

SOUTHERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

FINANCIAL AUDIT

For the Year Ended June 30, 2021

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended June 30, 2021

Table of Contents

Treasurer's Letter	1
University Officials	2
Financial Statement Report	
Summary	4
Independent Auditor's Report	5
Management's Discussion and Analysis (Unaudited)	8
Basic Financial Statements	
Statement of Net Position	17
Statement of Revenues, Expenses and Changes in Net Position	19
Statement of Cash Flows	20
Statements of Fiduciary Funds	22
Notes to Financial Statements	23
Required Supplementary Information (Unaudited)	
Schedule of Southern Illinois University's Proportionate Share of the Net Pension Liability	64
Southern Illinois University Schedule of Contributions	64
Schedule of Southern Illinois University's Proportionate Share of the Net OPEB Liability	66
Supplementary Information	
Table of Operating Expenses For the Year Ended June 30, 2021	67
Other Information (Unaudited)	
Data Required by Revenue Bond Resolutions	68

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended June 30, 2021

Table of Contents
(Continued)

Other Reports Issued Under a Separate Cover

Southern Illinois University's *Federal Single Audit* and *State Compliance Examination* for the year ended June 30, 2021, will be issued under separate covers. Additionally, in accordance with *Government Auditing Standards*, we have issued the Report Required Under Government Auditing Standards for the year ended June 30, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, under a separate cover. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.



SOUTHERN ILLINOIS UNIVERSITY
SENIOR VICE PRESIDENT FOR FINANCIAL & ADMINISTRATIVE AFFAIRS
STONE CENTER - MAIL CODE 6801 / 1400 DOUGLAS DRIVE / CARBONDALE, ILLINOIS 62901

May 13, 2022

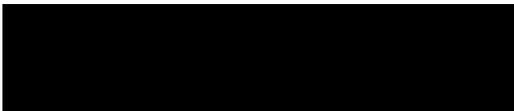
TO THE BOARD OF TRUSTEES
OF SOUTHERN ILLINOIS UNIVERSITY

I am pleased to submit the annual financial report of Southern Illinois University for the year ended June 30, 2021.

The report consists of the Independent Auditors' Report, Management's Discussion and Analysis, the basic financial statements, and the notes to the financial statements of the University and its aggregate discretely presented component units. It presents the respective financial positions of the University and its component units.

The financial statements of the University have been audited by Plante & Moran, PLLC for fiscal year 2021. As Special Assistant Auditors for the Auditor General, they will be issuing two additional reports. A report covering their audit of the compliance of the University with applicable federal laws and regulations. They will also be issuing a report on the University's compliance with applicable state laws and regulations. This report will also contain special data requested by the Auditor General. These reports will be available at the Office of the Auditor General, State of Illinois.

Respectfully submitted,



Duane Stucky
Board Treasurer

DS/psi

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended June 30, 2021

UNIVERSITY OFFICIALS

President
Fiscal Officer
General Counsel
Executive Director, Internal Audit
SIUC Chancellor
SIUE Chancellor

Dr. Daniel Mahony
Duane Stucky
Lucas Crater
Kimberly Labonte
Austin Lane
Randall Pembroke

BOARD OFFICERS

Board Chair
Board Vice Chair
Board Secretary
Board Secretary

J. Phil Gilbert
Ed Hightower
Roger Tedrick (until 2/10/22)
Subhash Sharma (eff. 2/10/22)

Secretary to the Board

Misty Whittington

GOVERNING BOARD MEMBERS

Trustee
Trustee (3/15/21 to 8/13/21)
Trustee
Trustee
Trustee
Trustee (7/1/20 to 11/16/20)
Trustee
Trustee

Edgar Curtis
Tonya Genovese
J. Phil Gilbert
Ed Hightower
Subhash Sharma
Amy Sholar
John Simmons
Roger Tedrick

Student Trustee (7/1/21 to present)
Student Trustee (7/1/21 to present)
Student Trustee (7/1/20 to 6/30/21)
Student Trustee (7/1/20 to 6/30/21)

Shaylee Clinton
Madelyn Walters
Steve Gear
Jacob Graham

EX OFFICIO MEMBER

Superintendent of Public Instruction
(Eliminated legislatively on August 13, 2021)

State Superintendent

Dr. Carmen I. Ayala

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended June 30, 2021

BOARD OFFICES

The Agency's primary administrative offices are located at:

Southern Illinois University Carbondale
1263 Lincoln Dr.
Carbondale, Illinois 62901

Southern Illinois University Edwardsville
1 Hairpin Dr.
Edwardsville, Illinois 62025

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended June 30, 2021

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of Southern Illinois University was performed by Plante & Moran, PLLC.

Based on their audit, the auditors expressed an unmodified opinion on the University's basic financial statements.

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Kim Labonte, Executive Director, Internal Audit, on May 10, 2022

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Southern Illinois University

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of Southern Illinois University (the "University"), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University's aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us and, in our opinion, insofar as it relates to the amounts included for the University's aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The financial statements of The Association of Alumni, Former Students and Friends of Southern Illinois University, Inc. (at Carbondale), a component unit of the University, were not audited in accordance with *Government Auditing Standards*.

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

To the Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Southern Illinois University

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

Opinions

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

Emphasis of Matter

Further, as discussed in Note 2 to the financial statements, in Fiscal Year 2021, the University adopted new accounting guidance for reporting fiduciary activities and the opening net position has been restated. Our opinions are not modified with respect to this matter.

Further, as discussed in Note 2 to the financial statements, in Fiscal Year 2021, the University's financial statements have been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

Also, as discussed in Note 20 to the financial statements, in Fiscal Year 2021, the University's financial statements and operations have been impacted by the COVID-19 Pandemic. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8-16, the Schedule of Southern Illinois University's Proportionate Share of the Net Pension Liability and the Southern Illinois University Schedule of Contributions on page 64, and the Schedule of Southern Illinois University's Proportionate Share of the Net OPEB liability on page 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

To the Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Southern Illinois University

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements.

The Table of Operating Expenses for the year ended June 30, 2021 on page 67 (accompanying supplementary information), and the Treasurer's Letter on page 1, the University Officials on pages 2-3, and the Data Required by Revenue Bond Resolutions for the year ended June 30, 2021 on pages 68-73 (accompanying other information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the procedures performed as described above, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 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 the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Plante & Moran, PLLC

Portage, Michigan
May 13, 2022

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Introduction

The following unaudited discussion and analysis of the financial statements of Southern Illinois University (the “University”) provides an overview of the University’s financial activities for the fiscal year ended June 30, 2021 with selected comparative information for the year ended June 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and related footnotes.

Chartered in 1869, Southern Illinois University opened for instruction in Carbondale in 1874 in a one-building teacher training institution known as Southern Illinois Normal University. Today, two institutions constitute Southern Illinois University—Southern Illinois University Carbondale, with a School of Medicine in Springfield, and Southern Illinois University Edwardsville, with a School of Dental Medicine in Alton and the East St. Louis Center.

This discussion focuses on the financial activities of the University (the primary unit), a component unit of the State of Illinois which conducts instruction, research, public services and related activities. The eight discretely presented component units of the University consist of the following entities: the Southern Illinois University Foundation at Carbondale; the Southern Illinois University at Edwardsville Foundation; the Association of Alumni, Former Students and Friends of Southern Illinois University, Inc.; the Alumni Association of Southern Illinois University at Edwardsville; University Park at Edwardsville; Southern Illinois Research Park, Inc. at Carbondale; SIU Physicians and Surgeons, Inc.; and SIUE East St. Louis Charter School. Complete financial statements for the component units may be obtained from each entity, and addresses are provided in Note 1 in the Notes to Financial Statements.

Using the Financial Statements

The University’s financial report includes four basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows; and the Statement of Fiduciary Funds. The notes to the basic financial statements are an integral part of the basic financial statements and provide additional details which should be included as part of any review or analysis. The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements focus on the University as a whole.

Financial Highlights

In fiscal year 2021, state appropriated funding for the SIU System remained steady compared to 2020 but still remained 3% below the level received in fiscal year 2015, prior to the state’s budget impasse. Another major source of revenue, tuition and mandatory fees, decreased \$7.4 million compared to the prior year, primarily due to continued decreased enrollment at the Carbondale campus. As a direct result of the COVID-19 pandemic, auxiliary enterprise revenues on both the Carbondale and Edwardsville campus were down a combined \$8.4 million compared to 2020 as well. Revenues related to sales and services of educational departments experienced an increase of \$6.4 million. This increase was primarily related to clinical activities at the School of Medicine. The University experienced increased nonoperating grant revenues of \$14.4 million primarily from grant funds provided by the Department of Education in response to COVID-19. The University’s fiscal year 2021 net position decreased \$8.0 million from operations, without regard to the OPEB restatement mentioned below.

SIU ended fiscal year 2021 with an increase in the University’s overall total net position of \$35 million, to \$658 million. The primary factor in the net position increase was due to an adjustment related to Other Post-Employment Benefits (OPEB) of \$43.9 million that required a restatement of fiscal year 2021 beginning net position. This was related to a change in estimate of the University’s proportionate share of the State of Illinois’ OPEB liability, deferred inflows of resources, and deferred outflows of resources. More details related to this restatement can be found in

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Financial Highlights (continued)

Note 2 of the financial statement note disclosures. These OPEB costs are primarily allocated to unrestricted net position which experienced an increase in 2021 of \$40.6 million. This increase was offset by a decrease in the University's net investment in capital assets of \$10.5 million. Capital asset balances decreased as the result of annual depreciation expense paired with completed projects during 2021.

The COVID-19 pandemic continues to significantly impact University System operations. Fiscal year 2021 was the first entire fiscal year influenced by COVID-19. Roughly one-third of fall 2020 and spring 2021 semester classes were delivered in-person; about one-third in a hybrid model; and about one-third on-line. In May 2021, Illinois moved to the "bridge" phase of Governor JB Pritzker's Restore Illinois Plan which allowed SIU to move to a full reopening of operations, which happened in June 2021.

Because of the pandemic, numerous campus events were cancelled starting in March 2020 and continued throughout most of fiscal year 2021, which resulted in estimated lost revenues of \$58 million for the University. Also, the University has incurred additional expenditures related to COVID-19 of an estimated \$18.5 million for cleaning initiatives, including sanitizers, wipes, disinfectants, additional custodial staff, acrylic shields, face coverings, signage, and technology. Some outdoor events were allowed to return in spring 2021 as well as indoor events with mitigation efforts in place. To offset the pandemic related financial impact to students and the losses incurred by the University, SIU received grants from the Coronavirus Aid, Relief, and Economic Security (CARES) Act of \$18.5 million, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of \$29.2 million, and the American Rescue Plan Act (ARPA) of \$51 million. Of these grants, \$44.4 million was required to be given directly to students. In addition, SIU received grant funds of \$4.4 million from the Governor's Emergency Education Relief Fund (GEER) to help students mitigate financial barriers to continuing their education created by the COVID-19 health crisis.

The severity of the continued impact of COVID-19 on the University's financial condition, results of operations and cash flows will depend on a number of factors such as the duration and severity of the pandemic as well as the impact on SIU's communities, all of which are uncertain and cannot be predicted.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities, both current and noncurrent, and all deferred outflows and inflows of resources, using the accrual basis of accounting. The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is net position, which is one indicator of the current financial health of the University. Typically, the changes in the net position that occur over time indicate improvements or deterioration in the University's financial condition. Net position is also impacted by changes due to restatement or adoption of new accounting standards. Page 12 of this statement shows the impact of the OPEB adjustment discussed on the previous page as well as change in accounting for fiduciary funds. These changes are not reflected in the June 30, 2020 column in the Management's Discussion and Analysis section of this statement.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Statement of Net Position (continued)

The University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2021, and 2020, are summarized as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets and deferred outflows of resources:		
Current assets	\$ 247,703,257	\$ 263,544,767
Capital assets, net	769,958,537	796,384,490
Other assets	158,248,806	140,635,768
Deferred outflows of resources	<u>14,104,657</u>	<u>16,751,932</u>
Total assets and deferred outflows of resources	1,190,015,257	1,217,316,957
Liabilities and deferred inflows of resources:		
Current liabilities	122,489,378	120,310,103
Noncurrent liabilities	378,483,209	420,033,973
Deferred inflows of resources related to OPEB	<u>30,772,327</u>	<u>54,022,471</u>
Total liabilities and deferred inflows of resources	531,744,914	594,366,547
Net Position:		
Net investment in capital assets	571,607,102	582,061,669
Restricted - nonexpendable	5,153,843	4,770,106
Restricted - expendable	72,429,376	67,631,058
Unrestricted	<u>9,080,022</u>	<u>(31,512,423)</u>
Total Net Position	<u>\$ 658,270,343</u>	<u>\$ 622,950,410</u>

Net position is divided into three major categories: Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. Net Investment in Capital Assets consists of capital assets reduced by depreciation and the outstanding balances of borrowings for construction and improvements of those assets. Restricted Net Position has external constraints, including grants and contracts, self-insurance, capital projects, agency funds, endowment funds, and loan funds. Unrestricted Net Position does not meet the definition of the first two categories.

As of June 30, 2021, the University had deferred inflows of resources related to postemployment benefits other than pensions totaling \$30.8 million. The Department of Central Management Services administers the benefits on behalf of the University. The State of Illinois is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees; therefore, the University has recorded a liability of \$128 million related to these benefits as of June 30, 2021. More detailed information is presented in Note 16 in the Notes to Financial Statements.

University assets and deferred outflows of resources totaled \$1.19 billion at June 30, 2021, a decrease of \$27.3 million compared to the prior year. The largest asset of the University is its investment in land, buildings and equipment, which totaled \$770 million at June 30, 2021, and \$796.4 million at June 30, 2020. More detailed information is presented in Note 7 in the Notes to Financial Statements.

University liabilities and deferred inflows of resources at June 30, 2021, decreased \$62.6 million, compared to 2020. The liability for postemployment benefits other than pensions decreased \$26 million while the associated deferred inflow of resources decreased \$23.2 million. Also contributing to the decrease was a reduction in the liabilities related to revenue bonds and certificates of participation totaling \$21.3 million as a result of normal debt service payments throughout the year paired with refunding issuances of revenue bonds and certificates of participation

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Statement of Net Position (continued)

during 2021. These decreases were partially offset by an increase in unearned revenue of \$5.7 million related to nonoperating grant revenues on the Edwardsville campus.

The University's 2021 overall net position, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, increased \$35.3 million, or 5.7%, compared to fiscal year 2020. \$43.9 million of this increase was due to the OPEB restatement not reflected into the fiscal year 2020 column offset by a decrease in fiscal year 2021 activity of \$8.0 million and a change in accounting for fiduciary funds of \$.6 million.

Capital Assets and Long-Term Debt

The University's Capital Asset policy requires the capitalization of infrastructure at \$1,000,000, buildings and intangible assets at \$100,000, site or building improvements at \$25,000 and equipment at \$5,000. The University depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from five to forty years. The following table illustrates the composition of the University's capital assets, net of accumulated depreciation, by category:

	<u>2021</u>		<u>2020</u>	
Land	\$ 22,254,376	2.9%	\$ 22,234,896	2.8%
Buildings	647,577,537	84.1%	667,044,745	83.7%
Improvements and infrastructure	34,189,705	4.4%	36,472,097	4.6%
Equipment	30,629,738	4.0%	28,369,759	3.6%
Collections	13,166,160	1.7%	13,597,376	1.7%
Construction in progress	22,141,021	2.9%	28,665,617	3.6%
	<u>\$ 769,958,537</u>	<u>100.0%</u>	<u>\$ 796,384,490</u>	<u>100.0%</u>

At the end of fiscal years 2021 and 2020, respectively, the University had \$571,607,102 and \$582,061,669 invested in capital assets, net of accumulated depreciation and related debt. Depreciation expense for 2021 and 2020, respectively, was \$51,629,219 and \$48,075,687, with accumulated depreciation of \$1,133,545,379 and \$1,178,090,787. Building values decreased \$19.8 million as a result of depreciation of \$40.5 million offset by transfers from Construction in Progress of \$20.7 million.

The University has historically utilized revenue bonds to finance capital projects related to the Housing and Auxiliary Facilities System and the Medical Facilities System which have the ability to generate resources to service the debt. In June 2021, the University issued Housing and Auxiliary Facilities System Refunding Revenue Bonds, Series 2021A in the par amount of \$49,075,000. The proceeds from this issuance were used to refund all of the outstanding Series 2012A and 2009A bonds, and a portion of the Series 2008A bonds. The following table details the bonded debt outstanding at June 30, 2021 and 2020:

	Bonds Payable	
	<u>2021</u>	<u>2020</u>
Housing and Auxiliary Facilities System	\$ 162,391,934	\$ 179,848,330
Medical Facilities System	5,165,000	5,735,000
	<u>\$ 167,556,934</u>	<u>\$ 185,583,330</u>

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Statement of Net Position (continued)

In May 2021, the University issued Series 2021A Certificates of Participation (COPs) with a par value of \$12,395,000. The COPs were issued to current refund a portion of the Series 2014A-1 COPs. The balances of outstanding COPs at June 30, 2021 and 2020 were \$31,493,725 and \$34,783,469, respectively. For additional information concerning the University's Capital Assets and Debt Administration, see Notes 7, 9, 10, and 12 in the Notes to Financial Statements.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results of the University's revenue and expense activity categorized as operating or nonoperating. All revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

Operating revenues and expenses involve exchange transactions. In general, operating revenues include student tuition and fees which are net of scholarship allowances, most grants and contracts, auxiliary enterprises, and sales and services of educational departments. Operating expenses are those expenses incurred to carry out the mission of the University, and include educational and general program expenses, as well as auxiliary enterprises and depreciation.

Nonoperating revenues and expenses involve non-exchange transactions and include state appropriations, investment income, payments on-behalf of the University, and gifts. State appropriations are mandated as nonoperating because they are provided by the legislature to the University without the legislature directly receiving commensurate goods and services for those revenues. Therefore, an operating loss will always result.

