

**SOUTHERN ILLINOIS UNIVERSITY**

A Component Unit of the State of Illinois

**FINANCIAL AUDIT**

For the Year Ended June 30, 2022

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, 2022**

**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)	9
Basic Financial Statements	
Statement of Net Position	19
Statement of Revenues, Expenses and Changes in Net Position	21
Statement of Cash Flows	22
Statements of Fiduciary Net Position	24
Notes to Financial Statements	25
Required Supplementary Information (Unaudited)	
Schedule of Southern Illinois University's Proportionate Share of the Net Pension Liability	66
Southern Illinois University Schedule of Contributions	66
Schedule of Southern Illinois University's Proportionate Share of the Net OPEB Liability	68
Supplementary Information	
Table of Operating Expenses For the Year Ended June 30, 2022	69
Other Information (Unaudited)	
Data Required by Revenue Bond Resolutions	70

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2022**

**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, 2022, 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, 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, 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

March 2, 2023

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, 2022.

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 2022. 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,

Signed Original on file

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, 2022

**UNIVERSITY OFFICIALS**

President	Dr. Daniel Mahony
Fiscal Officer	Duane Stucky
General Counsel	Lucas Crater
Executive Director, Internal Audit	Kimberly Labonte
SIUC Chancellor	Austin Lane
SIUE Chancellor	Randall Pembroke (until 2/28/22)
SIUE Chancellor	James Minor (eff. 3/1/22)

**BOARD OFFICERS**

Board Chair	J. Phil Gilbert
Board Vice Chair	Ed Hightower
Board Secretary	Roger Tedrick (until 2/10/22)
Board Secretary	Subhash Sharma (eff. 2/10/22)
Secretary to the Board	Misty Whittington (until 8/31/22)
Secretary to the Board	Paula Keith (eff. 9/1/22)

**GOVERNING BOARD MEMBERS**

Trustee	Edgar Curtis
Trustee (3/15/21 to 8/13/21)	Tonya Genovese
Trustee	J. Phil Gilbert
Trustee	Ed Hightower
Trustee	Sara Salger
Trustee	Subhash Sharma
Trustee	John Simmons
Trustee	Roger Tedrick
Student Trustee (7/1/22 to present)	Dorcas Brou
Student Trustee (7/1/22 to present)	Hailee O'Dell
Student Trustee (7/1/21 to 6/30/22)	Shaylee Clinton
Student Trustee (7/1/21 to 6/30/22)	Maddie Walters

**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, 2022

**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, 2022

**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 February 22, 2023.

## **Independent Auditor's Report**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Southern Illinois University

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

#### ***Opinions***

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") a component unit of the State of Illinois, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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, 2022 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.

We did not audit the financial statements of Southern Illinois University Foundation (at Carbondale), the Association of Alumni, Former Students and Friends of Southern Illinois University, Inc. (at Carbondale), the Alumni Association of Southern Illinois University Edwardsville, the Southern Illinois University Edwardsville Foundation, University Park Southern Illinois University at Edwardsville, Inc., Southern Illinois Research Park, Inc. Carbondale, SIU Physicians & Surgeons, Inc., SIUE East St. Louis Charter School, and the SIU Dental Associates, Southern Illinois University at Edwardsville (collectively known as "the aggregate discretely presented component units") which represent 100 percent and 100 percent, respectively, of the assets and revenues of the aggregate discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the aggregate discretely presented component units, is based solely on the report of the other auditors.



Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Southern Illinois University

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United State of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Southern Illinois University Foundation (at Carbondale) and the Association of Alumni, Former Students and Friends of Southern Illinois University, Inc. (at Carbondale) were not audited in accordance with *Government Auditing Standards*.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, in fiscal year 2022, the University adopted new accounting guidance for reporting leases which increased the assets, liabilities, and deferred inflows of the University. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Southern Illinois University

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9-18, the Schedule of Southern Illinois University's Proportionate Share of the Net Pension Liability and the Southern Illinois University Schedule of Contributions on pages 66-67, and the Schedule of Southern Illinois University's Proportionate Share of the Net OPEB liability on page 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Southern Illinois University

***Supplementary 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 on page 69 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such 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. The 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. In our opinion, the Table of Operating Expenses is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in this report. The other information comprises the Treasurer's letter on page 1, the University officials on pages 2-3, and the Data Required by Revenue Bond Resolutions on pages 70-75 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023, 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.

**Original Signature on File**

Plante & Moran, PLLC  
Portage, Michigan  
March 2, 2023

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2022

**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 nine 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.; SIUE East St. Louis Charter School; and SIU Dental Associates at Edwardsville which was added as a component unit of the University in fiscal year 2022. 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 2022, the University experienced increases in all categories of operating revenues as campus operations returned to nearly normal for the first full fiscal year since the beginning of the COVID-19 pandemic. Net student tuition and fee revenue increased \$4 million, while grant revenues from all sources combined for an increase of \$10 million. Auxiliary enterprise revenues increased \$11.1 million over fiscal year 2021 as normal operations in campus housing, campus student centers and campus recreation centers returned. Revenue from sales and services of educational departments along with revenue from the Physicians & Surgeons practice plan experienced an overall increase of \$37 million during fiscal year 2022. This increase was primarily driven by increased clinical activities at the School of Medicine. Also, state appropriated funding for the SIU System increased by \$9.6 million to \$204.5 million, its highest level of appropriated funding since fiscal year 2013. The University also experienced increased nonoperating grant revenues of \$28.2 million primarily from grant funds provided by the Department of Education in response to COVID-19. Primarily related to a decrease in pension and other post-employment benefit costs paid on behalf of the University by the State of Illinois, University operating expenses decreased by \$56.6 million.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2022

**Financial Highlights (continued)**

The University's unrestricted net position increased by \$38.4 million while restricted net position increased by \$5.4 million. These increases were partially offset by a decrease in net investment in capital assets of \$13.8 million. As a result, the University's fiscal year 2022 net position increased \$30 million compared to the previous year.

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. By August of 2021, the majority of classes that were delivered in-person pre-pandemic were being delivered in-person again. As a result, fiscal year 2022 was the first entire fiscal year with minimal impact from the pandemic since fiscal year 2019. Most in-person events returned to campuses with mitigating factors in place. During fiscal year 2022, the University received most of its remaining COVID related funding from the U.S. Department of Education. Funds received in fiscal year 2022 totaled \$55.8 million. In addition, SIU received grant funds of \$730,000 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 COVID-19 pandemic has had lingering effects on all campuses. Hiring and placement of open positions for the System have been delayed. Due to labor shortages, finding qualified individuals for campus positions is harder than ever. Supplier interruptions, supply chain issues, and inflation are having an impact on the cost of supplies, some are around 20% higher than pre-pandemic levels. These continued complications will require us to revisit and frequently adapt our operations moving forward.

**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.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2022

**Statement of Net Position (continued)**

The University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2022, and 2021, are summarized as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<b>Assets and deferred outflows of resources:</b>		
Current assets	\$ 259,969,758	\$ 247,670,513
Capital assets, net	792,916,661	769,958,537
Other assets	184,550,204	158,281,550
Deferred outflows of resources	<u>39,447,981</u>	<u>14,104,657</u>
<b>Total assets and deferred outflows of resources</b>	<b>1,276,884,604</b>	<b>1,190,015,257</b>
<b>Liabilities and deferred inflows of resources:</b>		
Current liabilities	133,997,962	122,489,378
Noncurrent liabilities	400,536,282	378,483,209
Deferred inflows of resources	<u>54,027,099</u>	<u>30,772,327</u>
<b>Total liabilities and deferred inflows of resources</b>	<b>588,561,343</b>	<b>531,744,914</b>
<b>Net position:</b>		
Net investment in capital assets	557,794,363	571,607,102
Restricted - nonexpendable	4,422,031	5,153,843
Restricted - expendable	78,606,058	72,429,376
Unrestricted	<u>47,500,809</u>	<u>9,080,022</u>
<b>Total net position</b>	<b><u>\$ 688,323,261</u></b>	<b><u>\$ 658,270,343</u></b>

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.

University assets and deferred outflows of resources totaled \$1.28 billion at June 30, 2022, an increase of \$86.9 million compared to the prior year. University current assets increased by \$12.3 million driven primarily by an increase in accounts receivable of \$8.6 million. Increased long-term investments of \$24.6 million contributed to the \$26.3 million increase of other assets. Deferred outflows of resources related to pension and OPEB increased \$23.4 million compared to fiscal year 2021. The largest asset of the University is its investment in land, buildings and equipment, which totaled \$792.9 million at June 30, 2022, and \$770 million at June 30, 2021. More detailed information is presented in Note 7 in the Notes to Financial Statements.

University liabilities and deferred inflows of resources at June 30, 2022, increased \$56.8 million, compared to 2021. This increase can be primarily attributed to the liabilities related to leases as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement 87. As a result of this implementation, lease liabilities increased \$55.9 million. The University's 2022 overall net position, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, increased \$30 million, or 4.6%, compared to fiscal year 2021.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2022

**Statement of Net Position (continued)**

As of June 30, 2022, the University had deferred inflows of resources related to postemployment benefits other than pensions totaling \$35.1 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 \$130.7 million related to these benefits as of June 30, 2022. More detailed information is presented in Note 16 in the Notes to Financial Statements.

**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. Right to use leased assets are amortized over the shorter of the estimated life of the class of capital asset or the lease term using straight-line method.

During fiscal year 2022, the University implemented GASB Statement 87. As a result of this implementation, the University capitalized and amortized certain long-term leases in which the University was the lessee. Prior to this implementation, these costs were expensed in the year incurred. These leases are classified as right to use assets on the University's general ledger. The capitalized amount of these leases was \$66,868,941 and the amortization expense related to these leases totaled \$12,224,320 at June 30, 2022.

The following table illustrates the composition of the University's capital assets, net of accumulated depreciation and amortization, by category:

**Capital Assets, Net of Accumulated Depreciation**

	<b>2022</b>		<b>2021</b>	
Land	\$ 22,254,376	2.8%	\$ 22,254,376	2.9%
Buildings	624,509,206	78.8%	647,577,537	84.1%
Improvements and infrastructure	30,570,913	3.8%	34,189,705	4.4%
Equipment	31,590,411	4.0%	30,629,738	4.0%
Right to use assets	54,644,621	6.9%	-	0.0%
Collections	13,053,830	1.6%	13,166,160	1.7%
Construction in progress	16,293,304	2.1%	22,141,021	2.9%
	<u>\$ 792,916,661</u>	<u>100.0%</u>	<u>\$ 769,958,537</u>	<u>100.0%</u>

At the end of fiscal years 2022 and 2021, respectively, the University had \$557,794,363 and \$571,607,102 invested in capital assets, net of accumulated depreciation, amortization and related debt. Depreciation and amortization expense for 2022 and 2021, respectively, was \$65,354,298 and \$51,629,219. Building values decreased \$23.1 million as a result of depreciation of \$39.7 million offset by transfers from Construction in Progress and building additions of \$16.6 million.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2022

**Capital Assets and Long-Term Debt (continued)**

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. There were no new debt issuances during fiscal year 2022. The following table details the bonded debt outstanding at June 30, 2022 and 2021:

	<b>Bonds Payable</b>	
	<b>2022</b>	<b>2021</b>
Housing and Auxiliary Facilities System	\$ 149,492,141	\$ 162,391,934
Medical Facilities System	1,865,000	5,165,000
	\$ 151,357,141	\$ 167,556,934

The balances of outstanding Certificates of Participation at June 30, 2022 and 2021 were \$28,381,541 and \$31,493,725, 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.



