university has both tax-exempt and taxable bonds outstanding.

Fee replacement appropriations are a specific state appropriation to the university that the Indiana General Assembly authorizes on a biennial basis, for the purpose of reimbursing a portion of the debt service payments on bonds issued under IC 21-34-6 as student fee bonds for certain academic facilities, such as classrooms, libraries, laboratories, and other academic support facilities as designated by the Indiana General Assembly that are received from the state on a semi-annual basis. Fee replacement appropriations are renewed and supplemented on a biennial basis because state statutes prohibit a sitting General Assembly from binding subsequent General Assemblies with respect to future appropriation of funds. The outstanding principal balances that are eligible for fee replacement appropriations as of June 30, 2022, and 2021, are $289,210,000 and $318,495,000, respectively.

Indiana Code 21-35-2 and 21-35-3, as supplemented by 21-35-5 permits the use of debt in the form of revenue bonds. Consolidated revenue bonds are unsecured obligations of the university that carry a promise of re-payment that will come first from net income generated from housing facilities, parking facilities, and other auxiliary facilities along with certain research, health service facilities, and athletic revenues; and secondly, from other legally available funds of the university.

Students interacting at the Light Totem outside the Sidney & Lois Eskenazi Museum of Art
IU Bloomington Campus

Indiana University Building Corporation (IUBC) is an affiliated single-purpose Indiana not-for-profit entity that was formed by the Trustees of Indiana University in 2008 with the sole purpose of assisting the university in the financing and development of university facilities by owning and leasing such facilities to the university on a lease-purchase basis under Indiana Code 21-33-3-5 as either Certificates of Participation or Lease-Purchase Obligations (collectively, "Obligations"). The leases are not subject to abatement or reduction. The leases are subject to early termination under certain circumstances, including the exercise of an option by the university to purchase the leased property or the condemnation of the leased property. When the debt obligations are fully repaid, all the leases are terminated and the real estate, facilities, and all subsequent improvements revert to the ownership of the university.

Indiana Code 21-32-2 permits the use of debt in the form of temporary borrowing in anticipation of future long-term borrowing for capital projects, when such long-term borrowing is authorized under other sections of the Indiana Code. The university has a commercial paper program to provide interim financing for certain capital projects and may continue to do so in the future. The university may issue tax-exempt and/or taxable commercial paper. As of June 30, 2022, and 2021, the university has commercial paper outstanding, which is considered notes for reporting purposes. The university has no credit facilities and no lines or letters of credit for repayment of commercial paper. The university has a self-liquidity backed commercial paper program that guarantees the payment of the maturity amount of any commercial paper notes that are not placed to investors. The university will not cause commercial paper maturities in an aggregate principal amount exceeding $25,000,000 to mature in any five-business-day period. The commercial paper notes are not subject to redemption prior to their respective maturities or to acceleration of maturities. As of June 30, 2022, the university has no variable rate bonds outstanding.

The university has an unused operating line of credit in the amount of $200,000,000. The maturity date of the unused operating line of credit is February 8, 2023.

The types of debt described above have the following associated pledges:

Type of Debt	*Pledge*	*Terminology in Bond Documents*
Student Fee Bonds	(Irrevocable) Student fees for principal, premium (if any), and interest	The pledge of student fees for the Student Fee Bonds will constitute a lien on, and security interest in, student fees.
Consolidated Revenue Bonds	No pledge	Not applicable
Lease-Purchase Obligations and Certificates of Participation	Certain financed property	Any real or personal property pledged, mortgaged, or assigned by IUBC to the trustee bank, or in which IUBC grants to the trustee bank a security interest, under any indenture
Commercial Paper	No pledge	Not applicable
Operating Line of Credit	No pledge	Not applicable

The university is not party to any swap agreements. Obligations have terms related to significant events of default with finance-related consequences and subjective acceleration clauses as follows:

Upon the happening and continuance of any event of default, the trustee bank may, in its discretion, declare the principal of and interest accrued on all outstanding Obligations immediately due and payable, and, upon such declaration, such principal and interest shall thereupon become and be immediately due and payable; subject, however, to the rights of the holders of 51% in principal amount of all the outstanding Obligations, by written notice to IUBC and the trustee bank, to annul such declaration if all agreements with respect to which default shall have been made shall be fully performed and all such defaults have been cured, and all arrears of interest on all outstanding Obligations and the reasonable expenses and charges of the trustee bank and all other indebtedness secured by the Indenture (except the principal of and interest on any Obligations not then due by their terms) have been paid or the amount thereof has been paid to the trustee bank for the benefit of those entitled thereto. Events of Default under Obligations are as follows:

(a) the university's failure to perform or observe any of its obligations under a lease or the university's continuing breach of any representation or warranty after 30 days written notice;
(b) the making by the university of an assignment for the benefit of its creditors;
(c) an injunction on or against the leased property not released or discharged within 90 days;
(d) proceedings in a court of competent jurisdiction for the reorganization, liquidation or dissolution of the university, bankruptcy or insolvency, or appointment of a receiver of the property, and under involuntary proceedings, no dismissal and no discharge, within 90 days of any receiver, trustee bank or liquidator appointed;
(e) the failure of the university to pay an installment of rent within ten days after written notice.

Upon occurrence of an Event of Default under any of the leases, IUBC, at the option of IUBC, has certain rights and remedies, one of which is that IUBC may terminate such lease upon notice to the university.

Sculpture of former Indiana University President Herman B. Wells in the Old Crescent
IU Bloomington Campus

As of June 30, 2022, and 2021, outstanding ("O/S") indebtedness from bonds, notes, and other obligations follow, none of which are direct borrowings or placements:

(dollar amounts presented in thousands)

Issue Type/Series	*Issue Date*	*Original Issue ($)*	*Interest Rate (%)*	*Final Maturity Date*	*Principal O/S June 30, 2021*	*Principal O/S June 30, 2022*
Bonds: Student Fee Bonds:						
U: Neuroscience, Land Acquisition; Refunding of Series N, O and P	7/26/11	$94,460	3.20-5.00	8/1/22	$ 14,620	$ 5,345
V-1: Energy Savings; Refunding of Series P, Q & R	10/26/12	60,265	5.00	8/1/22	14,770	8,845
W-1: Franklin, Arts/Sciences	1/14/15	58,960	4.00-5.00	8/1/34	46,345	43,940
W-2: Refunding of Series R and S	1/14/15	62,765	4.00-5.00	8/1/32	54,300	49,750
X: Old Crescent II; Refunding of Series U	8/4/16	71,710	3.00-5.00	8/1/35	54,925	53,180
Y: Ballantine Hall, Geology	10/3/18	69,470	4.00-5.00	8/1/37	65,150	62,625
Z-1: Bicentennial R&R Plan	6/24/20	81,265	3.00-5.00	8/1/29	77,905	72,310
Z-2: Refunding Series T-2 and V-1	6/24/20	18,595	0.60-1.15	8/1/26	18,040	17,545
Subtotal Student Fee Bonds					**346,055**	**313,540**
Add unamortized bond premium					44,493	38,913
Total Student Fee Bonds					**390,548**	**352,453**
Bonds: Consolidated Revenue Bonds:						
2012A: Spruce/Forest, house/dine, SELB, infrastructure; Refund Series 2004A and 2004B	1/25/12	94,490	–	6/1/22	4,440	–
2015A: Read Hall II, North Hall; Refunding of Series 2008A and 2009A	4/1/15	146,960	3.00-5.00	6/1/42	112,420	100,095
2016A: Wells Quad; Refunding of Series 2008A, 2009A, and 2011A	4/5/16	93,070	2.75-5.00	6/1/41	88,845	87,290
2020A: Refunding of 2010B and 2011A	3/3/20	51,175	4.00-5.00	6/1/35	48,725	46,165
2020B: Persimmon A & B/Chestnut C & D; McNutt Central; Foster/McNutt; Refund Series 2012A	3/3/20	221,810	1.72-3.07	6/1/60	220,875	219,920
Subtotal Consolidated Revenue Bonds					**475,305**	**453,470**
Add unamortized bond premium					32,010	27,458
Total Consolidated Revenue Bonds					**507,315**	**480,928**
Subtotal bonds					**821,360**	**767,010**
Add unamortized bond premium					76,503	66,371
Total bonds					**897,863**	**833,381**

(dollar amounts presented in thousands)