The following summarizes the University's financial activity for fiscal years 2021 and 2020:

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
Operating revenues:		
Tuition and fees, net	\$ 212,999,598	\$ 220,368,095
Auxiliary enterprises	71,110,589	79,563,104
Grants and contracts	83,760,785	85,035,588
Other	201,007,503	193,719,736
Operating expenses	<u>(1,265,425,534)</u>	<u>(1,054,023,867)</u>
Operating loss	<u>(696,547,059)</u>	<u>(475,337,344)</u>
State appropriations	194,897,600	194,899,600
Pension, OPEB and benefits related revenue	401,525,250	211,569,284
Other nonoperating revenues & expenses, net	<u>87,795,884</u>	<u>89,081,975</u>
Income before other revenues	<u>(12,328,325)</u>	20,213,515
Other revenues	<u>4,366,774</u>	<u>5,446,332</u>
(Decrease) Increase in net position	(7,961,551)	25,659,847
Net position at beginning of year previously reported	<u>622,950,410</u>	<u>597,290,563</u>
Change in accounting principle	(596,847)	-
Correction of a misstatement	<u>43,878,331</u>	-
Net position, beginning of year, restated	<u>666,231,894</u>	-
Net position at end of year	<u><u>\$ 658,270,343</u></u>	<u><u>\$ 622,950,410</u></u>

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

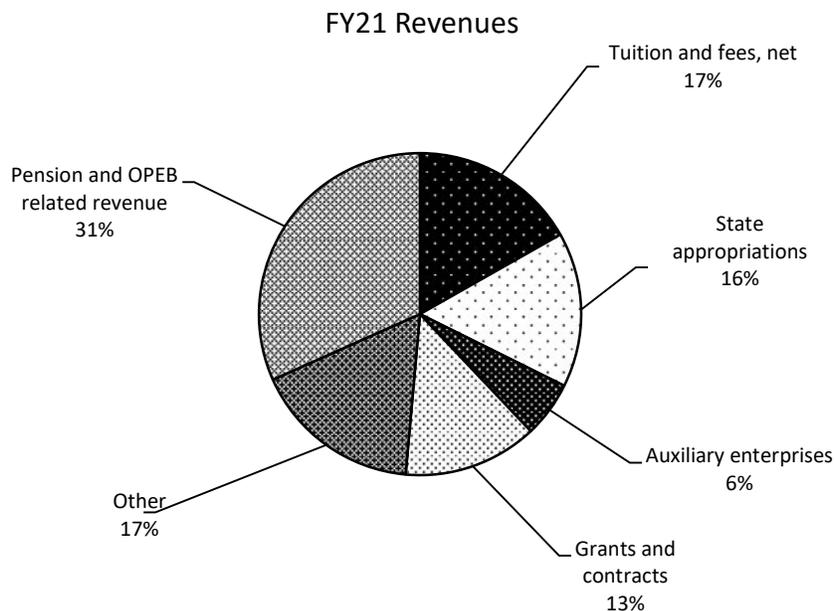
Statement of Revenues, Expenses and Changes in Net Position (continued)

Operating revenue experienced a net decrease of \$9.8 million, or 1.7%, in fiscal year 2021, compared to 2020. The decrease includes a drop in revenues from student tuition and fees of \$7.4 million and a reduction in auxiliary enterprise revenues of \$8.4 million due to declining enrollment and decreased occupancy in University housing. Total grant revenues also decreased \$1.3 million. These decreases were offset by an increase in sales and services of educational departments at the School of Medicine of \$6.4 million.

Fiscal year 2021 operating expenses increased \$211.4 million, or 20.1% compared to 2020. The increase resulted primarily from an increase of \$27.2 million in pension expenses, \$21.0 million in benefits, and \$141.8 million in OPEB expenses incurred by the State of Illinois on behalf of the University. The large increase in OPEB expense resulted from a State of Illinois recalculation of allocated expenditures in 2021. Also, institutional support expenditures related to net service department and self-insurance expenses increased by \$17.4 million compared to 2020.

Net nonoperating revenues and expenses realized in 2021 increased \$188.7 million, or 38.1% from fiscal year 2020. Revenues related to pension and OPEB increased \$190 million due to the recalculation mentioned above. Grant and contract revenues related to additional Federal grant funds received in response to COVID-19 increased \$14.4 million. This increase was partially offset by a decrease in investment income, primarily unrealized losses, of \$11.9 million.

The following is a graphic illustration of fiscal year 2021 revenues by source (operating, nonoperating, and other), which were used to fund the University’s activities. The revenue from charges for tuition and fees is shown net of the scholarship allowance of \$58,738,228. Student tuition, on-behalf payments, and state appropriations are typically the primary source of funding for the University’s academic programs. Other operating revenues consist primarily of income from sales and services of educational activities and income from the Physicians and Surgeons practice plan.



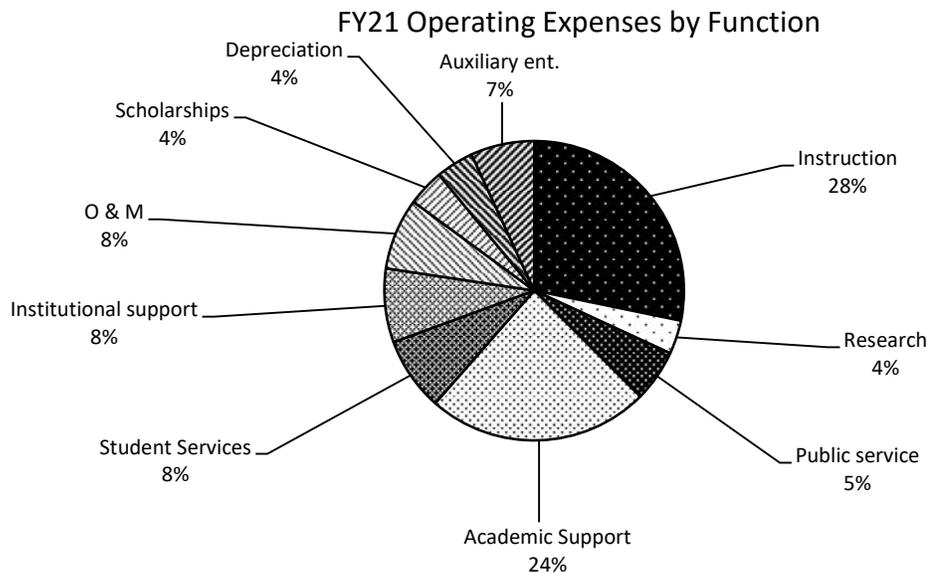
SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Operating Expenses

A summary of the University's operating expenses by functional classification for the years ended June 30, 2021 and 2020 is as follows:

	<u>2021</u>		<u>2020</u>	
Instruction	\$ 357,167,413	28.3%	\$ 298,586,256	28.3%
Research	45,947,673	3.6%	37,673,682	3.6%
Public service	71,227,344	5.6%	52,843,522	5.0%
Academic support	303,290,867	23.9%	251,628,282	23.9%
Student services	100,303,961	7.9%	82,567,767	7.8%
Institutional support	100,912,915	8.0%	64,732,315	6.1%
Operation and maintenance of plant	97,634,431	7.7%	79,156,938	7.5%
Scholarships and fellowships	50,356,522	4.0%	52,470,072	5.0%
Depreciation	51,629,219	4.1%	48,075,687	4.6%
Auxiliary enterprises	86,641,700	6.8%	86,156,013	8.2%
Other expenditures	313,489	0.0%	133,333	0.0%
	<u>\$ 1,265,425,534</u>	<u>100%</u>	<u>\$ 1,054,023,867</u>	<u>100%</u>

Operating expenses include \$401,525,250 and \$211,569,284 for health care and retirement costs of University employees and retirees primarily paid by the State of Illinois for fiscal years 2021 and 2020, respectively. Expenses recognized by the University related to pension costs increased \$27.2 million, OPEB costs increased \$141.8 million, and benefits increased \$21.0 million from fiscal year. These expenses have been allocated by function. The University chooses to report its expenses by functional classification in the Statement of Revenues, Expenses and Changes in Net Position. The expenses are displayed in their natural classifications in Note 19. The following is a graphic illustration of operating expenses by function for the year ended June 30, 2021:



SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the University's sources and uses of cash during the fiscal year. This statement helps users assess the University's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing. The following summarizes the University's cash flow activity for fiscal years 2021 and 2020:

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
Cash provided by (used in):		
Operating activities	\$ (211,088,343)	\$ (266,244,740)
Noncapital financing activities	295,384,810	279,746,169
Capital and related financing activities	(50,839,087)	(61,635,716)
Investing activities	<u>(40,790,622)</u>	<u>72,962,161</u>
Net (decrease) increase in cash	(7,333,242)	24,827,874
Cash and cash equivalents, beginning of year	<u>138,656,438</u>	<u>113,828,564</u>
Change in accounting principle	<u>(1,423,562)</u>	<u>-</u>
Cash and equivalents, beginning of year, restated	<u>137,232,876</u>	<u>113,828,564</u>
Cash and cash equivalents, end of year	<u>\$ 129,899,634</u>	<u>\$ 138,656,438</u>

Major sources of funds included in operating activities are student tuition and fees, grants and contracts, sales and services of educational activities, auxiliary enterprises, and other operating receipts. For fiscal years 2021 and 2020, respectively, student tuition and fees generated \$229.9 million and \$236.3 million. Grants and contracts provided \$79.9 million and \$83.1 million. Sales and services of educational activities received \$151.5 million and \$142.5 million, auxiliary enterprises generated \$76 million and \$84.3 million, and other operating receipts totaled \$138.2 million and \$82.2 million. Payments for employee salaries and benefits, payments to suppliers for goods and services, and scholarship and fellowship payments comprise the major uses of operating funds which totaled \$934.8 million in fiscal year 2021 compared to \$943 million in fiscal year 2020.

The major sources of funds in noncapital financing activities are state appropriations and non-exchange grants and contracts. State appropriations remained steady in fiscal year 2021 while non-exchange grants and contracts increased \$14.4 million. The increase in non-exchange grants was primarily driven by additional Federal funding received by the University in response to COVID-19.

Cash flows related to outstanding capital debt, and the purchases of capital assets comprise the major activity in capital and related financing activities. Cash used in relation to capital debt was \$31.4 million and was comprised of principal and interest payments of \$100.4 million offset by new debt proceeds received of \$69.0 million. In June 2021, the University issued Series 2021A Housing and Auxiliary System Refunding Revenue Bonds with a par value of \$49,075,000. These bonds were used to current refund all outstanding Series 2012A and 2009A bonds and a portion of the Series 2008A bonds. Also in June 2021, the University issued Series 2021A Certificates of Participation (COPs) with a par value of 12,395,000. The COPs were used to current refund a portion of the Series 2014A-1 COPs. Funds used to purchase capital assets totaled \$23.2 million in 2021 offset by capital appropriations received of \$2.2 million.

Investing activities include the purchases, sales, and maturities of investments as well as investment income. Cash used by this activity totaled \$40.8 million compared to cash provided of \$73 million in fiscal year 2020 primarily due to increased investment purchases and decreased investment income.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Economic Outlook

A strong financial partnership with the State of Illinois is an important component to the University's financial position. State funding sources include direct operating appropriations, special funding situation payments to fund University retirees' benefits and payments on-behalf to fund University employees' benefits. State funding in fiscal year 2021 represented 47.5% of Southern Illinois University's total operating and non-operating revenues up from 38% in fiscal year 2020. This increase in state support was primarily due to an 89.8% increase in special funding and on-behalf payments for retiree and employee benefits.

The State has appropriated \$194.9 million of direct operating appropriations to Southern Illinois University for fiscal year 2022; an amount equal to the fiscal year 2020 and fiscal year 2021 appropriation. In addition, on April 19, 2022, Public Act 109-0698 was passed providing an additional 5% (\$ 9.6 million) supplemental appropriation. The total fiscal year 2022 funding level in the amount of \$204.5 million will be the highest since fiscal year 2014.

In addition to operating funding, the state provides funding support for capital projects. The fiscal year 2020 capital appropriation bill included nearly \$188.4 million of new construction capital funding for Southern Illinois University. These capital funds are scheduled to be released over a 6-year period.

Fall 2021 tuition for first time students was held level for the third straight year at \$9,638 for the Carbondale campus and \$9,123 for the Edwardsville campus. The consolidated general student fees also remained unchanged at \$117 per credit hour at the Carbondale campus and \$103.20 per credit hour at the Edwardsville campus.

Enrollment at Southern Illinois University was up slightly from 24,226 in the fall of 2020 to 24,276 in the fall of 2021. On September 16, 2021, the University's Board of Trustees approved the fiscal year 2022 operating budget. Fiscal year 2022 revenues are budgeted to increase by over 7% primarily due to projected increase in tuition revenue and the School of Medicine clinical revenues. Expenses are budgeted to increase by nearly 4% when compared to fiscal year 2021 levels primarily due to approved salary increases and the impact of COVID-19 (see footnote 20).

Like Universities around the country, Southern Illinois University continues to face challenges due to the COVID-19 pandemic. The University continues to evaluate the economic impact of the pandemic and remains committed to maintaining the health and safety of its students, faculty and staff. SIU was allocated Higher Education Emergency Relief Fund (HEERF) grants totaling \$98.7 million of which \$54.2 million could be used to help offset the financial impact of COVID-19 on the University. Of these institutional HEERF funds, \$27.2 million remain available for fiscal year 2022 funding needs.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENT OF NET POSITION
June 30, 2021

	<u>UNIVERSITY</u>	<u>COMPONENT UNITS</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	\$ 80,902,564	\$ 14,508,432
Cash and cash equivalents, restricted	48,997,070	2,869,609
Short-term investments	29,085,532	25,709,226
Short-term investments, restricted	22,837,155	55,891,150
Deposits with University	-	14,844,315
Reimbursement due from State Treasurer	1,662,976	-
Accounts receivable, net	45,985,929	20,376,235
Notes receivable, net	2,356,784	-
Accrued interest receivable	32,169	405,387
Due from related organizations	3,156,516	1,319,859
Inventories	7,589,452	-
Prepaid expenses and other assets	5,097,110	3,730,949
Total Current Assets	<u>247,703,257</u>	<u>139,655,162</u>
Noncurrent Assets:		
Long-term investments	87,528,352	45,391,219
Long-term investments, restricted	57,906,083	222,677,537
Notes receivable, net	8,746,487	10,976
Prepaid expenses and other assets	4,067,884	5,381,839
Capital assets, not depreciated	57,561,557	307,216
Capital assets, net of depreciation	712,396,980	3,452,517
Total Noncurrent Assets	<u>928,207,343</u>	<u>277,221,304</u>
Deferred outflows of resources	<u>14,104,657</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,190,015,257</u>	<u>416,876,466</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities:		
Accounts payable	23,696,149	2,061,911
Accrued interest payable	1,367,856	-
Accrued payroll	9,919,286	5,216,501
Accrued compensated absences	4,161,320	-
Revenue bonds payable	18,045,516	-
Certificates of participation	3,162,185	-
Liabilities under capitalized leases	230,525	-
Annuities payable	-	117,944
Accrued liability for self-insurance	3,812,784	-
Liability for OPEB	3,378,184	-
Deposits held for University related organizations	14,844,315	-
Deposits held for others	451,182	84,219
Unearned revenue	38,020,466	165,032
Housing deposits	79,886	-
Due to related organizations	1,319,724	3,149,085
Total Current Liabilities	<u>122,489,378</u>	<u>10,794,692</u>

The accompanying notes are an integral part of this statement.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENT OF NET POSITION
June 30, 2021

	UNIVERSITY	COMPONENT UNITS
Noncurrent Liabilities:		
Accrued compensated absences	\$ 43,866,676	\$ -
Revenue bonds payable	149,511,418	-
Certificates of participation	28,331,540	-
Liabilities under capitalized leases	701,638	-
Annuities payable	-	1,021,973
Accrued liability for self-insurance	21,055,358	-
Liability for OPEB	124,606,775	-
Federal loan program contributions refundable	10,312,165	-
Housing deposits	97,639	-
Other accrued liabilities	-	1,672,628
Deposits held in custody for others	-	3,222,588
Total Noncurrent Liabilities	<u>378,483,209</u>	<u>5,917,189</u>
Deferred inflows of resources related to OPEB	<u>30,772,327</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>531,744,914</u>	<u>16,711,881</u>
NET POSITION		
Net investment in capital assets	571,607,102	3,759,733
Restricted for:		
Nonexpendable	5,153,843	151,115,460
Expendable		
Capital projects	27,001,660	1,741,394
Debt service	12,706,044	-
Housing Auxiliary System	11,586,081	-
Scholarships, research, instruction and other	21,135,591	138,378,865
Unrestricted	9,080,022	105,169,134
TOTAL NET POSITION	<u>\$ 658,270,343</u>	<u>\$ 400,164,586</u>

The accompanying notes are an integral part of this statement.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