**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2022

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

The following summarizes the University's financial activity for fiscal years 2022 and 2021:

	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
<b>Operating revenues:</b>		
Tuition and fees, net	\$ 216,994,018	\$ 212,999,598
Auxiliary enterprises	82,188,603	71,110,589
Grants and contracts	93,957,835	83,760,785
Other	237,861,334	201,007,503
Operating expenses	<u>(1,208,808,315)</u>	<u>(1,265,425,534)</u>
<b>Operating loss</b>	<u>(577,806,525)</u>	<u>(696,547,059)</u>
State appropriations	204,472,200	194,897,600
Pension and OPEB related revenue	289,847,101	401,525,250
Other nonoperating revenues & expenses, net	107,524,721	87,795,884
Income before other revenues	<u>24,037,497</u>	<u>(12,328,325)</u>
Other revenues	<u>6,015,421</u>	<u>4,366,774</u>
<b>Increase in net position</b>	30,052,918	(7,961,551)
<b>Net position at beginning of year previously reported</b>	<u>658,270,343</u>	<u>622,950,410</u>
<b>Change in accounting principle</b>	-	(596,847)
<b>Change in accounting estimate</b>	<u>-</u>	<u>43,878,331</u>
<b>Net position, beginning of year, restated</b>	<u>658,270,343</u>	<u>666,231,894</u>
<b>Net position at end of year</b>	<u><u>\$ 688,323,261</u></u>	<u><u>\$ 658,270,343</u></u>

Operating revenue experienced a net increase of 62.1 million, or 10.9%, in fiscal year 2022, compared to 2021. In fiscal year 2022, the University experienced increases in all categories of operating revenues as campus operations returned to nearly normal for the first full fiscal year since the beginning of the COVID-19 pandemic. Net tuition and fee revenue increased by \$4 million. This increase was primarily related to a decrease in scholarship discounts and allowances of \$4.3 million driven by the availability of COVID-19 funds to help students with tuition and fee costs. Auxiliary enterprise revenues increased \$11.1 million. All sources of grant revenues including federal, state, other government, and private increased a combined \$10 million. Sales and services of educational departments as well as revenue generated from the Physicians & Surgeons practice plan experienced an overall increase of \$37 million primarily related to increased clinical activities at the School of Medicine.

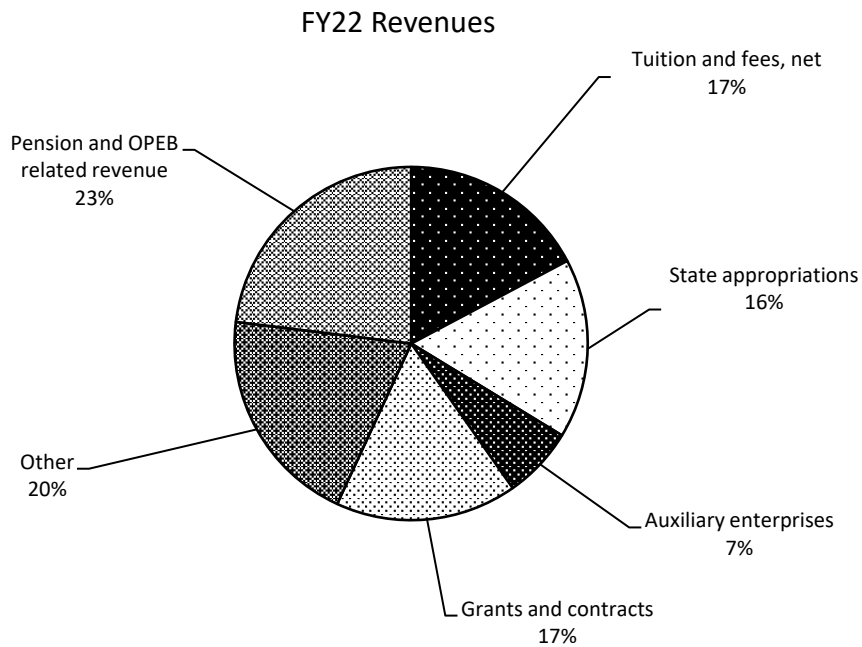
Fiscal year 2022 operating expenses decreased \$56.6 million, or 4.5% compared to 2021. The decrease resulted primarily from a decrease of \$111.7 million in pension and OPEB expenses incurred by the State of Illinois on behalf of the University. This decrease was partially offset by increased non-benefit related expenditures in practically all functional classifications.

Net nonoperating revenues and expenses realized in 2022 decreased \$82.4 million, or 12% from fiscal year 2021. Revenues related to pension and OPEB decreased \$111.7 million as benefit costs incurred by the State of Illinois on behalf of the University are reported as both nonoperating revenues and operating expenses. The decrease in benefit related revenues was offset by an increase in grant and contract revenues related to additional Federal grant funds received in response to COVID-19 of \$28.2 as well as an increase in state appropriations of \$9.6 million.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2022

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

The following is a graphic illustration of fiscal year 2022 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 scholarship allowance of \$54,483,557. 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.



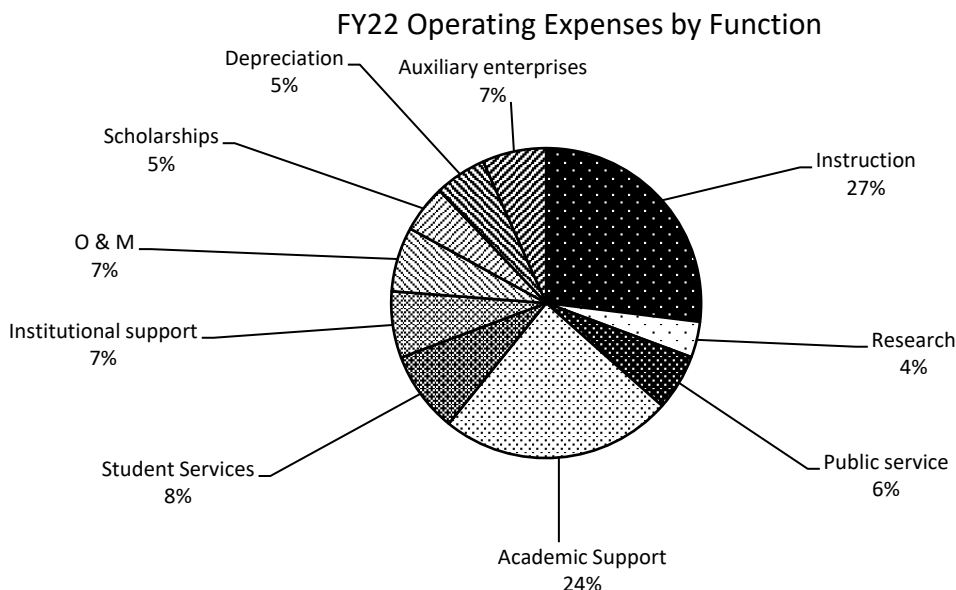
**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2022

**Operating Expenses**

A summary of the University’s operating expenses by functional classification for the years ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>		<u>2021</u>	
Instruction	\$ 325,573,437	26.9%	\$ 357,167,413	28.3%
Research	45,206,101	3.7%	45,947,673	3.6%
Public service	71,106,011	5.9%	71,227,344	5.6%
Academic support	293,263,050	24.3%	303,290,867	24.0%
Student services	102,374,064	8.5%	100,303,961	7.9%
Institutional support	83,763,476	6.9%	100,912,915	8.0%
Operation and maintenance of plant	81,675,271	6.8%	97,634,431	7.7%
Scholarships and fellowships	59,876,701	4.9%	50,356,522	4.0%
Depreciation	65,354,298	5.4%	51,629,219	4.1%
Auxiliary enterprises	80,584,091	6.7%	86,641,700	6.8%
Other expenditures	31,815	0.0%	313,489	0.0%
	<u>\$ 1,208,808,315</u>	<u>100%</u>	<u>\$ 1,265,425,534</u>	<u>100%</u>

Operating expenses include \$289,847,101 and \$401,525,250 for health care and retirement costs of University employees and retirees primarily paid by the State of Illinois for fiscal years 2022 and 2021, respectively. Expenses recognized by the University related to retirement costs decreased \$85.8 million from fiscal year 2021 while expenses related to Other Post-Employment Benefits (OPEB) decreased \$25.9 million. 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, 2022:



**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2022

**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 2022 and 2021:

	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
Cash provided by (used in):		
Operating activities	\$ (250,301,358)	\$ (211,088,343)
Noncapital financing activities	332,875,148	295,384,810
Capital and related financing activities	(40,493,741)	(50,839,087)
Investing activities	<u>(71,329,042)</u>	<u>(40,790,622)</u>
Net decrease in cash	(29,248,993)	(7,333,242)
Cash and cash equivalents, beginning of year	<u>129,899,634</u>	<u>138,656,438</u>
Change in accounting principle	<u>-</u>	<u>(1,423,562)</u>
Cash and equivalents, beginning of year, restated	<u>129,899,634</u>	<u>137,232,876</u>
Cash and cash equivalents, end of year	<u>\$ 100,650,641</u>	<u>\$ 129,899,634</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 2022 and 2021, respectively, student tuition and fees generated \$230.2 million and \$229.9 million. Grants and contracts provided \$82.7 million and \$79.9 million. Sales and services of educational activities received \$171.7 million and \$151.5 million, auxiliary enterprises generated \$86.2 million and \$76 million, and other operating receipts totaled \$109.6 million and \$138.2 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 \$988.5 million in fiscal year 2022 compared to \$934.8 million in fiscal year 2021.

The major sources of funds in noncapital financing activities are state appropriations and non-exchange grants and contracts. State appropriations increased 5% to \$204.5 million in fiscal year 2022 while non-exchange grants and contracts increased 38% to \$120 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 \$26.1 million and was primarily comprised of principal and interest payments. There were no new bond issuances in fiscal year 2022.

Investing activities include the purchases, sales, and maturities of investments as well as investment income. Cash used by this activity totaled \$71.3 million compared to cash provided of \$40.8 million in fiscal year 2021 primarily due to increased investment purchases.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2022

**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 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 2022 represented 39% of Southern Illinois University's total operating revenues.

The State has appropriated \$201.1 million of direct operating appropriations plus \$6.9 million of special operating appropriations to Southern Illinois University for fiscal year 2023. This represents a 5% increase in direct and a 102.7% increase in special operating appropriation funding. The increase in special operating appropriations was primarily new funding to support programming at the former Lindenwood University Campus in Belleville.

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 2022 tuition for first time students was held level for the fourth straight year at \$9,638 for the Carbondale campus and increased to \$9,306 (2%) for the Edwardsville campus. The consolidated general student fees were increased to \$120 (2.6%) per credit hour at the Carbondale campus and \$108.4 (5%) per credit hour at the Edwardsville campus.

Enrollment at Southern Illinois University was down approximately 2.7% from 24,276 in the fall of 2021 to 23,626 in the fall of 2022. On September 15, 2022, the University's Board of Trustees approved the fiscal year 2023 operating budget. Fiscal year 2023 revenues are budgeted to increase by 2.7% primarily due to projected increase in state operating appropriation support. Expenses are budgeted to increase by 2.8% when compared to fiscal year 2022 levels primarily due to approved salary increases and inflation.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**STATEMENT OF NET POSITION**  
June 30, 2022

	<b>UNIVERSITY</b>	<b>COMPONENT UNITS</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 69,008,715	\$ 19,523,501
Cash and cash equivalents, restricted	31,641,926	148,827
Short-term investments	48,167,974	14,632,349
Short-term investments, restricted	38,667,000	62,242,723
Deposits with University	-	11,633,772
Reimbursement due from State Treasurer	650,821	-
Accounts receivable, net	54,571,036	20,144,343
Notes receivable, net	2,564,333	-
Leases receivable	814,017	-
Accrued interest receivable	152,784	688,499
Due from related organizations	2,455,196	100,062
Inventories	6,547,609	-
Prepaid expenses and other assets	4,728,347	3,839,660
<b>Total Current Assets</b>	<b>259,969,758</b>	<b>132,953,736</b>
<b>Noncurrent Assets:</b>		
Long-term investments	106,411,577	39,784,136
Long-term investments, restricted	63,630,639	201,055,998
Notes receivable, net	7,135,760	10,922
Leases receivable	3,835,214	-
Prepaid expenses and other assets	3,537,014	4,938,134
Capital assets, not depreciated	51,601,510	410,716
Capital assets, net of depreciation	741,315,151	4,228,160
<b>Total Noncurrent Assets</b>	<b>977,466,865</b>	<b>250,428,066</b>
<b>Deferred outflows of resources</b>	<b>39,447,981</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,276,884,604</b>	<b>383,381,802</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>Current Liabilities:</b>		
Accounts payable	27,058,928	3,661,731
Accrued interest payable	1,601,170	-
Accrued payroll	11,397,938	7,593,688
Accrued compensated absences	4,256,312	-
Revenue bonds payable	17,975,109	-
Certificates of participation	3,262,185	-
Liabilities under lease obligations	11,826,916	-
Annuities payable	-	138,145
Accrued liability for self-insurance	3,517,276	-
Liability for OPEB	3,159,953	-
Deposits held for University related organizations	11,633,772	-
Deposits held in custody for others	909,060	74,897
Unearned revenue	36,818,290	106,376
Housing deposits	89,539	-
Other accrued liabilities	391,452	-
Due to related organizations	100,062	2,455,196
<b>Total Current Liabilities</b>	<b>\$ 133,997,962</b>	<b>\$ 14,030,033</b>