Issue Type/Series	Issue Date	Original Issue ($)	Interest Rate (%)	Final Maturity Date	Principal O/S June 30, 2021	Principal O/S June 30, 2022
Notes: Certificates of Participation/Lease-Purchase Obligations:						
2012A: Bart Kaufman/Andy Mohr Fields; Refunding of Certificates of Participation Series 2003A	2/9/12	23,750	3.00-4.00	12/1/22	1,950	630
2013A: Global & International Studies	3/8/13	22,515	3.00-5.00	6/1/33	15,915	14,895
2014A: University Hall	2/13/14	21,045	5.00	6/1/23	1,740	890
2015A: Simon Skjodt Assembly Hall	5/13/15	31,025	3.13-5.00	6/1/34	25,275	23,825
2017A: Memorial Stadium Excel. Academy, Eskenazi Museum	3/8/17	74,575	3.00-5.00	6/1/44	69,740	67,855
2020A: Wilkinson/Innovation Halls, Academic Health Sciences Bldg.; Refunding of Certificates of Participation Series 2009B	3/10/20	79,545	4.00-5.00	6/1/45	77,120	74,575
2020B: Refunding of Certificates of Participation Series 2012A & Lease Purchase Obligations Series 2014A	3/10/20	28,810	1.66-2.62	6/1/37	28,450	28,085
Subtotal Obligations					**220,190**	**210,755**
Add unamortized bond premium					27,960	25,976
Total Obligations					**248,150**	**236,731**
Notes: Commercial Paper:						
2018A: Luddy Ctr for AI/Studio Arts Annex/The Pfau Course at Indiana University	6/21/22	12,839	1.60	10/6/22	10,654	7,854
2021A: Luddy Ctr for AI /Forrest Av. Garage/ Studio Arts Annex/Ferguson International Center/Collins LLC	6/2/22; 6/10/22	44,272	1.45; 1.30	9/7/22; 9/14/22	20,000	44,272
Subtotal Commercial Paper					**30,654**	**52,126**
Add unamortized bond premium					–	–
Total Commercial Paper					**30,654**	**52,126**
Subtotal notes					**250,844**	**262,881**
Add unamortized bond premium					27,960	25,976
Total notes					**278,804**	**288,857**
Subtotal bonds and notes payable and other obligations					**1,072,204**	**1,029,891**
Add unamortized bond premium					104,463	92,347
Total bonds and notes payable and other obligations					**$ 1,176,667**	**$ 1,122,238**

The principal and interest requirements to maturity for fixed-rate bonds and notes payable follow:

(dollar amounts presented in thousands)

Fiscal Year Ending June 30	*Bond Principal*	*Note Principal*	*Total Principal*	*Bond Interest*	*Note Interest*	*Total Interest*	*Total Debt Service Payments*
2023	$ 56,685	$ 9,390	$ 66,075	$ 29,266	$ 8,883	$ 38,149	$ 104,224
2024	51,645	9,490	61,135	27,091	8,457	35,548	96,683
2025	52,440	9,895	62,335	25,034	8,046	33,080	95,415
2026	52,555	10,335	62,890	22,917	7,614	30,531	93,421
2027	54,630	10,780	65,410	20,629	7,158	27,787	93,197
2028 - 2032	193,275	57,015	250,290	74,823	28,700	103,523	353,813
2033 - 2037	120,785	46,475	167,260	42,142	18,085	60,227	227,487
2038 - 2042	29,170	38,625	67,795	26,689	9,985	36,674	104,469
2043 - 2047	–	18,750	18,750	23,896	1,623	25,519	44,269
2048 - 2052	–	–	–	23,896	–	23,896	23,896
2053 - 2057	–	–	–	23,896	–	23,896	23,896
2058 - 2060	155,825	–	155,825	14,337	–	14,337	170,162
Total	**$ 767,010**	**$ 210,755**	**$ 977,765**	**$ 354,616**	**$ 98,551**	**$ 453,167**	**$ 1,430,932**

Of the debt service payments to maturity, $367,619,000 are from bonds eligible for fee replacement appropriations.

Commercial paper notes are issued by the university to provide for the temporary financing or refinancing of costs related to certain facilities on all the university campuses, including costs of issuance of the notes. The interest rate and term of the notes are subject to market conditions on the maturity date of the notes. The number of days to maturity may not exceed 270 days, with the final maturity of the notes being May 1, 2033. The university has available a $100,000,000 commercial paper program. The university typically expects that capital projects temporarily financed with commercial paper would be long-term financed through the issuance of consolidated revenue bonds, obligations, or certain student fee bonds that are not eligible for fee replacement.

In prior years, the university has redeemed several bond issues by issuing new debt. United States Treasury obligations or federal agency securities have been purchased and deposited in irrevocable trusts using escrow funds in amounts sufficient to pay principal and interest payments when due, through the call dates of the defeased bonds. The redeemed bonds and the related trusts balances are not reflected within principal outstanding, total debt service, or the university's liabilities.

As of June 30, 2022, and 2021, the following amounts of principal have been redeemed:

(dollar amounts presented in thousands)

Bonds Redeemed	*Defeased O/S June 30, 2020*	*Defeased O/S June 30, 2021*	*Call Date*
Student Fee Bonds, Series U	$ 19,705	$ –	8/1/2021
Consolidated Revenue Bonds, Series 2012A	61,090	–	6/1/2022
Certificates of Participation, Series 2012A	11,300	–	6/1/2022
Lease-Purchase Obligations, Series 2014A	14,870	14,870	6/1/2023
Student Fee Bonds, Series V-1	16,495	16,495	8/1/2022
Total bonds	**$ 123,460**	**$ 31,365**	

Throughout fiscal year ended June 30, 2022, the university drew down commercial paper of $24,272,000 on existing series. On June 2, 2022, the university paid down principal on tax-exempt Indiana University Commercial Paper Notes, Series 2018A in the amount of $2,800,000. The total outstanding commercial paper notes at June 30, 2022 and 2021, were $52,126,000 at interest rates ranging from 1.30% to 1.60% based upon when issued and maturity and $30,654,000 at interest rates of either 0.12% or 0.16%, respectively.

Note 10—Leases

The university leases certain assets from various third parties. The university leases assets in the following asset classes: buildings, land improvements, equipment, and vehicles. The lease liability includes fixed payments that are generally paid monthly. Variable payments based on the Consumer Price Index (CPI) are appropriately not included in the measurement of the lease liability. Certain vehicle leases contain residual value guarantees that are not included in the measurement of the lease liability totaling approximately $2,539,000 and $2,762,000 on June 30, 2022 and 2021, respectively. The residual values are based on a designated percentage of the fair market value of the asset given a specific term and vehicle type. The university also leases certain assets that are subsequently subleased by the university to a third party. The noncancelable terms of this leasing arrangement mature in 2026. The discount rate applicable to this leasing arrangement is 1.63%. Payments are generally fixed with variable payments based on CPI not included in the measurement of the lease liability.

Tulips in bloom
IU Bloomington Campus

Right to use lease asset activity for fiscal year ended June 30, 2022:

(dollar amounts presented in thousands)

	Balance June 30, 2021	*Additions*	*Retirements*	*Balance June 30, 2022*
Right to use leased asset class:				
Buildings	$ 130,978	$ 1,362	$ 443	$ 131,897
Land improvements	2,052	–	–	2,052
Equipment	6,190	132	–	6,322
Vehicles	8,594	2,142	1,149	9,587
Total right to use leased asset cost	**147,814**	**3,636**	**1,592**	**149,858**
Less accumulated amortization for:				
Buildings	24,257	16,468	443	40,282
Land improvements	44	79	–	123
Equipment	805	1,574	–	2,379
Vehicles	3,668	1,832	852	4,648
Total accumulated amortization	**28,774**	**19,953**	**1,295**	**47,432**
Right to use lease assets, net	**$ 119,040**	**$ (16,317)**	**$ 297**	**$ 102,426**

Lease asset activity for fiscal year ended June 30, 2021:

(dollar amounts presented in thousands)