	<u>UNIVERSITY</u>	<u>COMPONENT UNITS</u>
REVENUES		
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of \$58,738,228)	\$ 212,999,598	\$ -
Federal grants and contracts	37,238,805	-
State of Illinois grants and contracts	19,912,895	-
Other government grants and contracts	5,292,601	-
Private grants and contracts	21,316,484	-
Sales and services of educational departments	152,053,702	-
Physicians and Surgeons practice plan	48,852,432	-
Patient service revenue (net)	-	108,778,450
Auxiliary enterprises:		
Funded debt enterprises (net of scholarship allowances of \$7,488,982)	61,200,431	-
Other auxiliary enterprises (net of scholarship allowances of \$1,108,451)	9,910,158	-
Other operating revenues	<u>101,369</u>	<u>30,045,533</u>
Total Operating Revenues	<u>568,878,475</u>	<u>138,823,983</u>
EXPENSES		
Operating Expenses:		
Instruction	357,167,413	-
Research	45,947,673	-
Public service	71,227,344	-
Academic support	303,290,867	-
Student services	100,303,961	-
Institutional support	100,912,915	136,753,200
Operation and maintenance of plant	97,634,431	-
Scholarships and fellowships	50,356,522	-
Depreciation	51,629,219	710,508
Auxiliary enterprises:		
Funded debt enterprises	72,645,555	-
Other auxiliary enterprises	13,996,145	-
Other operating expenses	<u>313,489</u>	<u>-</u>
Total Operating Expenses	<u>1,265,425,534</u>	<u>137,463,708</u>
Operating (Loss) Income	<u>(696,547,059)</u>	<u>1,360,275</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	194,897,600	-
Gifts and contributions	7,768,852	7,182,113
Investment income	1,212,839	64,266,099
Grants and contracts	87,098,905	157,072
Interest on capital asset-related debt	(7,834,663)	-
Accretion on bonds payable	(2,290,823)	-
University related organizations	383,528	-
Special funding situation for fringe benefits	320,527,943	-
Benefit payments on behalf of the University	80,997,307	-
Other nonoperating revenues	<u>1,457,246</u>	<u>(579,142)</u>
Net Nonoperating Revenues	<u>684,218,734</u>	<u>71,026,142</u>
(Loss) Gain Before Other Revenues	<u>(12,328,325)</u>	<u>72,386,417</u>
Other Revenues:		
Capital state appropriations	2,274,443	-
Additions to permanent endowments	-	11,649,306
Capital grants and gifts	<u>2,092,331</u>	<u>-</u>
Total Other Revenues	<u>4,366,774</u>	<u>11,649,306</u>
(Decrease) Increase in Net Position	<u>(7,961,551)</u>	<u>84,035,723</u>
NET POSITION		
Net position at beginning of year as previously reported	622,950,410	316,128,863
Change in accounting principle	(596,847)	-
Correction of a misstatement	<u>43,878,331</u>	<u>-</u>
Net position, beginning of year, restated	<u>666,231,894</u>	<u>316,128,863</u>
Net position at end of year	<u>\$ 658,270,343</u>	<u>\$ 400,164,586</u>

The accompanying notes are an integral part of this statement.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

	<u>UNIVERSITY</u>	<u>COMPONENT UNITS</u>
Cash Flows from Operating Activities		
Tuition and fees	\$ 229,946,310	\$ -
Grants and contracts	79,901,542	-
Sales and services of educational activities	151,504,404	-
Physicians and Surgeons	48,229,318	-
Auxiliary enterprise revenues:		
Funded debt	65,861,259	-
Other auxiliary	10,089,774	-
Payments for employee salaries and benefits	(566,175,378)	(34,069,634)
Payments to suppliers	(253,688,338)	(91,614,240)
Payments for scholarships and fellowships	(114,973,374)	-
Patient service revenue	-	101,605,356
Direct lending receipts	146,242,925	-
Direct lending payments	(146,203,772)	-
Other operating receipts	138,176,987	22,298,192
Net cash used in operating activities	<u>(211,088,343)</u>	<u>(1,780,326)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	194,884,149	-
Grants and contracts	87,098,905	16,817
Loans issued to students	536	-
Interest earned on loans to students	323,937	-
Collection of loans from students	2,264,820	-
Government repayments for federal loan funds	(2,081,235)	-
Payments to annuitants	-	(116,231)
Other	2,460,668	(1,083,059)
Gifts for other than capital purposes	10,433,030	18,323,382
Net cash provided by noncapital financing activities	<u>295,384,810</u>	<u>17,140,909</u>
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	2,153,534	-
Purchases of capital assets	(23,182,421)	(457,742)
Proceeds from capital debt	69,031,263	-
Other	1,610,786	92
Principal paid on capital debt	(90,905,000)	-
Interest paid on capital debt	(9,547,249)	-
Net cash used in capital and related financing activities	<u>(50,839,087)</u>	<u>(457,650)</u>
Cash Flows from Investing Activities		
Purchases of investments	(90,702,081)	(65,989,370)
Proceeds from sales of investments and maturities	46,123,323	40,352,952
Investment income	3,788,136	8,666,649
Net cash used in investing activities	<u>(40,790,622)</u>	<u>(16,969,769)</u>
Net decrease in cash	<u>(7,333,242)</u>	<u>(2,066,836)</u>
Cash and cash equivalents, beginning of the year	138,656,438	19,444,877
Change in accounting principle	(1,423,562)	-
Cash and cash equivalents, beginning of the year, as restated	137,232,876	19,444,877
Cash and cash equivalents, end of the year	<u>\$ 129,899,634</u>	<u>\$ 17,378,041</u>

The accompanying notes are an integral part of this statement.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

	UNIVERSITY	COMPONENT UNITS
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Gain/(Loss)	\$ (696,547,059)	\$ 1,465,454
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	51,629,219	710,509
Noncash expenditures for the benefit of the University	-	(268,339)
Noncash contributions	-	268,314
Budget expended at University	(847,006)	-
Special funding situation for fringe benefits	320,527,943	-
Benefit payments on behalf of the University	80,997,307	-
Direct lending activity	39,153	-
Change in assets and liabilities:		
Accounts receivable (net)	(4,909,871)	(4,129,332)
Reimbursement due from State Treasurer	34,208,882	-
Inventories	249,392	-
Prepaid expenses	(555,590)	74,947
Other assets	(434,178)	48,286
Accounts payable	(1,688,078)	2,226,462
Accrued payroll	641,965	-
Unearned revenue	5,912,609	(95,369)
Compensated absences	2,779,898	-
Deposits held for others	55,974	(24,504)
Other liabilities	(1,975,346)	(100,897)
Due to/from related organizations	(1,173,557)	(1,955,857)
Net cash used in operating activities	\$ (211,088,343)	\$ (1,780,326)
Noncash investing, capital and financing activities:		
Special funding situation for fringe benefits	\$ 320,527,943	\$ -
Benefit payments on behalf of the University	80,997,307	-
Accretion on bonds payable	2,290,823	-
Gifts in kind	2,092,331	-
Capital assets in accounts payable	2,178,325	-
Capital asset acquisition by CDB	2,274,443	-
Loss on disposals of capital assets	1,480,740	271,080
Other capital asset adjustments	(359,837)	-

The accompanying notes are an integral part of this statement.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENTS OF FIDUCIARY NET POSITION
As of and for the Year Ended June 30, 2021

ASSETS

Cash and cash equivalents	\$ 1,574,903
Accounts receivable, net	45,905
Other assets	8,572

TOTAL ASSETS	1,629,380
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LIABILITIES

Accounts payable	3,134
Deposits held for others	179,489
Other liabilities	16,372

TOTAL LIABILITIES	198,995
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NET POSITION

Restricted Expendable for Scholarships	1,430,385
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TOTAL NET POSITION	\$ 1,430,385
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ADDITIONS

Fees and deposits	\$ 30,474
Interest income	3,948
Contributions	4,206,269
Other additions	348

Total Additions	4,241,039
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DEDUCTIONS

Administrative expenses	15,763
Scholarships	3,391,738

Total Deductions	3,407,501
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Increase in Fiduciary Net Position	833,538
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NET POSITION

Net position at beginning of year	596,847
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Net position at end of year	\$ 1,430,385
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The accompanying notes are an integral part of this statement.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - The financial reporting entity and discretely presented component unit disclosures

Southern Illinois University (the University), a component unit of the State of Illinois, conducts education, research, public service, and related activities principally at its two campuses. One is in Carbondale and includes the School of Medicine in Springfield. The other is in Edwardsville and includes the School of Dental Medicine in Alton and the East St. Louis Center. The governing body of the University is the Board of Trustees of Southern Illinois University (the Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University (the primary unit) and its component units as well as certain activities and expenditures funded by other State agencies on behalf of the University or its employees. The component units discussed below are included in the University's financial reporting entity because of the significance of their financial relationship with the University.

The component units column in the financial statements includes the financial data of the University's discretely presented component units which consist of the following eight entities: the Southern Illinois University Foundation (at Carbondale) ("SIUC Foundation"), the Southern Illinois University at Edwardsville Foundation ("SIUE Foundation"), the Association of Alumni, Former Students and Friends of Southern Illinois University, Inc. ("SIUC Alumni"), the Alumni Association of Southern Illinois University at Edwardsville ("SIUE Alumni"), University Park, Southern Illinois University at Edwardsville, Inc. ("SIUE University Park"), Southern Illinois Research Park, Inc., Carbondale ("SIUC Research Park"), SIU Physicians & Surgeons, Inc. ("SIU Physicians & Surgeons"), and the SIUE East St. Louis Charter School ("SIUE Charter School"). The University's component units are reported in a separate column to emphasize that they are Illinois non-profit organizations legally separate from the University. These entities are University Related Organizations as defined under University Guidelines adopted by the State of Illinois Legislative Audit Commission in 1982 and amended in 1997.

SIUC and SIUE Foundations were formed for the purpose of providing fundraising and other assistance to the University to attract private gifts to support the University's education, research, and public service goals. In this capacity, they solicit, receive, hold, and administer gifts for the benefit of the University. Complete financial statements for SIUC and SIUE Foundations may be obtained by writing: Southern Illinois University Foundation (at Carbondale), MC 6805, 1235 Douglas, Carbondale, IL 62901-6805 and Southern Illinois University at Edwardsville Foundation, Edwardsville, IL 62026-1082.

The SIUC and SIUE Alumni were formed to promote the general welfare of the University and to encourage and stimulate interest among students, former students, and others in the University's programs. In this capacity, they offer memberships to former students, conduct various activities for students and alumni, and publish periodicals for the benefit of the alumni. Complete financial statements for SIUC and SIUE Alumni may be obtained by writing: The Association of Alumni, Former Students and Friends of Southern Illinois University, Inc., MC 6809, Woody Hall, Carbondale, IL 62901-6809 and The Alumni Association of Southern Illinois University at Edwardsville, Southern Illinois University, Edwardsville, IL 62026-1031.

SIUE University Park was formed for the purpose of providing such management, administrative, and other services as deemed essential to the operation and development of the University Park facility. Complete financial statements for the University Park may be obtained by writing: University Park, Southern Illinois University at Edwardsville, Inc., Southern Illinois University, Edwardsville, IL 62026-1333.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - The financial reporting entity and discretely presented component unit disclosures (continued)

SIUC Research Park was formed to promote high technology and knowledge-based enterprise development within Carbondale and Southern Illinois. Complete financial statements for the Research Park may be obtained by writing: Southern Illinois Research Park, 150 East Pleasant Hill Road, Carbondale, IL 62901-6891.

Physicians & Surgeons, d/b/a SIU HealthCare, was formed to aid in the education and training of medical students, residents, fellows, and physicians for the delivery of cost-effective, high-quality patient care and to conduct medical and other scientific investigations. Complete financial statements for SIU Physicians & Surgeons, Inc. may be obtained by writing: SIU Physicians & Surgeons, Inc., SIU School of Medicine, P.O. Box 19606, Springfield, IL 62794-9606.

SIUE Charter School was formed for both educational and charitable purposes and includes, but is not limited to, the establishment and operation of one or more charter school campuses in the city of East St. Louis pursuant to the Illinois Charter Schools Law. Complete financial statements for the Charter School may be obtained by writing: SIUE East St. Louis Charter School, 125 Peck Service Road, Campus Box 1049, Edwardsville, IL 62026-1049.

The University is a component unit of the State of Illinois for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the State's Comprehensive Annual Financial Report.

NOTE 2 - Significant accounting policies

University basis of presentation

The financial statements of the University 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).

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation to pay has been incurred. All significant intra-agency transactions have been eliminated.

The University reports fiduciary activities, as defined in GASB Statement No. 84, Fiduciary Activities, in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position prepared using the economic resources measurement focus and accrual basis of accounting.

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 the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - Significant accounting policies (continued)

Component units basis of presentation

The financial statements of SIUE University Park, SIUC Research Park, SIU, Inc., Carbondale; SIU Physicians & Surgeons, and SIUE Charter School comply with the Governmental Accounting Standards Board (GASB) presentation format as described above.

The SIUC and SIUE Foundations and SIUC and SIUE Alumni are private nonprofit organizations that follow Financial Accounting Standards Board (FASB) standards for financial statement presentation. As such, certain revenue recognition criteria and other accounting rules are different from the revenue recognition criteria and accounting rules promulgated by the Governmental Accounting Standards Board (GASB) that the University follows. Consequently, reclassifications have been made to convert their statements to the GASB format for inclusion in the University Related Organizations' column in the financial statements.

Cash and cash equivalents

Cash deposits and cash equivalents of the University include bank accounts, money market funds and investments with original maturities of ninety days or less at the time of purchase. The University classifies its investment in The Illinois Funds as a deposit for financial statement purposes. The University has recorded restricted cash and cash equivalents which relate to funds restricted for segment reporting operations, self-insurance, and other restricted purposes.

Allowance for uncollectibles

The University provides allowances for uncollectible accounts and notes receivable based upon management's best estimate of uncollectible accounts and notes at the statement of net position date, considering type, age, collection history of receivables, and any other factors as considered appropriate. The University's accounts receivable and notes receivable are reported net of allowances of \$21,225,273 and \$428,701, respectively, at June 30, 2021.

Inventories

Except for the Textbook Rental Service at the Edwardsville campus, inventories are stated at the lower of cost or market. Cost is determined principally by the average cost method or the first-in, first-out method, depending on the type of inventory. The rental books are recorded net of depreciation with the related expense reported as operating expense.

Capital assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The University's capitalization policy for capital assets is as follows: infrastructure \$1,000,000 or greater; buildings \$100,000 or greater; intangible assets \$100,000 or greater; site or building improvements \$25,000 or greater; and equipment and library books \$5,000 or greater. Renovations to buildings that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense in the year incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 20 years for infrastructure, 15 years for site or building improvements, and seven to 20 years for intangible assets. Vehicles and electronic data processing equipment are depreciated over 5 years. Other equipment and books are depreciated over 7 years. Land, works of art, and historical treasures are deemed inexhaustible and are not depreciated. The "following-month" prorate convention is used, in which no depreciation is recorded in the month of acquisition and an entire month of depreciation is recorded in the month of disposition.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - Significant accounting policies (continued)

Deferred outflows of resources and deferred inflows of resources

In addition to assets and liabilities, the Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an expense until that time. The University's deferred outflows of resources are related to unamortized debt refundings, other post-employment benefit contributions, and retirement contributions. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as revenue until that time. The University's only deferred inflow of resources is related to other post-employment benefits. See Note 6 for more information related to deferred outflows of resources.

Pensions

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

For financial reporting purposes, the State of Illinois and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the University) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The University recognizes its proportionate share of the State's pension expense relative to the University's employees as non-operating revenue and pension expense, with the expense further allocated to the related function performed by the employees.

Other post-employment benefits (OPEB)

The State Employees Group Insurance Act of 1971 (SEGIA) (5 ILCS 375), as amended, authorizes the State Employees Group Insurance Program (SEGIP), which includes activity for both active employees and retirees, to provide health, dental, vision and life insurance benefits as a single-employer defined benefit OPEB plan not administered as a trust. Substantially all State and university component unit employees become eligible for these OPEB plan benefits when they become annuitants of one of the State sponsored pension plans. The State of Illinois Department of Central Management Services (CMS) administers these benefits for the annuitants with the assistance of the public retirement systems sponsored by the State, including the General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees Retirement System (SERS), Teachers' Retirement System (TRS), and SURS.

In order to fund SEGIP's pay-as-you-go obligations for both current employees and retirees, SEGIA (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund or university component unit, except the university component units shall not be required to make contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - Significant accounting policies (continued)

Given the preceding environment, the University has two separate components of OPEB administered within SEGIP. The (1) State of Illinois and its public universities are under a special funding situation for employees paid from the University's Income Fund or auxiliary enterprises, while (2) the University is responsible for OPEB employer contributions for employees paid from trust, federal, and other funds.

Special Funding Situation Portion of OPEB

A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to an OPEB plan that is used to provide OPEB to the employees of another entity (the University) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to an OPEB plan.

During the OPEB measurement period ended June 30, 2020, the University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of \$3,159,434 to help offset the amount the State needed to provide for retirees under the special funding situation described in the preceding paragraph.

The University recognizes the proportionate share of the State's OPEB expense relative to the University's employees as non-operating revenue and OPEB expense, with the expense further allocated to the related function performed by the employees.

University's Portion of OPEB

The University reports a liability, expense allocated to the related function performed by the employees, and related deferred inflows and outflows of resources for OPEB based on the University's proportionate share of amounts paid to SEGIP pursuant to SEGIA for its employees paid from trust, federal, and other funds compared to the collective amounts paid to SEGIP pursuant to SEGIA. The collective amounts paid to SEGIP pursuant to SEGIA includes (1) payments from State agencies for State employees, (2) the amount calculated by CMS to represent the amount paid by the General Fund related to the special funding situation, (3) the total voluntary appropriation repayment from all of the universities, and (4) the total of all payments from the universities for employees paid from trust, federal, and other funds. This methodology has been determined by the State to be the best estimate of how future OPEB payments will be determined.

Deferred inflows and outflows of resources are recognized in OPEB expense at the beginning of the current period, using a systematic and rational method over a closed period, equal to the average expected remaining service lives of all employees, either active or inactive, provided with OPEB through SEGIP, determined as of the beginning of the measurement period.

Restatement of University's portion of OPEB

During Fiscal Year 2021, an error correction resulted in a restatement to beginning net position as follows:

	Southern Illinois University Business-Type Activities	
7/1/20, as previously reported	\$	622,950,410
Error correction		43,878,331
7/1/20, as restated	\$	666,828,741

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - Significant accounting policies (continued)

This error correction occurred due to the Illinois State Toll Highway Authority (Tollway) and the State of Illinois, Department of Central Management Services not separately stating OPEB balances for Tollway employees who only partake in the State Employees Group Insurance Program (SEGIP) upon their retirement from the Tollway from other employees accounted for within SEGIP's cost-sharing proportionate share allocation of OPEB balances. This error impacted SEGIP's cost-sharing proportionate share allocation, which is used by the State of Illinois' agencies and public universities to record their OPEB activity. At Southern Illinois University, this correction also impacted the beginning OPEB liability and the related deferred inflows of resources and deferred outflows of resources.

On-Behalf Transactions

The University had outside sources of financial assistance provided by the State of Illinois during the year ended June 30, 2020.

Substantially all active employees participate in group insurance plans provided by the State and administered by CMS, primarily providing healthcare benefits. In order to fund SEGIP's pay-as-you-go obligations for both current employees and retirees, SEGIA (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund or university component unit, except the university component units shall not be required to make contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

During the year ended June 30, 2021, total estimated group insurance contributions for the University's employees paid from the University's Income Fund and auxiliary enterprises were \$87,249,442. The University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of \$6,252,135 to help offset the amount the State needed to provide for current employees under the situation described in the preceding paragraph. As such, the State contributed the estimated remaining balance of \$80,997,307 on-behalf of the University to meet this obligation for current employees.