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, 2022

	<b>UNIVERSITY</b>	<b>COMPONENT UNITS</b>
<b>Noncurrent Liabilities:</b>		
Accrued compensated absences	\$ 43,375,570	\$ -
Revenue bonds payable	133,382,032	-
Certificates of participation	25,119,356	-
Liabilities under lease obligations	43,741,397	-
Annuities payable	-	845,452
Accrued liability for self-insurance	18,349,531	-
Liability for OPEB	127,493,321	-
Federal loan program contributions refundable	8,104,179	-
Housing deposits	109,436	-
Other accrued liabilities	861,460	1,587,863
Deposits held in custody for others	-	2,761,231
<b>Total Noncurrent Liabilities</b>	<b>400,536,282</b>	<b>5,194,546</b>
<b>Deferred inflows of resources</b>	<b>54,027,099</b>	<b>-</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>588,561,343</b>	<b>19,224,579</b>
<b>NET POSITION</b>		
Net investment in capital assets	557,794,363	4,638,876
Restricted for:		
Nonexpendable	4,422,031	159,933,437
Expendable		
Capital projects	24,896,722	5,928,391
Debt service	14,905,901	-
Housing auxiliary system	10,040,082	-
Scholarships, research, instruction and other	28,763,353	106,796,020
Unrestricted	47,500,809	86,860,499
<b>TOTAL NET POSITION</b>	<b>\$ 688,323,261</b>	<b>\$ 364,157,223</b>

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, 2022

	<b>UNIVERSITY</b>	<b>COMPONENT UNITS</b>
<b>REVENUES</b>		
<b>Operating Revenues:</b>		
Student tuition and fees (net of scholarship allowances of \$54,483,557)	\$ 216,994,018	\$ -
Federal grants and contracts	39,253,051	-
State of Illinois grants and contracts	25,123,895	-
Other government grants and contracts	5,267,629	-
Private grants and contracts	24,313,260	-
Sales and services of educational departments	181,560,791	-
Physicians and Surgeons practice plan	56,300,543	-
Patient service revenue (net)	-	106,358,408
Auxiliary enterprises:		
Funded debt enterprises (net of scholarship allowances of \$5,554,480)	73,102,530	-
Other auxiliary enterprises (net of scholarship allowances of \$944,504)	9,086,073	-
Other operating revenues	-	32,078,208
<b>Total Operating Revenues</b>	<b>631,001,790</b>	<b>138,436,616</b>
<b>EXPENSES</b>		
<b>Operating Expenses:</b>		
Instruction	325,573,437	-
Research	45,206,101	-
Public service	71,106,011	126,123,010
Academic support	293,263,050	-
Student services	102,374,064	-
Institutional support	83,763,476	33,752,329
Operation and maintenance of plant	81,675,271	-
Scholarships and fellowships	59,876,701	-
Depreciation and amortization	65,354,298	783,500
Auxiliary enterprises:		
Funded debt enterprises	68,405,231	-
Other auxiliary enterprises	12,178,860	-
Other operating expenses	31,815	-
<b>Total Operating Expenses</b>	<b>1,208,808,315</b>	<b>160,658,839</b>
<b>Operating Loss</b>	<b>(577,806,525)</b>	<b>(22,222,223)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	204,472,200	-
Gifts and contributions	10,124,858	12,933,877
Investment loss	(12,013,467)	(34,185,922)
Grants and contracts	115,270,276	153,183
Interest on capital asset-related debt	(5,040,272)	-
Accretion on bonds payable	(2,085,711)	-
University related organizations	312,639	-
Special funding situation for fringe benefits	200,070,816	-
Benefit payments on behalf of the University	89,776,285	-
Other nonoperating revenues	956,398	(1,335,461)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>601,844,022</b>	<b>(22,434,323)</b>
<b>Gain (Loss) Before Other Revenues</b>	<b>24,037,497</b>	<b>(44,656,546)</b>
<b>Other Revenues:</b>		
Capital state appropriations	2,678,119	-
Additions to permanent endowments	-	8,649,182
Capital grants and gifts	3,337,302	-
<b>Total Other Revenues</b>	<b>6,015,421</b>	<b>8,649,182</b>
<b>Increase (Decrease) in Net Position</b>	<b>30,052,918</b>	<b>(36,007,364)</b>
<b>NET POSITION</b>		
Net position at beginning of year	658,270,343	400,164,587
<b>Net position at end of year</b>	<b>\$ 688,323,261</b>	<b>\$ 364,157,223</b>

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, 2022

	<b>UNIVERSITY</b>	<b>COMPONENT UNITS</b>
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 230,172,711	\$ -
Grants and contracts	82,701,138	-
Sales and services of educational activities	171,654,499	-
Physicians and Surgeons	58,240,060	-
Auxiliary enterprise revenues:		
Funded debt	76,592,354	-
Other auxiliary	9,649,434	-
Payments for employee salaries and benefits	(585,349,202)	(38,303,885)
Payments to suppliers	(270,813,730)	(109,084,843)
Payments for scholarships and fellowships	(132,332,499)	-
Patient service revenue	-	111,262,535
Direct lending receipts	139,047,541	-
Direct lending payments	(139,458,426)	-
Other operating receipts	109,594,762	23,640,305
<b>Net cash used in operating activities</b>	<b>(250,301,358)</b>	<b>(12,485,888)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	204,472,200	-
Grants and contracts	120,065,259	16,817
Loans issued to students	(6,600)	-
Interest earned on loans to students	280,230	-
Collection of loans from students	1,693,006	-
Government repayments for federal loan funds	(1,988,522)	-
Payments to annuitants	-	(138,145)
Other	(204,216)	(2,253,373)
Gifts for other than capital purposes	8,563,791	19,573,054
<b>Net cash provided by noncapital financing activities</b>	<b>332,875,148</b>	<b>17,198,353</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital appropriations	432,126	-
Purchases of capital assets	(15,997,469)	(1,695,857)
Proceeds from capital debt	(513,150)	-
Other	1,135,323	95
Principal paid on capital debt	(20,030,000)	-
Interest paid on capital debt	(5,520,571)	-
<b>Net cash used in capital and related financing activities</b>	<b>(40,493,741)</b>	<b>(1,695,762)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(124,809,411)	(26,244,943)
Proceeds from sales of investments and maturities	49,924,116	16,774,918
Investment income	3,556,253	8,747,609
<b>Net cash used in investing activities</b>	<b>(71,329,042)</b>	<b>(722,416)</b>
<b>Net (decrease) increase in cash</b>	<b>(29,248,993)</b>	<b>2,294,287</b>
Cash and cash equivalents, beginning of the year	129,899,634	17,378,041
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 100,650,641</b>	<b>\$ 19,672,328</b>

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, 2022

	<b>UNIVERSITY</b>	<b>COMPONENT UNITS</b>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating Loss	\$ (577,806,525)	\$ (22,222,223)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	65,354,298	784,927
Noncash expenditures for the benefit of the University	-	(808,105)
Noncash contributions	-	1,246,589
Budget expended at University	(1,111,706)	-
Special funding situation for fringe benefits	208,849,794	-
Benefit payments on behalf of the University	80,997,307	-
Direct lending activity	(410,885)	-
Change in assets and liabilities:		
Accounts receivable (net)	(7,926,479)	2,321,287
Reimbursement due from State Treasurer	1,012,155	-
Inventories	1,078,661	-
Prepaid expenses	231,306	(116,746)
Other assets	(75,725,665)	(46,488)
Accounts payable	(576,522)	3,153,667
Accrued payroll	1,472,779	4,545
Unearned revenue	(6,004,804)	(120,065)
Compensated absences	(396,115)	-
Deposits held for others	53,095	(9,322)
Other liabilities	59,972,298	28,346
Due to/from related organizations	635,650	3,393,552
<b>Net cash used in operating activities</b>	<b>\$ (250,301,358)</b>	<b>\$ (12,390,036)</b>
<b>Noncash investing, capital and financing activities:</b>		
Special funding situation for fringe benefits	\$ 200,070,816	\$ -
Benefit payments on behalf of the University	89,776,285	-
Accretion on bonds payable	2,085,711	-
Gifts in kind	3,337,302	-
Capital assets in accounts payable	1,534,532	-
Capital asset acquisition by CDB	2,678,119	-
Loss on disposals of capital assets	593,429	20,015
Other capital asset adjustments	(418,743)	-
Right to use assets acquired under leases	54,644,621	-

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, 2022

**STATEMENT OF NET POSITION**

	<b>CUSTODIAL FUNDS</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 1,546,065
Accounts receivable, net	61,110
Other assets	12,013
<b>Total Current Assets</b>	<b>1,619,188</b>
<b>TOTAL ASSETS</b>	<b>1,619,188</b>
 <b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable	9,654
Deposits held for others	171,843
Other liabilities	34,920
<b>Total Current Liabilities</b>	<b>216,417</b>
<b>TOTAL LIABILITIES</b>	<b>216,417</b>
<b>RESTRICTED NET POSITION</b>	<b>\$ 1,402,771</b>

**STATEMENT OF CHANGES IN REVENUE, EXPENSES AND NET POSITION**

	<b>CUSTODIAL FUNDS</b>
<b>ADDITIONS</b>	
Fees and deposits	\$ 51,364
Interest income	3,442
Contributions	3,783,727
Other additions	174
<b>Total Additions</b>	<b>3,838,707</b>
 <b>DEDUCTIONS</b>	
Administrative expenses	86,927
Scholarships	3,779,394
<b>Total Deductions</b>	<b>3,866,321</b>
<b>Decrease in Fiduciary Net Position</b>	<b>(27,614)</b>
 <b>NET POSITION</b>	
Net position at beginning of year	1,430,385
<b>Net position at end of year</b>	<b>\$ 1,402,771</b>

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, 2022

**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 nine 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"), SIUE East St. Louis Charter School ("SIUE Charter School") and SIU Dental Associates, Southern Illinois University at Edwardsville ("SIU Dental Associates"). 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 Component Units 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, 2022

**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.

SIU Dental Associates was formed to support, through the School of Dental Medicine, the educational, research, and public service missions of Southern Illinois University, aid in the education and professional training of students enrolled in the School of Dental Medicine, and to provide a reasonable and proportionate share of charitable dental care to persons in the communities serviced by the School of Dental Medicine. Complete financial statements for SIU Dental Associates may be obtained by writing: SIUE Dental Associates, c/o SIU School of Dental Medicine, 2800 College Avenue, Building 273, Alton, IL 62002.

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 Annual Comprehensive 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.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 2 - Significant accounting policies (continued)**

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.

***Component units basis of presentation***

The financial statements of SIUE University Park, SIUC Research Park, SIU, Inc., Carbondale; SIU Physicians & Surgeons, SIUE Charter School, and SIU Dental Associates 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 Component Units' 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 Illinois Funds is considered a cash equivalent. 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 \$20,110,685 and \$410,105, respectively, at June 30, 2022.

***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; right to use leased assets \$10,000 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.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 2 - Significant accounting policies (continued)**

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. Right to use leased assets are amortized over the shorter of the estimated life of the class of capital asset or the lease term using straight-line method. 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.

***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 deferred inflows of resources are related to other post-employment benefits and lease receivables. See Note 6 and Note 12 for more information related to deferred outflows and inflows 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.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 2 - Significant accounting policies (continued)**

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.

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, 2021, the University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of \$2,449,107 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.



**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 2 - Significant accounting policies (continued)**

***On-Behalf Transactions***

The University had outside sources of financial assistance provided by the State of Illinois during the year ended June 30, 2021.

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, 2022, total estimated group insurance contributions for the University's employees paid from the University's Income Fund and auxiliary enterprises were \$94,633,457. The University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of \$4,857,172 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 \$89,776,285 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 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.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 2 - Significant accounting policies (continued)**

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 \$60,982,541 as of June 30, 2022 with \$54,483,557 netted against student tuition and fees and \$6,498,984 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, 2022, the University estimates \$27,492,815 will be paid from state appropriated accounts funded by the State of Illinois and the Income Fund, and \$20,139,067 from local funds in subsequent years for a combined total of \$47,631,882.