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Right to use leased asset class:				
Buildings	$ 100,805	$ 30,173	$ –	$ 130,978
Land improvements	189	1,863	–	2,052
Equipment	2,553	5,554	1,917	6,190
Vehicles	8,064	920	390	8,594
Total right to use leased asset cost	**111,611**	**38,510**	**2,307**	**147,814**
Less accumulated amortization for:				
Buildings	8,526	15,731	–	24,257
Land improvements	20	24	–	44
Equipment	1,071	1,268	1,534	805
Vehicles	1,998	1,931	261	3,668
Total accumulated amortization	**11,615**	**18,954**	**1,795**	**28,774**
Right to use lease assets, net	**$ 99,996**	**$ 19,556**	**$ 512**	**$ 9,040**

During the fiscal years ended June 30, 2022 and 2021, the university recognized insignificant outflows from variable payments and residual value guarantees that were properly excluded from the initial measurement of the lease liability. Future principal and interest payment requirements related to the university's lease liability on June 30, 2022, are as follows:

(dollar amounts presented in thousands)

	Principal	Interest	Total
2023	$ 10,624	$ 3,095	$ 13,719
2024	9,602	2,821	12,423
2025	8,578	2,570	11,148
2026	7,211	2,332	9,543
2027	6,749	2,109	8,858
2028-2032	28,813	7,567	36,380
2033-2037	25,469	2,966	28,435
2038-2042	4,776	428	5,204
2043-2047	2,045	105	2,150
2048-2052	2,112	38	2,150
Total future minimum payments	**$ 105,979**	**$ 24,031**	**$ 130,010**

Note 11—Risk Management

The university is exposed to various risks of loss, including torts, theft, damage or destruction of assets, errors or omissions, job-related illnesses or injuries to employees, and health care claims on behalf of students, employees, and their dependents. The university manages these risks through a combination of risk retention and commercial insurance, including coverage from internally maintained funds, as well as from a wholly-owned captive insurance company, Old Crescent Insurance Company (OCIC). The university is self-funded for damage to buildings and building contents for the first $100,000 per occurrence with an additional $400,000 per occurrence covered by OCIC, with commercial excess property coverage above this amount. The university is self-funded for comprehensive general liability and automobile liability for the first $100,000 per occurrence with an additional $900,000 per occurrence covered by OCIC and with supplementary commercial liability umbrella policies. The university has a malpractice and professional liability policy in the amount of $500,000 for each claim and $1,500,000 annually in aggregate provided by OCIC. The university is self-funded for the first $850,000 for each Workers' Compensation claim and $125,000 in the aggregate for all claims in excess of $850,000 for each claim. Workers' Compensation claims above these amounts are covered by commercial insurance and are subject to statutory limits. The university is self-funded for the first $850,000 for employer liability claims with an additional $1,000,000 in coverage through commercial insurances. The amount of settlements has not exceeded insurance coverage in any of the past three fiscal years.

The university has three health care plans for full-time appointed active employees and one plan for under-65 retirees not yet eligible for Medicare. All of the employee plans are self-funded. The university records a liability for incurred but unpaid claims for university-sponsored, self-funded health care plans. This liability is estimated to be no more than 11.5% of the paid self-funded claims during the fiscal year and totals $30,482,000 and $27,502,000 at June 30, 2022 and 2021, respectively.

Changes in the balances of accrued insurance liabilities for full-time appointed active employees and under-65 retirees not yet eligible for Medicare were as follows:

(dollar amounts presented in thousands)

Fiscal Year	*Beginning Balance*	*Claims Incurred and Changes in Estimates*	*Claims Paid*	*Ending Balance*
2022	$ 27,502	$ 276,779	$ 273,799	$ 30,482
2021	28,024	248,220	248,742	27,502
2020	27,665	253,436	253,077	28,024

All organizational units of the university are charged fees based on estimates of the amounts necessary to pay health care coverage costs, including premiums and claims.

The university also provides health care plans for graduate assistants, fellowship recipients, and medical residents. These plans are either fully insured or self-funded with a stop/loss provision. For these groups, the university has recorded a liability for incurred but unpaid claims for university-sponsored, self-funded health care plans in the amount of $2,148,000 and 1,855,000 at June 30, 2022 and 2021, respectively.

Changes in the balances of accrued insurance liabilities for graduate assistances, fellowship recipients, and medical residents were as follows:

(dollar amounts presented in thousands)

Fiscal Year	*Beginning Balance*	*Claims Incurred and Changes in Estimates*	*Claims Paid*	*Ending Balance*
2022	$ 1,855	$ 22,866	$ 22,573	$ 2,148
2021	1,623	20,581	20,349	1,855
2020	1,536	17,942	17,855	1,623

These plans are funded by direct charges to the associated schools and/or departments.

Note 12—Retirement Plans

The university provided retirement plan coverage to 19,135 and 19,534 active employees as of June 30, 2022 and 2021, respectively, in addition to contributions per Federal Insurance Contributions Act (FICA) as required by law.

RETIREMENT AND SAVINGS PLAN

All support and service employees with at least a 50% full-time equivalent (FTE) appointment and temporary with retirement employees scheduled to work at least 900 hours or more in a calendar year hired on or after July 1, 2013, participate in the Retirement and Savings Plan. This is a defined contribution plan under IRC 401(a). The university contributed $11,062,000 during fiscal year ended June 30, 2022, and $9,643,000 during fiscal year ended June 30, 2021, to Fidelity Investments for the plan. Under this plan, there were 3,194 and 3,119 active participants as of June 30, 2022 and 2021, respectively.

ACADEMIC AND PROFESSIONAL STAFF EMPLOYEES

Appointed academic and professional staff employees with at least 50% FTE are covered by the IU Retirement Plan. This is a defined contribution plan under IRC 403(b). The university contributed $115,377,000 during fiscal year ended June 30, 2022, and $110,700,000 during fiscal year ended June 30, 2021, to Fidelity Investments for the IU Retirement Plan. Under this plan, there were 14,243 and 14,432 active participants as of June 30, 2022 and 2021, respectively.

In addition to the above, the university provides early retirement benefits to full-time appointed academic and professional staff employees who were in positions Grade 16 and above on or before June 30, 1999. There were 592 and 641 active employees on June 30, 2022 and 2021, respectively, covered by the IU Supplemental Early Retirement Plan (IUSERP), a defined contribution plan in compliance with IRC 401(a), with participant accounts at Fidelity Investments. The university contributed $1,731,000 and $1,841,000 to IUSERP during fiscal years ended June 30, 2022 and 2021, respectively. The same class of employees covered by the IU Retirement Plan 15% Level of Contributions on or before July 14, 1988, is covered by the IU 18/20 Retirement Plan. The IU 18/20 Retirement Plan allows this group of employees to retire as early as age 64, provided the individual has at least 18 years of participation in the IU Retirement Plan and at least 20 years of continuous university service.

INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND

The university contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan with an annuity savings account provision. Indiana Public Retirement System (INPRS) administers the cost-sharing, multiple-employer defined benefit plan. PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. The university participates in the PERF Hybrid Plan which was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and Title 35 of the Indiana Administrative Code. There are two aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension. The second portion is the defined contribution component, known as Public Employees' Hybrid Members Defined Contribution Account. Both components are funded by employer contributions. Support staff and part-time employees who normally work at least 50% FTE appointment hired prior to July 1, 2013, participate in the PERF Hybrid Plan. There were 1,698 and 1,983 active university employees covered by this retirement plan as of June 30, 2022 and 2021, respectively. Per IC 5-10.2-4-4, key elements of the pension formula include years of PERF creditable service multiplied by average annual compensation multiplied by 1.1%, resulting in an annual lifetime benefit. Cost of living adjustments for members in pay status are not guaranteed by statute but may be granted by the Indiana General Assembly on an ad hoc basis. Refunds of employee contributions are included in total benefit payments. Participants must have at least ten years of PERF creditable service to have a vested right to the defined pension benefit. The defined contribution account consists of contributions set by state statute at 3.0% of compensation plus the earnings credited to members' accounts. Participants are 100% vested from inception in the defined contribution account. INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The financial report and corresponding fiduciary net position is prepared using the accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP). INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations. INPRS investments are measured at fair value within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application.* The INPRS Annual Comprehensive Financial Report for 2021 may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling 1-844-464-6777, or by reviewing the Annual Report online at www.in.gov/inprs/annualreports.htm.