As the University is not legally responsible to pay for the on-behalf support provided by the State, the University recognizes non-operating revenues and operating expenses allocated to the related function performed by the employees within the University's financial statements for its current employees' participation in group insurance.

Classification of revenues and expenses

The University has classified its revenues and expenses as either operating or nonoperating as follows:

Operating: Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as student tuition and fees, sales and services of educational departments, sales and services of auxiliary enterprises, and most grants and contracts. The majority of the University's expenses are operating expenses.

Nonoperating: Nonoperating revenues and expenses include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other sources and uses that are defined as nonoperating by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, such as state appropriations, investment income, and federal student aid programs. Appropriations made to the

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - Significant accounting policies (continued)

University from the State of Illinois are recognized as nonoperating revenues in the year appropriated to the extent expended. Other nonoperating revenues and expenses include transactions relating to capital and financing activities, noncapital financing activities, and investing activities. Gift and contribution revenue of the Southern Illinois University Edwardsville Foundation is reported as operating revenue in accordance with their audited financial statements.

Tuition and fees are generally recognized as revenues as they are assessed. The portion of summer session tuition and fees applicable to the following fiscal year is considered unearned. Student tuition and fee revenue, and certain other payments recorded as auxiliary enterprises revenue, are net of scholarship discounts and allowances in the

Statement of Revenue, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the charge for tuition and fees, and the amount paid by students or by third parties on the students' behalf. Scholarship discounts and allowances were \$67,335,661 as of June 30, 2021 with \$58,738,228 netted against student tuition and fees and \$8,597,433 netted against auxiliary enterprise revenue.

The University first applies resources in restricted net position when an expense or outlay is incurred for purposes for which resources in both restricted and unrestricted net positions are available.

Restricted grant revenues from external sources are recognized to the extent of related expenditures on the accrual basis.

Compensated absences

Accrued compensated absences for University personnel are charged to current funds based on earned but unused vacation and sick leave days including the University's share of Social Security and Medicare taxes. At June 30, 2021, the University estimates \$27,896,308 will be paid from state appropriated accounts funded by the State of Illinois and the Income Fund, and \$20,131,688 from local funds in subsequent years for a combined total of \$48,027,996.

Classification of Net Position

Net position represents the difference between University assets and deferred outflows and liabilities and deferred inflows and is divided into three major categories. The first category, net investment in capital assets, represents the University's equity in property, plant and equipment. The next asset category is restricted net position. Expendable restricted net position is available for expenditure by the University, but must be spent for purposes as determined by donors or other external entities that have placed time or purpose restrictions on the use of the assets.

The June 30, 2021 expendable restricted balances are primarily restricted for capital projects, debt service, and the Housing Auxiliary System. There are also other restrictions for scholarships, research, instruction, student loans, and other purposes. The final category is unrestricted net position, which represents balances from operational activities that have not been restricted by parties external to the University and are available for use by the University. The University first applies restricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fiduciary Activity

The University records amounts held in fiduciary capacity for others. These amounts are not used to operate the University's programs. The University maintains restricted scholarship funds as well as agency funds for various third parties not directly related to University business. The University's business type activities may report assets with a corresponding liability that otherwise might be reported in a custodial fund in the statement of net position if the

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - Significant accounting policies (continued)

business type activity of those assets, upon receipt, are normally expected to be held for three months or less. The primary activity includes direct loans.

New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements which are effective for periods beginning July 1, 2020, or later which may impact the University:

Statement No. 84 – *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The criteria generally focuses on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with who a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the financial statements. The statement was originally effective for fiscal years beginning after December 15, 2018, but was extended to December 15, 2019. The implementation of Statement No. 84 in fiscal year 2021 required the University to include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position within its financial statements. The retroactive implementation resulted in a restatement (reduction) of fiscal year 2020 net position of \$596,847. Where applicable, note disclosures have been modified to indicate fiduciary balances and activity.

Statement No. 87 – *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement was originally effective for fiscal years beginning after December 15, 2019, but was extended to June 15, 2021. The impact on the University is being reviewed.

Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The statement was originally effective for fiscal years beginning after December 15, 2018, but was extended to December 15, 2019. The statement, which was effective for the year ended June 30, 2021, did not impact the University's financial statements.

Statement No. 91 – *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The statement was originally effective for fiscal years beginning after December 15, 2020, but was extended to December 15, 2021. The impact on the University is being reviewed.

Statement No. 92 – *Omnibus 2020*, addresses a variety of topics and includes specific provisions regarding the application of multiple previous GASB statements. The statement was originally effective for fiscal years beginning after June 15, 2020, but was extended to June 15, 2021. The impact on the University is being reviewed.

Statement No. 93 – *Replacement of Interbank Offered Rates (IBOR)*, addresses accounting and financial reporting implications that result from the replacement of an IBOR. The statement was originally effective for fiscal years beginning after June 15, 2020, but was extended to June 15, 2021. Some components of this statement were not extended and were effective for the year ended June 30, 2021 but had no impact on the University's financial statements. The remaining components of this statement are not expected to impact the University for the year ended June 30, 2022.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - Significant accounting policies (continued)

Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPPs and APAs)*, the statement establishes definitions of PPPs and APAs, and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement is effective for fiscal years beginning after June 15, 2022. The impact on the University is being reviewed.

Statement No. 96 – *Subscription-Based Information Technology Arrangements (SBITAs)*, the statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription—an intangible asset—and a corresponding subscription liability, and provides the capitalization criteria for the intangible asset. The statement is effective for fiscal years beginning after June 15, 2022. The impact on the University is being reviewed.

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*, increases consistency and comparability related to the reporting of fiduciary component units in which a component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. The statement is effective for fiscal years beginning after June 15, 2021. The statement is not expected to impact the University.

NOTE 3 - Cash, deposits and cash equivalents

At June 30, 2021, the actual bank balances related to the deposits of the University amounted to \$139,215,416; of this balance, \$117,202,308 was either covered by federal depository insurance or not required to be collateralized and \$22,013,108 was covered by collateral held by an agent in the University’s name.

Cash, deposits and cash equivalents at June 30, 2021 were:

<u>UNIVERSITY:</u>	
Cash and cash equivalents	\$ 36,172,214
The Illinois Funds	<u>92,152,517</u>
Total cash and cash equivalents	<u><u>\$ 128,324,731</u></u>
<u>COMPONENT UNITS:</u>	
Total cash and cash equivalents	<u><u>\$ 17,378,041</u></u>
<u>FIDUCIARY ACTIVITIES:</u>	
Total cash and cash equivalents	<u><u>\$ 1,574,903</u></u>

NOTE 4 – Investments

University investment policy

It is University policy to invest funds in a manner which will provide investment returns and security consistent with good business practices, while meeting the daily cash flow demands of the University and conforming to all statutes governing the investments of funds. Funds are invested in accordance with the provisions of the Illinois Compiled Statutes, Chapter 30, Sections 235/0.01 – 235/8, the *Public Funds Investment Act*; the policies of the Board; and covenants provided from the University’s bond and certificate of participation issuance activities. The University’s

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 – Investments (continued)

Investment Policy authorizes the University to invest in securities of the United States of America, its agencies, and its instrumentalities; interest bearing savings accounts, certificates of deposit, interest bearing time deposits, and other direct obligations of any bank defined in the Illinois Banking Act; certain obligations of U.S. corporations rated in the three highest rating classifications by at least two standard rating services provided such obligations do not mature in longer than 3 years from the time of purchase and the issuing entity has at least \$500 million in assets (limited to one-third of total funds); money market mutual funds provided they are comprised of only U.S. Treasuries, agencies and instrumentalities; Public Treasurer's Investment Pool-State Treasurer's Office; repurchase agreements of Government securities; and other specifically defined repurchase agreements. The University has recorded restricted investments which relate to pooled investments related to segment reporting and retirement of indebtedness.

The three basic objectives of the University's investment policy are safety of invested funds; maintenance of sufficient liquidity to meet cash flow needs; and attainment of the maximum investment returns possible consistent with the first two objectives. The University ensures the safety of its invested funds by limiting credit and interest rate risks. The University's portfolio is structured to ensure that cash is available to meet anticipated demands.

Additionally, since all possible cash demands cannot be anticipated, the portfolio consists largely of securities with active secondary or resale markets. The investment returns on the University's portfolio is a priority after the safety and liquidity objectives have been met. Investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

University investments

Investments are reported at fair value. The fair value is determined to be the amount, usually quoted market prices, at which financial instruments could be exchanged in a current transaction between willing partners. The investment with the Public Treasurer's Investment Pool-State Treasurer's Office is at amortized cost, which is the same value as the pool shares. State statutes require the Illinois Funds to comply with the *Illinois Public Funds Investment Act* (30 ILCS 235). The Illinois Funds is not registered with the Securities Exchange Commission as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. For the year ended June 30, 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemptions gates. Also, certain money market investments and non-negotiable certificates of deposit with redemption terms that do not consider market rates are carried at amortized cost.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The University has pooled its operating cash for investment purposes to provide for efficiencies and economies in their management. Proceeds related to revenue bond and certificate of participation financing activities are pooled to the extent allowed under their covenants.

Restricted funds that are invested in the pool are presented as restricted cash or investments based on the ratio of cash and investments held in the pool. Investment income earned on the operating cash and investments, including realized gains and losses resulting from the sale or other disposition of investments, is distributed on a quarterly basis to the pooled participants based upon their respective aggregate balances over the prior three-month period.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 – Investments (continued)

PFM Asset Management, LLC manages the external portfolios, while U.S. Bank keeps custody of these funds and assists in the accounting and reporting functions related to these investments.

Investment income net of realized and unrealized gains and losses on investments for the year ended June 30, 2021 is reflected below:

<u>UNIVERSITY:</u>	
Interest earnings	\$ 3,398,768
Realized gain on investments	612,842
Unrealized loss on investments	<u>(3,499,581)</u>
Net investment income	<u>\$ 512,029</u>
<u>COMPONENT UNITS:</u>	
Interest earnings	\$ 3,189,708
Realized gain on investments	12,932,537
Unrealized gain on investments	<u>48,143,854</u>
Net investment income	<u>\$ 64,266,099</u>
<u>FIDUCIARY ACTIVITIES:</u>	
Fiduciary interest earnings	<u>\$ 3,948</u>

University risk disclosures

Credit risk: Credit risk is the risk of loss due to the failure of the security issuer or backer to meet promised interest or principal payments on required dates. Credit risk is mitigated by limiting investments to those specified in the *Illinois Public Funds Investment Act*, which prohibits investment in corporate bonds with maturity dates longer than 3 years from the date of purchase; pre-qualifying the financial institutions which are utilized; and diversifying the investment portfolio so that the failure of any one issue or backer will not place an undue financial burden on the University. U.S. Treasuries are federal government securities that do not require the disclosure of credit risk. The U.S. Agencies include the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association and the Federal Home Loan Bank, all of which are rated AA or higher. The Public Treasurer’s Investment Pool is rated AAAM. Corporate Debt investments held by the University are rated BBB+ or higher.

Concentration of credit risk: The University’s investment policy states that the portfolio should consist of a mix of various types of securities, issues and maturities. While the fund’s asset allocation strategy provides diversification by fixed income sector, each portfolio within the sector is also broadly diversified by security type, issue and maturity.

Custodial credit risk: Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the University would not be able to recover value of deposits, investments or collateral securities that are in the possession of an outside party. All of the University’s investments are held in the University’s name and are not subject to creditors of the custodial institution.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 – Investments (continued)

Interest rate risk: Interest rate risk is the risk that the market value of portfolio securities will fall or rise due to changes in general interest rates. Interest rate risk is mitigated by maintaining significant balances in cash equivalent and other short maturity investments and by establishing an asset allocation policy that is consistent with the expected cash flows of the University. Revenue Bond System funds are managed in accordance with covenants provided from the University's debt issuance activities.

Foreign currency risk: The University does not hold any foreign investments.

Component Unit investments

As the investments of the University's two Foundations are considered significant to the University's financial statements taken as a whole, the following disclosures are made:

Southern Illinois University Foundation (at Carbondale)

The Foundation financial statements follow Financial Accounting Standards Board (FASB) standards; therefore, the required disclosures differ from GASB requirements. Investments are stated at fair value. Investment activity is recorded on the trade date. The fair value of all debt and equity securities with a readily determinable fair value are based on quotations obtained from national securities exchanges. The alternative investments (hedge funds, limited partnerships and other private equity) for which quoted market prices are not available, are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Realized gains and losses on sales of investments are determined on the specific identification basis.

Investment securities are exposed to various risks including, but not limited to, interest rate and market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. Because the hedge funds and limited partnerships are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market existed.

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

Southern Illinois University at Edwardsville Foundation

The long-term objective of the Foundation is to earn a return sufficient to preserve the purchasing power of the Foundation for generations to come, as well as to provide for current needs. As a result, the long-term return objective is the sum of distributions, inflation, administrative costs, and net of management fees. The Foundation portfolio has adopted a "total return" investment approach; current income is considered a secondary consideration. The investment objectives are based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. Over time, the Foundation will aim to achieve the total fund return goal while maintaining acceptable risk levels. To accomplish this goal, the fund will diversify its assets among several asset classes. Active managers are expected to provide returns greater than or equal to their appropriate benchmark while utilizing acceptable risk levels. Funds are invested in accordance with the approved Board policy for investments. The Foundation's investment policy authorizes the Foundation to invest in US and international equities, fixed income, absolute return and real assets.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 – Investments (continued)

Investment policies and relevant risk disclosures as described in GASB Statement No. 40 applicable to the other Component Units can be obtained by contacting those entities listed in Note 1 on pages 24 and 25.

Investment maturities

Interest rate risk is disclosed below using the segmented time distribution method. As of June 30, 2021, the University and the University Related Organizations had the following investment balances:

UNIVERSITY:

Investment Type:	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1-5	6-10	No Maturity
U.S. Treasuries	\$ 57,232,553	\$ 5,010,538	\$ 42,911,647	\$ 9,310,368	\$ -
U.S. Agencies	87,027,332	1,122,539	65,130,297	20,774,496	-
The Illinois Funds	92,152,517	92,152,517	-	-	-
Commercial Paper	34,990,795	34,990,795	-	-	-
Corporate Debt	18,062,142	10,798,815	7,263,327	-	-
Common Stock	44,300	-	-	-	44,300
Subtotal	289,509,639	<u>\$ 144,075,204</u>	<u>\$ 115,305,271</u>	<u>\$ 30,084,864</u>	<u>\$ 44,300</u>
Less: Investment in The Illinois Funds reported as cash	<u>(92,152,517)</u>				
Total Investments	<u>\$ 197,357,122</u>				

COMPONENT UNITS:

Investment Type:	Investment Maturities (in Years)					
	Fair Value	Less Than 1	1-5	6-10	Over 10	No Maturity
Corporate Bonds	\$ 9,765,480	\$ 1,223,131	\$ 6,418,085	\$ 2,124,264	\$ -	\$ -
Exchange Traded Funds	6,367,736	6,367,736	-	-	-	-
Government Bonds	5,810,098	-	-	734,224	5,075,874	-
Municipal Bonds	17,921,253	1,356,234	10,457,624	5,717,350	390,045	-
Real Estate	8,199,349	6,646,064	1,553,285	-	-	-
Commodities/Natural Resources	18,021,965	12,074,075	5,947,890	-	-	-
Alternative Investments	30,097,684	12,937,334	17,160,350	-	-	-
Money Market Funds	6,686,463	6,686,463	-	-	-	-
Common Stock	848,266	-	-	-	-	848,266
Mutual Funds	245,950,838	239,423,839	6,526,999	-	-	-
Total Investments	<u>\$ 349,669,132</u>	<u>\$ 286,714,876</u>	<u>\$ 48,064,233</u>	<u>\$ 8,575,838</u>	<u>\$ 5,465,919</u>	<u>\$ 848,266</u>

Fair value measurements

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The

University and its component units categorize fair values according to the hierarchy established by generally accepted accounting principles.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 – Investments (continued)

The hierarchy, based on the valuation inputs used to measure fair values, consists of the following three levels of measurement inputs:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These may include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Unobservable inputs for an asset or liability.

The University uses Level 2 inputs to measure the fair value of all investments held except for common stock which is Level 1. The fair values are provided by both the University’s external investment managers as well as the custodian bank.

The University’s Foundations also hold “alternative investments” that are valued using the net asset value (NAV) per share (or its equivalent) and, unlike more traditional investments, these do not have readily obtainable market values.

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

Investments:	Fair Value	Level 1	Level 2	Level 3	Net Asset Value
Corporate Bonds	\$ 9,765,480	\$ -	\$ 9,765,480	\$ -	\$ -
Exchange Traded Funds	6,367,736	6,367,736	-	-	-
Government Bonds	5,810,098	5,810,098	-	-	-
Municipal Bonds	17,921,253	-	17,921,253	-	-
Real Estate	8,199,349	6,646,064	-	-	1,553,285
Commodities/Natural Resources	18,021,965	7,526,651	-	-	10,495,314
Alternative Investments	30,097,684	3,106,783	-	-	26,990,901
Money Market Funds	6,686,463	6,686,463	-	-	-
Common Stock	848,266	848,266	-	-	-
Mutual Funds	245,950,838	213,400,715	-	-	32,550,123
Total Investments	\$ 349,669,132	\$ 250,392,776	\$ 27,686,733	\$ -	\$71,589,623

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 - Accounts and notes receivable

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

	<u>Accounts Receivable</u>	<u>Notes Receivable</u>
Student tuition and fees	\$ 11,069,389	\$ -
Auxiliary enterprises	11,041,647	-
Grants and contracts	20,857,712	-
General operating	23,835,682	100,000
Student loans*	41,608	11,431,972
Other accounts receivable	<u>365,164</u>	<u>-</u>
	67,211,202	11,531,972
Less: Allowance for doubtful accounts	<u>(21,225,273)</u>	<u>(428,701)</u>
Net receivable	<u>\$ 45,985,929</u>	<u>\$ 11,103,271</u>

*The student loan receivable balance consists of \$9,576,097 of Perkins Loans. Effective September 30, 2017, the federal government discontinued the Perkins Loan Program.