***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, equipment and right to use leased assets. 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, 2022 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 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.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 2 - Significant accounting policies (continued)**

***New Governmental Accounting Standards***

The Governmental Accounting Standards Board (GASB) has issued the following statements which are effective for periods beginning July 1, 2021, or later which may impact the University:

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. In accordance with the implementation of Statement No. 87, as of July 1, 2021, the University recorded equal right to use lease assets and lease liabilities of \$63,297,144 as well as equal lease receivables and deferred inflows of resources of \$5,452,997. See Note 10 for required disclosures related to Statement No. 87.

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 statement is not expected to impact the University.

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. 101 – *Compensated Absences*, enhances information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The statement is effective for fiscal years beginning after December 15, 2023. The impact on the University is being reviewed.

**NOTE 3 - Cash, deposits and cash equivalents**

At June 30, 2022, the actual bank balances related to the deposits of the University amounted to \$110,735,210; of this balance, \$80,827,145 was either covered by federal depository insurance or not required to be collateralized and \$29,908,065 was covered by collateral held by an agent in the University's name.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 3 - Cash, deposits and cash equivalents (continued)**

Cash, deposits and cash equivalents at June 30, 2022 were:

<b><u>UNIVERSITY:</u></b>	
Cash and cash equivalents	\$ 38,793,261
The Illinois Funds	<u>61,857,380</u>
Total cash and cash equivalents	<u>\$ 100,650,641</u>
<b><u>COMPONENT UNITS</u></b>	
Total cash and cash equivalents	<u>\$ 19,672,328</u>
<b><u>FIDUCIARY ACTIVITIES:</u></b>	
Total cash and cash equivalents	<u>\$ 1,546,065</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 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: the issuing entity has at least \$500 million in assets; such purchases do not exceed 10% of the corporation’s outstanding obligations; no more than one-third of the University’s funds may be invested in short-term obligations that mature within 270 days or less from the settlement date; and, no more than one-third of the University’s funds may be invested in long-term obligations of corporations that mature in more than 270 days but less than three years from the date of settlement; 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.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 4 - Investments (continued)**

***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, 2022, 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.

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, 2022 is reflected below:

<b><u>UNIVERSITY:</u></b>	
Interest earnings	\$ 3,437,109
Realized gain on investments	344,790
Unrealized loss on investments	<u>(15,795,366)</u>
Net investment loss	<u>\$ (12,013,467)</u>
 <b><u>COMPONENT UNITS:</u></b>	
Interest earnings	\$ 7,744,659
Realized gain on investments	13,005,920
Unrealized loss on investments	<u>(54,936,501)</u>
Net investment loss	<u>\$ (34,185,922)</u>
 <b><u>FIDUCIARY ACTIVITIES:</u></b>	
Fiduciary interest earnings	<u>\$ 3,442</u>

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 4 - Investments (continued)**

***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 AAA.

*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.

*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.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 4 - Investments (continued)**

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 U.S. and international equities, fixed income, absolute return, and real assets.

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 23 and 24.

**Investment maturities**

Interest rate risk is disclosed below using the segmented time distribution method. As of June 30, 2022, the University and its Component Units had the following investment balances:

**UNIVERSITY:**

Investment Type:	<b>Investment Maturities (in Years)</b>				
	<b>Fair Value</b>	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>No Maturity</b>
U.S. Treasuries	\$ 108,516,666	\$ 35,587,966	\$ 48,577,674	\$ 24,351,026	\$ -
U.S. Agencies	85,058,168	-	42,336,662	42,721,506	-
The Illinois Funds	61,857,380	61,857,380	-	-	-
Commercial Paper	49,050,187	49,050,187	-	-	-
Corporate Debt	14,207,869	2,196,821	12,011,048	-	-
Common Stock	44,300	-	-	-	44,300
Subtotal	318,734,570	<u>\$ 148,692,354</u>	<u>\$ 102,925,384</u>	<u>\$ 67,072,532</u>	<u>\$ 44,300</u>
Less: Investment in The Illinois Funds reported as cash	<u>(61,857,380)</u>				
<b>Total Investments</b>	<u>\$ 256,877,190</u>				

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 4 - Investments (continued)**

**COMPONENT UNITS:**

Investment Type:	Investment Maturities (in Years)					
	Fair Value	Less Than 1	1-5	6-10	Over 10	No Maturity
Corporate Bonds	\$ 7,685,422	\$ 1,999,977	\$ 5,206,083	\$ 479,362	\$ -	\$ -
Exchange Traded Funds	4,740,335	4,740,335	-	-	-	-
Government Bonds	9,456,985	1,731,930	3,981,403	466,323	3,277,329	-
Municipal Bonds	16,060,590	2,172,228	10,338,891	3,247,406	302,065	-
Real Estate	7,726,160	6,572,418	1,153,742	-	-	-
Commodities/Natural Resources	19,169,058	11,874,898	7,294,160	-	-	-
Alternative Investments	32,452,058	14,656,387	17,795,671	-	-	-
Money Market Funds	12,276,801	12,276,801	-	-	-	-
Common Stock	642,160	-	-	-	-	642,160
Mutual Funds	207,505,637	195,417,043	6,892,543	2,325,000	2,871,051	-
<b>Total Investments</b>	<b>\$ 317,715,206</b>	<b>\$ 251,442,017</b>	<b>\$ 52,662,493</b>	<b>\$ 6,518,091</b>	<b>\$ 6,450,445</b>	<b>\$ 642,160</b>

**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.

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.



**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 4 - Investments (continued)**

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

	Fair Value	Level 1	Level 2	Level 3	Net Asset Value
<b>Investments:</b>					
Corporate Bonds	\$ 7,685,422	\$ -	\$ 7,685,422	\$ -	\$ -
Exchange Traded Funds	4,740,335	4,740,335	-	-	-
Government Bonds	9,456,985	9,456,985	-	-	-
Municipal Bonds	16,060,590	-	16,060,590	-	-
Real Estate	7,726,160	6,572,418	-	-	1,153,742
Commodities/Natural Resources	19,169,058	3,973,052	-	-	15,196,006
Alternative Investments	32,452,058	9,505,459	-	-	22,946,599
Money Market Funds	12,276,801	12,276,801	-	-	-
Common Stock	642,160	642,160	-	-	-
Mutual Funds	207,505,637	180,592,840	-	-	26,912,797
<b>Total Investments</b>	<b>\$ 317,715,206</b>	<b>\$ 227,760,050</b>	<b>\$ 23,746,012</b>	<b>\$ -</b>	<b>\$ 66,209,144</b>

**NOTE 5 - Accounts and notes receivable**

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

**UNIVERSITY:**

	Accounts Receivable	Notes Receivable
Student tuition and fees	\$ 11,041,301	\$ -
Auxiliary enterprises	11,077,078	-
Grants and contracts	20,844,577	-
General operating	31,256,618	610,000
Student loans*	14,853	9,500,198
Other accounts receivable	447,294	-
	<u>74,681,721</u>	<u>10,110,198</u>
Less: Allowance for doubtful accounts	<u>(20,110,685)</u>	<u>(410,105)</u>
Net receivable	<u>\$ 54,571,036</u>	<u>\$ 9,700,093</u>

\*The student loan receivable balance consists of \$7,656,591 of Perkins Loans. Effective September 30, 2017, the federal government discontinued the Perkins Loan Program.

**COMPONENT UNITS:**

	Accounts Receivable	Notes Receivable
Accounts receivable	\$ 54,698,481	\$ -
Student loans	-	10,922
	<u>54,698,481</u>	<u>10,922</u>
Less: Allowances for assignment losses & doubtful accounts	<u>(34,554,138)</u>	<u>-</u>
Net receivable	<u>\$ 20,144,343</u>	<u>\$ 10,922</u>

**FIDUCIARY ACTIVITIES:**

	Accounts Receivable	Notes Receivable
Fiduciary receivable	\$ 61,110	-

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 6 - Deferred outflows of resources**

Deferred outflows of resources consisted of the following at June 30, 2022:

<u>UNIVERSITY:</u>	
Unamortized debt refundings	\$ 1,437,609
Employer OPEB contributions	35,089,345
Employer pension contributions	<u>2,921,027</u>
Total deferred outflows of resources	<u><u>\$ 39,447,981</u></u>

**NOTE 7 - Capital Assets**

Capital asset activity for the University for the year ended June 30, 2022 was as follows:

UNIVERSITY:

	<u>Beginning Balance (Restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 22,254,376	\$ -	\$ -	\$ -	\$ 22,254,376
Nondepreciable historical treasures and works of art	13,166,160	17,670	130,000	-	13,053,830
Construction in progress	22,141,021	11,097,351	64,459	(16,880,609)	16,293,304
Total capital assets not being depreciated	<u>57,561,557</u>	<u>11,115,021</u>	<u>194,459</u>	<u>(16,880,609)</u>	<u>51,601,510</u>
Capital assets being depreciated/amortized:					
Site improvements	94,208,736	3,178	-	624,939	94,836,853
Buildings	1,420,154,982	399,825	-	16,217,594	1,436,772,401
Equipment	302,515,574	10,518,886	34,913,252	38,076	278,159,284
Intangible assets	7,340,787	-	-	-	7,340,787
Right to use assets	63,297,144	3,830,635	258,838	-	66,868,941
Infrastructure	21,722,279	-	-	-	21,722,279
Total capital assets being depreciated	<u>1,909,239,502</u>	<u>14,752,524</u>	<u>35,172,090</u>	<u>16,880,609</u>	<u>1,905,700,545</u>
Less accumulated depreciation/amortization for:					
Site improvements	67,966,606	3,844,989	-	-	71,811,595
Buildings	772,948,819	39,314,376	-	-	812,263,195
Equipment	271,768,270	9,314,885	34,514,282	-	246,568,873
Intangible assets	7,340,787	-	-	-	7,340,787
Right to use assets	-	12,349,594	125,274	-	12,224,320
Infrastructure	13,520,896	655,728	-	-	14,176,624
Total accumulated depreciation	<u>1,133,545,378</u>	<u>65,479,572</u>	<u>34,639,556</u>	<u>-</u>	<u>1,164,385,394</u>
Total capital assets being depreciated, net	<u>775,694,124</u>	<u>(50,727,048)</u>	<u>532,534</u>	<u>16,880,609</u>	<u>741,315,151</u>
Capital assets, net	<u><u>\$ 833,255,681</u></u>	<u><u>\$ (39,612,027)</u></u>	<u><u>\$ 726,993</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 792,916,661</u></u>

See Note 10 for more details related to right to use assets.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 7 - Capital assets (continued)**

Capital asset activity for the Component Units for the fiscal year ended June 30, 2022 was as follows:

<u>COMPONENT UNITS:</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending</u> <u>Balance</u>
Capital assets not being depreciated:					
Land	\$ 307,216	\$ 103,500	\$ -	\$ -	\$ 410,716
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	307,216	103,500	-	-	410,716
Capital assets being depreciated:					
Site improvements	310,765	-	-	-	310,765
Buildings	2,639,877	-	-	-	2,639,877
Intangible assets	612,380	-	-	-	612,380
Equipment	6,899,349	1,579,155	870,461	-	7,608,043
Total capital assets being depreciated	10,462,371	1,579,155	870,461	-	11,171,065
Less accumulated depreciation for:					
Site improvements	310,765	-	-	-	310,765
Buildings	1,342,157	67,975	-	-	1,410,132
Intangible assets	96,960	61,238	-	-	158,198
Equipment	5,259,972	654,287	850,449	-	5,063,810
Total accumulated depreciation	7,009,854	783,500	850,449	-	6,942,905
Total capital assets being depreciated, net	3,452,517	795,655	20,012	-	4,228,160
Capital assets, net	<u>\$ 3,759,733</u>	<u>\$ 899,155</u>	<u>\$ 20,012</u>	<u>\$ -</u>	<u>\$ 4,638,876</u>