Required and actual contributions made by the university totaled $10,837,000 and $12,090,000 for fiscal years ended June 30, 2022 and 2021, respectively. This represented an 11.2% university pension benefit contribution for fiscal years ended June 30, 2022 and 2021, and a 3.0% university contribution for the defined contribution account provisions each year.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

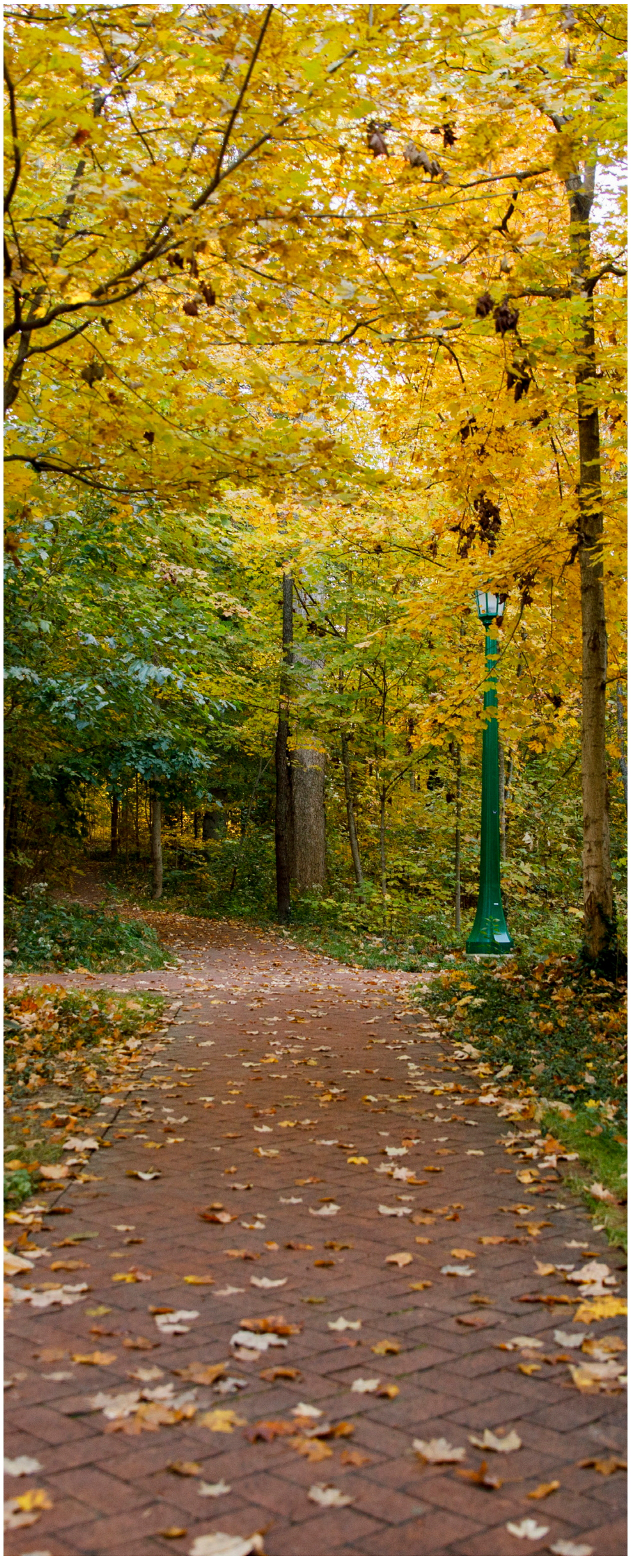
Indiana Public Employees' Retirement Fund: At June 30, 2022, the university reported a liability of $24,801,000 for its proportionate share of the net pension liability, as compared to $58,280,000 for the year ended June 30, 2021. The June 30, 2022, net pension liability of $24,801,000 at the measurement date was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, which used update procedures to roll forward the estimated liability to June 30, 2021. The university's proportion of the net pension liability was based on wages reported by the university relative to the collective wages of the plan. This basis measures the proportionate relationship of an employer to all employers and is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2021, the university's proportion was 1.88%, a decrease of 0.05 percentage points from its proportion measured as of June 30, 2020, which was 1.93%. The university's June 30, 2020 proportion decreased 0.04 percentage points from its proportion measured as of June 30, 2019, which was 1.97%. Pension expense of the university as of June 30, 2022 and 2021, was $(2,017,000) and $5,495,000, respectively.

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

(dollar amounts presented in thousands)

	PERF	
	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Differences between expected and actual experience	$ 848	$ 495
Changes of assumptions	12,475	5,571
Net difference between projected and actual earnings on pension plan investments	–	32,201
Changes in proportion and differences between university contributions and proportionate share of contributions	46	4,267
University contributions subsequent to the measurement date	8,492	–
Total	**$ 21,861**	**$ 42,534**

A limestone IU trident adorns the side of the IU Auditorium
IU Bloomington Campus



Fall foliage in Dunn's Woods
IU Bloomington Campus

Deferred outflows of resources in the amount of $8,492,000 related to pensions resulting from university contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

(dollar amounts presented in thousands)

	PERF	
	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Differences between expected and actual experience	$ 1,033	$ 782
Changes of assumptions	–	12,143
Net difference between projected and actual earnings on pension plan investments	4,988	–
Changes in proportion and differences between university contributions and proportionate share of contributions	434	2,993
University contributions subsequent to the measurement date	9,417	–
Total	**$ 15,872**	**$ 15,918**

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

(dollar amounts presented in thousands)

Fiscal Year Ending June 30	*PERF*
2022	$ (8,721)
2023	(7,057)
2024	(4,182)
2025	(9,205)
2026	–
Thereafter	–
Total	**$ (29,165)**

Actuarial Assumptions. The total pension liability as of June 30, 2021 and 2020, based on the results of actuarial valuation dates of June 30, 2020 and 2019, and rolled forward, respectively, were determined using the following actuarial assumptions, which were applied to all periods included in the measurement:

	PERF	
	Measurement Date as of June 30, 2021	*Measurement Date as of June 30, 2020*
Cost of living	FY 2024-2033 – 0.4% FY 2034-2038 – 0.5% FY 2039 and on – 0.6%	FY 2020-2021 – 13th check FY 2022-2033 – 0.4% FY 2034-2038 – 0.5% FY 2039 and on – 0.6%
Inflation	2.00%, average	2.25%, average
Future salary increases	2.65% to 8.65%	2.75% to 8.75%
Investment rate of return	6.25%, net of investment expense	6.75%, net of investment expense
Mortality rates	Based on Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019	Based on Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019

The actuarial assumptions used in the valuations of June 30, 2021, were adopted by the Indiana Public Retirement System Board pursuant to the experience studies that reflected the period from July 1, 2014, through June 30, 2019. Member census data as of June 30, 2020, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2020, and June 30, 2021. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2020, to the June 30, 2021 measurement date.

There were no significant changes to the assumptions listed above for the pension plan since the prior measurement date of June 30, 2020.

The long-term expected rate of return on pension plan investments was determined 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	PERF			
	Measurement Date as of June 30, 2021		*Measurement Date as of June 30, 2020*	
	Target Allocation	*Long-Term Expected Real Rate of Return*	*Target Allocation*	*Long-Term Expected Real Rate of Return*
Public equity	20.0%	3.6%	22.0%	4.4%
Private markets	15.0%	7.3%	14.0%	7.6%
Fixed income – ex inflation-linked[1]	20.0%	1.5%	20.0%	1.9%
Fixed income – inflation-linked	15.0%	(0.3)%	7.0%	0.5%
Commodities	10.0%	0.8%	8.0%	1.6%
Real estate	10.0%	4.2%	7.0%	5.8%
Absolute return	5.0%	2.5%	10.0%	2.9%
Risk parity	20.0%	4.4%	12.0%	5.5%
Leverage Offset	(15.0)%	(1.4)%	–%	–%
Total	**100.0%**		**100.0%**	

[1] *Includes cash & cash equivalents*

Discount rate. The discount rate used to measure the total pension liability was 6.25% and 6.75% at June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the university's proportionate share of the PERF net pension liability. The following tables presents the university's proportionate share of the PERF net pension liability using the discount rate of 6.25% and 6.75% for June 30, 2021 and 2020, respectively, 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 or 1-percentage-point higher than the current rate:

(dollar amounts presented in thousands)

		PERF	
Sensitivity of Net Pension Liability	*1% Decrease*	*Current Discount Rate*	*1% Increase*
June 30, 2022 (6.25%)	$ 64,864	$ 24,801	$ (8,618)
June 30, 2021 (6.75%)	95,016	58,280	27,510

Pension Plan Fiduciary Net Position. Detailed information about the pension plans' fiduciary net position is available in the separately issued INPRS financial report.