COMPONENT UNITS:

	<u>Accounts Receivable</u>	<u>Notes Receivable</u>
Accounts receivable	\$ 56,736,794	\$ -
Student loans	<u>-</u>	<u>10,976</u>
	56,736,794	10,976
Less: Allowances for assignment losses & doubtful accounts	<u>(36,360,559)</u>	<u>-</u>
Net receivable	<u>\$ 20,376,235</u>	<u>\$ 10,976</u>

FIDUCIARY ACTIVITIES:

	<u>Accounts Receivable</u>	<u>Notes Receivable</u>
Fiduciary receivable	<u>\$ 45,905</u>	<u>-</u>

NOTE 6 – Deferred outflows of resources

Deferred outflows or resources consisted of the following at June 30, 2021:

UNIVERSITY:

Unamortized debt refundings	\$ 1,631,388
Employer OPEB contributions	9,674,829
Employer pension contributions	<u>2,798,440</u>
Total deferred outflows of resources	<u>\$ 14,104,657</u>

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – Capital Assets

Capital asset activity for the University for the year ended June 30, 2021 was as follows:

UNIVERSITY:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 22,234,896	\$ 19,480	\$ -	\$ -	\$ 22,254,376
Nondepreciable historical treasures and works of art	13,597,376	11,784	443,000	-	13,166,160
Construction in progress	28,665,617	15,115,303	-	(21,639,899)	22,141,021
Total capital assets not being depreciated	64,497,889	15,146,567	443,000	(21,639,899)	57,561,557
Capital assets being depreciated:					
Site improvements	93,525,584	94,282	316,108	904,978	94,208,736
Buildings	1,399,615,077	564,564	759,580	20,734,921	1,420,154,982
Equipment	387,773,661	10,878,594	96,136,681	-	302,515,574
Intangible assets	7,340,787	-	-	-	7,340,787
Infrastructure	21,722,279	-	-	-	21,722,279
Total capital assets being depreciated	1,909,977,388	11,537,440	97,212,369	21,639,899	1,845,942,358
Less accumulated depreciation for:					
Site improvements	64,491,450	2,094,918	-	1,380,238	67,966,606
Buildings	732,570,332	40,421,020	42,533	-	772,948,819
Equipment	359,403,902	8,457,553	96,093,185	-	271,768,270
Intangible assets	7,340,787	-	-	-	7,340,787
Infrastructure	14,284,316	655,728	38,910	(1,380,238)	13,520,896
Total accumulated depreciation	1,178,090,787	51,629,219	96,174,628	-	1,133,545,378
Total capital assets being depreciated, net	731,886,601	(40,091,779)	1,037,741	21,639,899	712,396,980
Capital assets, net	\$ 796,384,490	\$ (24,945,212)	\$ 1,480,741	\$ -	\$ 769,958,537

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 - Capital assets (continued)

Capital asset activity for the Component Units for the fiscal year ended June 30, 2021 was as follows:

COMPONENT UNITS:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 307,216	\$ -	\$ -	\$ -	\$ 307,216
Construction in Progress	188,875	76,050	264,925	-	-
Total capital assets not being depreciated	496,091	76,050	264,925	-	307,216
Capital assets being depreciated:					
Site improvements	310,765	-	-	-	310,765
Buildings	2,639,877	-	-	-	2,639,877
Intangible Assets	612,380	-	-	-	612,380
Equipment	6,817,348	721,646	639,645	-	6,899,349
Total capital assets being depreciated	10,380,370	721,646	639,645	-	10,462,371
Less accumulated depreciation for:					
Site improvements	310,765	-	-	-	310,765
Buildings	1,274,182	67,975	-	-	1,342,157
Intangible Assets	35,722	61,238	-	-	96,960
Equipment	5,312,164	581,295	633,487	-	5,259,972
Total accumulated depreciation	6,932,833	710,508	633,487	-	7,009,854
Total capital assets being depreciated, net	3,447,537	11,138	6,158	-	3,452,517
Capital assets, net	<u>\$ 3,943,628</u>	<u>\$ 87,188</u>	<u>\$ 271,083</u>	<u>\$ -</u>	<u>\$ 3,759,733</u>

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

UNIVERSITY:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 45,261,550	\$ 6,998,037	\$ 4,231,591	\$ 48,027,996	\$ 4,161,320
Revenue bonds payable	178,743,669	51,365,823	76,065,000	154,044,492	17,135,012
Unamortized bonds premium	6,839,661	8,076,040	1,403,259	13,512,442	910,504
Certificates of participation	34,090,000	12,395,000	15,275,000	31,210,000	3,125,000
Unamortized COPS premium	693,469	-	409,744	283,725	37,185
Capitalized leases	743,373	415,123	226,333	932,163	230,525
Self insurance	23,337,554	7,560,816	6,030,228	24,868,142	3,812,784
Liability for OPEB	154,007,094	-	26,022,135	127,984,959	3,378,184
Federal loan programs refundable	12,688,502	-	2,376,337	10,312,165	-
Housing deposits	180,450	135,112	138,037	177,525	79,886
Total long-term liabilities	<u>\$456,585,322</u>	<u>\$ 86,945,951</u>	<u>\$ 132,177,664</u>	<u>\$411,353,609</u>	<u>\$ 32,870,400</u>

COMPONENT UNITS:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Annuities payable	\$ 1,099,429	\$ 587,554	\$ 547,066	\$ 1,139,917	\$ 117,944
Other accrued liabilities	1,684,677	-	12,049	1,672,628	-
Deposits held in custody for others	2,715,614	722,157	130,964	3,306,807	84,219
Total long-term liabilities	<u>\$ 5,499,720</u>	<u>\$ 1,309,711</u>	<u>\$ 690,079</u>	<u>\$ 6,119,352</u>	<u>\$ 202,163</u>

NOTE 9 – Revenue bonds payable

Revenue bonds payable activity for the year ended June 30, 2021:

Series	Annual Maturity To	Beginning Balance	Accretion/ New Debt	Principal Paid/Debt Refunded	Ending Balance	Current Portion
Other Revenue Bonds:						
1999A	2029	\$ 42,198,669	\$ 2,290,823	\$ 5,950,000	\$ 38,539,492	\$ 6,000,000
2006A	2021	3,465,000	-	3,465,000	-	-
2008A	2028	15,650,000	-	11,190,000	4,460,000	2,175,000
2009A	2021	31,305,000	-	31,305,000	-	-
2012A	2021	18,975,000	-	18,975,000	-	-
2012B	2035	33,475,000	-	1,990,000	31,485,000	2,080,000
2015B	2031	17,855,000	-	420,000	17,435,000	1,545,000
2021A	2040	-	49,075,000	-	49,075,000	2,700,000
Direct Placements of Revenue Bonds:						
2015A	2023	5,465,000	-	1,770,000	3,695,000	1,830,000
2015A	2030	5,735,000	-	570,000	5,165,000	595,000
2019A	2029	4,620,000	-	430,000	4,190,000	450,000
		<u>\$ 178,743,669</u>	<u>\$51,365,823</u>	<u>\$ 76,065,000</u>	154,044,492	17,375,000
Other Revenue Bonds:						
Unaccrued appreciation					13,512,442	(239,988)
Unamortized debt premium on other revenue bonds					910,504	910,504
Total					<u>\$ 167,556,934</u>	<u>\$ 18,045,516</u>

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – Revenue bonds payable (continued)

University revenue bonds payable:

The Housing and Auxiliary Facilities System Revenue Bonds, Series 1999A were authorized by the University's Board under the Sixth Supplemental Bond Resolution dated May 13, 1999. The bonds mature at varying amounts from 2001 to 2029 with interest ranging from 4.10 to 5.55 percent. They pay no current interest. The University records the annual increase in the principal amount of these bonds as interest expense and accretion on bonds payable.

The Housing and Auxiliary Facilities System Revenue Bonds, Series 2008A were authorized by the University's Board under the Twelfth Supplemental Bond Resolution dated April 10, 2008. The bonds mature at varying amounts from 2009 to 2028 with interest ranging from 3.00 to 5.50 percent. Interest payments are due semi-annually.

The Housing and Auxiliary Facilities System Revenue Bonds, Series 2012B were authorized by the University's Board under the Fifteenth Supplemental Bond Resolution approved November 8, 2012. The bonds in Series 2012B-1 mature at varying amounts from 2013 to 2035 with interest ranging from 1.00 to 5.00 percent. Interest payments are due semi-annually. A portion of the bonds were used to advance refund certain 2003A and 2004A bonds, which was undertaken by the Board to affect a cost savings, resulted in a net decrease in debt service payments of \$6,293,473. The financing resulted in an economic gain of \$4,829,291 and an accounting loss of \$2,216,389. The bonds in Series 2012B-2 mature at \$5,365,000 in 2035 with interest of 4.40 percent. Interest payments are due semi-annually.

The bonds are Qualified Energy Conservation Bonds that carry a direct payment subsidy from the U.S. Treasury in an amount equal to 70% of the tax credit rate published by the Bureau of Public Debt on the date of the bond sale:

Year Ending	Principal	Interest	Treasury Rebate	Total
2022	\$ -	\$ 236,060	\$ (157,731)	\$ 78,329
2023	-	236,060	(157,731)	78,329
2024	-	236,060	(157,731)	78,329
2025	-	236,060	(157,731)	78,329
2026	-	236,060	(157,731)	78,329
2027-31	-	1,180,300	(788,655)	391,645
2032-36	5,365,000	944,240	(630,924)	5,678,316
Total	<u>\$ 5,365,000</u>	<u>\$ 3,304,840</u>	<u>\$ (2,208,234)</u>	<u>\$ 6,461,606</u>

Note: The October 1, 2021 Treasury Rebate will be reduced by 5.7% in accordance with the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Reductions to future Treasury Rebates are subject to Congressional action.

The Medical Facilities System Revenue Bonds, Series 2015A were authorized by the University's Board on December 11, 2014. The bonds mature at varying amounts from 2016 to 2023 with an interest rate of 1.65 percent. Interest payments are due semi-annually. They advance refunded the 2005 bonds, which was undertaken by the Board to affect a cost savings, resulted in a \$2,413,854 net decrease in debt service payments, an economic gain of \$1,982,564 and an accounting gain of \$38,870.

The Housing and Auxiliary Facilities System Revenue Bonds, Series 2015A were authorized by the University's Board under the Sixteenth Supplemental Bond Resolution approved March 19, 2015. The bonds in Series 2015A mature at varying amounts from 2016 to 2030 with an interest rate of 2.85 percent. Interest payments are due semi-annually.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – Revenue bonds payable (continued)

The Housing and Auxiliary Facilities System Revenue Bonds, Series 2015B were authorized by the University's Board under the Seventeenth Supplemental Bond Resolution approved July 16, 2015. The bonds mature at varying amounts from 2016 to 2031 with an interest ranging from 3.00 to 5.00 percent. Interest payments are due semi-annually. The bonds were used to advance refund a portion of the 2006A bonds, which was undertaken by the Board to affect a cost savings, resulted in a \$16,292,964 net decrease in debt service payments, an economic gain of \$3,417,083 and an accounting loss of \$452,331.

The Housing and Auxiliary Facilities System Revenue Bonds, Series 2019A were authorized by the University's Board under the Eighteenth Supplemental Bond Resolution approved on March 28, 2019. The bonds mature at varying amounts from 2020 to 2029 with an interest rate of 4.35 percent. Interest payments are due semi-annually.

The Housing and Auxiliary Facilities System Refunding Revenue Bonds, Series 2021A were authorized by the University's Board under the Nineteenth Supplemental Bond Resolution approved on April 29, 2021. On June 1, 2021, the University issued the bonds in the par amount of \$49,075,000. The Series 2021A refunding bonds mature at varying amounts from 2022 to 2040 with interest ranging from 4% to 5%. Interest payments are due semi-annually. On June 2, 2021, proceeds of the Series 2021A refunding bonds were used to current refund all of the outstanding Series 2012A and Series 2009A bonds, and a portion of the Series 2008A bonds. The refunding transaction extended the final maturity of the refunded bonds to April 1, 2040. The refunding resulted in a net decrease in debt service payments of \$3,640,327, net present value savings of \$5,945,013 and an accounting gain of \$345,899. The Nineteenth Supplemental Resolution includes as Appendix A the Amended and Restated Bond Resolution which supersedes the Original Resolution effective July 1, 2021.

Housing and Auxiliary Facilities System: These bonds, which are payable through 2040, do not constitute a debt of the State of Illinois or the individual members, officers or agents of the Board of Trustees of the University but, together with interest thereon, are payable from and secured by a pledge of and lien on (i) the net revenues of the System, (ii) pledged tuition in an amount not to exceed maximum annual debt service (subject to prior payment of operating and maintenance expenses of the System), (iii) the Bond and Interest Sinking Fund account, and (iv) the Repair and Replacement Reserve account. Unrefunded bonds issued in 2001 and prior are additionally secured by the Debt Service Reserve. Total principal and interest remaining on the debt is \$244,507,332 with annual requirements ranging from \$1,528,800 to \$20,135,478. For the current year, principal and interest paid was \$81,129,169, and the total revenues pledged were \$47,208,614. For fiscal year 2021, the total revenue pledged represents 100 percent of the net revenues of the System and 14 percent of net tuition revenue received. Although net tuition is pledged, it is not expected to be needed to meet debt service requirements.

The bond resolution requires that debt service coverage on a cash basis be at least 120 percent of the maximum annual debt service. For the year ended June 30, 2021, the maximum annual debt service was \$20,135,478 and the coverage was 234 percent. The bond resolution also requires the Treasurer to transfer annually to Renewals and Replacements from the funds remaining in unrestricted net position the sum of 10 percent of the maximum annual net debt service requirement or such portion thereof as is available for transfer. The net position of Renewals and Replacements was \$25,349,077 at June 30, 2021.

All of the refunded bonds are considered to be defeased and, accordingly, have been accounted for as if they were retired. As of June 30, 2021, there were no outstanding balances of refunded bonds.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – Revenue bonds payable (continued)

Medical Facilities System: These bonds, which are payable through 2023, do not constitute a debt of the State of Illinois or the individual members, officers or agents of the Board of Trustees of the University but, together with interest thereon, are payable from and secured by a pledge of and lien on (i) the net revenues of the System, (ii) pledged tuition (subject to the prior payment of necessary operating and maintenance expenses of the Housing and Auxiliary Facilities System, debt service of the Housing and Auxiliary Facilities System not to exceed the maximum annual debt service, and then necessary operating and maintenance expenses of the System), and (iii) the Bond and Interest Sinking Fund account. Total principal and interest remaining on the debt is \$3,786,740 with annual requirements ranging from \$1,890,968 to \$1,895,773. For the current year, principal and interest paid was \$1,860,173 and the total revenues pledged were \$119,534,148. For fiscal year 2021, the total revenue pledged represents 100 percent of the net revenues of the MFS and 85.71 percent of net tuition revenue received. Although net tuition is pledged, it is not expected to be needed to meet debt service requirements.

The bond resolution requires that debt service coverage on the cash basis (net revenues plus pledged tuition) be at least 200 percent of annual debt service and that net revenues shall be at least 100 percent of the annual debt service requirement in each fiscal year. For the year ended June 30, 2021, the maximum annual debt service was \$1,895,773 and the coverage was 6,423 percent. The bond resolution also requires the Treasurer to credit funds remaining in the revenue fund into a separate and special account designated the Medical Facilities System Repair and Replacement Reserve account on or before the close of each fiscal year, the sum of not less than 10 percent of the maximum annual debt service, or such portion thereof as is available for transfer and deposit annually, for a repair and replacement reserve. The net position of Renewals and Replacements was \$1,638,947 at June 30, 2021.

As of June 30, 2021, future debt service requirements for all bonds outstanding are:

UNIVERSITY:

	<u>Other Revenue Bonds</u>		<u>Direct Placement Revenue Bonds</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 14,500,000	4,261,010	\$ 2,875,000	\$ 390,436	\$ 22,026,446
2023	14,365,000	4,185,735	2,940,000	323,707	21,814,442
2024	14,290,000	3,780,461	1,110,000	255,247	19,435,708
2025	14,770,000	3,406,709	1,150,000	216,263	19,542,972
2026	14,830,000	3,010,611	1,040,000	175,837	19,056,448
2027-31	53,145,000	9,525,474	3,935,000	312,015	66,917,489
2032-36	19,300,000	3,561,540	-	-	22,861,540
2037-41	5,555,000	566,200	-	-	6,121,200
Total payments	<u>\$ 150,755,000</u>	<u>\$ 32,297,740</u>	<u>\$ 13,050,000</u>	<u>\$ 1,673,505</u>	<u>\$ 197,776,245</u>

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 10 - Capitalized leases

The University has entered into lease purchase contracts for certain items of equipment. Minimum lease payments under capital leases together with the present value of the net minimum lease payments are:

<u>UNIVERSITY:</u>	
<u>Year Ending</u>	
2022	\$ 230,525
2023	234,633
2024	238,773
2025	218,150
2026	<u>10,082</u>
Total minimum lease payments	932,163
Less amount representing interest	<u>(91,175)</u>
Present value of net minimum lease payments	<u><u>\$ 840,988</u></u>

Assets held under capital lease are:

<u>UNIVERSITY:</u>	
Equipment	\$ 2,081,667
Less accumulated amortization	<u>(1,036,127)</u>
Total net assets	<u><u>\$ 1,045,540</u></u>

NOTE 11 - Operating Leases

The University leases office and instructional space as well as equipment (principally office machines, automobiles, and farm equipment) under contracts which are renewable annually. The University also leases clinical space under contract of which some are renewable for multiple years with renewal options at the end of the initial lease period. Many of the University's leases are subject to escalation upon proper notice by the lessor. The operating leases extending beyond 2021 have future payments of \$13,828,512 in 2022, \$12,334,794 in 2023, \$12,011,720 in 2024, \$10,476,257 in 2025, \$8,186,483 in 2026, \$5,333,717 in 2027, \$5,063,962 in 2028, and \$3,165,654 in 2029. There are no operating leases as of June 30, 2021 with future payments beyond 2029. Rental payments on operating leases totaled \$13,798,756 in 2021.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12 - Certificates of participation payable

Series 2014A: On February 13, 2014, the University issued Certificates of Participation (COPS) in the par amount of \$42,995,000. The COPS were issued at a premium of \$1,017,972. The certificates were issued to finance, in combination with University funds, multiple capital improvement projects on the Carbondale campus as well as to refund the outstanding balance of the Series 2004A COPS. The certificates bear interest at rates ranging from 2% to 5% payable semi-annually, and principal installments ranging from \$1,525,000 to \$2,855,000 are payable annually on February 15 beginning 2015 through the year 2034. The current refunding undertaken by the Board to affect a cost savings resulted in a net decrease in debt service payments of \$1,365,042. The financing resulted in an economic gain of \$1,173,843 and an accounting loss of \$330,440.