**NOTE 8 - Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2022 was as follows:

<u>UNIVERSITY:</u>	<u>Beginning</u> <u>Balance</u> <u>(Restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
Compensated absences	\$ 48,027,996	\$ 4,337,703	\$ 4,733,817	\$ 47,631,882	\$ 4,256,312
Revenue bonds payable	154,044,492	2,085,711	17,375,000	138,755,203	17,064,604
Unamortized bonds premium	13,512,442	-	910,504	12,601,938	910,505
Certificates of participation	31,210,000	-	3,075,000	28,135,000	3,225,000
Unamortized COPS premium	283,725	-	37,184	246,541	37,185
Lease obligations	63,297,144	3,830,634	11,559,465	55,568,313	11,826,916
Other liabilities (financed purchases)	932,163	656,701	335,952	1,252,912	391,452
Self insurance	24,868,142	9,105	3,010,440	21,866,807	3,517,276
Liability for OPEB	127,984,959	2,668,315	-	130,653,274	3,159,953
Federal loan programs refundable	10,312,165	-	2,207,986	8,104,179	-
Housing deposits	177,525	193,719	172,269	198,975	89,539
Total long-term liabilities	<u>\$ 474,650,753</u>	<u>\$ 13,781,888</u>	<u>\$ 43,417,617</u>	<u>\$ 445,015,024</u>	<u>\$ 44,478,742</u>
<u>COMPONENT UNITS:</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
Annuities payable	\$ 1,139,917	\$ 27,201	\$ 183,521	\$ 983,597	\$ 138,145
Other accrued liabilities	1,672,628	-	84,765	1,587,863	-
Deposits held in custody for others	3,306,807	-	470,679	2,836,128	74,897
Total long-term liabilities	<u>\$ 6,119,352</u>	<u>\$ 27,201</u>	<u>\$ 738,965</u>	<u>\$ 5,407,588</u>	<u>\$ 213,042</u>

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 9 - Revenue bonds payable**

Revenue bonds payable activity for the year ended June 30, 2022:

Series	Annual Maturity To	Beginning Balance	Accretion/ New Debt	Principal Paid/Debt Refunded	Ending Balance	Current Portion
<b>Other Revenue Bonds:</b>						
1999A	2029	\$ 38,539,492	\$ 2,085,711	\$ 6,000,000	\$ 34,625,203	\$ 6,000,000
2008A	2023	4,460,000	-	2,175,000	2,285,000	2,285,000
2012B	2035	31,485,000	-	2,080,000	29,405,000	1,820,000
2015B	2031	17,435,000	-	1,545,000	15,890,000	1,820,000
2021A	2040	49,075,000	-	2,700,000	46,375,000	2,440,000
<b>Direct Placements of Revenue Bonds:</b>						
2015A	2023	3,695,000	-	1,830,000	1,865,000	1,865,000
2015A	2030	5,165,000	-	595,000	4,570,000	605,000
2019A	2029	4,190,000	-	450,000	3,740,000	470,000
		<u>\$ 154,044,492</u>	<u>\$ 2,085,711</u>	<u>\$ 17,375,000</u>	138,755,203	17,305,000
<b>Other Revenue Bonds:</b>						
						(240,396)
					12,601,938	910,505
					<u>\$ 151,357,141</u>	<u>\$ 17,975,109</u>

**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. On April 29, 2021, the Board authorized the refunding of a portion of the current interest bonds of the Series 2008A bonds. Bonds maturing 2024 through 2028 in the amount of \$9,135,000 were refunded. Bonds maturing 2022 and 2023 in the amount of \$4,460,000 were not refunded. The final maturity is April 1, 2023.

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 bonds in Series 2012B-2 mature at \$5,365,000 in 2035 with interest of 4.40 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, 2022

**NOTE 9 - Revenue bonds payable (continued)**

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
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	-	236,060	(157,731)	78,329
2028-32	-	1,180,300	(788,655)	391,645
2033-37	<u>5,365,000</u>	<u>708,180</u>	<u>(473,193)</u>	<u>5,599,987</u>
Total	<u>\$ 5,365,000</u>	<u>\$ 3,068,780</u>	<u>\$ (2,050,503)</u>	<u>\$ 6,383,277</u>

Note: The October 1, 2022 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.

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.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 9 - Revenue bonds payable (continued)**

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 \$173,854,027 with annual requirements ranging from \$1,528,800 to \$19,918,670. For the current year, principal and interest paid was \$20,135,478, and the total revenues pledged were \$216,994,018. For fiscal year 2022, the total revenue pledged represents 100 percent of the net revenues of the System and 100 percent of net tuition and fee revenue received. Although net tuition is pledged, it is not expected to be needed to meet debt service requirements.

Effective July 1, 2021, the Nineteenth Supplemental Bond Resolution expanded the security pledge to include all tuition and fees, subject to the prior payment of operating expenses, and requires that pledged tuition in excess of the maximum annual debt service (MADS) will first be applied to pay required debt service, if any, on the Medical Facilities System bonds. In addition, the Amended and Restated Bond Resolution increased the debt service coverage on a cash basis from at least 120 to 200 percent of MADS. For the year ended June 30, 2022, the MADS was \$19,918,670 and the coverage was 1231 percent. The Amended and Restated Bond Resolution also requires the Treasurer to transfer funds annually to the Renewals and Replacements as have been approved by the Board, from funds remaining in the net revenue funds. The net position of Renewal and Replacements was \$23,067,248 at June 30, 2022.

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, 2022, 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, 2022

**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 \$1,895,773. For the current year, principal and interest paid was \$1,890,968 and the total revenues pledged were \$129,386,736. For fiscal year 2022, the total revenue pledged represents 100 percent of the net revenues of the MFS and 86 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, 2022, the maximum annual debt service was \$1,895,773 and the coverage was 6,825 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 \$1,829,475 at June 30, 2022.

As of June 30, 2022, 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>	
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	14,315,000	2,612,860	1,080,000	138,247	18,146,107
2028-32	43,090,000	7,981,924	2,855,000	173,768	54,100,692
2033-37	16,350,000	2,714,430	-	-	19,064,430
2038-42	4,245,000	344,000	-	-	4,589,000
Total payments	<u>\$ 136,255,000</u>	<u>\$ 28,036,730</u>	<u>\$ 10,175,000</u>	<u>\$ 1,283,069</u>	<u>\$ 175,749,799</u>

**NOTE 10 - Right to use assets**

The University leases certain assets from various third parties. The assets leased include office and instructional space as well as equipment and broadcasting tower space. During the year ended June 30, 2022, the University recognized insignificant outflows as a result of variable payments that were properly excluded from the initial measurement of the lease liability.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 10 - Right to use assets (continued)**

Lease asset activity for the University for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Leased assets being amortized:				
Buildings	61,070,232	3,003,965	187,566	63,886,631
Equipment	1,932,452	826,670	67,347	2,691,775
Other	294,460	-	3,925	290,535
Total leased assets being amortized	<u>63,297,144</u>	<u>3,830,635</u>	<u>258,838</u>	<u>66,868,941</u>
Less accumulated amortization for:				
Buildings	-	11,417,404	54,002	11,363,402
Equipment	-	900,670	67,347	833,323
Other	-	31,520	3,925	27,595
Total accumulated amortization	<u>-</u>	<u>12,349,594</u>	<u>125,274</u>	<u>12,224,320</u>
Leased assets, net	<u>\$ 63,297,144</u>	<u>\$ (8,518,959)</u>	<u>\$ 133,564</u>	<u>\$ 54,644,621</u>

Future principal and interest payment requirements related to the University's lease liability at June 30, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 11,826,916	1,318,789	\$ 13,145,705
2024	11,417,185	1,033,849	12,451,034
2025	9,964,058	753,168	10,717,226
2026	7,743,964	523,664	8,267,628
2027	5,483,448	346,919	5,830,367
2028-32	9,103,335	275,472	9,378,807
2033-37	<u>29,407</u>	<u>593</u>	<u>30,000</u>
Total payments	<u>\$ 55,568,313</u>	<u>\$ 4,252,454</u>	<u>\$ 59,820,767</u>

The University leases certain assets to various third parties. The assets leased include land, buildings primarily for economic development, and other assets. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease receivable required such as per transaction ATM revenue.

The University leases an asset as part of a lease-leaseback transaction. The University leases One Enterprise Place to the Southern Illinois Research Park. In turn, the University leases back space in One Enterprise Place for Nurses Aid Testing activities. As of June 30, 2022, the University reported a net lease receivable of \$1,262,477 related to this lease-leaseback transaction.

During the year ended June 30, 2022, the University recognized \$820,755 of lease revenue and \$127,011 of interest revenue related to its lessor agreements. The University also recognized insignificant inflows from variable payments.



**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 11 - 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. On April 29, 2021, the Board authorized the refunding of a portion of the COPS Series 2014A-1. Certificates maturing 2024, 2025, 2030-2034 in the amount of \$12,290,000 were refunded. The final maturity is February 15, 2029.

**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:

	Certificates of Participation		Direct Placements of Certificates of Participation		Totals
	Principal	Interest	Principal	Interest	
2023	\$ 1,440,000	\$ 394,450	\$ 1,785,000	\$ 517,941	\$ 4,137,391
2024	-	322,450	3,350,000	467,826	4,140,276
2025	-	322,450	2,025,000	372,306	2,719,756
2026	1,580,000	322,450	495,000	321,546	2,718,996
2027	1,645,000	259,250	505,000	310,293	2,719,543
2028-32	3,540,000	267,750	7,525,000	1,237,146	12,569,896
2033-37	-	-	4,245,000	164,991	4,409,991
Total payments	<u>\$ 8,205,000</u>	<u>\$ 1,888,800</u>	<u>\$ 19,930,000</u>	<u>\$ 3,392,049</u>	<u>\$ 33,415,849</u>

**NOTE 12 - Deferred inflows of resources**

Deferred inflows of resources consisted of the following at June 30, 2022:

<b>UNIVERSITY:</b>	
Employer proportionate share of OPEB	\$ 49,402,600
Lesser lease agreements	4,624,499
Total deferred inflows of resources	<u>\$ 54,027,099</u>

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**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 2022 included a 1% discount rate for self-insurance liabilities.

As of June 30, 2022, the accrual for self-insurance was \$21,866,807 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, 2022 and June 30, 2021 are reflected below:

	<b><u>June 30, 2022</u></b>
Accrued liability, June 30, 2021	\$ 24,868,142
Current year claims and other changes	(2,207,802)
Payment of Claims	<u>(793,533)</u>
Accrued liability, June 30, 2022	<u>\$ 21,866,807</u>
	<b><u>June 30, 2021</u></b>
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>

**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 2022, there were no additions to the University's permanent endowments. For fiscal year 2022, realized gains on investments totaled \$188,769 and unrealized losses on investments totaled \$542,522, resulting in a balance of \$2,755,053 held by the Foundation at June 30, 2022. The Foundation distributes earnings to the University on a quarterly basis. Payments during fiscal year 2022 totaled \$107,393.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**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**

**Defined Benefit Pension Plan**

**General Information about the Pension Plan**

*Plan Description:* Employees of the University contribute to the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (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](http://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, 2021 can be found in the SURS' Annual Comprehensive Financial Report 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 2022 was 12.32% 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, 2022

**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 Defined Benefit Pensions**

*Net Pension Liability:* The net pension liability (NPL) was measured as of June 30, 2021. At June 30, 2021, SURS defined benefit plan reported a NPL of \$28,528,477,079.

*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, 2021, the University’s proportionate share of the State’s net pension liability associated with the University is \$2,591,383,075 or 9.0835%, which was a decrease of 0.0004% from its proportion measured as of the prior year measurement date of June 30, 2020. This amount is not recognized in the financial statements. The NPL and total pension liability as of June 30, 2021, was determined based on the June 30, 2020 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 defined benefit plan during fiscal year 2020.

*Defined Benefit Pension Expense:* At June 30, 2021, SURS defined benefit plan reported a collective net pension expense of \$2,342,460,058.

*Employer Proportionate Share of Defined Benefit 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 defined benefit plan during fiscal year 2020. As a result, the University recognized revenue and defined pension expense of \$212,777,265 from this special funding situation during the year ended June 30, 2022.

*Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pensions:* Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition 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	\$ 113,467,689	\$ -
Changes in assumption	776,968,084	-
Net difference between projected and actual earnings on pension plan investments	-	<u>2,283,514,660</u>
Total	<u>\$ 890,435,773</u>	<u>\$ 2,283,514,660</u>

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**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
2022	\$ 34,095,451
2023	(197,005,703)
2024	(538,343,058)
2025	(691,825,577)
2026	-
Thereafter	-
Total	\$ (1,393,078,887)

**Employer Deferral of Fiscal Year 2022 Contributions**

The University paid \$2,921,027 in federal, trust or grant contributions to SURS defined benefit pension plan during the year ended June 30, 2022. These contributions were made subsequent to the pension liability measurement date of June 30, 2021 and are recognized as Deferred Outflows of Resources as of June 30, 2022.

**Assumptions and Other Inputs**

*Actuarial assumptions:* The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2017, through June 30, 2020. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.00 to 12.75 percent, including inflation
Investment rate of return	6.50 percent beginning with the actuarial valuation as of June 30, 2021

Mortality rates were based on the Pub-2010 employee and retiree gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on defined benefit 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 consultants and actuary.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**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, 2021, 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>
<b>Traditional Growth</b>		
Global Public Equity	41.0%	6.30%
<b>Stabilized Growth</b>		
Credit Fixed Income	14.0	1.82
Core Real Assets	5.0	3.92
Options Strategies	6.0	4.20
<b>Non-Traditional Growth</b>		
Private Equity	7.5	10.45
Non-Core Real Assets	2.5	8.83
<b>Inflation Sensitive</b>		
U.S. TIPS	6.0	(0.22)
<b>Principal Protection</b>		
Core Fixed Income	8.0	(0.81)
<b>Crisis Risk Offset</b>		
Systematic Trend Following	3.5	3.45
Alternative Risk Premia	3.0	2.30
Long Duration	<u>3.5</u>	0.91
<b>Total</b>	100.0%	4.43%
<b>Inflation</b>		<u>2.25</u>
<b>Expected Arithmetic Return</b>		<b>6.68%</b>

*Discount Rate:* A single discount rate of 6.12% 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 6.50% and a municipal bond rate of 1.92% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2021). 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.

*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 State's NPL, calculated using a single discount rate of 6.12%, as well as what the State's NPL 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>5.12%</u>	<u>6.12%</u>	<u>7.12%</u>
\$35,000,704,353	\$28,528,477,079	\$23,155,085,730

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](http://www.SURS.org).

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 15 - State Universities Retirement System (continued)**

**Defined Contribution Pension Plan**

**General Information about the Pension Plan**

*Plan Description:* Employees of the University contribute to the Retirement Savings Plan (RSP) administered by the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined contribution pension plan with a special funding situation whereby the State of Illinois (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 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](http://www.SURS.org). The RSP and its benefit terms were established and may be amended by the State's General Assembly.

*Benefits Provided:* A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed to the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed 6 months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2021 can be found in the SURS Annual Comprehensive Financial Report Notes to the Financial Statements.

*Contributions:* All employees who have elected to participate in the RSP are required to contribute 8.0% of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.6% of employee earnings. The State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.6% contribution from employee earnings paid from "trust, federal, and other funds" as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

*Forfeitures:* Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee's RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee's own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State's contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State's General Assembly.

**Pension Expense Related to Defined Contribution Pensions**

*Defined Contribution Pension Expense:* For the year ended June 30, 2021, the State's contributions to the RSP on behalf of individual employers totaled \$76,280,832. Of this amount, \$70,403,460 was funded via an appropriation from the State and \$5,877,372 was funded from previously forfeited contributions.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 15 - State Universities Retirement System (continued)**

*Employer Proportionate Share of Defined Contribution 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 of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2021. The University's share of pensionable contributions was 10.2417%. As a result, the University recognized revenue and defined contribution pension expense of \$7,812,427 from this special funding situation during the year ended June 30, 2022 of which \$601,940 constituted forfeitures.

**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 16.

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.

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



**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 16 - Post-employment benefits (continued)**

For fiscal year 2022, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$11,363 (\$6,290 if Medicare eligible) per member if the annuitant chose benefits provided by a health maintenance organization and \$13,619 (\$5,623 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 \$(20,518,876) during the year ended June 30, 2022. 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, 2022.

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, 2021 based on the June 30, 2020 actuarial valuation rolled forward:

Measurement Date:	June 30, 2021
State of Illinois' OPEB liability related to the University under the Special Funding Situation	\$ 1,785,435,041
SEGIP total OPEB liability	\$ 34,911,897,307
Proportionate share of the total OPEB liability	5.11%

**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, 2022, was measured as of the measurement date on June 30, 2021, with an actuarial valuation as of June 30, 2020, 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, 2021, based on the June 30, 2020 actuarial valuation rolled forward:

Measurement Date:	June 30, 2021
University's OPEB liability	\$ 130,653,274
SEGIP total OPEB liability	\$ 34,911,897,307
Proportionate share of the total OPEB liability	0.37%

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, 2021. As of the current year measurement date of June 30, 2021, the University's proportion increased 0.07% from its proportion measured as of the prior year measurement date of June 30, 2020.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 16 - Post-employment benefits (continued)**

The University recognized OPEB expense for the year ended June 30, 2022, of \$(810,276). At June 30, 2022, the University reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2021, from the following sources:

<b>Deferred outflows of resources</b>	
Differences between expected and actual experience	\$ 954,341
Changes in assumptions	2,955,340
Changes in proportion	28,019,711
University contributions subsequent to the measurement date	3,159,953
Total deferred outflows of resources	<u>\$ 35,089,345</u>
<b>Deferred inflows of resources</b>	
Differences between expected and actual experience	\$ 909,001
Changes in assumptions	35,957,736
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,535,863
Total deferred inflows of resources	<u>\$ 49,402,600</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, 2022.

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)
2023	\$ (6,898,848)
2024	(4,172,349)
2025	(5,754,916)
2026	(671,722)
2027	24,628
Total	<u>\$ (17,473,207)</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, 2020, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2020.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 16 - Post-employment benefits (continued)**

The valuation date of June 30, 2020 below was rolled forward to June 30, 2021.

<b>Valuation Date</b>	June 30, 2020
<b>Measurement Date</b>	June 30, 2021
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Inflation Rate</b>	2.25%
<b>Projected Salary Increases*</b>	2.50% - 12.25%
<b>Discount Rate</b>	1.92%
<b>Healthcare Cost Trend Rate:</b>	
Medical and Prescription (Pre- and Post-Medicare)	8.00% grading down 0.25% per year over 15 years to 4.25% in year 2037. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Dental and Vision	3.75% grading up 0.25% in the first year to 4.00% through 2038.
<b>Retirees' share of benefit-related costs</b>	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 2021 and 2022 are based on actual premiums. Premiums after 2022 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.

Additionally, the demographic assumptions used in this OPEB valuation are identical to those used in the June 30, 2020 valuations for pensions for those participating in GARS, JRS, SERS, TRS, and SURS as follows:

	<b>Retirement age experience study<sup>^</sup></b>	<b>Mortality<sup>^^</sup></b>
<b>GARS</b>	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.
<b>JRS</b>	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.
<b>SERS</b>	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.
<b>TRS</b>	July 2014 – June 2017	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2017.
<b>SURS</b>	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.

<sup>^</sup>The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.

<sup>^^</sup>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, 2021, 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, 2022 that are expected to have a significant impact on the University's proportionate share of the total collective OPEB liability.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 16 - Post-employment benefits (continued)**

*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 1.92% as of June 30, 2021 was used to measure the total OPEB liability.

*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, 2021, calculated using a Single Discount Rate of 1.92%, 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 (2.92%) or lower (0.92%) than the current rate:

	1% Decrease (0.92%)	Current Single Discount Rate Assumption (1.92%)	1% Increase (2.92%)
University's proportionate share of total OPEB liability	\$154,300,556	\$130,653,274	\$111,943,291

*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, 2021, 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% in 2023 decreasing to an ultimate trend rate of 4.25% in 2038 for both non-Medicare and Medicare coverage. For the 1% decrease for calculating the healthcare cost trend rates assumption, the key trend rates are 7.00% in plan year end 2023 decreasing to an ultimate trend rate of 3.25% in plan year end 2038 for both non-Medicare and Medicare coverage. For the 1% increase for calculating the healthcare cost trend rates assumption, the key trend rates are 9.00% in plan year end 2023 decreasing to an ultimate trend rate of 5.25% in plan year end 2038 for both non-Medicare and Medicare coverage.

	Current Healthcare Cost Trend Rates Assumption		
1% Decrease	Rates Assumption	1% Increase	
\$109,026,068	\$130,653,274	\$159,271,470	

**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.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 16 - Post-employment benefits (continued)**

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, 2021 based on the June 30, 2018 actuarial valuation rolled forward:

Measurement date:	June 30, 2021
State of Illinois' OPEB liability related to the University under the Special Funding Situation	\$ 1,785,435,041
University's OPEB liability	130,653,274
Total OPEB liability associated with the University	\$ 1,916,088,315
SEGIP total OPEB liability	\$ 34,911,897,307
Proportionate share of the OPEB liability associated with the University	5.49%

**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 2022 included the receipt of \$49,616,472 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 2022 totaled \$11,149,466.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 17 - Component Units - Transactions with related parties (continued)**

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:

<b>University and Component Unit Transactions</b>				
<b>Statement of Net Position</b>				
	<b>Due from Component Units</b>	<b>Noncurrent Prepays and Other Assets</b>	<b>Due to Component Units</b>	<b>Deposits</b>
University	\$ 2,455,196	\$ 2,755,053	\$ (100,062)	\$ (11,633,772)
	<b>Due to University</b>	<b>Agency Funds Payable</b>	<b>Due from University</b>	<b>Deposits</b>
SIUC Foundation	\$ (24,781)	\$ (2,755,053)	\$ 30,990	\$ -
SIUE Foundation	(235,343)	-	1,941	619,728
SIU Physicians & Surgeons	(2,123,541)	-	67,131	10,963,021
SIUC Alumni	(7)	-	-	-
SIUC Research Park	(16,990)	-	-	-
SIU Dental Associates	(54,534)	-	-	51,023
SIUE Charter School	-	-	-	-
Totals	<u>\$ (2,455,196)</u>	<u>\$ (2,755,053)</u>	<u>\$ 100,062</u>	<u>\$ 11,633,772</u>
<b>Statement of Revenues &amp; Expenses</b>				
	<b>Operating Revenue</b>	<b>Operating Expense</b>	<b>Non-Operating Revenue</b>	
University	\$ 60,765,938	\$ 9,101,077	\$ 22,593,763	
	<b>Operating Revenue</b>	<b>Operating Expense</b>		
SIUC Foundation	\$ (6,200,078)	\$ (19,692,764)		
SIUE Foundation	(633,096)	(633,096)		
SIU Physicians & Surgeons	-	(60,765,938)		
SIUC Alumni	(782,597)	(782,597)		
SIUE Alumni	(236,861)	(236,861)		
SIUC Research Park	(94,702)	(94,702)		
SIUE University Park	(13,652)	(13,652)		
SIU Dental Associates	(125,273)	(125,273)		
SIUE Charter School	(1,014,818)	(1,014,818)		
	<u>\$ (9,101,077)</u>	<u>\$ (83,359,701)</u>		

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**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:

<b>SIUC Foundation</b>						
<b>Southern Illinois University</b>	Accounts payable and other liabilities	Agency funds payable	Other receivables	Operating revenue	Operating expense	
Due from UROs	\$ 24,781	\$ 2,755,053	\$ -	\$ -	\$ -	\$ -
Due to UROs	-	-	30,990	-	-	-
Operating expense	-	-	-	6,200,078	-	-
Non-operating revenues	-	-	-	-	-	19,692,764

<b>SIUE Foundation</b>						
<b>Southern Illinois University</b>	Accounts payable	Deposits with SIUE	Accounts receivable	Operating revenue	Operating expense	
Due from UROs	\$ 235,343	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits held for UROs	-	619,728	-	-	-	-
Due to UROs	-	-	1,941	-	-	-
Operating expense	-	-	-	633,096	-	-
Non-operating revenues	-	-	-	-	-	633,096

<b>SIUC Physicians &amp; Surgeons</b>						
<b>Southern Illinois University</b>	Accounts payable and accrued liabilities	Deposits with SIUC	Due from SIUC	Operating expense		
Due from UROs	\$ 2,123,541	\$ -	\$ -	\$ -	-	-
Deposits held for UROs	-	10,963,021	-	-	-	-
Due to UROs	-	-	67,131	-	-	-
Operating revenue	-	-	-	60,765,938	-	-