PAYABLE TO THE PENSION PLAN

The university reported a payable of $1,716,000 at June 30, 2022, and $1,421,000 at June 30, 2021, for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2022 and 2021, respectively.

Note 13—Postemployment Benefits

PLAN DESCRIPTION

The university provides postemployment benefits for certain retired employees. The IU 18/20 Plan, medical, and life insurance benefits are presented for financial statement purposes as a consolidated plan (the "Plan").

The Plan is a single-employer defined benefit plan administered by Indiana University. The 18/20 Plan provides interim benefits to full-time appointed academic and professional staff employees who meet the following eligibility requirements: covered by the IU Retirement Plan 15% level on or before July 14, 1988, and has 18 years of participation in the IU Retirement Plan 15% level, at least 20 years of continuous full-time university service, and at least 64 years of age. This group of employees is eligible to receive monthly payments based on a hypothetical monthly annuity amount at age 70, up to the amount of terminal base salary, calculated as the average budgeted base salary for the five 12-month periods immediately preceding retirement. The 18/20 Plan was adopted by the Trustees of Indiana University ("trustees") and is closed to new entrants.

The university provides medical care coverage to individuals with retiree status and their eligible dependents. The cost of the coverage is borne fully by the individual. However, retiree medical care coverage is implicitly more expensive than active-employee coverage, which creates an implicit rate subsidy. The university provides retiree life insurance benefits in the amount of $6,000 to terminated employees with retiree status. The health and life insurance plans have been established and may be amended under the authority of the trustees. The Plan does not issue a stand-alone financial report.

FUNDING POLICY

The contribution requirements of plan members and the university are established and may be amended by the trustees. The university contribution to the 18/20 Plan and retiree life insurance is based on pay-as-you-go financing requirements. Plan members do not make contributions. The medical plans are self-funded and each plan's premiums are updated annually based on actual claims. Retirees receiving medical benefits paid $1,023,000 and $912,000 in premiums in the fiscal years ended June 30, 2022 and 2021, respectively. The university contributed $22,675,000 and $27,640,000 to the consolidated OPEB Plan in fiscal year ended June 30, 2022 and 2021, respectively. The university does not maintain a separate legal trust to house assets used to fund postemployment benefits.

As of the June 30, 2022 actuarial valuation date, the number of plan participants consisted of the following:

	18/20 Plan	*Retiree Health Insurance*	*Retiree Life Insurance*
Active employees	57	17,174	18,726
Inactive employees receiving benefits	130	186	6,655
Total	**187**	**17,360**	**25,381**

Office of First Year Experience Programs
IU Bloomington Campus

OPEB LIABILITY, OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES

At June 30, 2022 and 2021, the university reported $179,008,000 and $209,112,000 for its total OPEB liability, respectively. The current portion of the OPEB liability was $21,269,000 and $24,085,000 at June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, the university reported $16,218,000 and $21,087,000 for its total OPEB expense, respectively. The total OPEB liability was measured as of June 30, 2022 and was based on an actuarial valuation date of June 30, 2022 with no adjustments to get to the June 30, 2022 measurement date. Liabilities as of June 30, 2021, were based on an actuarial valuation date of June 30, 2020, actuarially projected on a "no gain / no loss" basis.

Changes in the total reported liability for postemployment benefits obligations and total OPEB expense for the year ended June 30, 2022, are summarized as follows:

(dollar amounts presented in thousands)

	18/20 Plan	*Retiree Health Insurance*	*Retiree Life Insurance*	*Total*
Total OPEB liability, beginning of year	$ 61,926	$ 95,940	$ 51,246	$ 209,112
Service cost	1,298	8,652	1,718	11,668
Interest	1,187	2,256	1,144	4,587
Changes in assumptions	(1,082)	(13,978)	(13,570)	(28,630)
Differences between expected and actual experience	(1,378)	7,685	(1,361)	4,946
Benefit payments	(18,107)	(3,133)	(1,435)	(22,675)
Total OPEB liability, end of year	**$ 43,844**	**$ 97,422**	**$ 37,742**	**$ 179,008**
Current portion of OPEB liability				**$ 21,269**
OPEB expense	**$ 1,060**	**$ 12,778**	**$ 2,380**	**$ 16,218**

Changes in the total reported liability for postemployment benefits obligations and total OPEB expense for the year ended June 30, 2021, are summarized as follows:

(dollar amounts presented in thousands)

	18/20 Plan	*Retiree Health Insurance*	*Retiree Life Insurance*	*Total*
Total OPEB liability, beginning of year	$ 83,938	$ 99,374	$ 45,891	$ 229,203
Service cost	1,657	9,024	1,430	12,111
Interest	1,965	2,848	1,240	6,053
Changes in assumptions	381	3,648	4,087	8,116
Differences between expected and actual experience	(2,431)	(16,300)	–	(18,731)
Benefit payments	(23,584)	(2,654)	(1,402)	(27,640)
Total OPEB liability, end of year	**$ 61,926**	**$ 95,940**	**$ 51,246**	**$ 209,112**
Current portion of OPEB liability				**$ 24,085**
OPEB expense	**$ 2,505**	**$ 14,528**	**$ 4,054**	**$ 21,087**

The discount rate changed from 2.19% as of June 30, 2021, to 4.09% as of June 30, 2022. The health care trend rates have been reset to an initial rate of 7.5% decreasing by 0.5% annually to an ultimate rate of 4.5%. The university has not had a recent experience study.

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

(dollar amounts presented in thousands)

	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Changes in Assumptions:		
18/20 Plan	$ 1,871	$ 1,298
Retiree health insurance	8,327	12,231
Retiree life insurance	7,374	12,279
Differences between expected and actual experience:		
18/20 Plan	–	7,761
Retiree health insurance	32,777	29,199
Retiree life insurance	289	1,191
Total	**$ 50,638**	**$ 63,959**

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

(dollar amounts presented in thousands)

	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Changes in Assumptions:		
18/20 Plan	$ 2,252	$ 439
Retiree health insurance	10,060	–
Retiree life insurance	8,800	505
Differences between expected and actual experience:		
18/20 Plan	–	7,966
Retiree health insurance	32,566	34,790
Retiree life insurance	348	–
Total	**$ 54,026**	**$ 43,700**

These amounts will be recognized in OPEB expense as follows:

(dollar amounts presented in thousands)

	18/20 Plan	Retiree Health Insurance	Retiree Life Insurance	Total
2023	$ (1,425)	$ 1,869	$ (482)	$ (38)
2024	(1,425)	1,869	(482)	(38)
2025	(1,425)	1,869	(482)	(38)
2026	(1,425)	1,869	(482)	(38)
2027	(616)	(4,648)	(656)	(5,920)
Thereafter	(872)	(3,154)	(3,223)	(7,249)
Total	**$ (7,188)**	**$ (326)**	**$ (5,807)**	**$ (13,321)**

Actuarial Assumptions. Significant actuarial methods and assumptions used to calculate the university's total OPEB liability were:

Payroll growth (medical/life plan)	3.0%	3.0%
Payroll growth (18/20 plan)	2.5%	2.5%
Inflation	2.5%	3.0%
Health care cost trend rates	7.5% for fiscal year 2023 to 4.5% for fiscal year 2029 and later years	7.5% for fiscal year 2022 to 4.5% for fiscal year 2028 and later years
Mortality rates	Based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021	Based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary

Discount rate. The discount rate used in valuing OPEB liabilities as of June 30, 2022, was 4.09% and 2.19% as of June 30, 2021. The discount rate must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The S&P 20-year municipal bond index was used for the current discount rate.