Series 2020A: On May 6, 2020, the University issued Certificates of Participation (COPs) in the par amount of \$4,575,000 that were directly placed with INB, National Association. The COPs were issued to finance, in combination with University funds, the construction of the School of Dental Medicine Advanced Care Clinic on the Alton campus. The certificates bear a fixed interest rate of 2.25% payable semi-annually, and principal installments ranging from \$420,000 to \$500,000 are payable annually on February 15 beginning 2021 through the year 2030.

Series 2021A: The Series 2021A Certificates of Participation (COPS) were authorized by the University's Board on April 29, 2021. These Direct Placement COPS were sold on May 28, 2021, in the par amount of \$12,395,000. On June 1, 2021, proceeds of the Series 2021A COPS were used to current refund a portion of the Series 2014A-1 COPS. The Series 2021A COPS are structured with a 7-year put on February 15, 2028 and a final maturity of February 15, 2034. The Series 2021A COPS were issued with an interest rate of 2.58% through February 15, 2028. Interest payments are due semi-annually. The transaction generated present value savings of \$1,118,749 through the put date and resulted in an accounting gain of \$315,486.

Annual aggregate principal and interest payments required for subsequent years are:

	<u>Certificates of Participation</u>		<u>Direct Placements of Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,385,000	\$ 449,850	\$ 1,690,000	\$ 473,995
2023	1,440,000	394,450	1,785,000	517,941
2024	-	322,450	3,350,000	467,826
2025	-	322,450	2,025,000	372,306
2026	1,580,000	322,450	495,000	321,546
2027-31	5,185,000	527,000	5,985,000	1,385,157
2032-36	-	-	6,290,000	327,273
Total payments	<u>\$ 9,590,000</u>	<u>\$ 2,338,650</u>	<u>\$ 21,620,000</u>	<u>\$ 3,866,044</u>

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 13 - Accrued self-insurance

The University is exposed to various risks of loss relative to general liability, professional liability, and certain group coverage of student health and life benefits. The University minimizes its exposure through a combination of risk reduction and self-insurance programs, as well as primary and excess insurance coverage with commercial carriers.

The general and professional liability self-insurance fund provides for comprehensive general and professional liability coverage. The University also purchases excess insurance coverage with commercial carriers for claims that may result in catastrophic losses. The University makes contributions to the general and professional liability self-insurance fund based on yearly actuarial analysis. The actuarial analysis for 2020 included a 1% discount rate for self-insurance liabilities.

As of June 30, 2021, the accrual for self-insurance was \$24,868,142 for the general and professional liability fund. Because the amounts accrued and funded are estimates, the aggregate actual claims covered by the self-insurance funds could differ from the amount that has been accrued. Changes in these estimates will be reflected in the Statement of Revenues, Expenses, and Changes in Net Position in the period in which additional information becomes available. There were no material settlements that exceeded insurance coverage during the last three years.

Changes in the self-insurance accrual for the years ended June 30, 2021 and June 30, 2020 are reflected below:

	<u>June 30, 2021</u>
Accrued liability, June 30, 2020	\$ 23,337,554
Current year claims and other changes	7,560,816
Payment of Claims	<u>(6,030,228)</u>
Accrued liability, June 30, 2021	<u>\$ 24,868,142</u>
	<u>June 30, 2020</u>
Accrued liability, June 30, 2019	\$ 30,119,861
Current year claims and other changes	(2,335,005)
Payment of Claims	<u>(4,447,302)</u>
Accrued liability, June 30, 2020	<u>\$ 23,337,554</u>

NOTE 14 - Donor-restricted endowments

The University entered into an agreement with the Southern Illinois University Foundation at Carbondale on July 1, 2003, in which the University transferred Endowment funds to the Foundation. The Foundation has agreed to hold and administer these funds as agency funds based upon and consistent with the desires of the donor and/or the University. During fiscal year 2021, there were no additions to the University's permanent endowments. For fiscal year 2021, realized gains on investments totaled \$34,672 and unrealized gains on investments totaled \$580,930, resulting in a balance of \$3,216,199 held by the Foundation at June 30, 2021. The Foundation distributes earnings to the University on a quarterly basis. Payments during fiscal year 2021 totaled \$106,555.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 14 - Donor-restricted endowments (continued)

The State of Illinois adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), effective June 30, 2009. UPMIFA added certain prudent spending measures to the Uniform Management of Institutional Funds Act. In accordance with UPMIFA, the Board of Directors of Southern Illinois University Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the institution; and the investment policies of the Foundation.

NOTE 15 - State Universities Retirement System

General Information about the Pension Plan

Plan Description: Substantially, all employees of the University contribute to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided: A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2020 can be found in the SURS' Comprehensive Annual Financial Report (CAFR) Notes to the Financial Statements.

Contributions: The State of Illinois is primarily responsible for funding SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of SURS to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2021 was 12.70% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 15 - State Universities Retirement System (continued)

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earnings increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

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

Net Pension Liability: The net pension liability (NPL) was measured as of June 30, 2020. At June 30, 2020, SURS reported a NPL of \$30,619,504,321.

Employer Proportionate Share of Net Pension Liability: The amount of the proportionate share of the net pension liability to be recognized for the University is \$0. As of the current year measurement date of June 30, 2020, the University’s proportionate share of the State’s net pension liability associated with the University is \$2,787,960,206 or 9.11%, which was an increase of \$197,323,626 or 0.08% from its proportion measured as of the prior year measurement date of June 30, 2019. This amount is not recognized in the financial statements. The net pension liability was measured as of June 30, 2020, and the total pension used to calculate the net pension liability was determined based on the June 30, 2019 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2020.

Pension Expense: At June 30, 2020, SURS reported a collective net pension expense of \$3,364,411,021.

Employer Proportionate Share of Pension Expense: The University’s proportionate share of collective pension expense is recognized as nonoperating revenue with matching operating expenses (compensation and benefits) in the financial statements. The basis allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2020. As a result, the University recognized revenue and pension expense of \$306,335,594 from this special funding situation during the year ended June 30, 2021.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 170,987,483	\$ -
Changes in assumption	473,019,629	-
Net difference between projected and actual earnings on pension plan investments	474,659,178	-
Total	\$ 1,118,666,290	\$ -

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 15 - State Universities Retirement System (continued)

SURS Collective Deferred Outflows and Deferred Inflows of Resources
by Year to be Recognized in Future Pension Expenses

Year Ending June 30	Net Deferred Outflows of Resources
2021	\$ 435,271,667
2022	346,428,171
2023	183,483,935
2024	153,482,517
2025	-
Thereafter	-
Total	\$ 1,118,666,290

Employer Deferral of Fiscal Year 2021 Pension Expense

The University paid \$2,798,439 in federal, trust or grant contributions for the fiscal year ended June 30, 2021. These contributions were made subsequent to the pension liability measurement date of June 30, 2020 and are recognized as Deferred Outflows of Resources as of June 30, 2021.

Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2014-2017. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.25 to 12.25 percent, including inflation
Investment rate of return	6.75 percent beginning with the actuarial valuation as of June 30, 2018

Mortality rates were based on the RP-2014 White Collar, gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s).

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 15 - State Universities Retirement System (continued)

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2020, these best estimates are summarized in the following table:

<u>Defined Benefit Plan</u>	<u>Strategic Policy Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Traditional Growth		
Global Public Equity	44.0%	6.67%
Stabilized Growth		
Credit Fixed Income	14.0	2.39
Core Real Assets	5.0	4.14
Options Strategies	6.0	4.44
Non-Traditional Growth		
Private Equity	8.0	9.66
Non-Core Real Assets	3.0	8.70
Inflation Sensitive		
U.S. TIPS	6.0	0.13
Principal Protection		
Core Fixed Income	8.0	(0.45)
Crisis Risk Offset		
Systematic Trend Following	2.1	2.16
Alternative Risk Premia	1.8	1.60
Long Duration	<u>2.1</u>	0.86
Total	100.0%	4.84%
Inflation		<u>2.25</u>
Expected Arithmetic Return		7.09%

Discount Rate: A single discount rate of 6.49% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 2.45% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the SURS' funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 15 - State Universities Retirement System (continued)

Sensitivity of the SURS Net Pension Liability to Changes in the Discount Rate: Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.49%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
<u>5.49%</u>	<u>6.49%</u>	<u>7.49%</u>
\$36,893,469,884	\$30,619,504,321	\$25,441,837,592

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

NOTE 16 - Post-employment benefits

Plan description: SEGIA, as amended, authorizes SEGIP to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially, all of the University's full-time employees are members of SEGIP. Members receiving monthly benefits from the GARS, JRS, SERS, TRS, and SURS are eligible for these OPEB. The eligibility provisions for SURS are defined within Note 15.

CMS administers OPEB for annuitants with the assistance of GARS, JRS, SERS, TRS, and SURS. The State recognizes SEGIP as a single-employer defined benefit plan, which does not issue a stand-alone financial report.

Benefits provided: The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the university component units' employees in accordance with limitations established in SEGIA. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. SEGIA requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes \$5,000.

Funding Policy and Annual OPEB Cost: OPEB offered through SEGIP are financed through a combination of retiree premiums, SEGIP contributions pursuant to SEGIA (5 ILCS 375/11), and Federal government subsidies from the Medicare Part D program. These contributions are deposited in the Health Insurance Reserve Fund, which covers both active employees and retired members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in GARS, JRS, SERS, TRS, and SURS do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service do not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. CMS' Director, on an annual basis, determines the amount of contributions necessary to fund the basic program of group benefits. The State's contributions are made primarily from the State's General Fund on a pay-as-you-go basis.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 16 - Post-employment benefits (continued)

No assets are accumulated or dedicated to funding the retiree benefits and a separate trust has not been established for the funding of OPEB.

For fiscal year 2021, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$12,261 (\$6,910 if Medicare eligible) per member if the annuitant chose benefits provided by a health maintenance organization and \$15,224 (\$6,449 if Medicare eligible) per member if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

Special Funding Situation Portion of OPEB: The proportionate share of the State's OPEB expense relative to the University's employees totaled \$14,192,349 during the year ended June 30, 2021. This amount was recognized by the University as non-operating special funding situation revenue and operating expense allocated to the related function performed by the employees during the year ended June 30, 2021.

While the University is not required to record the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation, the University is required to disclose this amount. The following chart displays the proportionate share of the State's contributions related to the University's special funding situation relative to all employer contributions during the year ended June 30, 2020 based on the June 30, 2018 actuarial valuation rolled forward:

Measurement Date:	<u>June 30, 2020</u>
State of Illinois' OPEB liability related to the University under the Special Funding Situation	\$1,831,760,038
SEGIP total OPEB liability	<u>\$42,366,626,302</u>
Proportionate share of the total OPEB liability	<u>4.32%</u>

University's Portion of OPEB and Disclosures Related to SEGIP Generally:

Total OPEB liability, deferred outflows of resources, deferred inflows of resources, and expense related to OPEB: The University's total OPEB liability, as reported at June 30, 2021, was measured as of the measurement date on June 30, 2020, with an actuarial valuation as of June 30, 2018, which was rolled forward to the measurement date. The following chart displays the proportionate share of the University's contributions relative to all employer contributions during the year ended June 30, 2020, based on the June 30, 2018 actuarial valuation rolled forward:

Measurement Date:	<u>June 30, 2020</u>
University's OPEB liability	\$127,984,959
SEGIP total OPEB liability	<u>\$42,366,626,302</u>
Proportionate share of the total OPEB liability	0.30%

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 16 - Post-employment benefits (continued)

The University's portion of the OPEB liability was based on the University's proportionate share amount determined under the methodology described in Note 2 during the year ended June 30, 2020. As of the current year measurement date of June 30, 2020, the University's proportion decreased 0.05% from its proportion measured as of the prior year measurement date of June 30, 2019.

The University recognized OPEB expense for the year ended June 30, 2021, of \$195,677. At June 30, 2021, the University reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2020, from the following sources:

Deferred outflows of resources	
Differences between expected and actual experience	\$724,273
Changes in assumptions	3,497,551
Changes in proportion	2,074,821
University contributions subsequent to the measurement date	3,378,184
Total deferred outflows of resources	<u>\$9,674,829</u>
Deferred inflows of resources	
Differences between expected and actual experience	\$1,378,161
Changes in assumptions	12,852,847
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,541,319
Total deferred inflows of resources	<u>\$30,772,327</u>

The amounts reported as deferred outflows of resources related to OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2021.

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

Fiscal Year Ending June 30,	Total Amount Recognized of Deferred Inflows and Outflows over the Remaining Service Life of All Employees (5.1454 years)
2022	\$(7,784,206)
2023	(6,319,638)
2024	(4,118,772)
2025	(5,504,922)
2026	(748,142)
Total	<u>\$(24,475,680)</u>

Actuarial methods and assumptions: The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2018, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2018.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 16 - Post-employment benefits (continued)

The valuation date of June 30, 2018 below was rolled forward to June 30, 2020.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.25%
Projected Salary Increases*	2.50% - 12.25%
Discount Rate	2.45%
Healthcare Cost Trend Rate:	
Medical (Pre-Medicare)	8.25% grading down 0.25% per year over 16 years to 4.25% in year 2037. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Medical (Post-Medicare)	8.25% grading down 0.25% per year over 16 years to 4.25% in year 2037.
Dental and Vision	4.0% grading up 0.25% in the first year 4.25% through 2037.
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998 are eligible for single coverage provided they pay a portion of the premium equal to 5% for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100% of the required dependent premium. Premiums for plan year 2020 and 2021 are based on actual premiums. Premiums after 2021 were projected based on the same healthcare cost trend rates applied to per capita claim costs.

*Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 16 - Post-employment benefits (continued)

Additionally, the demographic assumptions used in this OPEB valuation are identical to those used in the June 30, 2019 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	Retirement age experience study[^]	Mortality^{^^}
GARS	July 2015 – June 2018	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 99% for males and females and generational mortality improvements using MP-2018 two-dimensional mortality improvement scales
JRS	July 2015 – June 2018	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 102% for males and 98% for females and generational mortality improvements using MP-2018 two-dimensional mortality improvement scales
SERS	July 2015 – June 2018	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2018 generational mortality improvement factors were updated to projection scale MP-2018
TRS	July 2014 – June 2017	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2017
SURS	July 2014 – June 2017	RP-2014 White Collar, gender distinct, projected using MP-2014 two-dimensional mortality improvement scale, set forward one year for male and female annuitants

[^]The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined. A modified experience review was completed for SERS for the 3-year period ending June 30, 2015. Changes were made to the assumptions regarding investment rate of return, projected salary increases, inflation rate, and mortality based on this review. All other assumptions remained unchanged.

^{^^}Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.

Since the last measurement date on June 30, 2020, the State has not made any significant changes to the benefit terms affecting the measurement of the collective total OPEB liability. Further, no changes have occurred since the measurement date and the University's fiscal year end on June 30, 2021 that are expected to have a significant impact on the University's proportionate share of the total collective OPEB liability.

Discount rate: Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.13% at June 30, 2019, and 2.45% as of June 30, 2020, was used to measure the total OPEB liability.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 16 - Post-employment benefits (continued)

Sensitivity of total OPEB liability to changes in the single discount rate: The following presents the University's proportionate share of the plan's total OPEB liability measured at June 30, 2020, calculated using a Single Discount Rate of 2.45%, as well as what the University's proportionate share of the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (3.45%) or lower (1.45%) than the current rate:

	1% Decrease (1.45%)	Current Single Discount Rate Assumption (2.45%)	1% Increase (3.45%)
University's proportionate share of total OPEB liability	\$150,655,174	\$127,984,959	\$109,912,948

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate: The following presents the University's proportionate share of the plan's total OPEB liability measured as of June 30, 2020, calculated using the healthcare cost trend rates as well as what the University's proportionate share of the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower than the current healthcare cost trend rates. For calculating the healthcare cost trend rates assumption, the key trend rates are 8.25% in 2021 decreasing to an ultimate trend rate of 4.25% in 2037 for both non-Medicare and Medicare coverage. For the 1% decrease for calculating the healthcare cost trend rates assumption, the key trend rates are 7.25% in 2021 decreasing to an ultimate trend rate of 3.25% in 2037 for both non-Medicare and Medicare coverage. For the 1% increase for calculating the healthcare cost trend rates assumption, the key trend rates are 9.25% in 2021 decreasing to an ultimate trend rate of 5.25% in 2037 for both non-Medicare and Medicare coverage.

	Current Healthcare Cost Trend Rates Assumption	
1% Decrease	1% Increase	
\$107,146,248	\$127,984,959	\$155,320,783

Total OPEB Liability Associated with the University, Regardless of Funding Source:

The University is required to disclose all OPEB liabilities related to it, including (1) the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation the University is not required to record and (2) the portion of OPEB liability recorded by the University for its employees paid from trust, federal, and other funds. The following chart displays the proportionate share of contributions, regardless of funding source, associated with the University's employees relative to all employer contributions during the year ended June 30, 2020 based on the June 30, 2018 actuarial valuation rolled forward:

Measurement Date:	June 30, 2020
State of Illinois' OPEB liability related to the University under the Special Funding Situation	\$1,831,760,038
University's OPEB liability	127,984,959
Total OPEB liability associated with the University	\$1,959,744,997
SEGIP total OPEB liability	\$42,366,626,302
Proportionate share of the OPEB liability associated with the University	4.63%

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 17 – Component Units - transactions with related parties

The University has entered into master contracts with the Component Units which specify the relationship between the University and its related organizations in accordance with the Legislative Audit Commission’s University Guidelines of 1982 as amended in 1997. Significant transactions for the University during fiscal year 2021 included the receipt of \$43,352,393 from SIU Physicians & Surgeons, Inc. (SIU P&S) for services provided by the University. Also, SIU P&S contributions to the University for Academic Development for the School of Medicine during fiscal year 2021 totaled \$5,022,303.