<b>SIUC Alumni</b>						
<b>Southern Illinois University</b>	Accounts payable and accrued liabilities	Operating revenue	Operating expense			
Due from UROs	\$ 7	\$ -	\$ -	-	-	-
Operating expense	-	782,597	-	-	-	-
Non-operating revenues	-	-	782,597	-	-	-

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 17 - Component Units - Transactions with related parties (continued)**

		<u>SIUE Alumni</u>		
<b>Southern Illinois University</b>	Accounts payable	Operating revenue	Operating expense	
Due from UROs	\$ -	\$ -	\$ -	
Operating expense	-	236,861	-	
Non-operating revenue	-	-	236,861	
		<u>SIUC Research Park</u>		
<b>Southern Illinois University</b>	Refundable deposits	Deposits with SIUC	Operating revenue	Operating expense
Due from UROs	\$ 16,990	\$ -	\$ -	\$ -
Deposits held for UROs	-	-	-	-
Operating expense	-	-	94,702	-
Non-operating revenues	-	-	-	94,702
		<u>SIUE University Park</u>		
<b>Southern Illinois University</b>	Operating revenue	Operating expense		
Operating expense	\$ 13,652	\$ -		
Non-operating revenues	-	13,652		
		<u>SIUE Charter School</u>		
<b>Southern Illinois University</b>	Accrued expenses	Operating revenue	Operating expense	
Due from UROs	\$ -	\$ -	\$ -	
Operating expense	-	1,014,818	-	
Non-operating revenues	-	-	1,014,818	
		<u>SIU Dental Associates</u>		
<b>Southern Illinois University</b>	Accounts payable	Deposits with SIUC	Operating revenue	Operating expense
Due from UROs	\$ 54,534	\$ -	\$ -	\$ -
Deposits held for UROs	-	51,023	-	-
Operating expense	-	-	125,273	-
Non-operating revenues	-	-	-	125,273

In addition, there are transactions between Component Units as follows:

		<u>SIUC Alumni</u>	
<b>SIUC Foundation</b>	Operating revenue	Operating expense	
Operating expense	\$ 112,717	\$ -	
Non-operating revenues	-	63,427	
		<u>SIUE Alumni</u>	<u>SIUE Charter</u>
<b>SIUC Foundation</b>	Operating revenue	Non-operating revenues	
Operating expense	\$ 77,085	\$ -	
Non-operating revenues	-	11,369	



**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 17 - Component Units - Transactions with related parties (continued)**

Additional information concerning transactions with related parties may be obtained by contacting the entities listed in Note 1 on pages 23 and 24.

**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, 2022, the University's annual commitment related to this contract is approximately \$8 million and currently runs through December 31, 2024.

**Construction projects**

During fiscal year 2022, the University had ongoing general facility and infrastructure improvement projects taking place on both campuses. As of June 30, 2022, \$16,293,304 had been spent on these projects with \$229,931,074 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 2022 State budget, the Illinois General Assembly authorized additional CDB appropriations of \$13.5 million for the Communications Building project at Carbondale.

**NOTE 19 - Operating Expenses by Natural Classification**

University operating expenses by natural classification for the year ended June 30, 2022 are summarized as follows:

	<b>Compensation and benefits</b>	<b>Supplies and Services</b>	<b>Student Aid</b>	<b>Depreciation</b>	<b>Total</b>
Instruction	\$ 290,032,998	\$ 35,540,439	\$ -	-	\$ 325,573,437
Research	29,188,197	16,017,904	-	-	45,206,101
Public service	49,883,912	21,222,099	-	-	71,106,011
Academic support	247,166,064	46,096,986	-	-	293,263,050
Student services	49,163,779	53,210,285	-	-	102,374,064
Institutional support	68,423,108	15,340,368	-	-	83,763,476
Operations and maintenance of plant	49,723,335	31,951,936	-	-	81,675,271
Scholarships and fellowships	522,427	-	59,354,274	-	59,876,701
Auxiliary enterprises	37,551,282	43,032,809	-	-	80,584,091
Other	-	31,815	-	-	31,815
Depreciation	-	-	-	65,354,298	65,354,298
<b>Total</b>	<b>\$ 821,655,102</b>	<b>\$ 262,444,641</b>	<b>\$ 59,354,274</b>	<b>\$ 65,354,298</b>	<b>\$ 1,208,808,315</b>

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 20 - COVID-19 funding**

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). As of June 30, 2021, the University had \$56.4 million of HEERF funds remaining to spend. The following chart reflects the remaining balance of this activity at June 30, 2022, which the University intends to spend and recognize as non-operating revenue during fiscal year 2023.

	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	-	-
HEERF 3	25,048,775	25,984,790	426,567	233,749

**NOTE 21 - Subsequent event**

On July 21, 2022, Southern Illinois University issued Housing and Auxiliary Facilities System Revenue Bonds, Series 2022A with a par value of \$37,130,000. These bonds were issued for the construction of new parking lots on the Edwardsville campus, the renovation and upgrade of various housing facilities on the Carbondale campus, and to refund the previously issued 2012B-1 bonds.

**NOTE 22 - 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, 2022

**NOTE 22 - Segment information (continued)**

Condensed financial statements for the University's two segments for fiscal year 2022 are as follows:

	<b>Housing and Auxiliary Facilities System</b>	<b>Medical Facilities System</b>
<b>CONDENSED STATEMENTS OF NET POSITION</b>		
Assets and deferred outflows of resources:		
Current assets	\$ 62,413,125	\$ 7,597,320
Capital assets, net	211,714,050	23,270,046
Other assets	5,229,286	22,290,128
Deferred outflows of resources	3,845,477	3,595,700
Total Assets and deferred outflows of resources	283,201,938	56,753,194
Liabilities:		
Current liabilities	24,078,715	21,169,170
Noncurrent liabilities	143,019,388	20,161,707
Deferred inflows of resources	3,953,226	5,286,186
Total Liabilities	171,051,329	46,617,063
Net Position		
Net investment in capital assets	63,822,862	21,441,633
Restricted - expendable	38,287,665	1,821,865
Unrestricted (deficit)	10,040,082	(13,127,367)
Total Net Position	\$ 112,150,609	\$ 10,136,131
<b>CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>		
Operating revenues	\$ 78,626,153	\$ 47,751,451
Operating expenses	(72,865,422)	(64,059,580)
Depreciation expense	(13,247,836)	(6,120,633)
Operating loss	(7,487,105)	(22,428,762)
Nonoperating revenues and expenses - net	15,711,621	22,467,188
Income before other revenues, expenses, gains or losses	8,224,516	38,426
Other revenues, expenses, gains or losses - net	(896,750)	122,352
Increase in net position	7,327,766	160,778
Net position at beginning of year	104,822,843	9,975,353
Net position at end of year	\$ 112,150,609	\$ 10,136,131
<b>CONDENSED STATEMENTS OF CASH FLOWS</b>		
Cash provided by (used in):		
Operating activities	\$ 19,555,206	\$ 2,181,948
Noncapital financing activities	7,018,953	86,881
Capital financing activities	(21,820,106)	(2,010,107)
Investing activities	(7,258,895)	466,426
Net increase in cash	(2,504,842)	725,148
Cash, beginning of year	49,584,596	4,696,136
Cash, end of year	\$ 47,079,754	\$ 5,421,284

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022

**NOTE 23 - Component Units**

Condensed financial statements for the component units of the University as of June 30, 2022 are as follows:

	SIUC FOUNDATION	SIUE FOUNDATION	SIUC PHYSICIANS & SURGEONS	SIUC ALUMNI	SIUE ALUMNI	SIUC RESEARCH PARK	SIUE UNIV. PARK	SIUE CHARTER	SIU DENTAL ASSOCIATES	TOTAL
<b>CONDENSED STATEMENTS OF NET POSITION</b>										
<b>June 30, 2022</b>										
Assets:										
Current assets	\$ 56,819,197	\$ 18,882,596	\$ 55,469,179	\$ 143,836	\$ 292,695	\$ 402,865	\$ 370,137	\$ 505,746	\$ 67,485	\$ 132,953,736
Other non-current assets	177,212,439	33,156,384	27,500,362	7,920,005	-	-	-	-	-	245,789,190
Capital assets	633,863	1,686,975	2,114,439	74,268	937	54,042	-	74,352	-	4,638,876
<b>Total Assets</b>	<b>234,665,499</b>	<b>53,725,955</b>	<b>85,083,980</b>	<b>8,138,109</b>	<b>293,632</b>	<b>456,907</b>	<b>370,137</b>	<b>580,098</b>	<b>67,485</b>	<b>383,381,802</b>
Liabilities:										
Current liabilities	643,663	348,789	12,601,624	195,952	718	32,303	-	137,124	69,860	14,030,033
Noncurrent liabilities	3,589,442	17,241	-	1,576,353	-	11,510	-	-	-	5,194,546
<b>Total Liabilities</b>	<b>4,233,105</b>	<b>366,030</b>	<b>12,601,624</b>	<b>1,772,305</b>	<b>718</b>	<b>43,813</b>	<b>-</b>	<b>137,124</b>	<b>69,860</b>	<b>19,224,579</b>
Net Position:										
Net investment in capital assets	633,863	1,686,975	2,114,439	74,268	937	54,042	-	74,352	-	4,638,876
Restricted - nonexpendable	129,077,094	30,856,343	-	-	-	-	-	-	-	159,933,437
Restricted - expendable	93,382,614	19,341,797	-	-	-	-	-	-	-	112,724,411
Unrestricted	7,338,823	1,474,810	70,367,917	6,291,536	291,977	359,052	370,137	368,622	(2,375)	86,860,499
<b>Total Net Position</b>	<b>\$ 230,432,394</b>	<b>\$ 53,359,925</b>	<b>\$ 72,482,356</b>	<b>\$ 6,365,804</b>	<b>\$ 292,914</b>	<b>\$ 413,094</b>	<b>\$ 370,137</b>	<b>\$ 442,974</b>	<b>\$ (2,375)</b>	<b>\$ 364,157,223</b>

**CONDENSED STATEMENTS OF REVENUES,  
EXPENSES AND CHANGES IN NET POSITION**

**Year ended June 30, 2022**

Operating revenues	\$ 6,576,130	\$ 3,586,105	\$ 123,590,479	\$ 1,164,084	\$ 317,995	\$ 357,117	\$ 13,652	\$ 2,633,358	\$ 197,696	\$ 138,436,616
Operating expenses	22,199,896	7,108,251	126,336,742	1,533,214	293,476	334,670	20,764	2,631,713	200,113	160,658,839
Operating income (loss)	(15,623,766)	(3,522,146)	(2,746,263)	(369,130)	24,519	22,447	(7,112)	1,645	(2,417)	(22,222,223)
Nonoperating revenues and expenses - net	(13,667,595)	(6,190,151)	(1,483,108)	(1,260,825)	(47,327)	153,292	2,892	58,457	42	(22,434,323)
Income (Loss) before other revenues	(29,291,361)	(9,712,297)	(4,229,371)	(1,629,955)	(22,808)	175,739	(4,220)	60,102	(2,375)	(44,656,546)
Other revenues	6,701,636	1,947,546	-	-	-	-	-	-	-	8,649,182
Increase (decrease) in net position	(22,589,725)	(7,764,751)	(4,229,371)	(1,629,955)	(22,808)	175,739	(4,220)	60,102	(2,375)	(36,007,364)
Net position at beginning of year	253,022,119	61,124,676	76,711,727	7,995,759	315,722	237,355	374,357	382,872	-	400,164,587
Net position at end of year	\$ 230,432,394	\$ 53,359,925	\$ 72,482,356	\$ 6,365,804	\$ 292,914	\$ 413,094	\$ 370,137	\$ 442,974	\$ (2,375)	\$ 364,157,223

**CONDENSED STATEMENTS OF CASH FLOWS**

**Year ended June 30, 2022**

Cash provided by (used in):										
Operating activities	\$ (14,241,514)	\$ (3,436,840)	\$ 5,410,337	\$ (397,635)	\$ (3,842)	\$ 94,806	\$ (7,169)	\$ 83,589	\$ 12,380	\$ (12,485,888)
Noncapital financing activities	16,321,465	698,129	-	44,757	-	91,080	-	42,922	-	17,198,353
Capital financing activities	(103,344)	(1,343)	(1,511,153)	(22,889)	95	(46,174)	-	(10,954)	-	(1,695,762)
Investing activities	(2,124,609)	803,816	142,423	466,118	(14,844)	1,746	2,892	-	42	(722,416)
Net increase (decrease) in cash	(148,002)	(1,936,238)	4,041,607	90,351	(18,591)	141,458	(4,277)	115,557	12,422	2,294,287
Cash, beginning of year	306,816	2,589,958	13,523,363	(33,625)	60,423	182,160	374,150	374,796	-	17,378,041
Cash, end of year	\$ 158,814	\$ 653,720	\$ 17,564,970	\$ 56,726	\$ 41,832	\$ 323,618	\$ 369,873	\$ 490,353	\$ 12,422	\$ 19,672,328

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2022

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

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
(a) Proportion Percentage of the Collective Pension Liability	0%	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	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	2,591,383,075
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	2,591,383,075
Employer DB Covered Payroll	345,273,428	342,213,039	335,537,035	323,289,793	321,010,532	325,983,209	337,479,905	338,621,061
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%	765.28%
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%	45.45%

**Southern Illinois University Schedule of Contributions**

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
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	\$ 2,921,027
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	2,921,027
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	361,852,718
Contributions as a percentage of covered payroll	0.80%	0.79%	0.85%	0.79%	0.79%	0.82%	0.84%	0.82%	0.81%

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2022

*Changes of benefit terms.* There were no benefit changes recognized in the Total Pension Liability as of June 30, 2021 through June 30, 2017.