Sensitivity of total OPEB liability to the discount rate. The following table presents the June 30, 2022 total OPEB liability using the discount rate of 4.09% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

(dollar amounts presented in thousands)

Sensitivity of Total OPEB Liability	*1% Decrease (3.09%)*	*Current Discount Rate (4.09%)*	*1% Increase (5.09%)*
18/20 plan	$ 44,419	$ 43,844	$ 43,261
Retiree health insurance	106,003	97,422	89,568
Retiree life insurance	44,185	37,742	32,633
Total	**$ 194,607**	**$ 179,008**	**$ 165,462**

Sensitivity of total OPEB liability to the discount rate. The following table presents the June 30, 2021 total OPEB liability using the discount rate of 2.19% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

(dollar amounts presented in thousands)

Sensitivity of Total OPEB Liability	*1% Decrease (1.19%)*	*Current Discount Rate (2.19%)*	*1% Increase (3.19%)*
18/20 plan	$ 62,713	$ 61,926	$ 61,108
Retiree health insurance	104,139	95,941	88,335
Retiree life insurance	61,814	51,245	43,099
Total	**$ 228,666**	**$ 209,112**	**$ 192,542**

Sensitivity of total OPEB liability to the health care trend rate. The following table presents the university's retiree health insurance OPEB liability for both years as well as what the retiree health insurance OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

(dollar amounts presented in thousands)

*Sensitivity of Retiree Health Insurance OPEB Liability**	*1% Decrease*	*Current Trend*	*1% Increase*
June 30, 2022 (current 7.5% decreasing to 4.5%)	$ 86,652	$ 97,422	$ 110,131
June 30, 2021 (current 7.5% decreasing to 4.5%)	83,772	95,941	110,532

**The 18/20 and retiree life insurance plans are not included above as they do not have a health care component.*

A limestone gateway is pictured in front of Dunn Meadow on a snowy winter day
IU Bloomington Campus

Note 14—Functional Expenses

The university's operating expenses by functional classification were as follows:

Fiscal year ended June 30, 2022

(dollar amounts presented in thousands)

	Natural Classification				
Functional Classification	*Compensation & Benefits*	*Scholarships & Fellowships*	*Supplies & Expenses*	*Depreciation*	*Total*
Instruction	$ 983,491	$ 28,456	$ 238,758	$ –	$ 1,250,705
Research	223,404	4,061	123,906	–	351,371
Public service	90,005	1,938	41,316	–	133,259
Academic support	360,971	4,260	140,029	–	505,260
Student services	92,687	1,067	28,993	–	122,747
Institutional support	133,581	42	60,697	–	194,320
Physical plant	93,306	8	73,247	–	166,561
Scholarships & fellowships	16,540	195,879	12,130	–	224,549
Auxiliary enterprises	211,851	6,686	146,894	–	365,431
Depreciation	–	–	–	190,006	190,006
Total operating expenses	**$ 2,205,836**	**$ 242,397**	**$ 865,970**	**$ 190,006**	**$ 3,504,209**

Fiscal year ended June 30, 2021

(dollar amounts presented in thousands)

	Natural Classification				
Functional Classification	*Compensation & Benefits*	*Scholarships & Fellowships*	*Supplies & Expenses*	*Depreciation*	*Total*
Instruction	$ 962,643	$ 20,983	$ 202,633	$ –	$ 1,186,259
Research	214,917	3,164	105,161	–	323,242
Public service	81,283	1,563	35,345	–	118,191
Academic support	345,008	2,907	116,874	–	464,789
Student services	92,914	969	25,870	–	119,753
Institutional support	136,851	28	63,352	–	200,231
Physical plant	93,600	35	77,790	–	171,425
Scholarships & fellowships	16,809	141,154	11,128	–	169,091
Auxiliary enterprises	198,635	5,389	119,400	–	323,424
Depreciation	–	–	–	188,279	188,279
Total operating expenses	**$ 2,142,660**	**$ 176,192**	**$ 757,553**	**$ 188,279**	**$ 3,264,684**

Note 15—Commitments and Loss Contingencies

The university had outstanding commitments for capital construction projects of $55,342,000 and $118,802,000 at June 30, 2022 and 2021, respectively.

The university is a party in a number of legal actions. While the final outcome in these legal actions cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a significant adverse effect on the university's financial position.

Note 16—Discretely Presented Component Units

Condensed financial statement information related to the University's component units for the year ended June 30, 2022 is as follows:

(dollar amounts presented in thousands)

	Indiana University Foundation	Riley Children's Endowment	IU Medical Group Foundation	Regenstrief Institute, Inc.	Total
Assets					
Current assets					
Cash and cash equivalents	$ 104,712	$ 10,070	$ 21,066	$ 4,454	$ 140,302
Collateral under securities lending agreement	16,066	–	–	–	16,066
Accounts receivable, net	45,724	16,810	898	14,275	77,707
Other assets	–	–	–	344	344
Total current assets	**166,502**	**26,880**	**21,964**	**19,073**	**234,419**
Noncurrent assets					
Accounts receivable, net	249,134	–	–	–	249,134
Investments	3,665,070	364,223	234,225	19,441	4,282,959
Capital assets, net	66,051	1,453	–	12,619	80,123
Other assets	–	36,474	–	–	36,474
Total noncurrent assets	**3,980,255**	**402,150**	**234,225**	**32,060**	**4,648,690**
Total assets	**4,146,757**	**429,030**	**256,189**	**51,133**	**4,883,109**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	31,635	34,505	2,293	2,553	70,986
Collateral under securities lending agreement	16,066	–	–	–	16,066
Current portion of long-term debt	–	–	–	312	312
Total current liabilities	**47,701**	**34,505**	**2,293**	**2,865**	**87,364**
Noncurrent liabilities					
Long-term debt	149,159	–	–	9,251	158,410
Assets held for the university	470,864	3,179	–	–	474,043
Assets held for university affiliates	42,927	–	–	–	42,927
Other noncurrent liabilities	43,634	154	–	–	43,788
Total noncurrent liabilities	**706,584**	**3,333**	**–**	**9,251**	**719,168**
Total liabilities	**754,285**	**37,838**	**2,293**	**12,116**	**806,532**
Net position					
Net investment in capital assets	66,051	1,453	–	3,368	70,872
Restricted for:					
Nonexpendable – endowments	2,241,354	127,663	–	–	2,369,017
Expendable:					
Scholarships, research, instruction, other	1,009,777	61,624	20,034	16,488	1,107,923
Capital projects	144,204	8,032	–	–	152,236
Unrestricted	(68,914)	192,420	233,862	19,161	376,529
Total net position	**$ 3,392,472**	**$ 391,192**	**$ 253,896**	**$ 39,017**	**$ 4,076,577**

(dollar amounts presented in thousands)

	Indiana University Foundation	Riley Children's Endowment	IU Medical Group Foundation	Regenstrief Institute, Inc.	Total
Operating revenues					
Nongovernmental grants and contracts	$ –	$ –	$ –	$ 19,614	$ 19,614
Sales, services, and other revenue	24,559	74	–	2,176	26,809
Total operating revenues	**24,559**	**74**	**–**	**21,790**	**46,423**
Operating expenses					
Compensation and benefits	25,451	6,504	–	15,068	47,023
Student financial aid	59,635	–	–	–	59,635
Energy and utilities	296	16	–	84	396
Travel	2,328	49	–	188	2,565
Supplies and general expense	276,959	37,903	37,678	6,934	359,474
Depreciation and amortization	2,609	158	–	1,031	3,798
Total operating expenses	**367,278**	**44,630**	**37,678**	**23,305**	**472,891**
Nonoperating revenues (expenses)					
Investment income (loss)	7,588	(45,258)	(32,796)	(1,554)	(72,020)
Gifts	84,643	47,565	35,350	12,400	179,958
Interest expense	–	–	–	(349)	(349)
Net nonoperating revenues	**92,231**	**2,307**	**2,554**	**10,497**	**107,589**
Other					
Additions to permanent endowments	104,681	–	–	–	104,681
Total other	**104,681**	**–**	**–**	**–**	**104,681**
Increase in net position	(145,807)	(42,249)	(35,124)	8,982	(214,198)
Net position, beginning of year	3,538,279	433,441	289,020	30,035	4,290,775
Net position, end of year	**$ 3,392,472**	**$ 391,192**	**$ 253,896**	**$ 39,017**	**$ 4,076,577**

Condensed financial statement information related to the University's component units for the year ended June 30, 2021 is as follows:

(dollar amounts presented in thousands)