The University’s financial statements include the activities of the Component Units, which are discretely presented in the accompanying financial statements. Since these component units are discretely presented, the activities between them and the University are not eliminated on the University’s financial statements. Conversely, the University and its component units are consolidated on the State’s comprehensive annual financial report, therefore, the following disclosure is presented:

University and Component Unit Transactions				
Statement of Net Position				
	Due from Component Units	Noncurrent Prepays and Other Assets	Due to Component Units	Deposits
University	\$ 3,156,516	\$ 3,216,199	\$ (1,319,724)	\$ (14,844,315)
	Due to University	Agency Funds Payable	Due from University	Deposits
SIUC Foundation	\$ (23,875)	\$ (3,216,199)	\$ 1,207,924	\$ -
SIUE Foundation	(677,403)	-	35,316	642,680
SIU Physicians & Surgeons	(2,371,209)	-	76,484	14,196,802
SIUC Alumni	(689)	-	-	-
SIUE Alumni	(37)	-	-	-
SIUC Research Park	(7,472)	-	-	4,833
SIUE University Park	-	-	-	-
SIUE Charter School	(75,831)	-	-	-
Totals	\$ (3,156,516)	\$ (3,216,199)	\$ 1,319,724	\$ 14,844,315
Statement of Revenues & Expenses				
	Operating Revenue	Operating Expense	Non-Operating Revenue	
University	\$ 48,374,697	\$ 7,665,738	\$ 17,782,820	
	Operating Revenue	Operating Expense		
SIUC Foundation	(5,152,878)	(15,269,961)		
SIUE Foundation	(593,127)	(593,127)		
SIU Physicians & Surgeons	-	(48,374,696)		
SIUC Alumni	(792,173)	(792,173)		
SIUE Alumni	(167,459)	(167,459)		
SIUC Research Park	(85,887)	(85,887)		
SIUE University Park	(13,971)	(13,971)		
SIUE Charter School	(860,243)	(860,243)		
	\$ (7,665,738)	\$ (66,157,517)		

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 17 – Component Units - transactions with related parties (continued)

Upon the receipt of the audited financial statements from the Component Units, the University further breaks out the transactions with each entity as follows:

	SIUC Foundation				
Southern Illinois University	Accounts payable and other liabilities	Agency funds payable	Other receivables	Operating revenue	Operating expense
Due from CUs	\$ 23,875	\$ 3,216,199	\$ -	\$ -	\$ -
Due to CUs	-	-	1,207,924	-	-
Operating expense	-	-	-	5,152,878	-
Non-operating revenues	-	-	-	-	15,269,961

	SIUE Foundation				
Southern Illinois University	Accounts payable	Deposits with SIUE	Accounts receivable	Operating revenue	Operating expense
Due from CUs	\$ 677,403	\$ -	\$ -	\$ -	\$ -
Deposits held for CUs	-	642,680	-	-	-
Due to CUs	-	-	35,316	-	-
Operating expense	-	-	-	593,127	-
Non-operating revenues	-	-	-	-	593,127

	SIUC Physicians & Surgeons				
Southern Illinois University	Accounts payable and accrued liabilities	Deposits with SIUC	Due from SIUC	Operating expense	
Due from CUs	\$ 2,371,209	\$ -	\$ -	\$ -	
Deposits held for CUs	-	14,196,802	-	-	
Due to CUs	-	-	76,484	-	
Operating revenue	-	-	-	48,374,696	

	SIUC Alumni			
Southern Illinois University	Accounts payable and accrued liabilities	Operating revenue	Operating expense	
Due from CUs	\$ 689	\$ -	\$ -	
Operating expense	-	792,173	-	
Non-operating revenues	-	-	792,173	

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 17 – Component Units - transactions with related parties (continued)

Southern Illinois University	<u>SIUE Alumni</u>		
	Accounts payable	Operating revenue	Operating expense
Due from CUs	\$ 37	\$ -	\$ -
Operating expense	-	167,459	-
Non-operating revenue	-	-	167,459

Southern Illinois University	<u>SIUC Research Park</u>			
	Refundable deposits	Deposits with SIUC	Operating revenue	Operating expense
Due from CUs	\$ 7,472	\$ -	\$ -	\$ -
Deposits held for CUs	-	4,833	-	-
Operating expense	-	-	85,887	-
Non-operating revenues	-	-	-	85,887

Southern Illinois University	<u>SIUE University Park</u>	
	Operating revenue	Operating expense
Operating expense	\$ 13,971	\$ -
Non-operating revenues	-	13,971

Southern Illinois University	<u>SIUE Charter School</u>		
	Accrued expenses	Operating revenue	Operating expense
Due from CUs	\$ 75,831	\$ -	\$ -
Operating expense	-	860,243	-
Non-operating revenues	-	-	860,243

In addition, there are transactions between URO's as follows:

SIUC Foundation	<u>SIUC Alumni</u>	
	Operating revenue	Operating expense
Operating expense	\$ 111,664	\$ -
Non-operating revenues	-	58,928

Southern Illinois University	<u>SIUE Alumni</u>	<u>SIUE Charter</u>
	Operating revenue	Non-operating revenues
Operating expense	\$ 39,120	\$ -
Non-operating revenues	-	73,680

Additional information concerning transactions with related parties may be obtained by contacting the entities listed in Note 1 on pages 21 and 22.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 18 - Commitments and contingencies

Legal action

The University is a defendant in several lawsuits. However, University officials are of the opinion, based on the advice of legal counsel, that any ultimate liability which could result from such litigation would not have a material effect on the University's financial position or its future operations.

Forward contract

The University has forward fixed-price purchase contracts with Berkshire Hathaway, formerly MidAmerican Energy Company, for the procurement of electricity that is used in the normal course of operations. The University does not employ futures contracts or other derivative products. At June 30, 2021, the University's annual commitment related to this contract is approximately \$8.5 million and currently runs through December 31, 2024.

Construction projects

During fiscal year 2021, the University had ongoing general facility and infrastructure improvement projects taking place on both campuses. As of June 30, 2021, \$22,141,021 had been spent on these projects with \$216,579,468 being committed to the completion of these projects as well as future projects funded by the Capital Development Board (CDB). As part of the fiscal year 2021 State budget, the Illinois General Assembly authorized CDB appropriations of \$83 million for the Communications Building project at Carbondale and \$105 million for the Health Science Building project at Edwardsville.

NOTE 19 - Operating Expenses by Natural Classification

University operating expenses by natural classification for the year ended June 30, 2021 are summarized as follows:

	Compensation and benefits	Supplies and Services	Student Aid	Depreciation	Total
Instruction	\$ 322,631,114	\$ 21,501,729	\$ 13,034,570	-	\$ 357,167,413
Research	28,832,343	14,925,901	2,189,429	-	45,947,673
Public Service	43,595,026	26,360,995	1,271,323	-	71,227,344
Academic Support	260,149,472	41,700,959	1,440,436	-	303,290,867
Student Services	57,705,518	27,936,574	14,661,869	-	100,303,961
Institutional Support	74,235,603	20,891,610	5,785,702	-	100,912,915
Operations and maintenance of plant	59,436,353	38,185,695	12,383	-	97,634,431
Scholarships and fellowships	542,341	173,053	49,641,128	-	50,356,522
Auxiliary Enterprises	47,869,846	38,349,668	422,186	-	86,641,700
Other	-	313,489	-	-	313,489
Depreciation	-	-	-	51,629,219	51,629,219
Total	\$ 894,997,616	\$ 230,339,673	\$ 88,459,026	\$ 51,629,219	\$ 1,265,425,534

NOTE 20 – Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken a number of preventative or protective actions. SIU Carbondale has followed all executive orders related to higher education since the pandemic began. These have included a roughly two-month period of a "stay at home" mandate in spring 2020. In August 2020 the university operated with some in-person and some online only courses, and

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 20 – Impact of COVID-19 (continued)

returned employees to campus through a strategic approach that kept health and safety as a priority but also better allowed for the university to fulfill its teaching, research and service mission. This strategy was held for the entire academic year.

In May 2021, Illinois moved to the “bridge” phase to prepare to move to a full reopening of operations, which happened in June 2021. We entered the fall semester of 2021 similar to the way we started fall semester 2019 – almost all classes that were previously in person were once again taught in person, offices were fully staffed and campus events were returned with some modifications such as wearing masks.

Unfortunately, FY21 continued to see negative impacts to campus revenues due to restrictions regarding in-person events, large gatherings and other operational matters. By the end of FY21, some larger outdoor events were able to be hosted but with limited attendance, such as home football games. To offset the financial impact to students and the losses incurred by SIU due to the disruption caused by COVID-19, SIU received three separate awards, consisting of an initial award and two supplemental awards, from the Higher Education Emergency Relief Fund (HEERF). The University’s period of availability for using these federal funds is set to expire on May 24, 2022, but this can be extended for up to one additional year. The following chart reflects the remaining balance of this activity at June 30, 2021, which the University intends to claim and recognize as non-operating revenue during fiscal year 2022. The University’s remaining portion includes \$2,973,642 which was recorded as unearned revenue at June 30, 2021, and will be recognized as non-operating revenue when the proportionate amount of student aid is ultimately disbursed.

	Original Award		Remaining Balance	
	University's Portion	Student Aid Portion	University's Portion	Student Aid Portion
HEERF 1	\$ 9,272,514	\$ 9,272,514	\$ -	\$ -
HEERF 2	19,994,716	9,272,514	5,169,666	261,816
HEERF 3	25,048,775	25,984,790	25,048,775	25,984,790

The severity of the continued impact due to COVID-19 on the University’s financial condition, results of operations or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the University’s community, all of which are uncertain and cannot be predicted.

NOTE 21 - Segment information

A segment is an identifiable activity for which one or more revenue bonds or other revenue-backed debt instruments are outstanding. A segment has a specific identifiable revenue stream pledged in support of the revenue bonds or other revenue-backed debt and has related expenses, gains and losses, assets, and liabilities that can be identified.

The University has issued revenue bonds with the net revenues from the two segments pledged to pay the bond interest and principal. The Housing and Auxiliary Facilities System segment is comprised of University owned housing units, student centers, recreation and athletic facilities, and similar auxiliary enterprise units. The operating revenues of the System largely consist of various student fees, various user fees, and room and board charges. The Medical Facilities System is comprised of clinical facilities used to provide patient care at the School of Medicine in Springfield. The operating revenues of the System consists of overhead charges the University receives for services provided to SIU P&S. Additional information relating to these segments is included in Note 9, Revenue bonds payable.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 21 - Segment information (continued)

Condensed financial statements for the University's two segments for fiscal year 2021 are as follows:

	<u>Housing and Auxiliary Facilities System</u>	<u>Medical Facilities System</u>
CONDENSED STATEMENTS OF NET POSITION		
Assets and deferred outflows of resources:		
Current assets	\$ 57,061,321	\$ 7,325,546
Capital assets, net	222,641,505	24,315,626
Other assets	5,105,884	-
Deferred outflows of resources	<u>2,423,732</u>	<u>1,053,335</u>
Total Assets and deferred outflows of resources	<u>287,232,442</u>	<u>32,694,507</u>
Liabilities:		
Current liabilities	22,497,719	15,486,161
Noncurrent liabilities	157,840,085	4,154,221
Deferred inflows of resources	<u>2,071,795</u>	<u>3,078,772</u>
Total Liabilities	<u>182,409,599</u>	<u>22,719,154</u>
Net Position		
Net investment in capital assets	60,551,931	20,705,994
Restricted - expendable	37,832,217	2,096,600
Unrestricted (deficit)	<u>6,438,695</u>	<u>(12,827,241)</u>
Total Net Position	<u>\$ 104,822,843</u>	<u>\$ 9,975,353</u>
CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
Operating revenues	\$ 66,639,157	\$ 41,855,157
Operating expenses	(74,718,654)	(68,768,066)
Depreciation expense	<u>(13,559,116)</u>	<u>(1,297,840)</u>
Operating loss	(21,638,613)	(28,210,749)
Nonoperating revenues and expenses - net	<u>24,646,447</u>	<u>30,054,633</u>
Income before other revenues, expenses, gains or losses	3,007,834	1,843,884
Other revenues, expenses, gains or losses - net	<u>200,155</u>	<u>(164,158)</u>
Increase in net position	<u>3,207,989</u>	<u>1,679,726</u>
Net position at beginning of year as previously reported	98,660,678	3,905,600
Change in accounting estimate	<u>2,954,176</u>	<u>4,390,027</u>
Net position, beginning of year, as restated	<u>101,614,854</u>	<u>8,295,627</u>
Net position at end of year	<u>\$ 104,822,843</u>	<u>\$ 9,975,353</u>
CONDENSED STATEMENTS OF CASH FLOWS		
Cash provided by (used in):		
Operating activities	\$ 12,827,164	\$ 2,091,076
Noncapital financing activities	10,600,991	115,842
Capital financing activities	(24,945,210)	(1,975,292)
Investing activities	<u>4,992,334</u>	<u>74,559</u>
Net increase in cash	3,475,279	306,185
Cash, beginning of year	<u>46,109,317</u>	<u>4,389,949</u>
Cash, end of year	<u>\$ 49,584,596</u>	<u>\$ 4,696,134</u>

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 22 - Component Units

Condensed financial statements for the component units of the University as of June 30, 2021 are as follows:

	SIUC FOUNDATION	SIUE FOUNDATION	SIUC PHYSICIANS & SURGEONS	SIUC ALUMNI	SIUE ALUMNI	SIUC RESEARCH PARK	SIUE UNIVERSITY PARK	SIUE CHARTER SCHOOL	TOTAL
CONDENSED STATEMENTS OF NET POSITION									
JUNE 30, 2021									
Assets:									
Current assets	\$ 60,605,598	\$ 23,848,353	\$ 53,848,740	\$ 36,200	\$ 313,884	\$ 242,007	\$ 374,357	\$ 386,023	\$ 139,655,162
Other non-current assets	196,214,073	36,382,829	31,172,966	9,691,703	-	-	-	-	273,461,571
Capital assets	717,900	1,815,621	1,020,869	81,401	1,875	44,694	-	77,373	3,759,733
Total Assets	<u>257,537,571</u>	<u>62,046,803</u>	<u>86,042,575</u>	<u>9,809,304</u>	<u>315,759</u>	<u>286,701</u>	<u>374,357</u>	<u>463,396</u>	<u>416,876,466</u>
Liabilities:									
Current liabilities	289,140	903,878	9,330,849	174,601	37	15,663	-	80,524	10,794,692
Noncurrent liabilities	4,226,312	18,249	-	1,638,945	-	33,683	-	-	5,917,189
Total Liabilities	<u>4,515,452</u>	<u>922,127</u>	<u>9,330,849</u>	<u>1,813,546</u>	<u>37</u>	<u>49,346</u>	<u>-</u>	<u>80,524</u>	<u>16,711,881</u>
Net Position:									
Net investment in capital assets	717,900	1,815,621	1,020,869	81,401	1,875	44,694	-	77,373	3,759,733
Restricted - nonexpendable	123,230,392	27,885,068	-	-	-	-	-	-	151,115,460
Restricted - expendable	113,424,147	26,696,112	-	-	-	-	-	-	140,120,259
Unrestricted	15,649,680	4,727,875	75,690,857	7,914,358	313,847	192,661	374,357	305,499	105,169,134
Total Net Position	<u>\$ 253,022,119</u>	<u>\$ 61,124,676</u>	<u>\$ 76,711,726</u>	<u>\$ 7,995,759</u>	<u>\$ 315,722</u>	<u>\$ 237,355</u>	<u>\$ 374,357</u>	<u>\$ 382,872</u>	<u>\$ 400,164,586</u>
CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION									
Year ended June 30, 2021									
Operating revenues	\$ 6,644,010	\$ 3,909,607	\$ 123,438,642	\$ 1,421,105	\$ 305,100	\$ 285,067	\$ 15,764	\$ 2,804,688	\$ 138,823,983
Operating expenses	19,156,151	5,927,866	107,036,175	1,706,856	266,025	358,472	22,478	2,989,685	137,463,708
Operating income (loss)	(12,512,141)	(2,018,259)	16,402,467	(285,751)	39,075	(73,405)	(6,714)	(184,997)	1,360,275
Nonoperating revenues and expenses - net	57,589,771	10,506,346	408,446	2,223,916	61,486	58,563	3,679	173,935	71,026,142
Income (Loss) before other revenues	45,077,630	8,488,087	16,810,913	1,938,165	100,561	(14,842)	(3,035)	(11,062)	72,386,417
Other revenues	9,255,031	2,394,275	-	-	-	-	-	-	11,649,306
Increase (decrease) in net position	54,332,661	10,882,362	16,810,913	1,938,165	100,561	(14,842)	(3,035)	(11,062)	84,035,723
Net position at beginning of year	198,689,458	50,242,314	59,900,813	6,057,594	215,161	252,197	377,392	393,934	316,128,863
Net position at end of year	<u>\$ 253,022,119</u>	<u>\$ 61,124,676</u>	<u>\$ 76,711,726</u>	<u>\$ 7,995,759</u>	<u>\$ 315,722</u>	<u>\$ 237,355</u>	<u>\$ 374,357</u>	<u>\$ 382,872</u>	<u>\$ 400,164,586</u>
CONDENSED STATEMENTS OF CASH FLOWS									
Year ended June 30, 2021									
Cash provided by (used in):									
Operating activities	\$ (13,435,823)	\$ (45,467)	\$ 11,958,535	\$ (363,470)	\$ 37,951	\$ 94,806	\$ (6,762)	\$ (20,096)	\$ (1,780,326)
Noncapital financing activities	14,698,465	2,391,461	(200)	34,366	-	16,817	-	-	17,140,909
Capital financing activities	(71,201)	-	(275,513)	(64,854)	92	(46,174)	-	-	(457,650)
Investing activities	(1,367,940)	(4,032,823)	(11,914,424)	349,987	(9,994)	1,746	3,679	-	(16,969,769)
Net increase (decrease) in cash	(176,499)	(1,686,829)	(231,602)	(43,971)	28,049	67,195	(3,083)	(20,096)	(2,066,836)
Cash, beginning of year	483,315	4,276,787	13,754,965	10,346	32,374	114,965	377,233	394,892	19,444,877
Cash, end of year	<u>\$ 306,816</u>	<u>\$ 2,589,958</u>	<u>\$ 13,523,363</u>	<u>\$ (33,625)</u>	<u>\$ 60,423</u>	<u>\$ 182,160</u>	<u>\$ 374,150</u>	<u>\$ 374,796</u>	<u>\$ 17,378,041</u>

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

Schedule of Southern Illinois University's Proportionate Share of the Net Pension Liability

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
(a) Proportion Percentage of the Collective Pension Liability	0%	0%	0%	0%	0%	0%	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c) Portion of Non-employer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer							
Total (b) + (c)	2,080,655,567	2,249,485,883	2,412,381,441	2,333,202,952	2,471,128,271	2,590,636,580	2,787,960,206
Employer DB Covered Payroll	2,080,655,567	2,249,485,883	2,412,381,441	2,333,202,952	2,471,128,271	2,590,636,580	2,787,960,206
Proportion of Collective Net pension Liability associated with Employer as a percentage of covered payroll	602.61%	657.33%	718.96%	721.71%	769.80%	794.71%	826.11%
SURS Plan Net position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%	41.27%	40.71%	39.05%

Southern Illinois University Schedule of Contributions

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Federal, Trust, Grant and Other contribution	\$ 2,793,781	\$ 2,735,385	\$ 2,880,150	\$ 2,591,913	\$ 2,583,469	\$ 2,716,085	\$ 2,887,702	\$ 2,798,439
Contribution in relation to required contribution	2,793,781	2,735,385	2,880,150	2,591,913	2,583,469	2,716,085	2,887,702	2,798,439
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Employer Covered Payroll	349,400,692	347,637,400	340,592,619	328,056,298	325,751,172	329,958,236	342,106,683	343,290,921
Contributions as a percentage of covered payroll	0.80%	0.79%	0.85%	0.79%	0.79%	0.82%	0.84%	0.82%

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

Changes of benefit terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2020, June 30, 2019, June 30, 2018 or June 30, 2017.