*Changes of assumptions (Fiscal Year 2021).* 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, 2017 to June 30, 2020 was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021.

- \*Salary increase. Change in the overall assumed salary increase rates, ranging from 3.00% to 12.75% based on years of service, with underlying wage inflation of 2.25%.
- \*Investment return. Decrease the investment return assumption to 6.50%. This reflects maintaining an assumed real rate of return to 4.25% and maintaining 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 6.50%.
- \*Normal retirement rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- \*Early retirement rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- \*Turnover rates. Change rates to produce slightly lower expected turnover for members, while maintaining pattern of decreasing termination rates as years of service increase.
- \*Mortality rates. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- \*Disability rates. Establish separate rates for members in academic positions and non-academic positions and maintain separate rates for males and females.
- \*Plan election. Change plan election assumptions to 75% Tier 2 and 25% Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55% Tier 2 and 45% Retirement Savings Plan (RSP) for academic members.

*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 not 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, 2022

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

	FY2017	FY2018	FY2019	FY2020	FY2021
Proportionate percentage of the collective total OPEB liability	0.42%	0.34%	0.35%	0.30%	0.37%
Proportionate amount of the collective total OPEB Liability	\$174,634,628	\$137,600,029	\$154,007,094	\$127,984,959	\$130,653,274
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	1,916,088,315
Total OPEB Liability	2,891,494,165	2,042,474,468	2,140,705,909	2,087,729,956	2,046,741,589
Employer covered payroll	461,829,674	460,985,006	473,234,338	494,287,208	500,730,528
Proportionate share of total OPEB liability as a percentage of covered employee payroll	626.10%	443.07%	452.36%	422.37%	408.75%

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 2.45% to 1.92% for fiscal year 2021

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, 2020, projected plan costs for plan year end June 30, 2021, premium changes through plan year end 2022, and expectation of future trend increases after June 30, 2021

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, 2021, were updated based on projected claims and enrollment experience through June 30, 2021, and updated premium rates through plan year 2022

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, 2022

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, 2022.

	Compensation and Benefits										Total Operating Expenses	
	Southern Illinois University's Expenses					State of Illinois' Expenses						
	Salaries <sup>1</sup>	Benefits <sup>2</sup>	OPEB <sup>3</sup>	Sub-Total	Benefits	OPEB	Pension	Sub-Total	Total	Other Expenses		
Educational and general:												
Instruction	\$ 185,110,864	\$ 1,661,861	\$ -	\$ 186,772,725	\$ 29,461,861	\$ (6,733,674)	\$ 80,532,086	\$ 103,260,273	\$ 290,032,998	\$ 35,540,439	\$ 325,573,437	
Research	19,873,834	2,517,109	-	22,390,943	2,118,748	(484,252)	5,162,759	6,797,254	29,188,197	16,017,904	45,206,101	
Public service	33,426,400	10,119,424	-	43,545,824	2,041,938	(466,697)	4,762,846	6,338,088	49,883,912	21,222,099	71,106,011	
Academic support	157,653,255	2,640,630	-	160,293,885	26,339,587	(6,020,060)	66,552,652	86,872,179	247,166,064	46,096,986	293,263,050	
Student services	29,864,185	379,436	-	30,243,621	6,887,589	(1,574,198)	13,606,768	18,920,158	49,163,779	53,210,285	102,374,064	
Institutional support	38,953,227	2,060,853	-	41,014,080	7,992,490	(1,826,729)	21,243,267	27,409,028	68,423,108	15,340,368	83,763,476	
Operations and maintenance of plant	24,904,443	-	-	24,904,443	8,593,483	(1,964,089)	18,189,498	24,818,892	49,723,335	31,951,936	81,675,271	
Other	-	-	-	-	-	-	-	-	-	31,815	31,815	
Depreciation	-	-	-	-	-	-	-	-	-	65,354,298	65,354,298	
Scholarships and fellowships	522,427	-	-	522,427	-	-	-	-	522,427	59,354,274	59,876,701	
Auxiliary facilities	21,560,795	559,259	-	22,120,054	6,340,589	(1,449,177)	10,539,816	15,431,228	37,551,282	43,032,809	80,584,091	
Totals	\$ 511,869,430	\$ 19,938,572	\$ -	\$ 531,808,002	\$ 89,776,285	\$ (20,518,876)	\$ 220,589,692	\$ 289,847,100	\$ 821,655,102	\$ 387,153,213	\$ 1,208,808,315	

<sup>1</sup>Salaries include employer contributions for Social Security, Medicare and unemployment.

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

<sup>3</sup>OPEB 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, 2022

**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 2021	11,266	9,331
Edwardsville Campus (semester basis)		
Fall semester 2021	13,010	10,408

\*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 2022	Occupancy Rates				
		2022	2021	2020	2019	2018
Evergreen Terrace (C)						
302 Apartments	\$4,060 - \$9,720	79.7%	39.7%	72.0%	79.5%	86.6%
Thompson Point (C)						
1,246 Persons	\$10,622 - \$14,276	49.8%	45.5%	50.0%	95.6%	74.2%
Towers (C)						
2,278 Persons	\$10,622 - \$14,276	50.8%	46.4%	40.1%	-- --	40.7%
University Hall (C)						
327 Persons	\$6,292 - \$14,276	36.5%	1.2%	-- --	95.1%	15.4%
Wall & Grand (C)						
396 Persons (Bldg I, II & III)	\$6,410 - \$7,784	50.8%	52.7%	72.5%	90.5%	94.3%
Cougar Village (E)						
496 Apartments	\$4,780 - \$15,550	75.2%	54.2%	68.5%	82.4%	83.8%
Woodland Hall (E)						
257 Rooms	\$9,850 - \$13,420	92.4%	64.4%	72.8%	79.3%	81.0%
Prairie Hall (E)						
260 Rooms	\$9,850 - \$13,420	90.5%	63.7%	76.1%	76.1%	76.8%
Bluff Hall (E)						
260 Rooms	\$9,850 - \$13,420	90.7%	66.9%	79.6%	82.9%	80.3%
Evergreen Hall (E)						
131 Apartments	\$6,690 - \$12,510	86.3%	73.8%	81.0%	94.3%	97.6%

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**DATA REQUIRED BY BOND RESOLUTIONS (UNAUDITED)**  
For the Year Ended June 30, 2022

**HISTORICAL OCCUPANCY OF HAFS FACILITIES (continued)**

(C) Carbondale Campus, (E) Edwardsville Campus

University Hall was reopened. 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 30, 2022:

Receipts:	
Revenue Account:	
Operating Receipts	\$ 82,780,257
Revenue Bond Fees	1,020,202
Retirement of Indebtedness – Investment Income	20,076
	<hr/>
Total Receipts	83,820,535
Disbursements:	
Operation and Maintenance Account	55,805,020
	<hr/>
Net Revenues	28,015,515
Plus: Pledged Retained Tuition & Fees	216,994,018
	<hr/>
Total Available for Debt Service	\$ 245,009,533
	<hr/>
Maximum Annual Debt Service	\$ 19,918,670
	<hr/>
Coverage Ratio Based on Net Revenues	141%
Coverage Ratio as Defined in the Bond Resolution	1230%

**HAFS RETIREMENT OF INDEBTEDNESS**

The net position is restricted for the following purposes as of June 30, 2022:

Bond and Interest Sinking Fund Account	\$ 9,120,417
Debt Service Reserve Account	6,100,000
	<hr/>
	<u>\$ 15,220,417</u>

**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 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.

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**DATA REQUIRED BY BOND RESOLUTIONS (UNAUDITED)**  
For the Year Ended June 30, 2022

**HAFS RENEWALS AND REPLACEMENTS (continued)**

Additions during the year included transfers from unrestricted net position of \$2,057,091 (\$2,192,088 in 2021) and investment income of \$146,414 in 2022 and \$177,193 in 2021. Expenditures charged to the reserve amounted to \$4,485,334 in 2022 and \$2,290,685 in 2021.

The net position of Renewals and Replacements consisted of the following as of June 30, 2022:

Pooled Cash & Investments	\$ 23,998,609
Accrued Interest Receivable	49,381
Accounts Payable	<u>(980,742)</u>
	<u>\$ 23,067,248</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, 2022.

**HAFS RESTRICTED NET POSITION – EXPENDABLE**

Restricted net position as of June 30, 2022 are comprised of the following:

Retirement of indebtedness	\$ 15,220,417
Renewals and replacements	<u>23,067,248</u>
	<u>\$ 38,287,665</u>

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**DATA REQUIRED BY BOND RESOLUTIONS (UNAUDITED)**  
For the Year Ended June 30, 2022

**MEDICAL FACILITIES SYSTEM (MFS)**

**ENROLLMENTS AT SOUTHERN ILLINOIS UNIVERSITY**

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

	Head Count
Fall semester 2021	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 2021 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, 2022:

Receipts:	
Revenue Account:	
Operating Receipts	\$ 48,109,859
Investment Income	14,187
Retirement of Indebtedness – Investment Income	327
Total Receipts	48,124,373
Disbursements:	
Operation and Maintenance Account	45,927,911
Net Revenues	2,196,462
Plus: Pledged Tuition	121,007,569
Total Available for Debt Service	\$ 123,204,031
Annual Debt Service	\$ 1,890,968
Maximum Annual Debt Service	\$ 1,895,773
Coverage Ratio Based on Net Revenues	116%
Coverage Ratio Based on Annual Debt Service	6,515%
Coverage Ratio Based on Maximum Annual Debt Service	6,499%

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**DATA REQUIRED BY BOND RESOLUTIONS (UNAUDITED)**  
For the Year Ended June 30, 2022

**MFS RETIREMENT OF INDEBTEDNESS**

The net position is restricted for the following purposes as of June 30, 2022:

Bond and Interest Sinking Fund Account	\$ 28,977
--	-----------

**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 \$180,183 (\$189,577 in 2021) and investment income of \$9,622 in 2022 and \$10,715 in 2021. There were no expenditures charged to the reserve in 2022 or 2021.

The net position of Renewals and Replacements consisted of the following as of June 30, 2022:

Pooled Cash& Investments	\$ 1,825,800
Accrued Interest Receivable	3,675
	\$ 1,829,475

**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
2023	\$ 1,865,000	1.65%
Total Interest Bearing Bonds	\$ 1,865,000	

**SOUTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**DATA REQUIRED BY BOND RESOLUTIONS (UNAUDITED)**  
For the Year Ended June 30, 2022

**MFS RESTRICTED NET POSITION – EXPENDABLE**

Restricted net position as of June 30, 2022 is comprised of the following:

Retirement of indebtedness	\$ 28,977
Renewals and replacements	<u>1,829,475</u>
	<u>\$ 1,858,452</u>