	Indiana University Foundation	*Riley Children's Endowment*	*IU Medical Group Foundation*	*Regenstrief Institute, Inc.*	*Total*
Assets					
Current assets					
Cash and cash equivalents	$ 135,445	$ 8,882	$ 9,484	$ 3,590	$ 157,401
Collateral under securities lending agreement	60,905	–	–	–	60,905
Accounts receivable, net	66,999	7,713	3,749	8,598	87,059
Other assets	–	–	–	230	230
Total current assets	**263,349**	**16,595**	**13,233**	**12,418**	**305,595**
Noncurrent assets					
Accounts receivable, net	240,692	–	–	–	240,692
Investments	3,483,814	406,338	275,912	17,991	4,184,055
Capital assets, net	59,198	1,245	–	13,650	74,093
Other assets	–	44,378	–	–	44,378
Total noncurrent assets	**3,783,704**	**451,961**	**275,912**	**31,641**	**4,543,218**
Total assets	**4,047,053**	**468,556**	**289,145**	**44,059**	**4,848,813**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	53,322	31,584	125	4,159	89,190
Collateral under securities lending agreement	60,905	–	–	–	60,905
Current portion of long-term debt	–	–	–	301	301
Total current liabilities	**114,227**	**31,584**	**125**	**4,460**	**150,396**
Noncurrent liabilities					
Long-term debt	–	–	–	9,564	9,564
Assets held for the university	307,029	3,361	–	–	310,390
Assets held for university affiliates	43,119	–	–	–	43,119
Other noncurrent liabilities	44,399	170	–	–	44,569
Total noncurrent liabilities	**394,547**	**3,531**	**–**	**9,564**	**407,642**
Total liabilities	**508,774**	**35,115**	**125**	**14,024**	**558,038**
Net position					
Net investment in capital assets	59,198	1,245	–	4,086	64,529
Restricted for:					
Nonexpendable – endowments	2,235,963	130,546	–	–	2,366,509
Expendable:					
Scholarships, research, instruction, other	1,006,996	67,078	–	7,768	1,081,842
Capital projects	146,382	10,094	–	–	156,476
Unrestricted	89,740	224,478	289,020	18,181	621,419
Total net position	**$ 3,538,279**	**$ 433,441**	**$ 289,020**	**$ 30,035**	**$ 4,290,775**

(dollar amounts presented in thousands)

	Indiana University Foundation	*Riley Children's Endowment*	*IU Medical Group Foundation*	*Regenstrief Institute, Inc.*	*Total*
Operating revenues					
Nongovernmental grants and contracts	$ –	$ –	$ –	$ 18,757	$ 18,757
Sales, services, and other revenue	22,262	(4)	–	2,781	25,039
Total operating revenues	**22,262**	**(4)**	–	**21,538**	**43,796**
Operating expenses					
Compensation and benefits	25,870	6,105	–	15,032	47,007
Student financial aid	60,003	–	–	–	60,003
Energy and utilities	247	12	–	62	321
Travel	861	16	–	35	912
Supplies and general expense	115,297	39,902	30,390	5,828	191,417
Depreciation and amortization	2,729	166	–	1,029	3,924
Total operating expenses	**205,007**	**46,201**	**30,390**	**21,986**	**303,584**
Nonoperating revenues (expenses)					
Investment income (loss)	832,210	94,500	51,481	(6)	978,185
Gifts	53,908	34,047	43,764	3,458	135,177
Interest expense	–	–	–	(344)	(344)
Net nonoperating revenues	**886,118**	**128,547**	**95,245**	**3,108**	**1,113,018**
Other					
Additions to permanent endowments	141,802	–	–	–	141,802
Total other	**141,802**	–	–	–	**141,802**
Increase in net position	845,175	82,342	64,855	2,660	995,032
Net position, beginning of year	2,693,104	351,099	224,165	27,375	3,295,743
Net position, end of year	**$ 3,538,279**	**$ 433,441**	**$ 289,020**	**$ 30,035**	**$ 4,290,775**

Note 17—Subsequent Events

On August 12, 2022, the Boards of Trustees of Indiana University and Purdue University approved a new memorandum of understanding that will convert the campus of Indiana University-Purdue University (IUPUI) into two different institutions on shared grounds. Indiana University will continue to own and manage the shared campus, with Indiana providing certain administrative services for both institutions, and housing the college's Division I athletics program.

The IUPUI campus will be known as Indiana University Indianapolis. The Purdue portion of the campus will serve as an academic extension of its home base in West Lafayette and has yet to be named. The division of the facilities between the two institutions has not yet been finalized. The expected completion for the realignment is fall 2024.

Aerial view of the beautiful Indiana University Northwest campus in early spring
IU Northwest Campus

Schedule of the University's Proportionate Share of the Net Pension Liability for the Indiana Public Employees' Retirement Fund (last 10 years[1]):

(dollar amounts presented in thousands)

Measurement Date as of:	*University's proportion of the net pension liability*	*University's proportionate share of the net pension liability*	*University's covered payroll*	*University's proportionate share of the net liability as a percentage of its covered payroll*	*Plan fiduciary net position as a percentage of the total pension liability*
June 30, 2021	1.88%	$24,801	$84,371	29.39%	92.50%
June 30, 2020	1.93%	$58,280	$94,664	61.56%	81.40%
June 30, 2019	1.97%	$65,254	$101,364	64.38%	80.10%
June 30, 2018	2.02%	$68,576	$124,694	55.00%	78.90%
June 30, 2017	2.06%	$92,066	$128,504	71.64%	76.60%
June 30, 2016	2.11%	$95,689	$139,508	68.59%	75.30%
June 30, 2015	3.30%	$134,565	$156,848	85.79%	77.30%
June 30, 2014	3.85%	$101,229	$185,019	54.71%	84.30%

The amounts presented for each fiscal year were determined as of June 30.

Schedule of the University's Contributions for the Indiana Public Employees' Retirement Fund (last 10 years[1]):

(dollar amounts presented in thousands)

Fiscal Year	*Contractually required contribution*	*Contributions in relations to the contractually required contribution*	*Contribution deficiency*	*University's covered payroll*	*Contributions as a percentage of covered payroll*
2022	$8,824	$(8,824)	–	$79,916	11.04%
2021	$9,154	$(9,154)	–	$84,371	10.85%
2020	$10,583	$(10,583)	–	$94,664	11.18%
2019	$11,170	$(11,170)	–	$101,364	11.02%
2018	$13,978	$(13,978)	–	$124,694	11.21%
2017	$13,980	$(13,980)	–	$128,504	10.88%
2016	$15,637	$(15,637)	–	$139,508	11.21%
2015	$17,484	$(17,484)	–	$156,848	11.15%

The amounts presented for each fiscal year were determined as of June 30.

[1] GASB Statement No. 68 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to those presented. Additional years will be included in future reports as data becomes available.

Notes to RSI:

Changes of Benefit Terms: *There were no changes of benefit terms for the years presented.*

Changes in Assumptions:

FY 2022:
The Interest Rate / Investment Return and Discount Rate assumption changed from 6.75% to 6.25%.

The inflation assumption changed from 2.25% to 2.00%.

The Future Salary Scale assumption changed from 2.75% - 8.75% to 2.65% - 8.65%.

FY 2021:
The future salary increase assumption changed from an age-based table ranging from 2.50% to 4.25% to a service-based table ranging from 2.75% to 8.75%.

The mortality assumption changed from the 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 to the Pub-2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

The retirement assumption was updated based on recent experience and was updated from an age- and service-based table to an age-based table dependent on eligibility for a reduced benefit or unreduced benefit. Additionally, for actives who are eligible for early retirement (reduced benefit), 30% are now assumed to commence benefits immediately and 70% are assumed to commence benefits at unreduced retirement eligibility. Previously 33% of actives were assumed to commence benefits with early retirement while 67% were assumed to wait for unreduced retirement eligibility.

The termination assumption was updated based on recent experience. For state members, the tables were combined from being split by salary and sex to being one unisex service-based table. For members in political subdivisions earning more than $20,000, the sex-distinct tables were combined to one unisex service-based table. For members in political subdivisions earning less than $20,000, the sex-distinct age-based table was maintained, and the rates were updated based on experience.

The disability assumption was updated based on recent experience.

The marital assumption was updated based on recent experience: 80% of male members and 65% of female members are assumed to be married or to have a dependent beneficiary. Previously, 75% of male members and 60% of female members were assumed to be married or to have a dependent beneficiary.

The load placed on the final average earnings to account for additional wages received upon termination, such as severance pay or unused sick leave, decreased from $400 to $200.