Changes of assumptions (Fiscal Year 2019). In accordance with the Illinois Compiled Statutes, and actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- *Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.25% to 12.25% based on years of service, with underlying wage inflation of 2.25%.
- *Investment return. Decrease the investment return assumption to 6.75%. This reflects maintaining an assumed real rate of return of 4.5% and decreasing the underlying assumed price inflation to 2.25%
- *Effective rate of interest. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75% (effective July 2, 2019)
- *Normal retirement rates. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50% if the member has 40 or more years of service and is younger than age 80.
- *Early retirement rates. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59)
- *Turnover rates. Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
- *Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- *Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do no receive the benefits on a long-term basis.

Changes of assumptions (Fiscal Year 2018). In accordance with the Illinois Compiled Statutes, and actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015.

- *Mortality rates. Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- *Salary increase. Change assumption to service-based rates, ranging from 3.75% to 15% based on years of service, with underlying wage inflation of 3.75%.
- *Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- *Early retirement rates. Change to a slight increase to the rates at ages 55 and 56.
- *Turnover rates. Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- *Disability rates. Decrease rates and have separate rates for males and females to reflect observed experience.
- *Dependent assumption. Maintain the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

**Note: The System implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

Schedule of Southern Illinois University's Proportionate Share of the Net OPEB Liability

	FY2017	FY2018	FY2019	FY2020
Proportionate percentage of the collective total OPEB liability	0.42%	0.34%	0.35%	0.30%
Proportionate amount of the collective total OPEB Liability	\$174,634,628	\$137,600,029	\$154,007,094	\$127,984,959
Estimated proportionate amount of collective total OPEB liability associated with the University-State supported portion	2,716,859,537	1,904,874,439	1,986,698,815	1,959,744,997
Total OPEB Liability	2,891,494,165	2,042,474,468	2,140,705,909	2,087,729,956
Employer covered employee payroll	461,829,674	460,985,006	473,234,338	494,287,208
Proportionate share of total OPEB liability as a percentage of covered employee payroll	626.10%	443.07%	452.36%	422.37%

There are no assets accumulated in a trust to pay University employees' Other Post-Employment Benefits.

Changes of Assumptions:

- The single discount rate was changed from 3.13% to 2.45% for fiscal year 2020
- The single discount rate was changed from 3.62% to 3.13% for fiscal year 2019
- The single discount rate was changed from 3.56% to 3.62% for fiscal year 2018
- The single discount rate was changed from 2.85% to 3.56% for fiscal year 2017

The healthcare trend assumptions were updated based on claim and enrollment experience through June 30, 2018, projected plan costs for plan year end June 30, 2019, premium changes through plan year end 2020, and expectation of future trend increases after June 30, 2019

The Cadillac Tax trend adjustment was updated based on available premium and enrollment information as of June 30, 2019

Per capita claim costs for plan year end June 30, 2019, were updated based on projected claims and enrollment experience through June 30, 2019, and updated premium rates through plan year 2020

Healthcare plan participation rates by plan were updated based on observed experience

*Note: The System implemented GASB No. 75 in fiscal year 2018. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
TABLE OF OPERATING EXPENSES
For the Year Ended June 30, 2021

The following tables presents a break-down of the various types of expenses which collectively comprise the University's functional operating expense accounts for the fiscal year ended June 20, 2021.

	Compensation and Benefits										Total Operating Expenses	
	Southern Illinois University's Expenses					State of Illinois' Expenses						
	Salaries ¹	Benefits ²	OPEB ³	Sub-Total	Benefits	OPEB	Pension	Sub-Total	Total	Other Expenses		
Educational and general:												
Instruction	\$ 177,949,170	\$ 1,823,300	\$ -	\$ 179,772,470	\$ 25,874,317	\$ 4,533,698	\$ 112,450,629	\$ 142,858,644	\$ 322,631,114	\$ 34,536,299	\$ 357,167,413	
Research	17,285,845	2,372,212	-	19,658,057	1,923,388	337,016	6,913,883	9,174,286	28,832,343	17,115,330	45,947,673	
Public service	25,636,739	9,715,523	-	35,352,262	1,615,823	283,124	6,343,816	8,242,764	43,595,026	27,632,318	71,227,344	
Academic support	141,396,265	2,459,845	-	143,856,110	23,028,895	4,035,124	89,229,343	116,293,362	260,149,472	43,141,395	303,290,867	
Student services	30,158,700	253,255	-	30,411,955	6,607,667	1,157,795	19,528,102	27,293,563	57,705,518	42,598,443	100,303,961	
Institutional support	32,487,291	1,991,434	-	34,478,725	8,145,659	1,427,283	30,183,936	39,756,878	74,235,603	26,677,312	100,912,915	
Operations and maintenance of plant	24,290,183	166,694	-	24,456,877	7,549,143	1,322,761	26,107,572	34,979,476	59,436,353	38,198,078	97,634,431	
Other	-	-	-	-	-	-	-	-	-	313,489	313,489	
Depreciation	-	-	-	-	-	-	-	-	-	51,629,219	51,629,219	
Scholarships and fellowships	542,341	-	-	542,341	-	-	-	-	542,341	49,814,181	50,356,522	
Auxiliary facilities	24,338,981	604,589	-	24,943,570	6,252,415	1,095,548	15,578,313	22,926,276	47,869,846	38,771,854	86,641,700	
Totals	\$ 474,085,515	\$ 19,386,852	\$ -	\$ 493,472,367	\$ 80,997,307	\$ 14,192,349	\$ 306,335,594	\$ 401,525,249	\$ 894,997,616	\$ 370,427,918	\$ 1,265,425,534	

¹Salaries include employer contributions for Social Security, Medicare and unemployment.

²Benefits includes certain group insurance costs, such as healthcare and life insurance. For the University, it also includes employer 403(b) contributions.

³OPEB refers to other post-employment benefits.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
DATA REQUIRED BY BOND RESOLUTIONS (UNAUDITED)
For the Year Ended June 30, 2021

HOUSING AND AUXILIARY FACILITIES SYSTEM (HAFS)

ENROLLMENTS AT SOUTHERN ILLINOIS UNIVERSITY

The University reports the following enrollments, by campus:

	Head Count*	Full-Time Equivalency**
Carbondale Campus (semester basis)		
Fall semester 2020	11,366	9,418
Edwardsville Campus (semester basis)		
Fall semester 2020	12,860	10,376

*Head count includes all full and part-time students (including those enrolled in extension courses) whether living on or off campus.

**Full-time equivalency is based on 15 credits for undergraduate students and 12 credits for graduate students.

HISTORICAL OCCUPANCY OF HAFS FACILITIES

The occupancy charges and rates below are based on the typical fall/spring school year (9 months) except for Evergreen Terrace information which is based on 12 months.

Building Location	Range of Occupancy Charges for 2021	Occupancy Rates				
		2021	2020	2019	2018	2017
Evergreen Terrace (C)						
302 Apartments	\$4,060 - \$9,720	39.7%	72.0%	79.5%	86.6%	80.3%
Thompson Point (C)						
1,246 Persons	\$10,622 - \$14,276	45.5%	50.0%	95.6%	74.2%	79.1%
Towers (C)						
2,278 Persons	\$10,622 - \$14,276	46.4%	40.1%	-- --	40.7%	66.0%
University Hall (C)						
327 Persons	\$6,292 - \$14,276	1.2%	-- --	95.1%	15.4%	38.7%
Wall & Grand (C)						
396 Persons (Bldg I,II & III)	\$6,410 - \$7,784	52.7%	72.5%	90.5%	94.3%	97.1%
Cougar Village (E)						
496 Apartments	\$4,780 - \$15,550	54.2%	68.5%	82.4%	83.8%	89.1%
Woodland Hall (E)						
257 Rooms	\$9,850 - \$13,420	64.4%	72.8%	79.3%	81.0%	85.3%
Prairie Hall (E)						
260 Rooms	\$9,850 - \$13,420	63.7%	76.1%	76.1%	76.8%	81.2%
Bluff Hall (E)						
260 Rooms	\$9,850 - \$13,420	66.9%	79.6%	82.9%	80.3%	86.1%
Evergreen Hall (E)						
131 Apartments	\$6,690 - \$12,510	73.8%	81.0%	94.3%	97.6%	96.9%

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
DATA REQUIRED BY BOND RESOLUTIONS (UNAUDITED)
For the Year Ended June 30, 2021

HISTORICAL OCCUPANCY OF HAFS FACILITIES (continued)

(C) Carbondale Campus, (E) Edwardsville Campus

Towers were reopened due to University Hall being closed. Thompson Point and Towers offered single rooms at double-occupancy rates.

HAFS DEBT SERVICE COVERAGES

The bond resolution requires that debt service coverage (net revenues plus pledged retained tuition) be at least 120% of the maximum annual debt service. The debt service coverage is calculated at the end of the year using cash basis data obtained from the Statement of Cash Flows. Debt service coverage for the System as defined by the bond resolution and based on net revenues has been calculated as follows for the year ended June 3, 2021:

Receipts:	
Revenue Account:	
Operating Receipts	\$ 77,055,706
Revenue Bond Fees	1,089,067
Retirement of Indebtedness – Investment Income	57,748
Total Receipts	78,202,521
Disbursements:	
Operation and Maintenance Account	51,129,385
Net Revenues	27,073,136
Plus: Pledged Retained Tuition	20,135,478
Total Available for Debt Service	\$ 47,208,614
Maximum Annual Debt Service	\$ 20,135,478
Coverage Ratio Based on Net Revenues	134%
Coverage Ratio as Defined in the Bond Resolution	234%

HAFS RETIREMENT OF INDEBTEDNESS

The net position is restricted for the following purposes as of June 30, 2021:

Bond and Interest Sinking Fund Account	\$ 6,369,504
Debt Service Reserve Account	6,100,000
	\$ 12,469,504

HAFS RENEWALS AND REPLACEMENTS

The bond resolution requires the Treasurer to transfer annually to Renewals and Replacements from the funds remaining in unrestricted net position, the sum of 10% of the maximum annual net debt service requirement or such portion thereof as is available for transfer. The maximum amount which may be accumulated in said account shall not exceed 5% of the replacement cost of the facilities constituting the System, plus 20% of the book value of the

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
DATA REQUIRED BY BOND RESOLUTIONS (UNAUDITED)
For the Year Ended June 30, 2021

HAFS RENEWALS AND REPLACEMENTS (continued)

movable equipment within the System, plus either 10% of the historical cost of the parking lots or 100% of the estimated cost of resurfacing any one existing parking lot which is part of the System.

Additions during the year included transfers from unrestricted net position of \$2,192,088 (\$2,206,887 in 2020) and investment income of \$177,193 in 2021 and \$460,541 in 2020. Expenditures charged to the reserve amounted to \$2,290,685 in 2021 and \$3,649,737 in 2020.

The net position of Renewals and Replacements consisted of the following as of June 30, 2021:

Pooled Cash & Investments	\$ 25,593,728
Accrued Interest Receivable	46,935
Accounts Payable	<u>(291,586)</u>
	<u>\$ 25,349,077</u>

HAFS SCHEDULE OF BONDS PAYABLE OUTSTANDING

A Schedule of Bonds Payable Outstanding is shown as supplementary information and lists the amount of Housing and Auxiliary Facilities System Revenue Project and Refunding Bonds and Revenue Bonds Series 2021A, 2019A, 2015B, 2015A, 2012B, 2008A, and 1999A issued and outstanding as of June 30, 2021.

HAFS RESTRICTED NET POSITION – EXPENDABLE

Restricted net position as of June 30, 2021 are comprised of the following:

Retirement of indebtedness	\$ 12,469,504
Renewals and replacements	25,349,077
Unexpended	<u>13,636</u>
	<u>\$ 37,832,217</u>

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
DATA REQUIRED BY BOND RESOLUTIONS (UNAUDITED)
For the Year Ended June 30, 2021

MEDICAL FACILITIES SYSTEM (MFS)

ENROLLMENTS AT SOUTHERN ILLINOIS UNIVERSITY

The University reports the following enrollment for the School of Medicine:

	Head Count
Fall semester 2020	303

All students are enrolled full time. The first year is spent in Carbondale with a core curriculum of basic science courses. The remaining three years are spent at the Springfield campus. Beginning with Summer semester 2012, the Physician’s Assistant program was moved to the School of Medicine. The Fall semester 2020 enrollment, including the Physician’s Assistant program was 427.

MFS DEBT SERVICE COVERAGES

The bond resolution requires that debt service coverage (net revenues plus pledged tuition) be at least 200% of annual debt service and that net revenues shall be at least 100% of the annual debt service requirement in each fiscal year. The debt service coverage is calculated at the end of the year using cash basis data obtained from the Statement of Cash Flows. Debt service coverage for the System as defined by the bond resolution and based on net revenues has been calculated as follows for the year ended June 30, 2021:

Receipts:	
Revenue Account:	
Operating Receipts	\$ 42,064,665
Investment Income	32,933
Retirement of Indebtedness – Investment Income	1,217
Total Receipts	42,098,815
Disbursements:	
Operation and Maintenance Account	39,973,589
Net Revenues	2,125,226
Plus: Pledged Tuition	120,770,775
Total Available for Debt Service	\$ 122,896,001
Annual Debt Service	\$ 1,860,173
Maximum Annual Debt Service	\$ 1,895,773
Coverage Ratio Based on Net Revenues	114%
Coverage Ratio Based on Annual Debt Service	6,607%
Coverage Ratio Based on Maximum Annual Debt Service	6,483%

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
DATA REQUIRED BY BOND RESOLUTIONS (UNAUDITED)
For the Year Ended June 30, 2021

MFS RETIREMENT OF INDEBTEDNESS

The net position is restricted for the following purposes as of June 30, 2021:

Bond and Interest Sinking Fund Account	\$ 457,653
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MFS RENEWALS AND REPLACEMENTS

The bond resolution requires the Treasurer to credit into a separate and special account designated the Medical Facilities system Revenue Bonds Repair and Replacement Reserve Account on or before the close of each fiscal year, the sum of not less than 10% of the maximum annual debt service, or such portion thereof as is available for transfer and deposit annually for a repair and replacement reserve. The maximum amount which may be credited in such account shall not exceed 5% of the replacement cost of the facilities constituting the System, as determined by the then current Engineering News Record Building Cost Index (or comparable index) plus 20% of the book value of the movable equipment within the System. All moneys and investments so credited to said account will be used and held for use to pay the cost of unusual or extraordinary maintenance or repairs, renewals, renovations and replacements, and renovating or replacement of the furniture and equipment not paid as part of the ordinary maintenance and operation of the System.

Additions during the year included transfers from unrestricted net position of \$189,577 (\$189,577 in 2020) and investment income of \$10,715 in 2021 and \$23,962 in 2020. There were no expenditures charged to the reserve in 2021 and \$115,358 charged in 2020.

The net position of Renewals and Replacements consisted of the following as of June 30, 2021:

Pooled Cash& Investments	\$ 1,635,994
Accrued Interest Receivable	2,953
	\$ 1,638,947

MFS SCHEDULE OF BONDS PAYABLE OUTSTANDING

Bonds Payable Outstanding for the Series 2015A issuance are:

Interest Bearing Serial Bonds Maturing as follows:

	Principal Amount	Interest Rate
2022	\$ 1,830,000	1.65%
2023	1,865,000	1.65%
Total Interest Bearing Bonds	\$ 3,695,000	

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
DATA REQUIRED BY BOND RESOLUTIONS (UNAUDITED)
For the Year Ended June 30, 2021

MFS RESTRICTED NET POSITION – EXPENDABLE

Restricted net position as of June 30, 2021 is comprised of the following:

Retirement of indebtedness	\$ 457,653
Renewals and replacements	1,638,947
	<hr/>
	\$ 2,096,600