FY 2020:
None

FY 2019:
For the actuarial valuation as of June 30, 2018, the Cost-of-Living Adjustment (COLA) assumption was changed due to passage of Senate Enrolled Act No. 373. In lieu of a 1.0% COLA beginning on January 1, 2020, INPRS assumes the COLA will be replaced by a 13th check for 2020 and 2021. The COLA assumption thereafter, would be 0.4% beginning on January 1, 2022, changing to 0.5% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

FY 2018:
For the actuarial valuation as of June 30, 2017, an actuarial audit was completed which included updating the following assumptions: adding a load on final average salary of $400 to reflect unused sick leave accumulated at termination of employment for active and inactive vested members. Additionally, for disabled members, the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables are assumed instead of the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality tables.

FY 2017:
None

FY 2016:
The inflation assumption changed from 3.00% to 2.25% per year.

The future salary increase assumption changed from an age-based table ranging from 3.25% to 4.50% to an age-based table ranging from 2.50% to 4.25%.

The mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the 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.

The retirement assumption was updated based on recent experience. Additionally, for actives who are eligible for early retirement (reduced benefit), 33% are assumed to commence benefits immediately and 67% are assumed to commence benefits at unreduced retirement eligibility. 100% of actives were assumed to commence benefits immediately upon early retirement eligibility in the prior year.

The termination assumption was updated based on recent experience. For members earning less than $20,000, the tables were updated from a select and ultimate table to just an ultimate table as there is little correlation with service. For members earning more than $20,000, the tables were updated from using a 5-year select period to a 10-year select period to correspond with the vesting schedule.

The disability assumption was updated based on recent experience.

The ASA Annuitization assumption was updated from 50% of members assumed to annuitize their ASA balance to 60% of members assumed to annuitize their ASA balance prior to January 1, 2017.

FY 2015:
Assumptions concerning ASA withdrawal and annuitization were added pursuant to the addition of IC 5-10.5-4-2.5 and 2.6 in accordance with the 2014 House Enrolled Act No. 1075.

All other assumptions are the same as the June 30, 2013 valuation.

Graduate Commencement at Memorial Stadium
IU Bloomington Campus

Schedule of the University's Total Liability for Other Postemployment Benefit Plans (last 10 years[1]) Under GASB 75:

(dollar amounts presented in thousands)

	Service Cost	Interest	Changes in Assumptions	Differences Between Expected and Actual Experience	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability, Beginning of Year	Total OPEB Liability, End of Year	Covered Payroll	Total Liability as Percentage of Covered Payroll
FY 2022:										
18/20 Plan	$ 1,298	$ 1,187	$ (1,082)	$ (1,378)	$ (18,107)	**$ (18,082)**	$ 61,926	**$ 43,844**	$ 8,775	499.6%
Retiree Health Insurance	8,652	2,256	(13,978)	7,685	(3,133)	**1,482**	95,940	**97,422**	1,334,545	7.3%
Retiree Life Insurance	1,718	1,144	(13,570)	(1,361)	(1,435)	**(13,504)**	51,246	**37,742**	1,334,545	2.8%
Total	**$ 11,668**	**$ 4,587**	**$ (28,630)**	**$ 4,946**	**$ (22,675)**	**$ (30,104)**	**$ 209,112**	**$ 179,008**		
FY 2021:										
18/20 Plan	$ 1,657	$ 1,965	$ 381	$ (2,431)	$ (23,584)	**$ (22,012)**	$ 83,938	**$ 61,926**	$ 13,233	468.0%
Retiree Health Insurance	9,024	2,848	3,648	(16,300)	(2,654)	**(3,434)**	99,374	**95,940**	1,347,071	7.1%
Retiree Life Insurance	1,430	1,240	4,087	–	(1,402)	**5,355**	45,891	**51,246**	1,347,071	3.8%
Total	**$ 12,111**	**$ 6,053**	**$ 8,116**	**$ (18,731)**	**$ (27,640)**	**$ (20,091)**	**$ 229,203**	**$ 209,112**		
FY 2020:										
18/20 Plan	$ 2,442	$ 3,344	$ 2,014	$ (2,431)	$ (28,297)	**$ (22,928)**	$ 106,866	**$ 83,938**	$ 20,425	411.0%
Retiree Health Insurance	8,746	4,052	3,852	(22,099)	(3,690)	**(9,139)**	108,513	**99,374**	1,307,836	7.6%
Retiree Life Insurance	1,118	1,391	5,188	413	(1,469)	**6,641**	39,250	**45,891**	1,307,836	3.5%
Total	**$ 12,306**	**$ 8,787**	**$ 11,054**	**$ (24,117)**	**$ (33,456)**	**$ (25,426)**	**$ 254,629**	**$ 229,203**		
FY 2019:										
18/20 Plan	$ 2,209	$ 4,571	$ 653	$ (3,203)	$ (26,277)	**$ (22,047)**	$ 128,913	**$ 106,866**	$ 24,322	439.4%
Retiree Health Insurance	8,427	4,243	3,257	(6,325)	(4,552)	**5,050**	103,463	**108,513**	1,248,265	8.7%
Retiree Life Insurance	974	1,410	2,134	–	(1,435)	**3,083**	36,167	**39,250**	1,248,265	3.1%
Total	**$ 11,610**	**$ 10,224**	**$ 6,044**	**$ (9,528)**	**$ 32,264)**	**$ (13,914)**	**$ 268,543**	**$ 254,629**		
FY 2018:										
18/20 Plan	$ 3,442	$ 5,169	$ (790)	$ (3,625)	$ (32,188)	**$ (27,992)**	$ 156,905	**$ 128,913**	$ 23,729	543.3%
Retiree Health Insurance	3,111	1,494	3,498	58,618	(3,714)	**63,007**	40,456	**103,463**	1,211,908	8.5%
Retiree Life Insurance	1,095	1,301	(909)	69	(1,286)	**270**	35,897	**36,167**	1,211,908	3.0%
Total	**$ 7,648**	**$ 7,964**	**$ 1,799**	**$ 55,062**	**$ (37,188)**	**$ 35,285**	**$ 33,258**	**$ 268,543**		

[1]GASB Statement No. 75 requires disclosure of a 10-year schedule. The financial statement information was not available for years prior to 2018. Additional years will be included in future reports as data becomes available.

Notes to RSI:

No assets were accumulated in a trust.

FY 2022:
Changes of Benefit Terms: *There were no changes of benefit terms for the plan year ended June 30, 2022.*

Changes in Assumptions: *The discount rate increased to 4.09% as of June 30, 2022. The inflation rate decreased to 2.50% per year as of June 30, 2022. The mortality table has been updated from headcount-weighted, fully generational using Scale MP-2019 to headcount-weighted, fully generational using Scale MP-2021.*

FY 2021:
Changes of Benefit Terms: *There were no changes of benefit terms for the plan year ended June 30, 2021.*

Changes in Assumptions: *The discount rate decreased to 2.19% as of June 30, 2021. The health care trend rates have been reset to an initial rate of 7.5% decreasing by 0.5% annually to an ultimate rate of 4.5%.*

FY 2020:
Changes of Benefit Terms: *There were no changes of benefit terms for the plan year ended June 30, 2020.*

Changes in Assumptions: *The discount rate decreased to 2.66% as of June 30, 2020. The health care trend rates have been reset to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%. The mortality table has been updated from fully generational using Scale MP-2017 to headcount-weighted, fully generational using Scale MP-2019.*

FY 2019:
Changes of Benefit Terms: *There were no changes of benefit terms for the plan year ended June 30, 2019.*

Changes in Assumptions: *The discount rate decreased to 3.51% as of June 30, 2019. The health care trend rates have been reset to an initial rate of 8.5% decreasing by 0.5% annually to an ultimate rate of 5.0%.*

FY 2018:
Changes of Benefit Terms: *There were no changes of benefit terms for the plan year ended June 30, 2018; however, the medical plan available to retirees has been changed from the PPO $900 Deductible plan (which is no longer offered) to the Anthem PPO HDHP plan.*

Changes in Assumptions: *The discount rate was 3.87% as of June 30, 2018, and 3.58% as of July 1, 2017. The actuarial cost method was updated from Projected Unit Credit with linear proration to decrement to Entry Age Normal Level % of Salary. The mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017. The health care trend rates have been reset to an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%.*

Snow covers Ball Hall on a winter day
IUPUI Campus

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